



Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States

Final Report with Annexes

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Territories

E-mail: TRADE-EPA-CARIFORUM-STUDY@ec.europa.eu

*European Commission
B-1049 Brussels*

Prepared by Ecorys & Appleton Luff
Authors Nora Plaisier, Tahmina Shafique, Michael Fuenfzig, David Luff and Simone Snoeijsbos

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Abbreviations

ACP	African, Caribbean and Pacific
ACR	Authentic Caribbean Rum
AAGR	Average Annual Growth Rate
BSO	Business Support Organisations
CARTAC	Caribbean Regional Technical Assistance Centre
CCL	Caribbean Congress of Labour
CEC	Caribbean Employers' Confederation
CEDA	Caribbean Export Development Association
CF	CARIFORUM
CFSP	Common Foreign and Security Policy
CIF	Caribbean Investment Facility
CIF	Cultural and Creative Industries Funds
CARTAC	Caribbean Regional Technical Assistance Centre
CRIP	Caribbean Regional Indicative Programme
CSDP	Common Security and Defence Policy
CSME	CARICOM Single Market and Economy
CTPSD	Caribbean Trade and Private Sector Development Programme
EC	European Commission
ECLAC	Economic Commission for Latin America and Caribbean
EDF	European Development Fund
EEAS	European Union's External Action
EIB	European Investment Bank
EPA	Economic Partnership Agreement
EU	European Union
FCOR	French Caribbean Overseas Region
FDI	Foreign Direct Investment
FGD	Focus Group Discussions
FTA	Free Trade Agreement
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GIZ	German Development Agency
GSP	Generalised Scheme of Preferences
IP	Intellectual Property
IMF	International Monetary Fund
IPA	Investment Promotion Agency
IPR	Intellectual Property Rights
ITC	International Trade Centre
MFN	Most Favoured Nation
MFF	Multi-annual Financial Framework
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium-sized Enterprises
NEO	National Employers' Organization
NIP	National Indicative Programme
NSB	National Standards Bodies
NTU	National Trade Union
OCT	Overseas Countries and Territories
OECD	Organisation for Economic Co-operation and Development
OECS	Organisation of Eastern Caribbean States
OIE	World Organization for Animal Health
OR	Overseas Regions
PC	Partner Country
RAO	Regional Authorising Officer
RPSD	Regional Private Sector Development Programme
SITC	Standard International Trade Classification
SMEs	Small and Medium-sized Enterprises
SPEs	Special Purpose Entities
SPS	Sanitary and Phytosanitary
TA	Technical Assistance
TAPSEC	Technical Assistance Programme for Sustainable Energy in the Caribbean
TF	Trust Funds
TBT	Technical Barriers to Trade
TDC	Trade and Development Committee
TiSMoS	Trade in Services by Mode of Supply

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TPOs	Trade Promotion Organisation
TTLABs	Trinidad and Tobago Laboratory Accreditation Service
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
WTO	World Trade Organization

EXECUTIVE SUMMARY

The ex-post evaluation: background, objectives and scope

This is the final report of the study “Ex-post evaluation of the Economic Partnership Agreement (EPA) between the European Union and CARIFORUM.” The evaluation covers the 10-year period since the EPA has been provisionally applied, namely 2008-2018.

With the creation of the Caribbean Community in 1973 the countries of the Caribbean embarked on a process of regional integration. Regional integration, cooperation and engagement were and are the best response to the host of challenges faced by all Caribbean countries. Today these challenges range from the impact of COVID-19 on tourism industries, over regional fragmentation and import dependence, to climate change threatening marine eco-systems or increasing the intensity of hurricanes. The countries do not face these challenges alone, but together with their key partners, the European Union and the US, but also new and emerging partners such as an increasingly active China.

Tied together by more than 500 years of shared but also difficult history, as of 2008 the partnership between the Caribbean and Europe is also highlighted by the Economic Partnership Agreement (EPA) between the European Union and CARIFORUM. It is a first of its kind agreement, comprehensively covering a wide range of areas beyond the traditional purview of trade agreements. The EPA came out of the realization that traditional trade liberalization alone will not yield strong development impacts, and that a more comprehensive scope and depth is needed.

Before the EPA was concluded, CARIFORUM countries received non-reciprocal market access to the EU under the EU-ACP agreements. This market access to the EU was on more favourable terms than for other developing countries, which is not in line with World Trade Organization (WTO) rules and this situation could therefore not be sustained. Without a new trade agreement in place, the Caribbean countries would have traded with the EU under the Generalised Scheme of Preferences (GSP) regime or Most Favoured Nation (MFN) regime, which would subject the region’s most important exports (notably sugar, bananas and rum) to high EU duties. Therefore, the EU and CARIFORUM started the negotiations for a new reciprocal trade agreement in April 2004. In December 2007 the negotiations for the CARIFORUM-EU Economic Partnership Agreement (EPA) were concluded and the agreement provisionally entered into force on 29 December 2008.

As the first comprehensive EPA at the time, it not only covers reciprocal liberalisation of trade in goods, but also trade in services, investment as well as many other aspects (e.g. customs, e-commerce, competition, sustainable development). The comprehensiveness was also based on the insight that many of the traditional as well as emerging industries of the Caribbean – tourism, services, creative industries, among others – do need tailored disciplines. In addition, development co-operation is an integral part of the agreement, seeing that with their often small size Caribbean countries need technical assistance to fully realize their export potential to the EU.

The objective of the evaluation is to determine the extent to which the CARIFORUM-EU EPA has been implemented, where the bottlenecks lie and the extent to which the EPA has contributed effectively and efficiently to reach the objectives it set out. In addition, the evaluation examines the relevance of the EPA in relation to current trade and development issues, as well as its coherence with other EU policy instruments affecting the Caribbean. Based on this analysis, the evaluation aimed to capture important lessons learnt and offer recommendations to address some of the challenges and barriers.

In terms of geographical scope, the evaluation covers the EPA both from the perspective of the EU and CARIFORUM with regard to its implementation, functioning and use, as well as the overall knowledge and awareness of it. The evaluation of economic, social and environmental impacts, along with the evaluation of development cooperation efforts, focusses on the CARIFORUM countries.

Methodology

A combination of methods was used to carry out this ex-post evaluation: (i) review of academic literature, legal texts, and other relevant documents; (ii) data analysis related to trade, investment and sustainability indicators; (iii) economic modelling, to compare the impact of the agreement to a situation without the EPA in place; (iv) four sector specific case studies, to allow for a more in-depth assessment at sectoral level; and (v) stakeholder consultations. As data and literature is scarce, stakeholder consultations were at the heart of this ex-post evaluation. This included Open Public Consultations, interviews (remote and face-to-face), focus group discussions (FGD), attendance of relevant EPA-related events, and written questionnaires. A total of 200 stakeholders were consulted through interviews and FGDs during the course of this study.

Implementation of the agreement

The implementation of the agreement has been mixed, as clear progress in implementation has been made, but several shortcomings remain. Progress has been observed in a number of areas. This includes the ratification of the agreement, which has further increased in the last five years and currently stands at 25 out of 28 EU countries and 10 out of 15 CARIFORUM countries having ratified the EPA. The review registers significant progress in trade facilitation despite substantial remaining shortcomings. This progress relates for example to cooperation on trade facilitation as well as ratification of the WTO Agreement on Trade Facilitation. Additional areas of progress have been observed in areas such as tariffs or public procurement, amongst others.¹

Shortcomings in the implementation relate to the liberalisation commitments, regulatory commitments, as well the institutional commitments under the EPA. With respect to liberalisation commitments, lack of implementation on the CARIFORUM side has been observed, for example, with respect to tariff commitments, quantitative restrictions, and national treatment in services. On the EU side, there are concerns on a tax in the outermost regions that is applicable to imports (Octroi du Mer).

With respect to the regulatory commitments, shortcomings on the CARIFORUM side relate, for example to the commitments on intellectual property rights, electronic commerce and regional preferences. On the EU side, it includes intellectual property rights - a lack of sustained dialogue and cooperation on technology transfer and technical innovations, cooperation among research teams and technical centres, exchanges of scholars, and joint research networks.

Implementation gaps related to the institutional commitments are common to both Parties. These relate to an overall insufficient targeted dialogue on the EPA regulatory issues among the EPA parties, with the exception of technical assistance activities; and the absence of a joint mechanism for EPA monitoring. The implementation of provisions on development cooperation is difficult to assess (see below). In addition, the EPA contains several provisions on transparency throughout the agreement, and on both sides, we find important shortcomings. For instance, availability of information is a key challenge - it is often difficult to find the relevant rules and regulations, or a contact for where this information may be obtained.

Within CARIFORUM, there are many differences between countries with respect to the commitments that have been implemented or not. But almost for all commitments, there are some countries for which shortcomings are observed. There are various explanations for the lack of implementation on the CARIFORUM side. This includes the lack of resources (both capacity and budgets) but also protectionist tendencies or limited expected benefits of the agreement, which can be key factors that influence the political priority dedicated to EPA implementation.

It should be noted that while in the EU not many shortcomings in terms of EPA implementation were observed, there are clearly barriers in place which can limit the CARIFORUM countries' expected benefits under the EPA. These relate for example to burdensome and often changing technical regulations, standards and SPS requirements, or to immigration procedures.

¹ A more comprehensive overview of the agreement's implementation is available in Chapter 3.

The lack of implementation as well as remaining trade barriers are likely to affect the impact of the agreement. But before turning to the actual impact of the EPA, the next section provides a summary of the implementation and results of development co-operation under the EPA.

Results of development co-operation

Development cooperation is treated upfront in the first part of the Agreement, with key development-related priorities set out in its first Chapter. Article 8 (Development cooperation) provides a list of seven “primary focus” cooperation priorities, which range from private sector development, institutional capacity and tax reform to innovation and infrastructure.

The main channel of EPA-related development co-operation is the European Development Fund (EDF). With EUR 346 million the 11th EDF (2014-2020) has more than doubled the amount available in regionally programmed funds compared to the 10th EDF (2008-2014). In comparison to the 10th EDF, the 11th EDF stepped forward in namely, the support to private-sector development. Within this, the Indicative Programme identified a key aspect to ensure improvement of linkages with national export development agencies, promotion of intra-regional trade and promotion of decent work and labour rights. It is important to note that the overall Caribbean Regional Indicative Programme (CRIP), however, is not exclusively allocated to the EPA or even regional economic co-operation more broadly, but also to topics like security and climate change.

A challenge in the evaluation has been that a clear overview of all development cooperation programmes and projects that fall under the CARIFORUM-EU EPA is lacking. This is further complicated by the fact that there is no clear metric to assess the degree to which development cooperation commitments under the CARIFORUM-EU EPA have been honoured. For the programmes that have been identified as being related to the EPA, only a limited number of evaluation reports is available. Therefore, it is difficult to draw strong overarching conclusions on the results of development co-operation.

Based on the information available on the implemented projects and programmes, it can be concluded that the development co-operation efforts have been relevant and in line with the development cooperatives priorities and EPA objectives, although in several cases programmes focused more on addressing regional needs, rather than national needs. In other cases, programmes show a lack of understanding on the context of CARIFORUM countries, and capacity of agencies. Across all the programmes analysed in detail, there was a lack of a robust sustainability strategy of both interventions and specifically institutions. Another key challenge for the projects/programmes is the need to focus on clear objectives, outcomes, outputs and activities that can establish a clear theory of change and therefore evidence on results. While many projects/programmes have had valuable interventions, it is a missed opportunity to not capture the evidence base and clear results.

As far as EPA-objectives are concerned, as outlined in the programme cases, the impact has been limited on a programme or project level, and therefore we are unlikely to see impact on the EPA-level objectives of decreased poverty and increased integration in the global economy.

Economic impact

Development of bilateral trade and investment flows under the EPA

The overall changes in trade and investment between CARIFORUM and the EU since the EPA entered into force has been small, from a region to region perspective.

Trade in goods

Total trade in goods between the two parties has not expanded since 2008. The total value of goods traded (imports plus exports) amounted to 9.5 billion in 2008, and was slightly lower in 2018, when it stood at EUR 9.0 billion. This decrease can be largely attributed to a decrease in CARIFORUM exports to the EU, for which the average annual growth rate was minus 2% over the evaluation period, while EU exports to CARIFORUM increased, with an average annual growth rate of 4%. As a result, the EU now has a trade surplus of EUR 1.2 billion, while it had a negative trade balance with CARIFORUM at the start of the agreement of EUR 280 million.

The fact that exports from the EU to CARIFORUM increased more than the other way around is not surprising, as CARIFORUM was also enjoying preferential access to the EU market, while on the CARIFORUM side, no such access was available for EU exporters prior to the agreement. The

decrease in CARIFORUM exports to the EU reflect the decreasing share of the EU in total CARIFORUM trade, as other markets have become more important for CARIFORUM trade.

Despite the limited benefits at aggregate level, there are of course differences between countries and sectors. The developments of trade in goods varies considerably across countries, and several countries experienced large fluctuations in their exports to the EU. The decrease in exports from Trinidad & Tobago has had a significant influence on the total CARIFORUM exports to the EU. This decrease to a large extent reflects a decline in fuel exports as world prices dropped. On the other hand, the Dominican Republic has experienced sustained growth in its exports to the EU. Belize and Antigua and Barbuda are other countries which show clear export growth to the EU. In terms of imports from the EU, it is also the Dominican Republic which experienced the highest growth.

In terms of sectors, CARIFORUM exports appear to have diversified, relying less on mineral fuels and more on food and manufactured items. Growth has been the largest in export of chemicals and related products and food and live animals. Looking more closely at these categories, growth in chemical exports has been driven by growth in organic chemicals from Trinidad and Tobago. Regarding food and live animals, there has been a strong increase in fish and crustaceans (driven by Belize, Jamaica and Suriname), fruits and nuts (driven mostly by the Dominican Republic) and cocoa and cocoa preparations (driven by the Dominican Republic). An analysis of export potential shows that agri-food products that have shown growth in market share also have potential for further development. This includes traditional products like sugar and bananas, but also other products like juices or nutraceuticals (e.g. for Jamaica) or organic produce (e.g. in the Dominican Republic). Some investment promotion agencies in the region also see opportunities for niche, high-value added manufacturing such as medical devices or electronics.

Impact of the EPA on trade in goods: economic modelling results

An analysis of trends alone does not provide information on the impact, as a change in trade flows can stem from many factors other than the EPA (e.g. the global financial crisis, changes in oil prices, etc.). From an evaluation perspective it is preferable to compare a situation with and without the agreement, in order to isolate the impact of the EPA. As explained above, without the agreement, the CARIFORUM countries would have faced Most Favoured Nation (MFN) rates, and not the preferential access they had prior to the EPA.² An economic modelling exercise has been performed by the European Commission for four CARIFORUM countries (the Dominican Republic, Jamaica, Grenada and St. Lucia) to assess the impact of the tariff preferences under the EPA. The modelling results show that compared to a counterfactual of trading under MFN terms, bilateral trade under the EPA is significantly higher, although the level of impact on trade strongly differs per country, ranging from an 9% increase in exports from Grenada to the EU to a 119% increase from St. Lucia. Estimates for EU exports to CARIFORUM range from a 8% increase for St. Lucia to a 20% increase for the Dominican Republic. For CARIFORUM exports the model also suggests a more significant impact in the food sector as well as a number of industrial products. In contrast, the impact on EU exports to CARIFORUM is mostly in the industrial sector.

Trade in Services and Investment

Trade in services is also very important for bilateral trade between the EU and CARIFORUM and is even larger in value than trade in goods. Based on available data and information, the overall importance of the EU as a trading partner to CARIFORUM in trade in services seems to be the same as the start of the implementation of the EPA. Overall trends on CARIFORUM exports to the EU provide non-conclusive outcomes as there are issues regarding data. EU services exports to CARIFORUM nearly doubled, from EUR 3.2 billion in 2010 to 5.9 billion in 2018. Tourism continues to be by the most important service sector across the region. The case study on cultural services presents another illustration of a much smaller but growing service sector, but also shows that barriers to services trade remain. Business processing outsourcing (BPO) is an example of a service sector that is still small but has shown encouraging growth rates.

In terms of investment, Eurostat figures show an increase of EU Foreign Direct Investment (FDI) levels to the CARIFORUM region (a five-fold increase between 2013 and 2017), but it is

² As the preferences that the CF countries had before the agreement were not compatible with WTO rules.

not clear to what extent these are productive investments, as they are concentrated in the Bahamas and to a lesser extent Barbados.³ In the consultations, no clear champions could be identified.

Sectoral impacts

Case studies showcase the different degrees of impact of the EPA at the sectoral level. In the case of **creative and cultural services**, there is a potential, in particular for the music, film and audio-visual industry from the larger CARIFORUM countries. With the Protocol on Cultural Cooperation (PCC) the EPA laid out an ambitious framework, a lack of operationalisation and concrete applications have limited its impact. Furthermore, creative industries face a range of other, more fundamental domestic challenges.

EU **investment in the CARIFORUM tourism sector** is similar in that the direct impact of the EPA was found to be low. FDI inflows into the region are driven by a large number of factors, with the EPA rarely if ever being among the most decisive ones. While investors do face barriers, these are typically idiosyncratic in nature and are not easily resolved by the high-level regulatory framework provided by the EPA. Furthermore, the level of awareness of the EPA is very low, with even large investors often being unaware of the EPA.

The liberalisation of trade barriers to **EU dairy exports to CARIFORUM**, had a positive impact on EU dairy exports. However, competition is intense, in particular in the largest market, the Dominican Republic. As the US-Dominican Republic FTA has more rapidly reduced tariffs and quotas than the EPA, US exporters are at an advantage. EU exporters also face non-tariff barriers in CARIFORUM countries, related to sanitary requirements and other, more country-specific barriers.

CARIFORUM exports in beverages have fluctuated since the EPA has been in force. Key challenges faced by exporters are related to issues such as market intelligence, finding a distributor in the EU or logistics, and are best addressed through technical assistance as well as export promotion efforts by national authorities.

CARIFORUM Intra-regional trade

Intra-regional trade in CARIFORUM has increased over the evaluation period, albeit with strong fluctuations. In 2008 the total regional trade in goods amounted to EUR 2.2 billion, and in 2018 this had increased to EUR 3.0 billion, with a peak in 2012 of EUR 3.6 billion. Exports from the Dominican Republic to CARICOM have particularly increased over the past decade. Nevertheless, barriers remain. For example, despite the proximity of the countries, shipments are infrequent and move from country to country to accumulate more products, making the journeys long and expensive. Furthermore, as evidenced in both the evaluation's team review of the EPA implementation, as well as in the stakeholder consultations, intra-CARIFORUM trade is limited because of unequal application of trade rules and the perception of there being no level playing field.

Overall economic impact

In the stakeholder consultations, the limited changes in trade and investment observed in the data were confirmed and considered as a sign of a lack of clear overall economic impact of the EPA.

While the shortcomings in implementation of the agreement could be part of the explanation for the limited economic impact, this does not appear to be the main reason. One important reason is that there are challenges in the business environment (e.g. small markets that limit scale, logistical constraints, bureaucracy) as well as at company level on the CARIFORUM side, which make it relatively difficult for CARIFORUM companies to compete. In addition, consultations showed that there is still a lack of awareness of the EPA and that practical information on the opportunities it offers is scarce. In addition, the number of companies that consider the EU a priority market is limited, as the focus of exporters is more on nearby markets. For those companies considering to export to the EU, remaining barriers play a role (e.g. difficulties in obtaining visa).

³ Both countries with very low taxes for offshore corporations.

EPA has to some extent also impacted the business environment, through its commitments in areas like trade facilitation, competition, etc. In addition, through the development co-operation offered, support to the business environment (e.g. with projects in the field of quality infrastructure, the creation of a regional export promotion agency, etc.) as well as to the private sector was provided. Nevertheless, based on the information available, it is not clear to what extent this support has helped to overcome the barriers and increase trade and investment by the private sector, but it is clear that important constraints remain.

Social, human rights and environmental impacts

The CARIFORUM-EU EPA is the first EU trade agreement with specific chapters on sustainable development and social aspects. The analysis shows that although the EPA has several elements that link to sustainability-related policies, in general the EPA requires the parties to reaffirm their commitment to already existing international declarations, conventions and agreements⁴ but does not require the ratification of additional international agreements or other specific policy changes. It should be noted that CARIFORUM countries had ratified most of the ILO's core labour conventions and key Multilateral Environmental Agreements well before the EPA was signed.

Co-operation on sustainable development and social aspects is also included in the agreement. While we found that there has been attention to these topics in the joint institutions and also identified some examples of (development) co-operation projects in these fields, the extent of actual co-operation in these areas is difficult to assess, as this is not monitored. Consultations and literature review suggest that the impact of EPA as a result of the provisions in the agreement (including the co-operation) are limited.

The impact of the EPA on sustainability and human rights can also be indirect, stemming from the economic changes brought about by the agreement. As the economic impact has been small at aggregate level (see above), also the impact on sustainability appears to be limited. No significant changes in social or environmental indicators (e.g. unemployment, social expenditure, environmental performance index) have been identified over the evaluation period. While is variation across sectors regarding the extent to which they have been affected by the EPA, we have not identified specific groups that have suffered or benefitted or that significant environmental impacts that occurred as a result of this.

Conclusions

The below section presents the main conclusions based on the evaluation criteria.

Effectiveness: The effectiveness of the EPA has been limited. While we note that the EPA's objectives have a relatively high ambition level, for all eight objectives we conclude that the results achieved with respect to these objectives have been limited or small. While the agreement has provided asymmetrical liberalisation and has contributed to increased co-operation, the commercial and economic relations between the two regions have not been significantly enhanced over the evaluation period, and the share of the EU in total CARIFORUM trade has even reduced. On the other hand, given that without the agreement, CARIFORUM goods exporters would have faced MFN rates, the EPA has helped to keep economic and commercial relations. With respect to the other objectives (e.g. related to increased trade policy capacity, increased competitiveness and supply capacity, increased integration into the world economy, improved governance and poverty reduction) only (very) small improvements seem to have been realised that can be linked to the EPA.

Efficiency: In the absence of a clear overview on costs and benefits, it is difficult to draw strong conclusions on efficiency. In terms of the distribution of costs and benefits, we note that it seems that some countries have been better able to seize the opportunities created by the EPA than others. While within countries there are likely to be some distributional effects, we have not identified any countries or groups within countries that have clearly suffered from the EPA.

The lack of implementation limits efficient trading by economic operators, as barriers remain in place. Especially the lack of transparency affects their costs. In addition, there are

⁴ E.g. regarding labour standards it refers to obligations and commitments in relation to the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1998), or with respect to the environment it refers to existing provisions related to sustainable development, natural resources and the environment under the Cotonou Agreement.

barriers outside the agreement that affect the efficiency of their trade and investment. On the other hand, the lack of implementation also means that on the government side less investments have been made, which reduces costs.

Relevance: The provisions of the EPA are to a large extent *relevant* for addressing current issues with respect to bilateral trade and investment between the EU and CARIFORUM in the sense that they cover many aspects: trade in goods, trade in services and investment as well as regulatory aspects. However, we observe that the opportunities created by the agreement cannot be fully seized, as bilateral trade and investment is still impeded by factors outside the agreement. In addition, while not specifically relating to the provisions of the agreement, we note that the EPA has become less relevant in the sense that the share of the EU in CARIFORUM trade has reduced over the evaluation period.

Coherence: The EPA is *coherent* with other policy instruments of the EU affecting the Caribbean. Next to the EPA, the EU has several other policy instruments in place relevant for the region. This includes the Cotonou agreement that governs EU-ACP relations and the Joint Caribbean-EU Partnership Strategy, which is relevant for the political dialogue between the EU and Caribbean region. In addition, individual CARIFORUM countries have National Indicative Programs that cover bilateral development assistance from the EU. Several elements and objectives of the EPA stem from existing policies and agreements, and EPA elements and objectives are in turn reflected in strategies and policies developed after the EPA was concluded. No inconsistencies were identified.

Based on the above findings and conclusions, twelve recommendations have been developed.⁵ These have been clustered around three key areas: Implementation, Development cooperation and Economic and sustainability impact. The following provides a brief summary of each recommendation.

Recommendations for the Implementation of EU-CF EPA

Recommendation 1. Based on the gap identified in this evaluation, *CARIFORUM countries* can define the areas in which they need support for implementation of the EPA. Starting the analysis from a national level, *the CARIFORUM Directorate* can group the **identified needs at regional level** to identify key common needs across the member states.

Recommendation 2. Based on the above prioritisation exercise, it is recommended that the **capacity of related agencies is assessed** (from the perspective of human resource and organizational capacity) so that the actions and interventions are in light of the absorption capacity of the agencies. For example, while SPS related standards have been introduced, a next step could focus on a selection of agencies that require additional support structures to implement the commitments.

Recommendation 3. We suggest *the EU and CARIFORUM Directorate* to accelerate the preparations for and adoption of a **proper monitoring mechanism for the implementation of the EPA**, to keep track of the progress made. This mechanism should define a clear process for monitoring, with clear instructions on the type of information (indicators), the format, the frequency and the responsibilities of different actors in the collection process.

Recommendation 4. We recommend *the EU and its Member States and CARIFORUM countries* to advance on the **implementation of transparency obligations under the EPA**. It would help to increase the benefits of the agreement, since business stakeholders on both sides struggle with finding the relevant information for trading with the other party.

Recommendation 5. On *both the EU and CARIFORUM side* we would recommend to develop **capacity for better political and technical dialogue, at all levels**. This relates to the identification of key areas, the preparation for dialogues, the depth of dialogues and follow-up activities. As seen around the world, dialogues are complex, and it is critical that each party has a strong understanding of public diplomacy and political economies, as to better integrate the interests, realities, and the business and popular demands of the other parties into these dialogues. Defining common objectives of these dialogues as well as related actions and responsibilities can also help to make the dialogues more solution-oriented.

⁵ Please note that in addition to the recommendations presented here, there are recommendations in relations to the case studies. These are summarised in the recommendations.

Recommendations: Development co-operation

Recommendation 6. *The EU and CARIFORUM* should develop a **joint understanding on development co-operation obligations under the EPA and corresponding metrics** that can measure the degree to which these obligations have been honoured. This will support expectation management on development co-operation from both sides as well as its appropriate monitoring.

Recommendation 7. *The EU* should provide more attention to the **design of the interventions**. This includes firstly, setting realistic targets and objectives based on the absorption capacity of the related agencies, countries or groups. In addition, the design of the projects should also place sufficient attention to communication and visibility which are critical for effective stakeholder engagement, awareness, outreach and therefore, enable effectiveness of EPA related interventions. The design of the interventions should also include a sustainability/exit strategy from the start.

Recommendation 8. Linked to the above, project designs should consider a **stronger theory of change and intervention logic in line with the objectives**. This would provide clarity in intervention logic for the related interventions (how activities clearly link to specific outputs, outcomes and impact) and allow for effective monitoring and learning of the impact and outcomes.

Recommendations: Economic and sustainability impact

Recommendation 9. Both the *CARIFORUM countries* (through their national/regional policies) and *the EU* (through co-operation) should place **more emphasis on addressing the structural challenges** faced by the CARIFORUM countries. This concerns for example, programmes and interventions which focus on improving the business environment by addressing (i) regulatory barriers in doing business in sectors that show export potential (ii) Investment climate issues that hinder growth and transformation of businesses.

Recommendation 10. *CARIFORUM countries* should **enhance regional integration** between them. This includes further implementation of the Caribbean Single Market and Economy (CSME) and implementation of the regional preference clause contained in Article 238 EPA. This will not only help to create scale, but also create a level-playing field in the region. This will make the region also more attractive for EU business (as well as for business from other countries).

Recommendation 11. With respect to promoting the private sector, we recommend *CARIFORUM countries* (through their national/regional policies) and *the EU* (through co-operation) to take a **more focused approach when it concerns private sector support**. Support should focus on those sectors and companies where success in terms of trade with the EU is more likely. This can be linked to the export potential of certain sectors to the EU, but also the level of export readiness of specific companies.

Recommendation 12. With respect to sustainability and human rights-related impacts, we recommend *the EU and CARIFORUM* to **make the objectives and activities linked to these areas as part of the EPA more transparent**. Clear indicators should be developed for this and monitored, in relation to trade and investment with the EU.

1. INTRODUCTION

This is the final report of the study “Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States.” The CARIFORUM-EU EPA was signed in October 2008 and provisionally entered into force in 2008.

The objective of the study is to determine the extent to which the CARIFORUM-EU EPA has been implemented, where the remaining bottlenecks lie and the extent to which the EPA has contributed effectively and efficiently to reach the objectives set out in the EPA. Specifically, the study examines:

- **Effectiveness/Impact:** *the extent to which the objectives of the EPA have been achieved, the factors influencing (either positively or negatively) the achievements of those objectives, and whether the EPA has given rise to unintended consequences;*
- **Efficiency:** *the extent to which the EPA has been efficient with respect to achieving its objectives, the extent to which the costs associated with the EPA are proportionate to the benefits it has generated, also among different stakeholder groups, and the main inefficiencies and unnecessary regulatory costs (including administrative burden) created by the EPA;*
- **Relevance:** *the extent to which the provisions of the EPA are relevant to addressing current trade and development issues faced by the EU and CARIFORUM;*
- **Coherence:** *the extent to which the EPA has been coherent with other policy instruments of the EU affecting the Caribbean.*

Based on this analysis, the evaluation aims to provide lessons learnt and recommendations that can help increase the effectiveness of the EPA.

1.1. Scope of the study

The evaluation covers the EPA both from the perspective of the EU and CARIFORUM, with regard to its implementation, functioning and use, as well as overall knowledge and awareness of it. The evaluation of economic, social and environmental impacts, along with the evaluation of development cooperation efforts, focusses on the CARIFORUM countries.

The evaluation covers the 10-year period since the EPA has been provisionally applied, namely 2008-2018. In 2014, an extensive external monitoring study⁶ was conducted on the first five years of the EPA. To avoid duplication of efforts, for the topics that were extensively covered in the monitoring study, the focus of this present evaluation is on the last five years (2013-18).

The ToR for this evaluation identifies 17 tasks, divided into four phases. The results of these tasks are included in this report.

Table 1.1 Tasks and reports

Task	Description
Phase I: Inception	
1	Provide a fine-tuned intervention logic
2	Analyse existing studies and reports
3	Develop the evaluation tools and methodology
4	Fine-tune the EPA implementation matrix template
5	Refine and update the detailed work plan for Phases II, III and IV.
Phase II: Data collection and implementation analysis	
6	Targeted stakeholder consultations (priority for Phase II) ⁷
7	Implementation matrices for CARIFORUM States and the EU
8	Collection and analysis of tariff schedules for all CARIFORUM States (priority for Phase II)

⁶ Monitoring the implementation and results of the CARIFORUM-EU EPA, http://trade.ec.europa.eu/doclib/docs/2014/october/tradoc_152824.pdf.

⁷ We note that, as agreed in the inception phase, the consultations have been spread over the different phases, to allow for more targeted consultations, considering the findings from previous phases.

Task	Description
9	Consider results/analysis of 12-week online public consultation
10	Assess the implementation of the EPA, both in the EU and the Caribbean, since 2014 (Implementation Report)
	Phase III: First assessment of impacts
11	Analyse trends, patterns and effects in CARIFORUM-EU trade and investment relations, since 2008 with a focus on the past 5 years
12	Qualitative/descriptive assessment of the economic, social, human rights and environmental impact of the EPA in the CARIFORUM States
13	Evaluate the results achieved through development cooperation under the EPA
	Phase IV: Further impact evaluation
14	Analyse the impact of the EPA on trade performance and other key indicators based on economic modelling
15	Conduct sector case studies
16	Key evaluation questions and conclusions
17	Presentation of findings

1.2. Approach

As the evaluation covers a period of 10 years and multiple countries, a key challenge is to isolate the effects of EPA from other factors at play. Therefore, we first developed **an analytical framework for the evaluation, consisting of the intervention logic and an evaluation grid**. These are included in Annex B. The evaluation grid identifies indicators and information sources for each of the evaluation questions and has guided our collection and analysis of information. It also helps to distinguish the effects of EPA from other factors at play, including internal changes (e.g. changes in domestic policies or local market demand) and external shocks (e.g. exogenous price shocks to food, fuel and other key goods).

For the collection and analysis of information, we used a range of methods, both quantitative and qualitative. Here we briefly summarise the main methods used:

- **Literature review:** we collected and analysed the existing literature on the implementation and impact of the CARIFORUM EPA. This review also covered the analysis of legal documents, evaluation studies of development co-operation projects, and background information on economic, social, human rights and environmental issues relevant for the CARIFORUM-EU EPA;
- **Data analysis:** We have collected and analysed quantitative data on a range of indicators, notably in the field of goods trade, services trade and investment. In line with the ToR, we provided separate figures for EU27 and the UK, to allow for an assessment of the importance of EU27 relations with CARIFORUM in comparison with the UK. This enables us to draw some preliminary conclusions for the post-Brexit period. In addition, we have gathered quantitative data on relevant indicators for the sustainability analysis. We have used as much as possible data from international sources to ensure consistency and allow for comparability;
- **Economic modelling:** To complement the analysis of trends from the data observations, a partial equilibrium modelling exercise was conducted (by DG Trade) for four of the CARIFORUM countries. The model estimated the impact of EPA by comparing the current situation to a situation where the EPA would not be in place;
- **Stakeholder consultations:** Due to paucity of data in the region, stakeholder engagement and consultations were at the heart of this evaluation. The consultation approach (outlined further below) aimed to provide data, concrete examples, evidence and experiences that could complement and underpin the findings from the literature review, data analysis and economic modelling;
- **Case studies:** We conducted four case studies to allow for a deeper understanding of the challenges and opportunities that have arisen from EPA and their impact. The case studies were selected in consultation with the EC. They reflect different aspects of the agreement (goods, services and FDI) and possible impacts (export and import, inward FDI). Case studies were conducted for the following sectors: Beverages, Creative industries, Dairy and FDI in tourism.

More information of the approach and methods are available in Annex B.

1.3. Stakeholder consultation strategy

The stakeholder consultation strategy for the evaluation relied on inputs gathered from a variety of stakeholders. Stakeholders were consulted through a variety of tools at different levels. The consultations were focused on the types of stakeholders contained in Table 2. The focus has been on those stakeholders that were likely to have been significantly involved in/affected by the EPA, namely, public administrations, business associations, the private sector and civil society organisations. Whilst we also reached out to other stakeholders (such as freight forwarders and importers), in most cases these expressed low interest in participating in the consultative process or limited awareness of the EPA, making further consultations impossible. It should be noted that same constraint was faced in reaching Micro, Small and Medium Enterprises (MSMEs) and civil society organisations, but for these categories we still were able to speak to some.

Table 1.2 Stakeholder types and number directly consulted in the EU and CARIFORUM

Stakeholder type	Number of consultations carried out
Public administration	94
Business Association / Business Support Organisation	40
Private business (including SMEs)	62
Civil society organisations and other	9

The consultations had a stronger geographical focus on the CARIFORUM side. Whilst all 14 CARIFORUM countries were included, methods across countries varied, as can be seen in Table 3. Within the scope of the evaluation, our stakeholder consultation approach was carried out through both remote and direct consultations and included experts from the EU and experts from the region—to allow for more extensive physical consultations in the region. In the EU, consultations took place at EU level and in four selected Member States: France, Germany the Netherlands and Spain.

Direct consultations were carried out in-country through face-to-face interviews and focus group discussions (FGDs). Direct consultations were focussed on Barbados, the Dominican Republic, Guyana, Jamaica, St. Lucia, Suriname and Trinidad and Tobago. Remote consultations, were conducted through video chat and voice call channels or through questionnaires. These were focussed on Antigua and Barbuda, the Bahamas, Belize, Dominica, Grenada, St. Vincent and the Grenadines, St. Kitts and Nevis. For the assessment of implementation, a structured questionnaire was used to systematically collect inputs. This questionnaire was at times run through in person, and at other times shared electronically and covered all CARIFORUM countries.

	Direct consultations	Remote consultations
Main tools	One-on-one interviews, FGDs, Structured Questionnaires.	Phone calls, skype interviews, webinars, written questionnaires.

Table 1.3 Number of stakeholders by country and region

Country	Consultations
Antigua and Barbuda	3
Bahamas	18
Barbados	23
Belize	5
Dominica	4
the Dominican Republic	23
Grenada	4
Guyana	16
Jamaica	22
St. Lucia	2
St. Vincent and the Grenadines	16
St. Kitts and Nevis	3
Suriname	24
Trinidad and Tobago	17

Country	Consultations
Total CARIFORUM countries	180
France	7
Netherlands	2
Germany	3
EU-wide stakeholders, including EU institutions	9
Total EU and Member States	20
Haiti	1
Curacao	1

Of these consultations, 131 were carried out in person, and the rest over a combination of remote consultation tools. In addition to the direct and remote consultations, the team relied on number of secondary tools to raise awareness, reach out to stakeholders and collect information. These included:

- One open public consultation, an online survey open to all EU and CARIFORUM stakeholders. This survey was open between April and August 2019. Eleven submissions were received;
- One mini-survey shared with all 28 EPA services inquiry points through the dedicated e-mail addresses shared by DG TRADE. The team received six responses;
- Dedicated social media channels (LinkedIn and Facebook) and a dedicated email address (CARIFORUM-EU@ecorys.com) to share updates and to provide stakeholders with the opportunity to easily offer input and feedback;
- Two missions by the core team to the region, including one initial scoping mission to Guyana and Barbados in April 2019 and one mission to Jamaica in February 2020;
- Evaluation team attendance of events relevant to the study by the core team. These events have provided the opportunity to discuss the first results of the study, but also to get in touch with relevant stakeholders for interviews. These meetings and events notably included the CARIFORUM-EU Business Forum in Frankfurt in September 2019, Civil Society Dialogue meeting in January 2020 organised by DG Trade, and meetings of the CARIFORUM-EU Consultative Committee and the Trade and Development Committee in November 2019 (all in Brussels).

Despite the multiple consultation and outreach tools, the team encountered several challenges in the process. Most of these challenges were brought about by low levels of awareness / interest of and in the EPA, which meant stakeholders were either not interested in participating (hence the low response rates) or were unable to provide extensive insight. The information required to assess the levels of implementation of the EPA was scattered through multiple governmental agencies on the CARIFORUM side, making the process of identifying the appropriate organisation and collecting the full information onerous.

Annex C contains further information on the consultation process and results, while Annex D contains a list of stakeholders consulted.

1.4. Case study selection

The four case studies included in this report followed a set of selection criteria based on:

1. Weight (initial importance of the sector)

Based on the sector's share in terms of e.g. GDP, trade, employment, etc. With data availability limited, we look at other sources, with more qualitative information on the relative weight and importance of the sector. This includes government policies and strategies, which might focus on specific sectors.

2. Impact of the EPA

For these criteria, we look at the growth of the sector in the last few years, after the EPA has come into force. As data availability and attribution of causality were limited, we selected both sectors that experienced strong growth and sectors that experienced only limited or no growth,

indicating the extent to which the EPA has had an effect upon these sectors. We also take the results of the EPA implementation into account (whether EPA-related changes impact specific sectors, e.g. reduction in tariffs).

3. Global industry trend

We also selected sectors based on an assessment of global industry trends, with a focus on sectors that are particularly dynamic, and which offer strong potential for increased trade between CARIFORUM and the EU.

4. Focus group discussion with our experts and selected stakeholders.

We also consulted our local experts and stakeholders, inquiring their reasoned assessment about which sectors could be particularly interesting and instructive.

5. Discussions with the steering committee.

Based on their ongoing work with CARIFORUM countries, steering groups provide particularly unique insights.

These criteria resulted in the selection of the following case studies:

- CARIFORUM exports of beverages;
- CARIFORUM exports of creative industries;
- EU exports of dairy products;
- FDI in the CARIFORUM tourism industry.

1.5. Guide to reading this report

The report is structured as follows:

- **Chapter 2** provides a background on the CARIFORUM-EU EPA;
- **Chapter 3** assesses the implementation of the EPA;
- **Chapter 4** assesses the development co-operation provided under the EPA;
- **Chapter 5** presents the economic impact of the EPA in trade and investment, regional integration, business environment and business performance;
- **Chapter 6** presents the sustainability impacts of the EPA, on social and human rights, on consumers and on the environment;
- **Chapter 7** presents the case studies on trade in goods, services and investment;
- **Chapter 8** provides the answers to the evaluation questions; and
- **Chapter 9** presents the conclusions and recommendations.

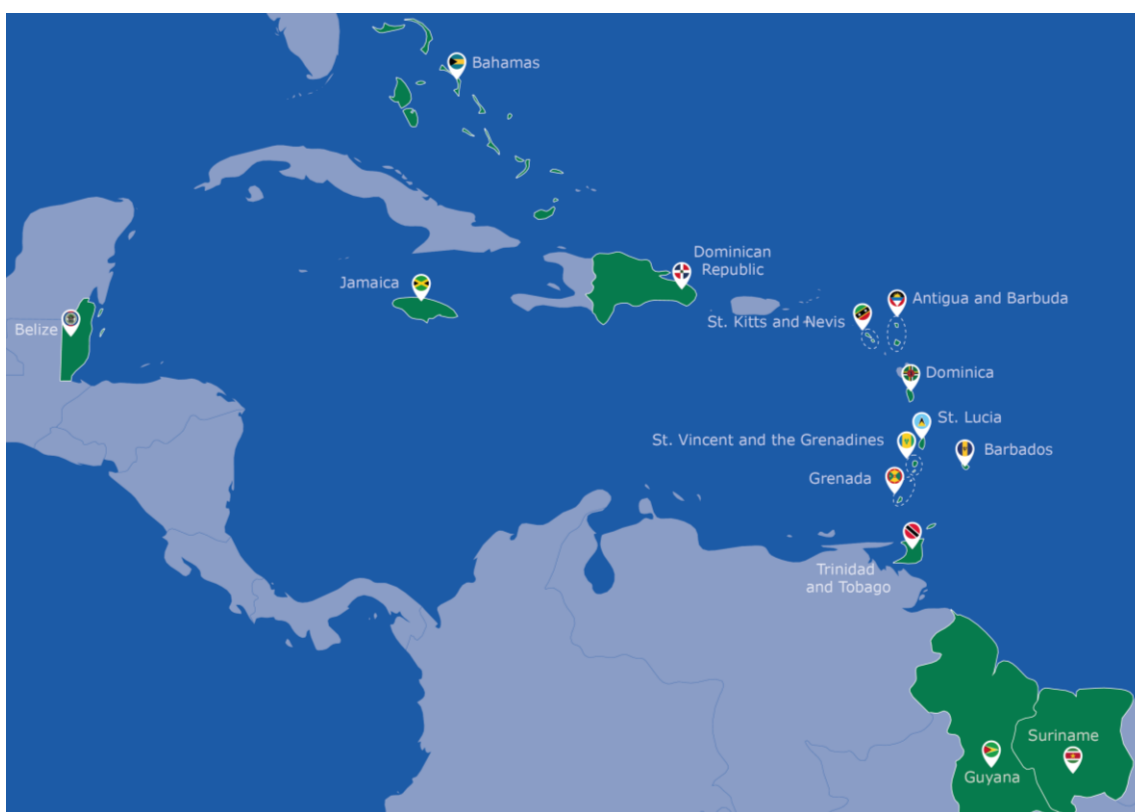
2. ABOUT THE EPA

2.1. Background and context of the CARIFORUM-EU EPA

Relations between the European Union and the African, Caribbean and Pacific (ACP) countries are longstanding, dating back to before 1975 and the first Lomé convention.

The EU-ACP agreements have always provided non-reciprocal market access to the EU for ACP countries. This market access to the EU was on more favourable terms than for other, non-ACP third countries. As this is not in line with World Trade Organization (WTO) rules, new, reciprocal trade agreements had to be negotiated, referred to as Economic Partnership Agreements (EPAs). These are comprehensive trade arrangements negotiated between the European Commission on behalf of the EU and its Member States and regional ACP groupings, providing reciprocal market access along with inclusion of development provisions. The EPA takes a three-pronged approach, focusing on raising the development of its Partner countries, further promoting regional integration and integrating their countries into global markets.

Figure 2.1 CARIFORUM Member States that have ratified the EPA



Source: Own elaboration.

CARIFORUM is a regional grouping of Caribbean ACP States which are signatories of the 1975 Georgetown Agreement. The negotiations for an EPA between the EU and CARIFORUM started in Jamaica in April 2004. The expiration of the WTO waiver for European Union's unilateral preference was a target deadline for the negotiations as, without the EPA by January 2008, the CARIFORUM states would have traded with the EU under the Generalised Scheme of Preferences (GSP) regime or Most Favoured Nation (MFN) regime. Trading under GSP or at the MFN rate was less beneficial as it would subject the region's most important exports (notably sugar, bananas and rum) to high EU duties. The negotiations were concluded in December 2007, when the parties initialled the EPA in Barbados. The CARIFORUM-EU EPA was the first EPA to be concluded between the EU and one of the sub-regions of the ACP. The agreement has been provisionally applied since 29 December 2008. It should be noted that Haiti

is now the only CARIFORUM country which was involved in the negotiations but has not ratified the EPA nor started its provisional application.⁸

2.2. Main elements of the Agreement

The EPA provides for an asymmetric and progressive opening of trade in goods, services and investment. It is asymmetric because CARIFORUM goods enter the EU duty- and quota-free, while CARIFORUM States maintain customs duties on sensitive products. It is progressive because CARIFORUM tariff reduction is spread over a 25-year transition period in the interest of insulating regional governments from any sudden loss in fiscal revenue and to protect domestic producers from having to face immediate competition from EU exports.

The stated objectives of the EPA are outlined below:

- (1) the reduction and eventual eradication of poverty;
- (2) the promotion of regional economic integration and cooperation;
- (3) the strengthening of the region's integration in the world economy;
- (4) the improvement of the region's capacities in terms of trade policy and trade-related issues;
- (5) the establishment and implementation of an effective, predictable and transparent regulatory framework for trade and investment in the region;
- (6) the improvement of the role of the private sector; and
- (7) the reinforcement of the relations between the Parties (the CARIFORUM countries concerned and the EU Member States) on the basis of solidarity and mutual interest.

This is the first comprehensive EPA. It covers liberalisation commitments on goods and services, as well as regulatory commitments. In addition, the EPA provides for several joint institutions for the monitoring and management of the Agreement and provisions on development co-operation.

The liberalisation commitments for goods include commitments on tariff bindings, elimination of export duties and quantitative restrictions and for services it includes schedules of commitments on both market access and national treatment. All EPA parties included substantial services liberalisation commitments on Mode 4. It also contains commitments on regional liberalisation of services as well as on further liberalisation on services. For both trade in goods and services the EPA includes transparency provisions.

The regulatory commitments comprise the following topics:

- Trade in goods (Customs and Trade Facilitation, Specific rules for agriculture goods Rules of origin, Technical regulations, standards and conformity assessment, Sanitary and Phyto sanitary measures and Trade Defence Instruments);
- Trade in services (Domestic regulation in courier services, telecommunication services, financial services and tourism, cultural co-operation and Mutual recognition of professional qualifications);
- Electronic commerce;
- Capital Movement;
- Intellectual Property;
- Protection of Personal data;
- Public procurement;
- Investment;
- Competition rules;
- Sustainable development and social aspects;
- Regional Preference;
- Outermost Regions of the EU.

Further details on the content of the Agreement are available in Annex A.

⁸ The CARIFORUM State Cuba was not involved in the EPA negotiations as it is not a signatory to the Cotonou agreement.

3. OVERVIEW OF THE IMPLEMENTATION OF THE EPA

This chapter provides an overview of the implementation of the EPA. A separate Implementation report is available which contains more details.

3.1. Progress achieved in the implementation of the EPA

The 2014 CARIFORUM-EU EPA monitoring study⁹ identified several implementation deficits. The Review covered almost all areas of the Agreement, however, not all provisions were addressed in-depth and at full levels of detail. This complicates the assessment of the progress in the implementation achieved since 2014. Notwithstanding this, Table 3.1 indicates where progress can be observed in the CARIFORUM countries and in the EU since the last review. If an EPA topic is not addressed in this table, this means that no progress regarding implementation could be observed since the 2014 study.

Table 3.1 Progress in the implementation of the CARIFORUM-EU EPA

EPA topic	Progress in implementation
Ratification	In May 2014, around 50% of the CARIFORUM countries and of the EU Member States ratified the EPA. As of June 2020, 25 out of 28 EU countries ¹⁰ and 10 out of the 14 analysed CARIFORUM countries ¹¹ had ratified the Agreement. This amounts to a ratification rate of around 79%. Hence, the ratification rate increased by 58% between May 2014 and June 2020.
Reduction of tariffs	In 2014, most CARIFORUM countries were at the beginning of their phased-in reduction commitments. It was easier to comply then. In 2019, the picture is different. The 2019 analysis shows that the analysed countries largely apply the EPA tariff liberalisation commitments. Lower rates than those specified under the EPA are even observed in several countries. However, it is not possible at this stage, in the absence of any robust reporting system of applied tariffs in CARIFORUM countries, to carry out a systematic and comprehensive implementation analysis of tariff commitments under Article 16.1 and Annex III of the EPA. Our conclusions are therefore only partial.
Customs and Trade Facilitation	The 2014 Implementation Report indicated the weak performance of the CARIFORUM countries on trade facilitation. The 2019 Review registers significant progress in this area despite substantial remaining shortcomings. Progress relates to cooperation on trade facilitation as well as ratification of the WTO Agreement on Trade Facilitation. Some progress was also achieved with respect to the simplification and harmonisation of customs laws and procedures.

⁹ Monitoring the implementation and results of the CARIFORUM-EU EPA, http://trade.ec.europa.eu/doclib/docs/2014/october/tradoc_152824.pdf.

¹⁰ Ratification or Notification is pending in Luxembourg, Hungary, Poland, and Slovenia (Source: concilium.europa.eu).

¹¹ Notification is pending in the Bahamas, Haiti, Jamaica, Suriname and Trinidad and Tobago (Source: concilium.europa.eu).

EPA topic	Progress in implementation
TBT and SPS commitments	The 2014 Report observed that there was no record of the establishment of TBT contact points at the Trade and Development Committee (TDC). The 2019 Review notes the existence of TBT contact points in each CARIFORUM country. Furthermore, all CARIFORUM countries with the exception of Saint Lucia and Dominica established an SPS Competent Authority. Saint Lucia indicated that the establishment of the competent Authority is in progress, while Dominica did not provide any information in this respect. Thus, progress is observed in the implementation of the TBT and SPS transparency commitments when compared to 2014. However, the 2019 Review was not able to assess the effectiveness of the designated contact points.
Mutual Recognition of professional qualifications in services sectors	Since the 2014 Report, progress has been achieved in the preparation of an intra-CARIFORUM mutual recognition agreement (MRA) for architects. This could be a first step towards a Joint Recommendation with the corresponding professional association in the EU with regard to a CARIFORUM-EU MRA for architects. Progress was achieved, since drafts intra CARICOM and CARICOM-DR MRAs have been prepared and work is ongoing on that front.
Telecommunication services	Progress is observed in relation to the establishment of the telecommunication Authority. The 2014 Report states that six countries established relevant authorities. The 2019 Report indicates that all CARIFORUM countries established such an Authority. However, the Authorities' effectiveness could not be assessed.
Tourism services	Regarding tourism services, the lack of adequate competition legislation in CARIFORUM states is underlined in the previous evaluation and still remains an issue. However, with regard to the countries' environmental and sustainable standards in tourism, this report finds that twelve out of fourteen CARIFORUM countries developed their own standards in the sector. Although not examined under the previous Review, it may be assumed that this is an achievement since the 2014 review period.
Cultural Cooperation	The Parties recognize the importance of activating the Protocol and in 2011, they considered and agreed to modalities to facilitate exchanges and dialogue on the sector ¹² . Some progress is observed in the area of cultural cooperation since six CARIFORUM countries indicated they have engaged with the EU or its Member States to facilitate exchanges of cultural activities, goods and services. This concern, inter alia, the audio-visual sector and the protection of sites and historical monuments. Nevertheless, as

¹² Information provided by the CARIFORUM Directorate General.

EPA topic	Progress in implementation
Intellectual Property Rights Protection	<p>indicated by United Nations Educational, Scientific and Cultural Organization (UNESCO), overall, cultural cooperation is an area with major shortcomings.</p> <p>There have been new initiatives to strengthen the protection of Intellectual Property (IP) rights in the CARIFORUM countries including new intellectual property legislation (the Bahamas) and revisions of intellectual property legislation and drafting process (Jamaica, Suriname, Trinidad and Tobago). Some progress was observed in the field of regional integration as regards patent administration, harmonisation of regional trademark legislation and the development of a regional Trademark Manual.</p> <p>In addition, several CARIFORUM countries acceded to relevant international treaties during the review period. Dominican Republic joined the 1999 Hague Agreement on Industrial Designs and the Lisbon Agreement on Appellation's of Origin; Dominica and Saint Lucia joined the 1970 Washington Patent Cooperation Treaty; Saint Lucia acceded to the 1977 Budapest Treaty on Patent Recognition, and Antigua and Barbuda joined the latter Treaty and the 2000 Geneva Patent Law Treaty. Barbados, Grenada and Trinidad and Tobago are also in the process of accession to a number of important IP Treaties.</p>
Public Procurement	<p>During the current review period, several laws were adopted in the area of public procurement in Barbados (2018), Grenada (2015), Jamaica (2015 and 2018), Saint Lucia (2015), Suriname (2017), Saint Vincent and the Grenadines (2018) and Trinidad and Tobago (2015) and Dominican Republic (2017). One can assume that these laws represent a step forward to a more modern public procurement legislation and better implementation of the relevant EPA regulatory developments.</p>
Sustainable Development and Environment	<p>Based on the consultations' results, the current review observes that governments are still committed to respect their international commitments regarding the environment, the right to collective bargaining, freedom of association, the prohibition of child labour and the prohibition of forced labour. Governments reported several initiatives to improve performance in these areas, notably related to the environment and climate change. Chapter 6 of this report analyses the impact of the EPA on sustainable development and environment more in-depth.</p>

3.2. Shortcomings in the implementation of the EPA

Based on the assessment carried out in the Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States Implementation Report (henceforth referred to as the Implementation Report), the implementation of the CARIFORUM-EU EPA is far from complete. Implementation issues relate to all parts of the Agreement, including its basic elements. Most of the commitments included in the EPA are only partially implemented. This means that either not all countries implemented the relevant

provision and/or that the provision itself has not been implemented entirely and satisfactorily. Lack of implementation concerns both liberalisation commitments and regulatory commitments. Difficulties also arise with respect to the functioning of the EPA institutions and to an insufficiently targeted and solutions-oriented dialogue among the EPA parties.

Liberalisation commitments

Shortcomings in the implementation were identified regarding liberalisation commitments for goods and services.

i) Goods

As far as goods are concerned, several CARIFORUM countries did not implement their tariffs commitments, and they maintain export duties and quantitative restrictions.

These commitments are certainly among the basic elements of the Agreement, and the failure to implement these neutralises the impact of the Agreement in the countries concerned and limits benefits for EU exporters and CARIFORUM importers.

CARIFORUM countries also exhibited important transparency deficits regarding their tariffs. Information on the applied tariffs is not readily available, and the evaluation team has not been able to collect the tariff schedules for all CARIFORUM countries.

As the analysis in the implementation report showed for the countries for which data were available, the Dominican Republic, Grenada, Guyana, Jamaica, Saint Lucia and The Bahamas emerged as the most advanced in the tariff implementation process. However, some implementation gaps and discrepancies (even if partially) of the EPA tariff commitments were still identified in Bahamas, Belize, Dominican Republic, Guyana, Jamaica and Saint Lucia, but not in Grenada. Lack of implementation, however, is very limited in Dominican Republic, Guyana and St Lucia.

Some of these discrepancies can however relate to the ongoing HS transposition process in those CARIFORUM states, the completion of which is crucial to achieve more transparency on the currently applied EPA rates.

While the EU maintains duty free quota free access for CARIFORUM exports, CARIFORUM countries express concern with the "Octroi de Mer". This is a European Union legislation (Council Decision No 940/2014/EU & Council Decision (EU) 2019/664) based on which a tax is applicable to products entering the Caribbean French overseas territories of Guadeloupe, Guyana French Guiana and Martinique.¹³ Other concerns regarding the EU relate to its numerous and often changing technical regulations and sanitary and phytosanitary measures, which can limit the benefits accruing to CARIFORUM countries from the EPA due to capacity constraints. A similar concern was also expressed regarding the EU's import restrictions on certain pesticides.

ii) Services

Implementation issues related to trade in services concern market access and national treatment commitments of the CARIFORUM States. Several CARIFORUM States reported that they had not completed the implementation of their market access commitments yet. Furthermore, deficiencies in national treatment were observed in a few CARIFORUM States. Overall market access rights granted by CARIFORUM Member States to EU providers are more limited than commitments taken by the EU.

On the EU side, while liberalisation commitments are more extensive, CARIFORUM States complain that domestic legislation in EU Member States would limit their expected benefits under the EPA. This concerns demanding qualification requirements, lack of recognition of professional qualifications, lengthy and complicated authorisation and registration procedures, residency requirements in certain services sectors, restrictions on real-estate purchases, and immigration procedures. CARIFORUM States also complain that market access is particularly affected in the EU for several CARIFORUM countries with respect to Mode 4 (movement of natural persons) due to immigration policy in several EU Member States. Immigration policy as such is outside the scope of the EPA.

¹³ The tax applies to all incoming imports, irrespective of whether these imports come from third countries or the EU, including mainland France.

The EPA Parties have not initiated further negotiations to liberalise investment and trade in services. Article 62 of the EPA prescribes entering into such negotiations not later than five years from the EPA's entry into force. The Agreement entered into provisional application only, but CARIFORUM countries have expressed a clear offensive interest in this sector.

Regulatory commitments

Similarly, concerning regulatory commitments, shortcomings are identified in both trade in goods and trade in services. Several shortcomings are also observed in the cross-cutting regulatory issues of the EPA, such as intellectual property, public procurement, and competition policy.

iii) Goods

As far as goods are concerned, critical shortcomings are observed in the CARIFORUM States concerning trade facilitation, despite the progress made in this area as presented in Table 4. All countries surveyed, except the Dominican Republic, are below the average of the Latin American and the Caribbean region according to OECD Trade Facilitation Indicators. This is also the case for the transparency obligations regarding the customs fees and procedures in CARIFORUM Countries.

Other shortcomings observed in the CARIFORUM concern the likely maintenance of export subsidies in a number of countries and the existence of quantitative restrictions on agricultural products originating in other CARIFORUM countries.

Possible shortcomings may exist regarding the adoption of technical regulations, standards and SPS measures of several CARIFORUM countries, given the complaints that WTO Members have expressed. However, only a deeper analysis of the issues raised would enable a robust assessment of implementation. Serious shortcomings are observed with respect to the transparency requirements of the EPA, especially the countries' SPS measures.

On the EU side, although overall the trade facilitation commitments are implemented, difficulties for CARIFORUM economic operators arise from the fact that the EU customs legislation is implemented by the EU Member States and that national rules are scattered in different documents, complicating the practical interaction with national customs authorities.

The regulatory "Acquis" regarding the EU's quality infrastructure, known as the "New Legislative Framework", is perceived by the EU's trading partners as particularly burdensome. WTO Members filed no less than 128 trade complaints with the WTO. Similar issues arise with respect to the EU's SPS measures. However, as indicated above, only a deeper analysis of the issues raised would enable a robust assessment of the consistency of the relevant measures with the EPA. Irrespective of whether or not the EU's regulatory framework complies with the letter of the EPA, it clearly reduces the market access opportunities for the products of the CARIFORUM countries. The latter must establish the necessary infrastructures and capacity to comply with the EU requirements. This is a major area of concern for their exports.

Generally, CARIFORUM States demand more cooperation between the EU and the individual CARIFORUM States on all issues affecting their trade in goods with the EU, particularly trade facilitation. They also demand more cooperation to facilitate addressing technical barriers to trade and meeting SPS requirements. There is a general concern that the EU concentrates its cooperation efforts at the regional level in the CARIFORUM, while possibly neglecting individual countries on important issues such as quality standards and SPS measures.

iv) Services

As far as services are concerned, a lack of adequate regulation, as required in the EPA, is observed in the CARIFORUM countries in the sectors of courier services, telecommunication services, financial services and tourism services. Most shortcomings are observed regarding the insufficient regulation to prevent abusive or anti-competitive practices in the sectors concerned and insufficient protection of personal data in the financial services sector.

On the EU side, while the regulatory requirements of the EPA are generally fulfilled in the services sectors, concerns arise with respect to the implementation of the EPA requirements regarding cultural cooperation, as enshrined in the Protocol III of the

EPA. A UNESCO study concluded that market access for cultural services, artists and performers of the CARIFORUM States in the EU has not improved in practice. The authors of the study refer to remaining and often divergent economic needs tests and professional qualification requirements in the EU Member States as a problem. They also refer to the burdensome visa requirements in the EU Member States as an even bigger problem. While the EU is providing substantial funding to facilitate the implementation of the EPA, as well as cultural initiatives, there do not seem to be specific actions, which would grant preferences not available elsewhere, to the CARIFORUM States under Protocol III.

Another area where the EPA falls short of expectations concerns the mutual recognition of professional qualifications. Other than efforts conducted for architectural services in CARIFORUM, no work is ongoing to develop joint recommendations by professional bodies potentially leading to negotiations on a mutual recognition agreement between the CARIFORUM States and the EU.

Cross-cutting regulatory commitments affecting both goods and services

Shortcomings are observed in the CARIFORUM countries in the following areas:

- *Electronic commerce:* some countries still apply customs duties on electronic deliveries. Efforts are insufficient to maintain a dialogue with other EPA Parties on regulatory issues raised by electronic commerce and to exchange information on legislation regarding electronic commerce and consumer protection;
- *Capital movement:* restrictions on international payments are observed in the Bahamas. Several countries did not provide information in this regard;
- *Intellectual property:* in several CARIFORUM countries, the following observations could be made:
 - a lack of abidance by the existing IP Treaties and the TRIPS;
 - a lack of enhanced protection of geographical indications and the preservation of genetic resources, traditional knowledge and folklore; and
 - a lack of mechanisms to ensure effective enforcement of the protection of intellectual property rights. Several countries state they do not have an independent judicial system that can provide preliminary injunctions and final rulings regarding intellectual property rights.
- *Protection of personal data:* several countries failed to establish appropriate legal and regulatory regimes to ensure an adequate level of protection of individuals regarding the processing of personal data;
- *Public procurement:* some shortcomings are observed in CARIFORUM countries with respect to non-discrimination and transparency. More important deficiencies are reported in the area of tendering processes and awarding steps of tenders, including a lack of publication of award procedures. However, most CARIFORUM countries did not provide sufficient information regarding their tendering procedures to enable a proper assessment of compliance in this regard;
- *Investment:* regulatory prescriptions are insufficient to affect the behaviour of investors and to prevent the possible abuse by investors, such as corruption, circumvention of core labour standards or environmental obligations to which the hosting country committed under public international law. Furthermore, there has not been a review of the investment-related provisions of the EPA three years after the entry into force of the Agreement, as prescribed by the EPA;
- *Competition:* shortcomings are observed in several CARIFORUM countries regarding the lack of adoption of a domestic competition legal framework, including for State-owned trading enterprises. However, for the countries that are CARICOM Members, such deficiency may be partially resolved by the common rules of the CSME, as far as anti-competitive cross-border conduct is concerned;
- *Regional preference:* several CARIFORUM countries either indicated that they do not extend to all CARIFORUM countries the more favourable treatment they granted to the EU or did not provide information in this regard.

On the EU side, EPA implementation concerns are:

- *Electronic commerce:* a lack of sufficient regulatory dialogue;
- *Intellectual property:* a lack of sustained dialogue and cooperation on technology transfer and technical innovations, cooperation among research teams and technical centres, exchanges of scholars, and joint research networks. Difficulties in obtaining visas can in practice limit the expected benefits of the EPA in this regard.

One can observe an overall insufficient targeted dialogue on the EPA's regulatory issues among the EPA Parties, other than the technical assistance activities. The latter, however, seldom influences the higher levels of power in the countries concerned.

Institutional commitments and evaluation mechanism

High-level dialogue is supposed to be conducted through the CARIFORUM-EU institutions. While these institutions were established and meetings were conveyed, it appears this dialogue is not focused enough on finding solutions to the specific situations and cases affecting individual countries. The Committee on Trade in Services, while it was agreed, has not started its operations yet.

A rather important institutional shortcoming concerns the lack of establishment of a joint mechanism for EPA monitoring, *"with the objective of having it in place in time to inform the second five-year review of the EPA, scheduled for 2020"*¹⁴. The absence of such mechanism resulted in there being no formal benchmarks or indicators to assess the effectiveness of the EPA. This affected the extent to which the Parties could utilise objective data to make decisions regarding the operation of the EPA. There are currently initiatives to develop this mechanism.

Regarding the development cooperation aspects of the EPA, the EU has released substantial funds dedicated to EPA implementation, in the context of the Caribbean Regional Indicative Programme (CRIP) that is provided under the Cotonou Agreement. The EU also funded several technical assistance programmes for the benefit of the CARIFORUM region. However, the total amount of development co-operation provided by the EU and its Member States is not clear, as projects and programs are not labelled as being part of EPA, and no record of support provided by the different actors seems to be kept. The next chapter looks in more detail at development co-operation under EPA.

Transparency

Transparency requirements appear throughout the Agreement. They concern trade in goods, trade in services, sanitary and phytosanitary measures, technical barriers to trade, public procurement and other trade-related areas. *"Without transparency, trade agreements are just words on paper"*¹⁵. **Shortfalls concerning transparency were detected with respect to EPA implementation by both Parties:** CARIFORUM and the EU. All EPA Parties complain about the availability and quality of the information of the other Parties.

This study identified serious transparency issues in relation to the CARIFORUM tariff schedules. In most cases, they are difficult or impossible to find on the Internet or hardly readable or even incomprehensible. This is exacerbated by the lack of transposition to HS 2017. The same is true in the area of technical regulations, standards, SPS measures, and rules affecting services. CARIFORUM countries have complex and dispersed legal instruments, and the information is not easily accessible. Information availability is also an obvious concern in the CARIFORUM countries in the area of Customs and Trade Facilitation. As indicated above, all examined countries are below the average of the Latin American and the Caribbean regions according to OECD Trade Facilitation Indicators¹⁶. Similar shortcomings can be observed, but to a lesser extent, in some CARIFORUM countries' public procurement practices.

The EU is not exempt from criticism regarding transparency. CARIFORUM countries extensively complain about the difficulty to access EU rules and procedures. Customs procedural rules, for instance, are available only in Member States official languages and sometimes dispersed throughout various complex legislative acts. Technical regulations and standards and SPS measures are also far from easy to understand and apply.

¹⁴ Source: Joint communiqué following the fourth meeting of CARIFORUM-EU Council of 17 November 2017 – Consilium: <https://www.consilium.europa.eu/en/press/press-releases/2017/11/17/fourth-meeting-of-the-joint-cariforum-eu-council/#>.

¹⁵ "Letting the Sun Shine in at the WTO: How transparency brings the trading system to life", Robert Wolfe, School of Policy Studies, Queens University, 6 March 2013.

¹⁶ <http://www.oecd.org/trade/topics/trade-facilitation/>.

3.3. Remaining trade irritants

As indicated above, despite some progress achieved since the 2014 Review, trade irritants remain numerous, perhaps to the point that the most substantial expected benefits from the EPA are limited for the parties.

Among the trade irritants observed are those that result from a clear lack of implementation of the EPA. This concerns lack of compliance with tariff commitments and services liberalisation commitments, the maintenance of discriminatory policies and unjustified quantitative restrictions, lack of transparency and insufficient domestic regulation against anti-competitive practices, protecting IP rights or the confidentiality of personal data. Most of these irritants are found on the CARIFORUM side, although the EU itself cannot be exempt from criticism (e.g. in relation to the “Octroi de Mer” tax or the inadequate implementation of the cultural Protocol III of the EPA).

Other trade irritants are not necessarily due to violations of the EPA, but relate to burdensome and at times confusing domestic regulations of the EPA Parties. The practical difficulties to trade resulting from these regulations can limit the expected benefits under this FTA. This criticism is typically addressed to the EU in relation to both goods and services. Heavy technical rules and SPS requirements require the CARIFORUM countries to put in place the necessary infrastructures and capacity to comply with these requirements. According to CARIFORUM, immigration policies, which fall outside the scope of the Agreement, limit in practice the expected benefits from services commitments, especially regarding Mode 4 (movement of natural persons).

For the EPA to deliver its expected benefits and maintain its legitimacy for the EPA Parties, it would be important to address both categories of trade irritants, not only those that are a violation of the EPA.

3.4. Other challenges regarding implementation

Awareness of the EPA

The 2014 EPA Implementation Review noted that despite the dissemination efforts by national and regional bodies, there was a perception of an “information deficit” with respect to the rights and responsibilities under the Agreement, particularly among the private sector.

Although information continues to be disseminated through different channels, the 2019 consultations show that this perception remains.

Only five countries responded to the question related to the information available on EPA:

- *Antigua and Barbuda* reported there is enough information. The country stated that the traders and other interested persons became aware of the existence of the EPA through public educational activities and consultations with both public and private sector. The information is available online;
- *Belize* stated the information is available but could be improved. The awareness of the EPA is raised thanks to close collaboration with CARIFORUM Regional EPA Implementation Unit, CARICOM Secretariat, European Commission’s websites, through GIZ (German Development Agency) and several other relevant agencies;
- *Grenada* noted that exporters need more information about markets, sanitary and phytosanitary measures, technical barriers to trade, packaging and labelling requirement and standards in the EU. In Grenada, traders became aware of the existence of the EPA mainly due to coverage by radio programmes. The main channels for awareness raising are educational programs, workshops and seminars;
- *Guyana* reported that the information is available, but there is a need for more updated information to take advantage of the progress in print and electronic media. Guyana indicated that the Guyana Department of Foreign Trade could be contacted to obtain information on the EPA. The channels used to disseminate information consist of engagement with local, regional and international stakeholders;
- *Suriname* indicated that its stakeholders reported there is not enough information. Suriname stakeholders became aware of the EPA due to the information provided by the

Ministry of Trade Industries and Tourism. Other channels for the dissemination of EPA awareness are CARIFORUM, CARICOM and EU websites.

Notwithstanding the ongoing efforts to raise the awareness of the EPA in CARIFORUM countries, business operators, investors and other stakeholders interviewed reported that they were not familiar with the opportunities stemming from the EPA.

Belize reported there are ongoing public awareness campaigns and engagement with the private sector. The Belize Chamber of Commerce and Industry informed that the technical information on the EPA is indeed publicly available. However, the language and structure of the Agreement and its associated documents are complex. The institution indicated that its members are generally aware of the broad terms of the EPA and its overall purpose. However, they are not aware of the finer details and opportunities that exist, especially pertaining to the Services Sector. Similarly, the investment stakeholders in Belize reported that the main obstacle to the implementation of the EPA is the fact they are not sufficiently familiarised with the requirements under the EPA to translate them to the entrepreneurs.

The Dominican Republic did not respond to the inquiry regarding the availability of information and awareness. However, the Dominican Association of Rum Producers indicated that there is sufficient information. Nevertheless, the Association explained that, if more detailed information is needed such as trade data or current applied tariff rates (for products subject to the elimination process), *"one needs to really invest time to obtain required information"*. The Association specified that its members are aware of the EPA and they export to the EU. Main channels to obtain the information are the EU websites.

The investment stakeholders in Grenada noted that their level of awareness of the EPA equals 2 or 3 at the best on a scale of 1 to 10.

The Guyana Office for Investment noted that there is limited awareness of the EPA. This was reaffirmed by the Guyana Chamber of Commerce and Industry. The latter added that this concerns facts, statistics and waivers. Similarly, Guyana Manufacturing and Services Association and Linden Chamber of Commerce highlighted the need for awareness-raising and educational activities for the Guyana private sector.

The Jamaica Chamber of Commerce also highlighted that there is not enough information on the EPA. Even if the information is publicly available on the Internet, this is not enough to raise awareness, especially among smaller entrepreneurs. There is a need for a proactive and repetitive exchange of information. Communication with companies should be enhanced. Larger members of the Jamaica Chamber of Commerce are aware, but SMEs and Micro, Small and Medium-sized Enterprises (MSMEs) are not familiar with the EPA. MSMEs have lesser research capacity, so they tend to deal with familiar markets such as the North American market.

According to Saint Lucia Civil Service Association, information is available, but it is too difficult to read due to the legal jargon used¹⁷. The Focus Group Business Association also indicated that the information exists, but it is not adequately disseminated. Other Business Associations interviewed shared the opinion that the information is not sufficient.

The Couva Business Association/Confederation of Chambers of Trinidad and Tobago indicated that its general membership is unaware of the opportunities the EPA offers.

In summary, while the level of awareness of the existence of the EPA has probably increased due to continuous dissemination efforts at regional and national levels, the awareness of its technical aspects remains limited. The language and structure of the EPA are technical and complex. It is not easy for SMEs to grasp all their implications and take advantage of the Agreement.

The information deficit thus certainly remains one of the major challenges in the effective implementation of the EPA.

¹⁷ Saint Lucia Civil Service Association; Focus Group Business Association.

Capacity constraints

The 2014 Implementation Review concluded that the lack of implementation and impact of the EPA are strongly linked to capacity issues. The 2014 Review also stressed that capacity-building needs are consistently highlighted throughout the EPA. This concerns the needs of public administrations as well as economic operators. The 2014 Review concluded that capacity constraints have not been properly addressed.

Despite the mobilised capacity-building support and actions by the EU and several development agencies, and committed funds dedicated to the EPA implementation during the current review period (see above), the problem remains. The 2019 consultations with CARIFORUM institutions, business associations and investment stakeholders confirm the strong capacity-building needs in the CARIFORUM countries. External actors also confirm this fact. For instance, in the area of customs and trade facilitation, the OECD's analysis of customs facilitation indicators stressed the serious capacity constraints in this area.

Budgetary constraints

The budgetary constraints of medium or small businesses were underestimated under the EPA. These firms face high costs to adjust to the needs of both inter-regional trade and the even more burdensome environment and complex markets in the EU. The availability of capital to make the necessary investments is not guaranteed given the remaining perception of risk to accede to third markets.

The issue also arises for public agencies. National EPA Units complain they often lack resources to operate effectively. However, as already indicated in the 2014 Review, the resources vary depending on the country and their governments' willingness to dedicate funds to the EPA implementation.

Political willingness to implement

The consultations with CARIFORUM public institutions and the analysis of various stakeholders' responses indicate that the political willingness to implement the CARIFORUM-EU EPA exists.

However, there are aspects where implementation is not a priority for the parties, especially in light of civil society concerns regarding the possible adverse economic impacts of the EPA, existing capacity and budgetary constraints to implement the EPA, and the remaining obstacles to take advantage of it. There are also some vested business interests that don't favour implementation in certain sectors. There is also a growing popular demand in the CARIFORUM countries and the EU countries to better encourage local economic ties as a factor of social cohesion and production and distribution practices based on the shortest distance of transportation.

Priority given to or conflict with other trade agreements

The research and 2019 consultations revealed that there is no apparent conflict with, or priority given to, other trade agreements over the EPA. The DR-CARICOM Trade Agreement, however, creates a conflict with the regional preference clause specified in Article 238 of the EPA (see above).

The business climate

A positive business climate is certainly among the factors that facilitate the investments required to adjust to the EPA and take advantage of it.

However, the business climate has several constraints, which limit the benefits of the EPA. As presented in more detail in section 5.4, the CARIFORUM countries rank relatively low in the World Bank's Doing Business indicators. Most of the CARIFORUM Members scored below the top 100 with Suriname at the bottom of the CARIFORUM countries' list. While several reforms have been undertaken in the last five years by the CARIFORUM countries to enhance their business environments, only three countries have been able to improve their ranking. A positive element to highlight is that Barbados and Grenada are in the Top 30 countries in terms of the sub-indicator trading across borders.

3.5. Conclusions regarding the implementation of the EPA

Our assessment of the implementation, which is summarised above, shows that important implementation gaps remain. The most critical gaps undermine the expected trade benefits of the EPA for all Parties.

Regarding **EU's market access to the CARIFORUM countries**, critical shortcomings, which impair the EU's expected benefits under the EPA, concern the following issues:

- Uncompleted implementation of tariffs commitments;
- Lack of transparency on applicable EPA rates and uncompleted HS tariffs transposition process from HS 2002 to 2017;
- Export duties in certain countries;
- Quantitative restrictions in certain countries;
- Deficient transparency of applied tariffs;
- Partial implementation of services liberalisation commitments and burdensome national regulation in services;
- Non-application of national treatment in service sectors in few countries;
- Deficiencies in implementation of the regulatory commitments in trade facilitation;
- Possible maintenance of export subsidies in few countries;
- Serious shortcomings concerning the transparency requirements of the EPA, especially the countries' SPS measures;
- Insufficient regulation in several CARIFORUM countries to prevent abusive or anti-competitive practices in the services sectors, particularly courier services, telecommunications services and financial services;
- Insufficient protection of personal data in the financial services sector;
- Custom duties on electronic deliveries affecting electronic commerce;
- Restrictions on international payments are observed in the Bahamas. Several countries did not provide information in this regard;
- Gaps in the protection of intellectual property rights, which affect the transfer of technology;
- Few shortcomings in public procurement, despite the limited commitments made in this area;
- Shortcomings regarding the adoption of a domestic competition legal framework, including for State-owned trading enterprises, which may cause distortive behaviour favouring the incumbent operator.

Another shortcoming on the CARIFORUM side effects market access within the region and concerns regional preference: several CARIFORUM countries either indicated that they do not extend to all CARIFORUM countries the more favourable treatment they granted to the EU or did not provide information in this regard.

Regarding the **CARIFORUM's market access to the EU**, critical shortcomings, which limit the CARIFORUM countries' expected benefits under the EPA, concern the following issues:

- National rules implementing the EU Customs Code that are scattered in different documents, complicating practical interactions with national customs authorities;
- Burdensome and often changing technical regulations, standards and SPS requirements. Insufficient cooperation and TA at the national level does not lead to effective solutions to systemic problems;
- Burdensome national regulation in services, such as burdensome qualification requirements, lack of recognition of professional qualifications, lengthy and complicated authorisation and registration procedures, residency requirements in certain services sectors, restrictions on real estate purchases, and immigration procedures;
- Insufficient cooperation in cultural matters, negatively affecting the Caribbean cultural industry, due to the EU's complex immigration policies, burdensome administrative requirements, lack of dedicated funding and insufficient cooperation of all EPA parties;
- Insufficient dialogue on electronic commerce, despite electronic commerce can be used to avoid classical distribution networks in the EU and the difficulties producers from the CARIFORUM countries have in having access to these networks;
- A lack of sustained dialogue and cooperation with CARIFORUM countries on technology transfer and technical innovations, cooperation among research teams and technical centres, exchanges of scholars, and joint research networks;
- Potential effects of the "Octroi de Mer" in French Caribbean Overseas countries on the regional trade.

Implementation gaps that are common to both Parties include:

- Possible insufficient targeted technical dialogue on the EPA priority regulatory issues among the EPA parties, other than technical assistance activities. The existing dialogue within the EPA institutions is not detailed enough to address complex TBT, SPS or professional qualification issues and existing capacity gaps;
- Lack of establishment of a joint mechanism for EPA monitoring;
- Lack of clarity/information on the amount and results of development cooperation provided under the EPA (see next chapter).

To unlock the major benefits of the Agreement, the Parties need to address the above-mentioned liberalisation commitments and regulatory issues, and at this stage, this appears as a major challenge.

When we assess the economic impact of the EPA in chapter 5, the lack of implementation is likely to also have affected the level of impact. Before this assessment, we take a closer look at the development co-operation provided in relation to the EPA, in terms of the level and type of support provided as well as the results of this support.

4. RESULTS OF DEVELOPMENT CO-OPERATION

This section analyses the support provided by the EU to the CARIFORUM countries in relation to development co-operation. As per the ToR, this section aims to “summarize, to the extent possible, the contribution of development assistance results towards (1) the implementation of the EPA as such and (2) the specific objectives of the EPA (e.g. poverty reduction, strengthen trade policy capacity, build productive capacity, improve the investment climate, and increase CARIFORUM exports to the EU and foster regional integration).” This chapter provides a background on development co-operation structure and the main channels, followed by an analysis of selected programmes. This is concluded by a summary in line with the scope outlined above.

The methodology used to carry out this assessment was a combination of desk study and interviews. This included primarily:

- Review of documents provided by the Delegation in Barbados, DG TRADE, DEVCO, CEDA and GIZ which included final evaluation reports¹⁸, progress reports, and logical framework results¹⁹;
- Interviews were conducted with the Delegation, DEVCO, CEDA, CDB, GIZ, and Ministry of Foreign Affairs in most CARIFORUM countries. In addition, consultations were carried out with stakeholders to understand the impact of the development cooperation;
- As per ToR, this included a meta-analysis of evaluation reports, programme evaluation reports and other project documents coupled with insights gained from consultations.

Before we present an overview of development cooperation and the key findings, it is important to note some caveats:

- (i) There is no clear overview of CARIFORUM-EU EPA related development cooperation programmes and projects along with a coherent set of monitoring protocols²⁰. This is further complicated by the fact that there is no clear metric that captures the degree to which development cooperation commitments under the CARIFORUM-EU EPA have been honoured²¹. In addition, there are no markers within the majority of the EU funding instruments labelled under an “EPA Component”. As outlined in this report, while there are programmes explicitly linked to the CARIFORUM-EPA, others fall under a broad spectrum of CARIFORUM-EU EPA objectives and thematic areas;
- (ii) There are a limited number of project/programme evaluations. While some evaluations at the programme level provide important findings, and high-quality assessment of relevance, effectiveness and sustainability, some vary in terms of detailed analysis of outcomes and impact. This information in some cases is limited partly, due to programme design and a broad monitoring approach. This may be due to the fact several action fiche documents and logical framework, activities, outputs, results and impact are mixed up. This makes it extremely difficult to draw clear conclusions even from the evaluation reports as technically, the majority of the stated “results” are in fact activities or outputs and not results;
- (iii) While Article 7 of the EPA notes that development cooperation should be “primarily focused” on the seven listed areas (outlined in the next section, Figure 1 in the next section), there is no mention of any sequencing. This is in contrast to the time-bound commitments in some non-cooperation areas such as the negotiation of a system of protection of geographical indications or bilateral tariff reductions.

In light of the above context, a full review of all EU aid to CARIFORUM, strongly linked to CARIFORUM-EU EPA objectives, is not feasible within the scope of this study. In reviewing the long list of development cooperation initiatives, the evaluation team has therefore focused its **attention on analysing selected programmes**. As per the terms of reference, specific focus was placed on trade related programmes aligned to the objectives specified in the ToR. The final selection included only programmes that:

¹⁹ As per ToR, “This analysis shall be based on: (1) meta-analysis of recent evaluation reports, monitoring reports and other project documents (to be provided by the Commission)”.

²⁰ Monitoring protocol related to clarity in outputs, outcomes, and impact.

²¹ As per the five-year evaluation conducted in 2014.

- Were implemented within CARIFORUM countries;
- Are characterised by strong trade and private sector development component (based on key objectives, content and title);
- Implemented during the evaluation period
- Targeted (or were channelled through) regional institutions such as the CARIFORUM Directorate or the Caribbean Export Development Agency (CEDA), amongst others.

This chapter has been structured into four sections, as follows:

- 4.1 - an overview of development cooperation commitments in the agreement;
- 4.2 - the main channels of development cooperation;
- 4.3 - a meta-analysis of selected development cooperation projects;
- 4.4 - a summary, specifically in relation CARIFORUM-EU EPA objectives.

4.1. Overview of development cooperation commitments

Development cooperation is treated upfront in the first part of the Agreement, with key development-related priorities set out in its first Chapter. It is important to note that the development cooperation is also referenced across the EPA Joint Declaration text. The main body of the CARIFORUM-EU EPA text elaborates on the specific themes /priorities for CARIFORUM-EU cooperation: Article 8 (Development cooperation) provides a list of seven “primary focus” cooperation priorities, described in the Figure 1 below. Priority areas range from institutional capacity and tax reform to innovation and infrastructure.

Figure 4.1 EPA development cooperation priorities



Source: CARIFORUM-EU EPA.

In addition, every individual chapter of the EPA includes provisions for cooperation and technical assistance in relation to the topic covered. Moreover, the provisions of the Cotonou Agreement still apply in relation to development, financial cooperation and the financial instruments provided in European Development Fund (EDF).

4.2. Overview of main channels of Development Cooperation

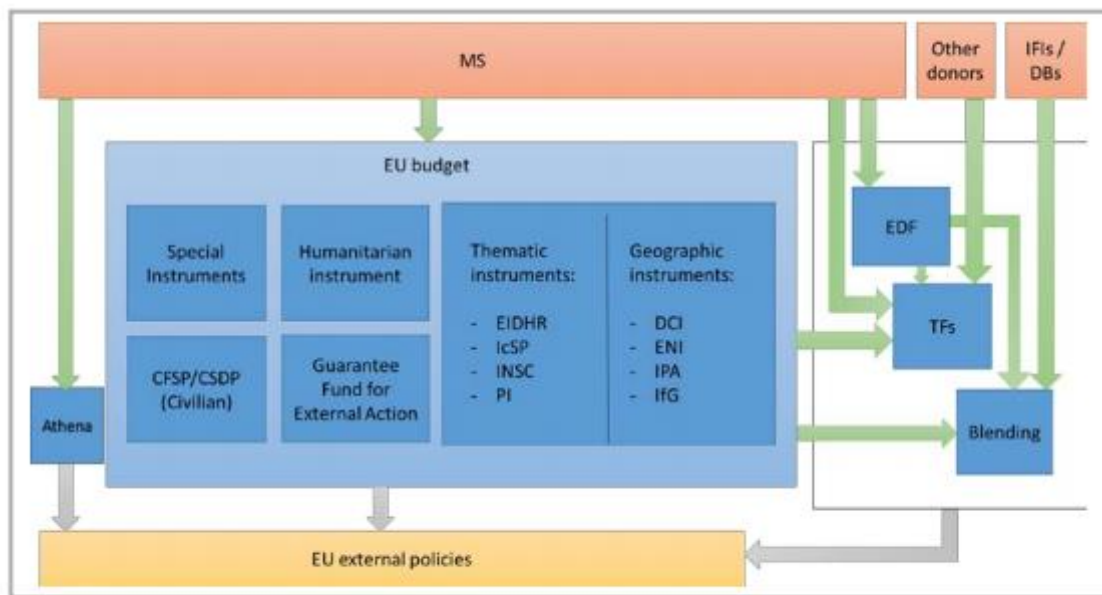
The EDF is one of the main financing instruments for the European Union’s External Action (EEAS) policy. It constitutes the largest geographic instrument for development cooperation managed by the European Commission. Below we describe the EU financing structure detailing the financing instruments. This is followed by an analysis of the EU’s external

action in the Caribbean region and the role of 10th and 11th EDF, with regards to the EPA implementation.

- **European Financing Structure for external action**

The European Union’s financing architecture for external policies consists of diverse financing instruments, modalities and tools ranging from trust funds (TFs) to blending facilities. As a whole they constitute the basis for the European Union’s external policies and aim to respond to challenges and unforeseen crises.²² In order to reduce the complexity of various instruments and increase the coherence of financing of external policies the EU ‘s Global Strategy’ introduced in 2016 established a guiding vision for reforms in the financial architecture. In general terms, these changes focus on aspects such as “simplification for recipients, harmonized single control mechanisms, avoidance of parallel application of different rules and procedures, fostering a more effective use of instruments and a more flexible budget management, and reinforcing the focus on results”²³. The European Development Funds remains an important part of the financing architecture for external policies.²⁴

Figure 4.2 Financing Structure



Source: Blomeyer & Sanz (2017), The budgetary tools for financing the EU external policy. European Parliament.

As indicated in Figure 2, in principle there are two different sources of financing for EU external policies. The first stems from within the EU budget and is set out in the multi-annual financial framework (MFF) 2014-2020. Financing instruments are mainly structured along thematic and geographic areas and its framework and implementation is a joint effort between the European Parliament, the Council and the European Commission. This also applies for the humanitarian aid instrument. Additionally, the EU budget partly provides financing for the Common Foreign and Security Policy (CFSP) and Common Security and Defense Policy (CSDP). However, only administrative and operational expenditures are covered by the EU budget, whereas military and defence expenditure fall outside its scope. The Athena financing

²² Blomeyer & Sanz (2017), The budgetary tools for financing the EU external policy. European Parliament. Accessed on 22 March, 2020 [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU\(2017\)572708_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU(2017)572708_EN.pdf).

²³ Blomeyer & Sanz (2017), The budgetary tools for financing the EU external policy. European Parliament. Accessed on 22 March, 2020 [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU\(2017\)572708_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU(2017)572708_EN.pdf). P. 17.

²⁴ Blomeyer & Sanz (2017), The budgetary tools for financing the EU external policy. European Parliament. Accessed on 22 March, 2020 [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU\(2017\)572708_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU(2017)572708_EN.pdf).

mechanism is also excluded from EU budget as it provides funding of expenditure with military or defence implications.

The second source of financing for development cooperation sits outside of the EU budget and the Multi-annual Financial Framework. These financial instruments compose EDFs, Trust Funds and blending finance instruments.²⁵ Overall, the EDF has been established with the Treaty of Rome in 1958 and constitutes the main instrument for development cooperation to African, Caribbean and Pacific (ACP) States and Overseas Countries and Territories (OCTs).

Since 1959 the European Union has adopted 11 EDFs. Fundamental principle of EDF is to eradicate poverty through the promotion of sustainable regional development.²⁶ Since the signing of the Cotonou Agreement in 2000, this comprehensive international agreement sets out the wider framework defining the relations between the EU and ACP states. As such, all ACP signatories to the Cotonou Agreement are beneficiaries of the EDF.²⁷

- **EDF Financing and spending**

Initially, the EDF constituted a framework for the management of relations with former colonies. For this reason, even today, the fund is not directly channeled from the EU's budget.²⁸ Moreover, EDFs exhibit an intergovernmental structure, meaning that its negotiation takes place amongst the EU's Member States. The EDF is funded by Member States; individual contributions are calculated annually according to certain quotas or contributions keys. Major contributors to the 11th EDF fund are Germany, France, the United Kingdom, Italy and Spain. The management of EDF remains with the Commission.

²⁵ Blomeyer & Sanz (2017), The budgetary tools for financing the EU external policy. European Parliament. Accessed on 22 March, 2020

[https://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU\(2017\)572708_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU(2017)572708_EN.pdf).

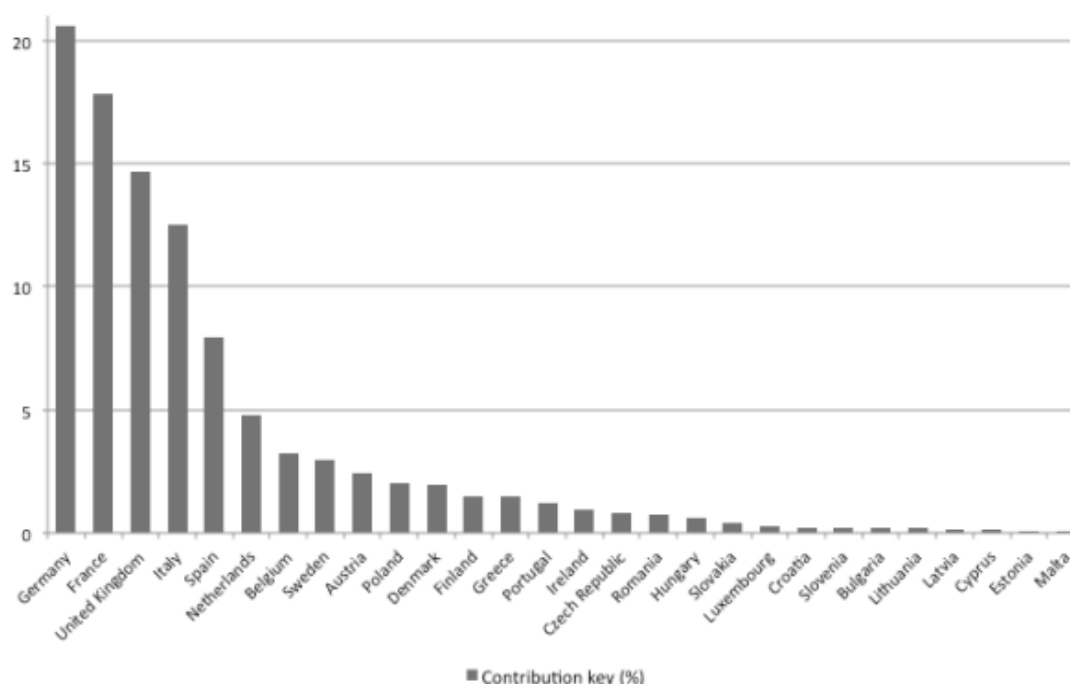
²⁶ Germany Trade and Invest (2015). Caribbean Regional Indicative Programme 11th European Development Fund. Accessed on 22 March.

<https://www.gtai.de/resource/blob/38152/78bb4774bc276ab9a8f26b8e725d534f/pro201510215003-data.pdf>.

²⁷ Herrero, A.; Knoll, Gregersen, C.; Kokolo W. (2015), Implementing the Agenda for change. An independent analysis of the 11th EDG programming. European Centre for Development Management. Accessed on 22 March, <https://ecdpm.org/wp-content/uploads/DP-180-Implementing-Agenda-Change-September-2015-ECDPM.pdf>.

²⁸ Blomeyer & Sanz (2017): The budgetary tools for financing the EU external policy. European Parliament. Accessed on 22 March, 2020
[https://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU\(2017\)572708_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU(2017)572708_EN.pdf).

Figure 4.3 11th EDF Contributions



Source: Blomeyer & Sanz (2017), The budgetary tools for financing the EU external policy. European Parliament.

Since the EDF sits outside of the EU budget it is also not included in the European Union’s financial planning instrument, the Multiannual Financial Framework (see Figure 2).²⁹ Therefore, the financing of the EDF takes place on voluntary contributions, which EU countries negotiate for a multi-year period.³⁰ In the Cotonou Agreement the maximum amount of resources available for financial development assistance is set out in the so called Multiannual Financial Framework (not to be confused with the EU’s MFF). This framework indicates the EDF resources directly provided by EU countries as well as additional funds that the European Investment Bank (EIB) makes available.³¹ This framework is adopted by the joint ACP-EU Council of Ministers and within in internal agreement the specific contributions along so called contribution key are set out for each Member State.

The spending of EDFs for ACP countries is structured along three categories: ACP, OCTs and administrative spending. Additionally, the most recent 11th EDF divided its spending for ACP countries along three subcategories: 1) National and regional indicative programmes (84% of EDF resources for ACP). 2) Intra-ACP and inter-regional cooperation (12%) and 3) Investment facilities (4%).

Funding by the EDF for CARIFORUM is divided across (i) bilateral envelopes, which are national indicative programmes to specific countries; (ii) the Caribbean Regional Indicative Programme (CRIP), focused on regional integration and trade (iii) Intra-ACP envelope with programmes targeting all ACP countries and (iv) thematic budget lines. The vast majority of direct EPA support and EPA-related development cooperation is funded under the CRIP. CRIP includes the Caribbean Investment Facility (CIF) (representing a significant contribution of 39%), which uses grants to leverage international loans for investment operations. The choice of priority sectors of intervention, as well as the adoption of specific programmes, is the result of a joint decision-making process between the EU and CF. In the case of the CRIP, CARIFORUM Directorate is the Regional Authorising Officer (RAO) and as such shares the responsibility of defining and adopting programmes funded under the CRIP.

It should also be noted that pursuant to article 8.3 of the EPA, in order to mobilize and channel EPA-related development resources from the EU and other potential donors, the CARIFORUM States should endeavour to establish a Regional Development Fund

²⁹ <https://www.europarl.europa.eu/EPRS/EPRS-IDA-542140-European-Development-Fund-FINAL.pdf>.

³⁰ <https://www.europarl.europa.eu/EPRS/EPRS-IDA-542140-European-Development-Fund-FINAL.pdf>.

³¹ <https://www.europarl.europa.eu/EPRS/EPRS-IDA-542140-European-Development-Fund-FINAL.pdf>.

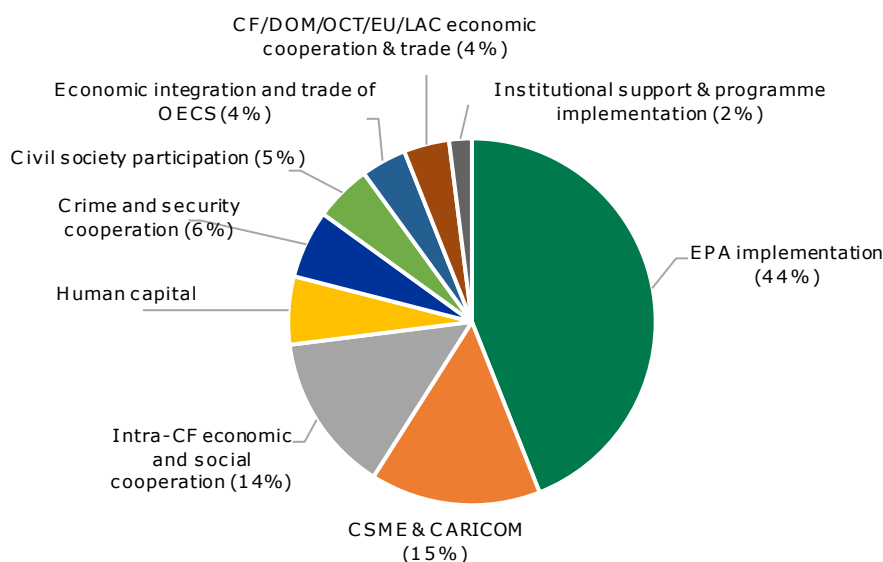
within two years of signing the Agreement. There is no report or information confirming this has been done. Based on consultations, progress on this Fund has been slow.

While EDF programming follows its own procedures, the EPA parties continue to monitor and steer the EPA-related development cooperation in the instructions established under the EPA. The first Trade and Development Committee (TDC) agreed on a Technical Sub-Committee on Development Cooperation, which has met twice: in June 2015, in the context of the five-year review and on 26 September 2017³².

- **Funding allocations**

Under the 10th EDF (2008-2014), EUR 146 million was allocated to the two objectives of supporting “regional economic integration and EPA implementation” (equivalent to 85% of the total CRIP of EUR 165 million). In this sense, the focus on regional economic integration stayed the same after the 9th EDF, but EPA priority areas were added. The EPA support programme included seven components: statistics, fiscal reform, technical barriers to trade, sanitary and phytosanitary measures, the services sector, the rum sector and the EPA unit.

Figure 4.4 Indicative Allocations- 10th EDF



Source: Source: Regional Level Evaluation, Caribbean Region (2012).

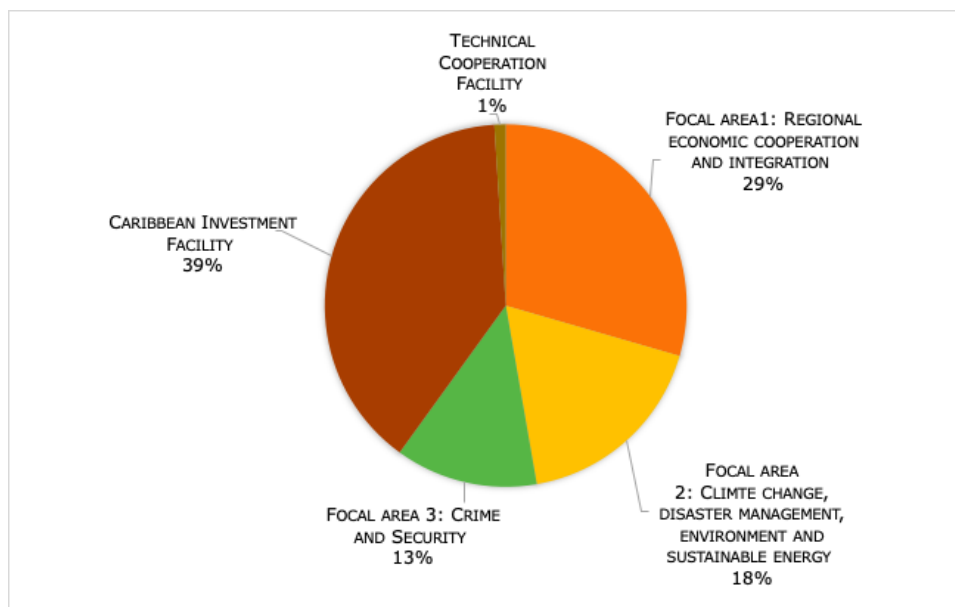
At the fourth meeting of the Joint CARIFORUM-EU Council on 17 November 2017 development support for EPA implementation was discussed. **The Council welcomed the Caribbean Regional Indicative Programme (CRIP), of the 11th EDF valued at EURO 346 million, which has recently come on stream.** The EUR 346 million under the 11th EDF represents a two-fold increase in regionally programmed funds vis-à-vis its predecessor. In comparison to the 10th EDF, the 11th EDF stepped forward in namely, the support to private-sector development. Within this, the Indicative Programme identified a key aspect to ensure improvement of linkages with national export development agencies, promotion of intra-regional trade and promotion of decent work and labour rights.

It is important to note that the overall CRIP, however, is not only allocated to the EPA. Under the 11th EDF (2014-2020), out of the EUR 346 million allocated to the CRIP, EUR 102 million has been allocated to regional economic cooperation and integration, within which the sub-category of support to EPA implementation is included.

Figure 5 below provides an overview of indicative allocations for the 11th EDF. As can be seen the Caribbean Investment Facility had the highest allocation (39%), followed by Focal area one- regional economic cooperation and integration (29%).

³² Refer to Implementation chapter for further information.

Figure 4.5 Indicative Allocations – CRIP of the 11th EDF



Source: Own computation based on Germany Trade and Invest (2015). Caribbean Regional Indicative Programme 11th European Development Fund.

Finally, there are also intra-ACP and thematic funding lines that support programmes directly or indirectly contributing to maximising the EPA’s impact, as well as bilateral cooperation from individual Member States for their development cooperation. In relation to bi-lateral donors, the United Kingdom and Germany have played a key role in pushing forward CARIFORUM-EU EPA implementation and objectives. In interviews with several stakeholders, several parties highlighted the visibility and the role of the United Kingdom (through its Department for International Development or DfID) and Germany (through its Deutsche Gesellschaft für Internationale Zusammenarbeit or GIZ) in supporting CARIFORUM-EU EPA implementation. This wasn’t so much in relation to volume of funding but rather concerning the type of support and visibility to support private sector parties.

As per the Joint Declaration on Development Cooperation annexed to the EPA, the EU Member States committed to providing “an equitable share” of their bilateral aid for trade initiatives in CARIFORUM, including those related to the CARIFORUM-EU EPA. While it may be unrealistic – based in part on differential historical ties – it was expected that all (currently) 28 EU Member States to be actively involved in Aid-for-Trade activities within the region and actively support EPA implementation. So far, visible contributions have been seen from UK, Germany, France and Spain. According to experts³³, based on the contributions of the EU Member States, the level of commitment has been disappointing and unfortunate. This is still the case, given that the France, Germany, and Italy have shown that such bilateral funding can fill the gap for timely, and focused support to complement existing initiatives and programmes.

The table below provides an overview of key programmes under the 10th and the 11th EDF. The DEVCO priorities have been identified and linked to each goal based on the review of the title and objective of the programmes. Important to note that this overview is in no way an exhaustive list³⁴ of all programmes and projects linked to the EPA, and it excludes projects outside the EDF.

Table 4.1 Programme Overview³⁵

Programme	Start	Duration	Value	DEVCO priority
10th EDF				
Caribbean Forum of ACP States	2011	60 months	EUR 28.8	P1 – The project contributed to this priority by supporting the

³³ Experts from the consultative group were interviewed (full list available in Annex D).

³⁴ Information on this list was gathered through desk review and consultations with DEVCO.

³⁵ Priorities (P1-8) are listed as per the Development Cooperation Goals.

Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States

Programme	Start	Duration	Value	DEVCO priority
(CARIFORUM) – CSME and Economic Integration Programme				establishment of a framework which helps Member States to establish the CSME and prepare the ground for the Single Economy.
Regional Private Sector Development Programme (RPSD)	2011	60 months	Contribution Agreement of EUR 28,125,000 of EU Funds (87.5% of total programme amount) to the Caribbean Export Development Agency (CEDA).	P1 - The project contributed towards this priority by strengthening the institutional capacity of Caribbean Export to implement the trade and investment promotion programmes in the region. P3 - The project contributed to this priority by enhancing the competitiveness of CARIFORUM's private sector through DAGs, trade missions, export support, capacity building of BSO's, TPO's and IPA's, market intelligence, events, study tours, business advocacy, etc.
Regional projects EU CARIFORUM Economic Partnership Agreement (EPA) and CARICOM Single Market and Economy (CSME) Standby Facilities for Capacity Building	2012	60 months	EUR 6.95 million	P1 - The project has contributed to this priority through setting up an EPA & CSME Standby Facility to create a flexible and rapid mechanism to provide capacity-building to CARICOM and CARIFORUM Member States.
Support to the Caribbean Forum of the ACP States in the Implementation of the Commitments Undertaken under the EPA Component: Technical Barriers to Trade (TBT)	2012	46 months	EUR 46.7 million	P1 - The project contributed to this priority by strengthening the institutional capacity of National Standards Bodies (NSBs) in each State.
				P 7 - The project contributed to this priority by increasing the use of services of internationally recognized regional quality infrastructure institutions in the CARIFORUM States, specifically the National Standards Bodies (NSBs) in each State.
Caribbean Forum of ACP States (CARIFORUM) - Economic Integration and Trade of the OECS Region	2012	60 months	EUR 8.6 million	No specific priority area given a lack of sufficient information on the project's objectives.
Support for the Caribbean Forum of ACP States in implementing the commitments undertaken under the Economic Partnership Agreement (EPA)	2012	60 months	EUR 4.2 million (+0.21 million CARICOM Secretariat commitment)	P1 - The project contributed towards this priority by building the capacity of public and private sector representatives (over 1500 participants) through specific skills programmes.
Regional project– Support to the Caribbean Forum of ACP States in the Implementation of	2013	42 months	EUR 7.287 million	P2 - This project contributed to this priority by focusing on the development of national and regional regulatory and industry capacity to meet SPS

Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States

Programme	Start	Duration	Value	DEVCO priority
Commitments Undertaken Under the Economic Partnership Agreement (EPA): Sanitary and Phytosanitary Measures (SPS)				requirements. P 5 - The project is contributing to this priority by strengthening Sanitary and Phytosanitary (SPS) Measures Systems through a systematic focus on alleviating constraints in the areas of legislation, coordination and capacity building.
Program of Support for Wider Caribbean Cooperation	2014	84 months	EUR 6.595 million	No specific priority area outlined explicitly.
Capacity Building within Member States of the Caribbean Forum for ACP States (CARIFORUM) in the Areas of Competition, Procurement, Cust Customs and Trade Facilitation for the Implementation of the EPA.	2014	30 months	EUR 3.099.91 million	P1- The project contributed towards this priority by building the capacity of public and private sector representatives (over 1500 participants) through specific skills programmes.
11th EDF				
Support to CARIFORUM States in furthering the implementation of their Economic Partnership Agreement commitments and in meaningfully reaping the benefits of the Agreement	2014	72 months	EUR 21.5 million	P1 the project contributed to this priority by strengthening the national capacity to implement the EPA and CSME.
				P3 - The project contributed to this priority by creating an enabling framework for the private sector.
Regional Private Sector Development Programme (RPSDP)	2016	60 months	EUR 27.2 million	P 3 - The project contributes to this priority by building private sector capacity at firm level through increasing capacity of value chains actors in various ways. Overall it aims to establish an enabling business environment.
Technical Assistance Programme for Sustainable Energy in the Caribbean (TAPSEC)"	2016	60 months	EUR 10.5 million	P 1 - The project contributes to this priority by enabling the effective implementation of the CEP, C-SERMS and National Renewable Energy Policy and Strategy.
Institutional Support for CARIFORUM/EU Cooperation (CARTAC)	2017	48 months	EUR 7 million	P1 - The project contributes to this priority by strengthening the cooperation between the CARIFORUM region and the EU.
Strengthening Regional Integration in the Organisation of Eastern Caribbean States (OECS)	2018	60 months	EUR 12.8 million	P 1 The project contributes to this priority by strengthening the capacity of the OECS commission and all its bodies.

Programme	Start	Duration	Value	DEVCO priority
Coconut Industry Development Expansion and Enhanced Support for the Caribbean	2018	60 months	EUR 6 million	P4 - The project contributes to this priority by enhancing the competitiveness of small-scale farmer in the coconut value chain. P7 - The project contributes to this priority by enhancing the coconut value chain by, <i>inter alia</i> , creating producer organisations as well as market linkages for farmers.
Strengthening Framework for CARICOM Integration and Cooperation Process	2018	60 months	EUR 16.18 million – EU contribution of EUR 13.5 million	P2 - The project contributes to this priority by enhancing the capacity in National Tax Administration. P6 - The project contributes to this priority by enhancing the effectiveness in use and management of technology, statistics and knowledge relevant to the CSME.
Capacity Development for CARIFORUM Member States on Financial Compliance, Asset Recovery and Cybercrime	2019	84 months	EUR 8.45 million	P1 - The project contributes to this priority by enhancing capacity of institutions in regards to financial compliance, asset recovery and cybercrime. P5 - The project is contributing to this priority by improving the safety and security in terms of money laundering, countering financing of terrorism and other financial crimes while also improving the capacity CARIFORUM States to deal with the issue of cybercrime.

4.3. Meta-Analysis: Development Cooperation Programmes

As outlined earlier, it is beyond the scope of this evaluation to dive into a detailed assessment of each programme and project. Therefore, based on the criteria outlined at the outset of this chapter, the evaluation team selected projects which include the following:

- I. 10th EDF Institutional Support to CARIFORUM/EU Development Cooperation and EPA Implementation (Grant Agreement) funded under CRIP;
- II. 10th EDF Regional Private-Sector Development Programme (RSPD, project FED 2011/260-467);
- III. 10th EDF Regional projects EU CARIFORUM Economic Partnership Agreement (EPA) and CARICOM Single Market and Economy (CSME) Standby Facilities for Capacity Building;
- IV. 10th EDF Regional project– Support to the Caribbean Forum of ACP States in the Implementation of Commitments Undertaken Under the Economic Partnership Agreement (EPA): Sanitary and Phytosanitary Measures (SPS);
- V. Sanitary and Phytosanitary Measures (SPS)- 10th EDF Regional project: Support to the Caribbean Forum of ACP States in the Implementation of Commitments Undertaken Under the Economic Partnership Agreement (EPA): Sanitary and Phytosanitary Measures (SPS).

The sections below provide an analysis of each of these programmes. Efforts have been made to assess the programmes' relevance, effectiveness and impact. The assessment varies in terms of detailed analysis and evidence base as some programmes did not have an evaluation report or sufficient background document.

I. Institutional support: 10th EDF Institutional Support to CARIFORUM/EU Development Cooperation and EPA Implementation (Grant Agreement) funded under CRIP

The main programme which explicitly targeted institutional support for the implementation of the EPA is the “Institutional Support to CARIFORUM/EU Development Cooperation and EPA Implementation”. Key information on this programme is included in Table 6 below:

Table 4.2 Programme overview – Institutional Support

Project title	10th EDF Institutional Support to CARIFORUM/EU Development Cooperation and EPA Implementation (Grant Agreement) funded under CRIP
Implementation period	July 2012 - December 2016
Value	EUR 4.2 million (+EUR 0.21 million CARICOM Secretariat commitment)
Implemented by	CARIFORUM Directorate
Beneficiary/ies	CARIFORUM
Project objectives	To provide an institutional support to the CARIFORUM Directorate and EPA Unit in order to support the implementation of actions aiming at enhancing the CARIFORUM/EU Development Cooperation and EPA implementation. The Grant is structured around two expected outcomes: 1) Institutional Support Provided to CARIFORUM Directorate; and 2) Effective CARIFORUM Participation in Joint CARIFORUM/EU EPA Institutions.
Source	Evaluation of the 10th EDF Institutional Support to CARIFORUM/EU Development Cooperation and EPA Implementation (2017), implemented by POHL CONSULTING & ASSOCIATES GMBH.

Given the importance of a coordinating agency to ensure effective implementation of CARIFORUM-EU EPA, the programme is relevant. Overall the final evaluation report concluded that the CARIFORUM Directorate is operational and almost fully staffed. In addition, the resources and efforts to strengthen the organisational capacity of the Directorate is relevant to reach the specified objectives. The consultations showed that this relevance is equally recognized by the Directorate, the EPA coordinators in CARIFORUM countries, and general stakeholders, especially Ministries.

There is added value and complementarity of EC support. The objectives and the activities carried out are aligned with the development cooperation programmes of the EU in the Caribbean region. The activities were seen to be coherent and complemented with the responsibilities and activities undertaken by the CARIFORUM Directorate and the CARICOM Secretariat in the framework of EU cooperation Programmes.

Based on the review of the background documents and interviews, the general conclusion is that all activities foreseen within the Action Fiche Document were implemented. As per the final programme evaluation report, most part of the objectives were achieved (as well as the “expected results³⁶”) including disbursement of funds. “The CARIFORUM Directorate is praised for its managerial savoir-faire and its rigorous method and procedures. Corroborating these assertions is the fact that in almost every project component, the performance in terms of effectiveness and efficiency are ranking high³⁷.” For example, various activities have been effective in establishing the organizational and operational structure. Several efforts were made in relation to setting up coordination mechanisms. For example, on June 25, 2015 CARIFORUM-EU convened a special Meeting on Trade in Services. In addition, a special Meeting on Agriculture and Fisheries was organized on June 30 2015. The comprehensive assessment of the execution of the Grant suggested “a very good ranking both in terms of activities implemented and disbursement of funds”. For example, there have been provisions of general technical, legal and other support to CARIFORUM States and special assistance to the Dominican Republic, Saint Lucia, Jamaica and Barbados, on matters relating to EPA Implementation.

The setup of the structure and recruitment of staff within the Directorate for project management and implementation of EPA was successful. This was confirmed by the

³⁶ As noted earlier, technically these are in fact activities and not results.

³⁷ Evaluation of the 10th EDF Institutional Support to CARIFORUM / EU Development Cooperation and EPA Implementation FWC BENEFC 2013 Lot 10 Trade, Standards and Private Sector, Page 14, Final Report, January 2017.

CARIFORUM Directorate. In addition, the final evaluation report indicated that, “the organisational arrangements and project management positively affected the management of development cooperation programmes in the region.” Finally, the 11th EDF regional Strategy Paper and Regional Indicative Programme, was completed. No additional information and outcome indicators in relation to these could be traced.

While many activities were realized, the final programme evaluation concluded that the expected impact both in relation to technical and organisational aspects were not achieved. In particular: “*there is still lack of in-house regional capacities in the CARIFORUM countries to be able to make full use of the provisions for both participation and implementation*”. This was echoed in the consultations with the CARIFORUM Directorate, and relevant Ministries. Therefore, despite the mobilised capacity-building actions and committed funds dedicated to the Directorate and related agencies, the problem remains. In addition, this capacity issue ultimately impacts broader outcomes/results. For example, across several countries, EPA makes provision for free access to the EU of Caribbean products. However, the export of CARIFORUM products to the EU did not progress with few exceptions. This is validated by the evaluation’s team’s quantitative analysis outlined in Section 3.3.

It is challenging to trace direct impact of the programme due to the fact that most often activities, outputs and impact indicators are confused in the action fiche document. In addition, due to delays in setting up and executing a joint monitoring system under the EPA, monitoring specific results and impacts of the EPA remains a key challenge.

Considering that metrics such as stronger institutions is an indicator to clearly demonstrate impact, this result has been limited. In addition to capacity issues outlined above, even though the Directorate has a clear mandate on coordination, it is limited when compared to the EC i.e. decisions have to be made by the Joint Ministries, which takes more time and leads to slow decision process.

The programme also included a component specifically earmarked to “Advance Implementation of Trade in Goods, Trade in Services and Investment Provisions, Trade Related Aspects and Other EPA Provisions” to support private sector and focus on public information and education on EPA. The support to private sector component was also channelled through the Caribbean Export Development Agency (CEDA). Overall this component has shown outputs at least in terms of implementation of foreseen activities and, subsequently, the use of the budget available. As per the Evaluation report and interview conducted with the CARIFORUM Directorate, “The EPA Unit works directly with the Private as well as business support organisations at national and regional level to assist the private sector to take advantage of opportunities which exists under the EPA.” However, observations and consultations on the ground show limited awareness and understanding on provisions available on the EPA. For example, business associations in Guyana, Trinidad and Tobago, Saint Vincent and Grenadines mentioned the lack of visibility and engagement of the Directorate with the private sector.

As far as the “Public Information and Education Programme” aspect is concerned, the evaluation report echoed similar findings as the consultations carried out for this evaluation- there is still a very low level of knowledge on the benefits and preferential clauses of the trade arrangements /provision for trades under the EPA. As per the evaluation report, “In the view of the EU, the visibility component is seriously hampered and the expectations have not been fulfilled. For example, the numerous intents to establish a Task Force for the implementation of visibility actions have failed. During the monthly CARIFORUM-EU technical meeting of February 2015, the EU representative stated clearly that there was a problem because over the last nine months there has not been any visibility action taken. It was pointed out that the EU would like to make progress and is relying on the cooperation of the Directorate³⁸.” Based on interviews, it is clear that an urgent action was to establish a Task Force to implement the visibility and communication plans for the Caribbean Single Market and Economy (CSME) and Economic Partnership Agreement (EPA). However, no definitive decisions or actions were taken in this regard. As outlined earlier, most private sector entities including business support organizations in CARIFORUM are effectively not aware of the benefits covered by the EPA provision regarding free access to EU Market.

³⁸ Ibid, Page 38.

Sustainability of the Directorate has been a key concern, echoed both in the final Evaluation report of the programme and consultations carried out on the ground. While development cooperation has included provisions to support the Directorate, during the period of this review, it was not clear if the CARIFORUM Directorate has developed any strategy to sustain its operation beyond the current funding arrangements, both for implementing its programmes and for its administrative operations. As per the final evaluation report, “Up to now, the CARIFORUM Directorate is largely dependent on EU funds and funds provided by other external donors, both for implementing its programs and for its administrative operations. If the CARIFORUM does no longer receive funds from the EUD, the organisation is likely to cease its operations.”³⁹

The overall conclusion of this programme evaluation is that the actions implemented have produced better results on the side of Intra-CARIFORUM cooperation. However, attention is required specifically in relation to visibility, impact and sustainability.

II. Regional private-sector development interventions -10th EDF Regional Private-Sector Development Programme (RPSPD, project FED 2011/260-467)

The importance of supporting EU market penetration by firms of the CARIFORUM countries has been confirmed by the EPA 5-year Review of 2013. The report clearly indicated that although the EPA granted EU market access to regional firms, local exporters did not seem to be taking advantage of this, as market penetration of regional firms in the EU did not increase significantly. Therefore, the Regional Private-Sector Development Programme (RPSPD) was a relevant programme that aimed to assist firms, Trade and Business Promotion and Support Organisations (TPOs and BSOs), Investment Promotion Agencies (IPAs), and other public- and private-sector partners. Table 7 below provides an overview of the RPSPD programme.

Table 4.3 Programme overview – Regional private-sector development interventions

Project title	10th EDF Regional Private-Sector Development Programme (RPSPD, project FED 2011/260-467)
Implementation period	March 2011 - June 2016
Value	Contribution Agreement of EUR 28,125,000 of EU Funds (87.5% of the total programme amount) to the Caribbean Export Development Agency (CEDA).
Implemented by	CARIFORUM Directorate
Beneficiary/ies	CARIFORUM States
Project objectives	Overall Objective: To contribute to the gradual integration of CARIFORUM countries into the world economy and by so doing to enhance regional economic growth and by extension alleviate poverty. Specific objectives: <ul style="list-style-type: none"> • Enhancing competitiveness and promoting innovation among CARIFORUM's private sector; • Promoting trade and export development among CARIFORUM States; • Promoting stronger trade and investment relations among CARIFORUM and the French Caribbean Outermost regions (FCORs) as well as the European Union (EU) Overseas Countries and Territories (OCTs) in the Caribbean; • Promoting stronger trade and investment cooperation between CARICOM and the Dominican Republic (DR); and • Strengthening the institutional capacity of Caribbean Export to implement the trade and investment promotion programmes in the region.

Sources: Final Evaluation - 10th EDF Regional Private Sector Development Programme, Draft Final Evaluation Report, 2017.

The 10th Regional Private Sector Development Programme outlined above is relevant in relation to alignment with CARIFORUM policies and the EPA. As per the final programme evaluation report complemented with interviews and assessment of the evaluation team, the programme has been in line with the priorities of the Joint EU-CF partnership strategy, the 10th EDF Regional Indicative programme and the agreement on the establishment of CEDA, amongst other documents. However, the evaluation report rated the relevance “medium-high”. The relevance on alignment with the CARIFORUM policies and EPA is high. The

³⁹ Ibid.

relevance in relation to programme design and ambitious targets, resulted in a medium score. The programme design had ambitious targets but these were too much spread out compared to the budget available. For example, the focus was on too many countries, sectors and a range of expected results. In this sense the programme design was spread too thinly and the envisaged results could not be realistically achieved given the limited capacity of CEDA and its partners. As per the background documents, the intention was to cover all the region's institutions and firms, various export target regions (CARICOM, DR, EU, OCTs and FCORs, and other promising markets), all industrial and service sectors, with many types of activities and five expected Results. As noted in the evaluation report, *"All could not realistically be achieved with the small staff resources of CEDA, even counting on its many regional stakeholders and partners, which also take much time to coordinate and align towards achieving the programme objectives"*.

Overall, despite the ambitious targets, most planned activities were completed on time with some variations in "outputs". As per the final programme evaluation report, the effectiveness was rated as medium high and the team concurs with the assessment. Outputs can be seen in relation to: The Direct Assistance Grants (DAGs), trade missions, trainings and Caribbean Association of Investment Promotion Agencies (CAIPA) support; building a network of BSOs; and contribution to consolidate CEDA as a regional trade and investment agency. The Market Intelligence System was a clear output but the challenge is to consolidate this output with a robust management and monitoring system. The export competitiveness and innovation support to BSOs, firms and independent professionals was assessed to be mostly effective. The DAGs were effective, "with 312 Grants awarded under the 10th EDF, and most of these implemented to achieve their short-term objectives; albeit with a somewhat unequal follow-up by CEDA."⁴⁰ In addition to "unequal follow-up", the DAG scheme could benefit from further review particularly in relation to TA support, specialised grant support in specific sectors and a review of effective payment modality/instruments for SMEs. According to CEDA's internal survey mechanism, "over 30% of the firms supported with Grants having realised the objective of achieving higher export sales. Likewise, over 25% of firms attending trade missions and other events achieved new leads and firm orders"⁴¹. However, this could benefit from a third-party monitoring and follow-up surveys. Another output was the finalized Regional Export Strategy however, implementation remains a challenge. While the support to IPAs was a concrete output, the support the Trade Promotion Offices (TPOs) was evaluated to be "sometimes unequal"⁴².

Based on consultations with associations/businesses, and EPA coordinators, the programme has played a role in consolidating efforts to strengthen CEDA. At the national level, the agency collaborated with relevant government ministries and other public and private sector agencies who support business, trade or investment development. Trade promotion agencies and associations across Barbados, Guyana, Jamaica and DR in particular noted the support provided by CEDA. However, stakeholders in Suriname in particular noted the lack of CEDA's engagement. At the regional level⁴³, CEDA collaborated with agencies working on relevant areas such as the Caribbean Development Bank (CDB), CARICOM organisations, sub-regional agencies such as the OECS Export Development Unit (EDU) and inter-governmental agencies, as well as regional public and private sector agencies. Key outputs included support to CAIPA and IPAs. At the international level (cooperation outside of the Caribbean), CEDA sought to provide both technical assistance and financial support. Through the establishment of private sector led Steering Committees, they have been involved in additional interventions with various donors such as DFID and GIZ.

While the importance and success of CEDA's initiative and private sector focus is relevant, stakeholders expressed concerns at the lack of a mechanism – either within the organisation or elsewhere in CARIFORUM – to lead to impact of their intervention on exports and regional trade in general. This is particularly evident when analysing the activities. While some clear outputs can be seen, other activities would show better results if a more consistent follow-up would have been made by allocating additional resources within the project. Lack of follow-up can be particularly seen in trade missions, business to business engagements. For example, associations in several CARIFORUM countries highlighted that there is a need for a proactive and repetitive exchange of information and follow-up to consolidate the

⁴⁰ Final Evaluation - 10th EDF Regional Private Sector Development Programme, Draft Final Evaluation Report. 2017.

⁴¹ Ibid.

⁴² No additional information could be obtained from interviews.

⁴³ CF region.

various activities. Communication with companies is key to ensure successful business engagement and ultimately partnerships.

Another key challenge was to consolidate the dispersed set of activities through clear follow-up activities and interventions. For example, while the 11th RPSDP programme and its follow-up had already awarded over 100 DAGs in 2018-19 distributed across the Agri-processing and food manufacturing, cosmetics, creative and tourism sectors⁴⁴, the support could have been consolidated through provision of necessary TA support. This is echoed in the final evaluation report: "there has been insufficient technical support to firms and DAG beneficiaries. The reimbursement process of the DAGs were cumbersome and necessary support was not provided to firms."

In order to achieve the intended trade enhancement and mutual knowledge of the CARICOM countries with the OCTs and ORs, several business-to-business roundtables, and informative sessions were organized, but these activities could not achieve the results fully, as there seemed to be a general lack of interest from both sides. CEDA was contacted several times for further explanation on the findings of the evaluation report and the feedback from the stakeholders. As per interviews and responses received from CEDA, this was a complex situation and *"from the private sector point of view, many firms were unable to follow up on leads derived from participation and trade shows and trade missions, due to several factors such as lack of resources, lack of in market contacts, and lack of proper internal policies to allow for feedback⁴⁵."* When asked how this was addressed, CEDA confirmed that they recognized the problem and had undertaken *"several strategies to assist companies in following up as well as build a follow-up mechanism into its work plan. For example, having just concluded the 4th CARIFORUM-EU Business Forum, the agency will be executing a follow up mission to 4 EU states with the participating companies in order to continue to build on leads derived from the forum."*

It is clear that CEDA faces a number of challenges. On one hand, it is a demand-driven entity that aims to cater to a range of sectors providing a mix of general support across CARIFORUM countries, and on the other hand, it needs to provide specialised sectoral support to businesses to ensure results in trade related partnerships. Due to this dilemma, perhaps the programme had a broad focus. However, this wide focus of geographical scope further diluted the sector focus of some activities. It is clear that CEDA has considerable expertise in some sectors, and should develop and specialise further, both its staff and its regional and in-market consultant network, in selected destination countries and sector niches. For example, the final evaluation report of the programme also noted, "the greatest impacts have been obtained in the fashion and design, music, handicrafts, specialty foods and some health and wellness sectors." It is not clear what indicator and metric was used to assess this impact however, based on interviews with CEDA, some cases of success stories could be seen, however, they remain limited in number in comparison the allocated budget and ambitious targets.

Overall, the activities and outputs across the programme vary to a great extent. The overall impact of the programme on fostering trade and investment within the CARIFORUM region, and therefore its contribution to the overall objectives, was difficult to measure.

The sustainability of such an important agency which is effectively a vehicle for realising the objectives of EPA remains unclear. Based on observations, engagement with stakeholders, CEDA and the final evaluation of the programme, it is clear that CEDA plays an instrumental role in private sector engagement and facilitation with a full spectrum including direct advisory support to firms. However, it is not clear if CEDA is working towards a sustainable business model that can cater to private sector to effectively sustain without long-term donor funding. The objective of the organization is to ultimately charge for its highly-specialised services. This income would subsequently contribute to the agency's sustainability. However, in the context of the CARIFORUM business environment, nature of private sector landscape and large proportion of SMEs, it is a rather an ambitious target and merits further assessment.

⁴⁴ Consulted at: <https://www.carib-export.com/grant-awardees/>.

⁴⁵ Manager for Competitiveness and Export Promotion, Caribbean Export Development Agency, Email response.

III. CSME Standby facilities- 10th EDF Regional projects EU CARIFORUM Economic Partnership Agreement (EPA) and CARICOM Single Market and Economy (CSME) Standby Facilities for Capacity Building

The evaluation team reviewed the Regional programme and CARICOM Single Market and Economy Facilities for Capacity Building in order to examine in greater detail the full range of development cooperation support. Table 8 provides a description of the programme and key activities.

Table 4.4 Programme overview – EPA / CSME Standby Facilities

Project title	10th EDF Regional projects EU CARIFORUM Economic Partnership Agreement (EPA) and CARICOM Single Market and Economy (CSME) Standby Facilities for Capacity Building
Implementation period	December 2012 - September 2017
Value	EUR 6.95 million (EUR 3.5 million to Action 1 and EUR 3.45 million to Action 2)
Implemented by	Caribbean Development Bank
Beneficiary/ies	Three types of beneficiary levels: National administrations (macro-level), Business Service Organisations (BSOs) and Business Associations (meso-level) and individual enterprises (micro-level).
Project objectives	<p>Progress towards the CSME and increased trade as a result of the EPA has been slow. Therefore, the EU, in the 10th EDF, set up separate standby facilities of respectively EUR3.5 million and EUR3.45 million to assist with implementation of both the CSME and EPA at the national level. Thus, countries could propose interventions that addressed their individual national needs or opportunities. Both facilities were managed by the Caribbean Development Bank through Contribution Agreements.</p> <p>The rationale behind the setting up of the Standby Facilities was that there was a need to create a flexible and rapid mechanism to provide capacity-building to CARICOM and CARIFORUM Member States in order to ensure that implementation of the regional programme and decisions for CSME and EPA goes hand-in-hand with implementation at the national level:</p> <ul style="list-style-type: none"> • General objective to foster the implementation of the two Agreements (EPA and CSME); • Providing a flexible and rapid support mechanism to provide capacity building, meeting the individual countries' needs and priorities.

Sources: Final Evaluation of the 10th EDF Regional projects EU CARIFORUM Economic Partnership Agreement (EPA) and CARICOM Single Market and Economy (CSME) Standby Facilities for Capacity Building Letter of Contract N°2017/390652, FINAL REPORT, February 2018.

Based on the review of the documents, final evaluation report, consultations and the team's analysis, the programme is highly relevant. Historically, the challenge for the CARIFORUM-EU agreement has been to create a mechanism within which regional programmes and decisions for CSME and EPA go hand in hand with implementation at national level. At the national level, a number of bottlenecks were identified as preventing actions at the regional level, which would ultimately impact Member States. Progress towards the CSME and increased trade as a result of the EPA was seen to be slow¹⁷. Therefore, in the 10th EDF, the EU set up separate standby facilities of respectively EUR 3.5 million and EUR 3.45 million to assist with implementation of both the CSME and EPA at the national level. This enabled CARIFORUM member states to propose interventions that addressed their individual national needs or opportunities. In addition, all EPA and CSME signatory countries are Small Island Economies with limited human, financial, technical and institutional capacity to implement the commitments made in the EPA and CSME-Agreement. There the rationale for setting up of the Standby Facilities to create a flexible and rapid mechanism to provide capacity-building to CARICOM and CARIFORUM Member States is relevant.

The programme had additional complementarity given the Caribbean Development Bank's (CDB) engagement. The CDB mobilised resources particularly to provide Technical Assistance to CARIFORUM countries especially during project identification and project proposal preparation stages. This also included administrative support for programme management. The CDB mobilised additional funding for a total of six sub projects.

As per the evaluation reports, the majority of activities were implemented

effectively.⁴⁶ All Beneficiary Countries have implemented projects, financed through one (3 countries: Dominican Republic, Jamaica, Belize) or both (all 11 other countries) of the two Standby Facilities. In total 28 grant financed projects were implemented. These projects were spread across the relevant thematic areas, as per agreement- trade promotion, sanitary and phytosanitary systems (SPS) and technical barriers to trade (TBT), consumer protection, vocational training, statistics, Agri-processing, service sector, etc. Clear outputs or results could not be traced within these thematic areas. However, based on consultations, Belize and Bahamas, in particular mentioned the benefits of these thematic projects – both countries received support to develop a National Quality Policy. Several CARIFORUM country stakeholders mentioned their involvement in these projects, which included capacity building and exposure through trade missions. The export promotion agencies in particular in Barbados and Jamaica, had been beneficiaries of these interventions which enabled them to get better insight into the neighbouring Caribbean markets (CSME) and European markets (EPA) in terms of requirements and preferences. Grenada in particular had received direct support in upgrading its marketing and national importing board packing house.

Despite considerable achievements, background documents, evaluation findings coupled with interviews identified some key challenges.⁴⁷ There were considerable delays before approval of Project Proposals which caused sometimes rushed and less effective implementation. Half of the projects were approved only after three years or later, after signing of the Contribution Agreements. Three main reasons were cited for overall delays: (a) limited preparedness on beneficiary country level concerning their needs and priorities, (b) Limited capacity and experience on beneficiary country on the preparation of project proposals and (c) Limited knowledge and experience of beneficiary institutions on implementing procedures, especially related to procurement of services and equipment.

Background documents and the final evaluation report show underutilisation of funds available for financing grant-projects. Only 84% of funds committed and 74% of total funds available were utilised/spent. This was mainly due to (a) considerable delays and (b) inflexibility about utilisation of funds, due to fixed and equal amounts per eligible country, which had been defined already in the Contribution Agreements. This made possible reallocations impossible. The two Standby Facilities' funds have been available for a very wide range of projects and the eligibility criteria have been interpreted as "generous". The split between projects focussed on the agri-food sector and other industries was almost even. Although this is justified in the general context of a Standby Facility and its "flexible response character", the evaluation concluded there was a lack of a focused approach. In addition, there was a need to stimulate the support of the business community and the wider public for regional and international integration which requires tangible and focused results.

Overall while it is difficult to measure the impact of the interventions, based on the background information, and observations from consultations in the CARIFORUM countries, the interventions made at the macro- (National Administration) and meso-level (BSO's, Trade Associations, Bureaus of Standards, etc.) may have had greater impact than the micro level interventions, i.e. aimed at firms. This was particularly visible given that CARIFORUM countries are characterised by micro and small enterprises often with low turnover and production capacity. Therefore, knowledge transfer, equipment and certifications will need to be complemented with business continuity strategies and additional support.

IV. Technical Barriers to trade

Note: This programme did not include an evaluation report. Given the technical nature of the topic, consultations do not necessary provide a clear understanding on the effectiveness and impact of the programme. This programme was nonetheless included given the importance of the topic in line with the priorities and at the request of DG Trade. The findings are however presented in lesser detail and serve mostly as observations.

⁴⁶ Final Evaluation of the 10th EDF Regional projects: EU CARIFORUM Economic Partnership Agreement (EPA), February 2018.

⁴⁷ Final Evaluation of the 10th EDF Regional projects EU CARIFORUM Economic Partnership Agreement (EPA) and CARICOM Single Market and Economy (CSME) Standby Facilities for Capacity Building, February 2018.

Project title:	10th EDF - Support to the Caribbean Forum of the ACP States in the Implementation of the Commitments Undertaken under the Economic Partnership Agreement Component: Technical Barriers to Trade (TBT)
Date:	June 28, 2012 and March 27, 2017
Value:	Total cost: EUR 46 710 000 10th EDF contribution: EUR 46 500 000 CARICOM contribution: EUR 210 000
Implemented by:	Joint management via Contribution Agreement with the: International Monetary Fund (IMF) for Fiscal Adjustment & Statistics (Components 1 & 2), Inter-American Institute for Cooperation on Agriculture for SPS (Component 3), Caribbean Export for Services (Component 5). Caribbean Development Bank (CDB) for Institutional Support (Component 7).
Project objective:	The expected outcomes of the project include the operationalization of regional frameworks in the areas of standardization, metrology and accreditation and preparation of Quality Infrastructure Institutions for international recognition. Other projected outcomes of the project are the strengthening of the user orientation of Quality Infrastructure and awareness building activities among stakeholders and also better communication and cooperation between the region's National Standard Bodies (NSBs) and the CARICOM Regional Organization for Standards and Quality (CROSQ) Secretariat including the development of a coordinated knowledge management system. Through this project actions have also been taken to strengthen the working relationship and to foster greater collaboration in Quality Infrastructure between CARICOM and the Dominican Republic.
Sources:	Support to the Caribbean Forum of the ACP States in the Implementation of the Commitments Undertaken under the Economic Partnership Agreement Component: Technical Barriers to Trade (TBT), Final narrative report, June 2012 and March 2017

This programme is relevant given the context in the CARIFORUM countries. Quality Infrastructure is a critical area of intervention in order for the countries to be able to access international markets, in particular the EU, which requires compliance to international standards and evidence of such compliance through an internationally recognized system of conformity assessment. In this context, the project aligns with the agreement priorities. In addition, the project information suggests that the programme addressed technical support in other areas which were critical to the development of the CARIFORUM economies. These included: Sanitary and Phyto-sanitary (SPS) measures to address the competitiveness needs to gain/increase market access; services to focus on commercial cross-border trade and movement of natural persons; and support to the rum sector to fully gain international recognition. The programme is aligned with the provisions outlined within the CARIFORUM-EU EPA, EPA and CARIFORUM's Development Strategy⁴⁸, among other documents.

As per the project documents and final report of the programme, all planned activities were implemented on time within the allocated budget. Research suggests that key outputs⁴⁹ included: (i) the creation of the Caribbean Cooperation for Accreditation (CCA) Scheme which coordinates regional experts in assisting laboratories and other bodies seeking accreditation; (ii) five commodities with equivalent standards between CARICOM and the DR to ensure effective trade; (iii) two Caribbean Reference Laboratories (Carlos) regarding measurements of volume and temperature; (iv) training provided on mass and temperature in labs within the Region; and (v) measurement equipment provided to the CARIFORUM countries. During consultations, in particular Belize, Jamaica and Suriname indicated to have ISO9001 certifications. The setup of the Carlos was generally appreciated and perceived as an important development in the region, however according to some associations⁵⁰ this was not enough to serve the entire region. The creation of a Five-Year Regional Standards Development Priority Plan, was acclaimed to be the first of its kind to provide the Caribbean with an opportunity to transform. However, no evidence could be collected to assess the effectiveness of the

⁴⁸ Presented in the Caribbean Regional Economic Integration and Cooperation Roadmap meeting.

⁴⁹ <https://website.crosq.org/index.php/media-and-resources/item/109-10th-technical-barriers-to-trade-programme-recognises-successes>.

⁵⁰ Associations and private sector in particular in Guyana, Barbados, and Saint Kitts.

implementation of this plan. Visible achievements, however could be seen in the establishment of organizations such as Bahamas Bureau of Standards and Quality. Four NSBs were developed across Antigua and Barbuda, Bahamas, and St. Lucia. In Jamaica, funding under the EPA Capacity-Building programmes has focused in part on SPS and TBT issues. This includes support for the Bureau of Standards, the Ministry of Agriculture and JAMAC for standards development, certification of exports and support for laboratories to meet international food safety requirements and standards. Dominican Republic indicated that it has benefitted from technical assistance and support from the EU in TBT-related matters and the management of product quality at the regional level. The Dominican Republic underscored that this support was provided at the regional level and that it would be worthy of executing similar programs at the national level according to the countries' specific needs.

Overall, visible achievements can be observed with some clear outputs, however the challenge remains to carry out interventions at the national levels. Consultations on the ground suggest that there is a perception that the focus of development cooperation is primarily on technical assistance on the regional body, CROSOQ, and on Dominican Republic. This generates a sense that the needs of individual CARIFORUM countries are addressed less. However, according to the EU Commission, the decision to allocate the EU resources is that of the CARICOM/CARIFORUM bodies.

V. Sanitary and Phytosanitary Measures (SPS)- 10th EDF Regional project– Support to the Caribbean Forum of ACP States in the Implementation of Commitments Undertaken Under the Economic Partnership Agreement (EPA): Sanitary and Phytosanitary Measures (SPS)

Note: This programme did not include an evaluation report. Given the technical nature of the topic, consultations do not necessarily provide a clear understanding on the effectiveness and impact of the programme. This programme was nonetheless included given the importance of the topic in line with the priorities. The findings are however presented in lesser detail and serve mostly as observations.

Project title:	10th EDF Regional project– Support to the Caribbean Forum of ACP States in the Implementation of Commitments Undertaken Under the Economic Partnership Agreement (EPA): Sanitary and Phytosanitary Measures (SPS)
Date:	September 03, 2013 – March 27, 2017 (42 months)
Value:	Expenditure: EUR 7,2 million
Implemented by:	Inter-American Institute for Cooperation on Agriculture (IICA) Implementation partners and collaborators: (i) The Secretariat of the Caribbean Community (CCS) The Caribbean Regional Fisheries Mechanism (CRFM) SPS Committee of the Dominican Republic
Project objective:	The 10th Economic Development Fund (EDF) Project "Support to the Caribbean Forum of ACP States in the Implementation of Commitments Undertaken under the Economic Partnership Agreement (EPA): Sanitary and Phytosanitary Measures (SPS)" sought to support the beneficial integration of CARIFORUM States into the world economy by facilitating entry and improved market access into the European Union through compliance with their SPS measures. In addition, the Action supported CARIFORUM States to develop regionally harmonized SPS measures.

Sources: Financing Agreement, Final Report.

Agricultural trade is a major factor shaping food security outcomes in the Caribbean countries. Given the nature of small economies in CARIFORUM countries, exports are essential drivers for growth and transformation. A key challenge for the CARIFORUM countries has been to meet the standards and requirements to access international markets such as those in the European Union. For example, Agricultural Health and Food Safety is the Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement). Ensuring modern and effective agricultural health and food safety (AHFS) systems (including fisheries) allows countries to meet their obligations under the SPS Agreement and facilitates compliance with requirements for regional and global trade. This is particularly relevant in the context of the challenges the region has faced in accessing markets.

As per background documents and stakeholder consultations, several CARIFORUM members have inadequate AHFS systems are unable to achieve acceptable SPS standards for trade in agriculture and fisheries products. This is further exacerbated by weak business environment, regulatory system, inadequate enforcement and lack of capacity and resources. In this context, the programme interventions have been relevant to the needs of the CARIFORUM countries and align with the objectives of the CARIFORUM-EU EPA to strengthen exports.

As per the final report, all activities were implemented across all components on time and within the allocated budget. All surveyed⁵¹ CARIFORUM Countries stated that their SPS legislation and measures are based on international standards, including those established by the International Plant Protection Convention (IPPC), the CODEX Alimentarius and the World Organization for Animal Health (OIE). Dominica, however, is not a Member of the OIE. Regarding abidance by the WTO SPS Agreement, no specific trade concern was raised in the WTO SPS Committee.

Based on the background documents and stakeholder consultations, challenges remain at national level with lack of a coordination mechanism. This is further hindered by lack of or limited internal capacity of relevant agencies across CF members. For example, in Barbados, serious weaknesses in surveillance, monitoring and enforcement of SPS measures have been detected.⁵² In Saint Lucia, the relevant national legislation predates the SPS Agreement and, *inter alia*, confers the Chief Veterinary Officer authority to adopt SPS measures without Ministerial or Cabinet approval. In addition, St. Lucia does not keep records of all SPS measures it adopted. Saint Kitts and Nevis faces important capacity constraints in the SPS field. The country's authorities indicated that it is resource-limited and needs technical assistance. Although St Kitts and Nevis has legislation on SPS, it lacks the infrastructure necessary to conduct testing of plants and animals. The authorities indicated that there is a food and water testing facility, which helps to identify pathogen agents that affect food. However, the capabilities are not in place to test plant pathogens and pesticide residues.⁵³ Therefore, control is mostly based on inspection of imports and examination of any documentation issued in the exporting country, such as sanitary or phytosanitary certificates.⁵⁴

At the regional level, efforts have been made to establish coordination mechanisms especially at the sectoral level covering areas such as plant health, animal health and fisheries. For example, the creation of AHFS systems has been an effective means for coordination at regional level. However, the challenge remains to harmonize the institutional structures, mandates and capacity development of existing bodies.

As outlined in the implementation analysis, it is likely that several CARIFORUM countries are not compliant with their WTO transparency obligations, since it is very likely that CARIFORUM countries are regularly adopting SPS measures in order to align with international standards, without notifying these to the WTO. For instance, Guyana has not notified the WTO of its import restrictions based on SPS concerns. The authorities pledge that such measures have been communicated to the OIE on a regular basis, but they now indicate their willingness to improve notifications to the WTO. Saint Kitts and Nevis has also adopted several SPS measures but it neither notified these to the WTO, nor it has an exhaustive and up-to-date list available. The same applies to the SPS rules of Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia and Suriname.

Overall outputs have been delivered, however, the challenge remains to ensure successful outcomes and this is largely dependent on the internal capacities of relevant agencies at the national level. The background documents suggest initiatives were undertaken to maintain the Technical National Implementation Network Teams to ensure effective coordination and follow up actions at the national level. In addition, a database has been created to provide a national/regional pool of resources. While initiatives have been taken

⁵¹ Surveys were rolled out across all CF countries in the first phase of consultations to capture implementation results and additional insights on provisions of the agreement including development cooperation.

⁵² WTO, Trade Policy Review, WT/TPR/S/308/Rev.1, 30 March 2015.

⁵³ WTO, Trade Policy Review, WT/TPR/S/299, 13 May 2014, Annex 4.

⁵⁴ No specific information is available for the other CARIFORUM countries. However, from this lack of information, it is not possible to assume there are no similar difficulties in the other CARIFORUM countries.

to ensure sustainability, the assumption is that the CARIFORUM countries and regional groups will maintain and expand on these in the long term. However, given the capacities and lack of mandate, this may be an ambitious assumption.

4.4. Conclusions

In the context of the needs of the CARIFORUM countries and the broader objectives of CARIFORUM-EU EPA, development cooperation efforts have been relevant. These are aligned with the development cooperation priority areas and EPA objectives. As outlined earlier, human, legal and institutional capacity building has been one of the cornerstones of the programmes, seen in the institutional support and capacity building initiatives towards agencies such as the CARIFORUM Directorate and public sector agencies. This is also visible in the Caribbean Forum of ACP States (CARIFORUM) – CSME and Economic Integration Programme which contributed towards this priority by supporting the establishment of a framework which helps Member States to establish the CSME and prepare the ground for the Single Economy. Capacity Building interventions were also visible within Member States of the Caribbean Forum for ACP States (CARIFORUM) in the Areas of Competition, Procurement, Customs and Trade Facilitation for the Implementation of the EPA.

Fiscal reform was approached through the CARTAC programme, which played a crucial role in supporting tax reform and improving tax administration, particularly the successful launch of VAT in eight countries. The aim was to strengthen the framework for CARICOM Integration and Cooperation Process addressed the capacity needs in National Tax Administration system. Development co-operation is not only targeted at the institutional level, also private- sector development has been supported both through cross-cutting programmes such as the 10th EDF Regional Private Sector Development Programme as well as sector-specific programmes such as the Coconut Industry Development programme, to support the private sector to take advantage of the opportunities provided by the EPA. Support to enhance CARIFORUM states' abilities to meet technical standards has been approached through programmes such as the 10th EDF Sanitary and Phytosanitary Measures Project, amongst others.

While at the programme level the interventions were relevant and in line with the development cooperatives priorities and EPA objectives, in several cases programmes focused more in addressing regional needs, rather than national needs. In other cases, programmes show a lack of understanding on the context of CARIFORUM countries, and capacity of agencies. This meant that a number of programmes had planned interventions, and ambitious targets, but these interventions could be effective if adjusted to the performance needs and absorption capacities. In other cases, the programme and project interventions assumed that beneficiaries have a strong understanding of the needs/capacity gaps to develop high quality proposals, which wasn't the case as seen in the analysis of evaluation efforts. In summary, while the programmes have been highly relevant, policy makers and programme managers could further reflect on the needs at various levels and assess the capacities at each level.

Across all the programmes analysed in detail, there was a lack of a robust sustainability strategy of both interventions and specifically institutions. While development cooperation has included provisions to support various agencies, and institutions, it was not clear if there was any clarity on a sustainability plan and exit strategies to ensure that these institutions are able to implement the provisions under the agreement, without the support of development cooperation.

Another key challenge for the projects/programmes is the need to focus on clear objectives, outcomes, outputs and activities that can establish a clear theory of change and therefore evidence on results. While many projects/programmes have had valuable interventions (based on evaluation and feedback on the ground), it is a missed opportunity to not capture the evidence base and clear results.

As far as EPA-objectives are concerned, as outlined in the programme cases, the impact has been limited on a programme or project level, and therefore we are unlikely to see impact on the EPA-level objectives of decreased poverty and increased

integration in the global economy.⁵⁵ Changes in these aspects could not be attributed to development cooperation. It should also be noted that in majority of the development co-operation projects, especially for the private sector, little attempt has been made on monitoring beyond activities and outputs such as workshops, trade missions, etc., which makes it difficult to assess the change that these programmes/projects have brought about. Overall, while it is difficult to measure the impact of the interventions in relation to increased exports and regional integration, based on the background information, and observations from consultations in the CARIFORUM countries, some interventions made at the macro- (National Administration) and meso-level (BSO's, Trade Associations, Bureaus of Standards, etc.) may have had greater impact than the micro level interventions, i.e. aimed at firms. This was particularly evident given that CARIFORUM countries are characterised by micro and small enterprises often with low turnover and production capacity. Therefore, knowledge transfer, equipment and certifications will need to be complemented with business continuity strategies and additional support structures.

A cross-cutting theme in the evaluation reports studied was that of issues in visibility and communication. While it appears that, as a whole, programmes/projects have been accompanied with very professionally designed marketing materials, in many cases there was a need for a clear communication strategy that considers of strategic business engagement measures such as through selected champions or demonstrations. In other cases, it was simply a lack of consolidation of various communication tools and activities such as workshops that could effectively engage a wide range of stakeholders.

⁵⁵ In chapter 7, the achievement of the EPA objectives is assessed in more detail, and also identifies the role of development co-operation.

5. ECONOMIC IMPACT

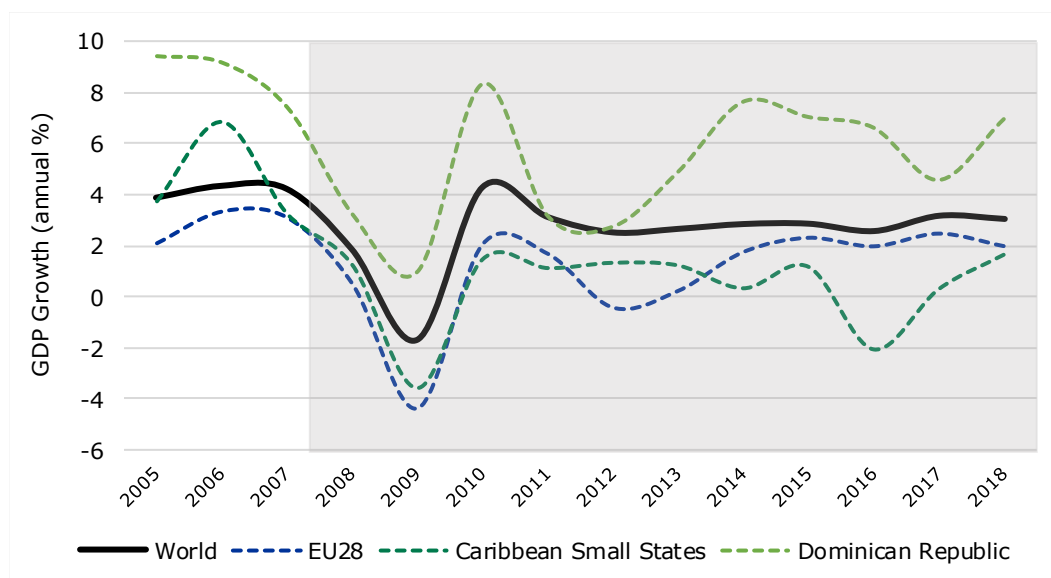
5.1. The Global Economy in 2008-2018

This section provides an overview of the global economic context in the period between 2008 and 2018, with an added focus on the CARIFORUM countries.

The period under study began with the onset of the financial crisis, during which countries across the world—particularly developed nations—faced a serious economic and financial downturn. While a slow global recovery after the crisis gave rise to concerns about long-term stagnation, the global economy showed its resilience and grew at a solid average annual rate of 3.4% in the succeeding decade.⁵⁶ During this period the EU performed slightly below the world average. Though it has managed to recover from the crisis, it has not yet experienced a revival, with a decade that has been marked by low inflation, low interest rates and overall low growth, along with stark differences in economic performance across regions.⁵⁷

The crisis originated and had the strongest effects in industrialised countries and their financial sectors. However, its effects were felt across the world, including in developing countries. Countries suffered from the lower global demand for manufactured products and services and lowered commodity prices.⁵⁸ CARIFORUM countries, and particularly those dependent on services (like tourism) and commodities (such as agricultural products), saw their economic development strongly affected. In the years following the financial crisis, the region also saw multiple natural disasters as well as falling oil prices, which hindered a fast-economic recovery.

Figure 5.1 Global GDP Growth, 2008-2018



Note: The Caribbean Small States group refers to Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

Source: World Bank Data.

CARIFORUM countries experienced a varied economic context in the decade under study. This is also reflected in the in GDP per capita for the CARIFORUM member countries, which as can be seen in Table 5.1, increased for nearly all countries but at different rates. While

⁵⁶ 2008–18 average annual change in gross domestic product at constant prices as given in the International Monetary Fund’s World Economic Outlook.

⁵⁷ ING (2019), Divided Europe: As some European regions thrive, others are at risk of prolonged stagnation.

⁵⁸ UNDP (2010), The Financial Crisis and its Impact on Developing Countries.

the region is composed of countries of varying sizes and characteristics, we can present some trends in several groupings.

Table 5.1 CARIFORUM macroeconomic indicators, 2018

Country	GDP (billion EUR)	GDP growth rate	Inflation rate	Unemployment rate	Current account balance (million EUR)	Trade (% of GDP)
Antigua and Barbuda	1.4	7.4	1.2	11	-96	90
Bahamas, The	10.6	1.6	2.3	10	-1279	77.4
Barbados	4.3	-0.6	3.7	9.4	0	80.9
Belize	1.6	2.1	0.3	6.5	-132	115.7
Dominica	0.5	2.3	0.9	11	-191	109.9
Dominican Republic	72.7	6.9	3.6	5.7	-986	52.1
Grenada	1.0	4.1	0.8		-99	111.0
Guyana	3.3	4.1	1.3	11.9	-911	82.6
Jamaica	13.4	1.9	3.7	9.1	-244	89.0
St. Kitts and Nevis	0.9	2.9	-1.0		-62	123
St. Lucia	1.8	2.6	1.9	20.9	87	n.a.
St. Vincent and the Grenadines	0.7	2.2	2.3	18.9	-84	85
Suriname	2.9	2.6	6.9	6.9	-100	91
Trinidad and Tobago	20.2	-0.3	1.02	2.5	1178	n.a

Note: World Bank indicators presented for 2018 or most recent available year. N.a. shown for countries for which there was no WB data available for the past five years.

Source: World Bank Indicators

Resource-endowed countries such as Guyana, Suriname and Trinidad and Tobago, experienced some of the strongest growth as well as the strongest economic recessions in this period. Suriname was one of the Caribbean’s strongest-performing economies for the first half of the decade, and while the economy contracted after 2014, investments in gold operations helped the economy back to growth. Trinidad and Tobago experienced strong economic growth for parts of the decade but suffered similar drops in GDP due to declines in oil and gas prices. Suriname and Trinidad and Tobago are also the only two countries for whom GDP per capita in 2018 is (still) below pre-crisis levels. Gold mining in Guyana grew rapidly, and the economy has been further boosted by oil output, the latter a development that will propel Guyana’s economy in the years to come.

The Bahamas, the wealthiest country in the region in terms of GDP per capita, is highly reliant on tourism and financial services. As these were among the sectors most affected by the financial crisis, the island struggled during the period but has since returned to positive economic growth. This expansion has been mainly driven by a recovery in tourism services, as well as to a lesser extent, financial services.⁵⁹

Belize underwent significant economic transformation in the period under study, kicked off by the commercial discovery of petroleum and gas deposits in 2005 and afterwards, by its strong growth in tourism, mostly led by visitors from the USA. The number of tourist visitors increased at an annual average growth rate of 7% during 2008 and 2018, one of the strongest growths of the region. The increase tourism activity has also increased economic activity for the retail and transport sectors of the country.

Jamaica, the largest island in the English-speaking Caribbean has experienced a strong recovery after the crisis. In 2013, the country launched an ambitious reform programme to stabilise the economy and reduce debt, resulting in a significant reduction of

⁵⁹ Société General, Country Risk of the Bahamas.

public debt and unemployment.⁶⁰ Poverty, however, remains high and GDP per capita in 2018 remains more or less the same as it was pre-crisis.

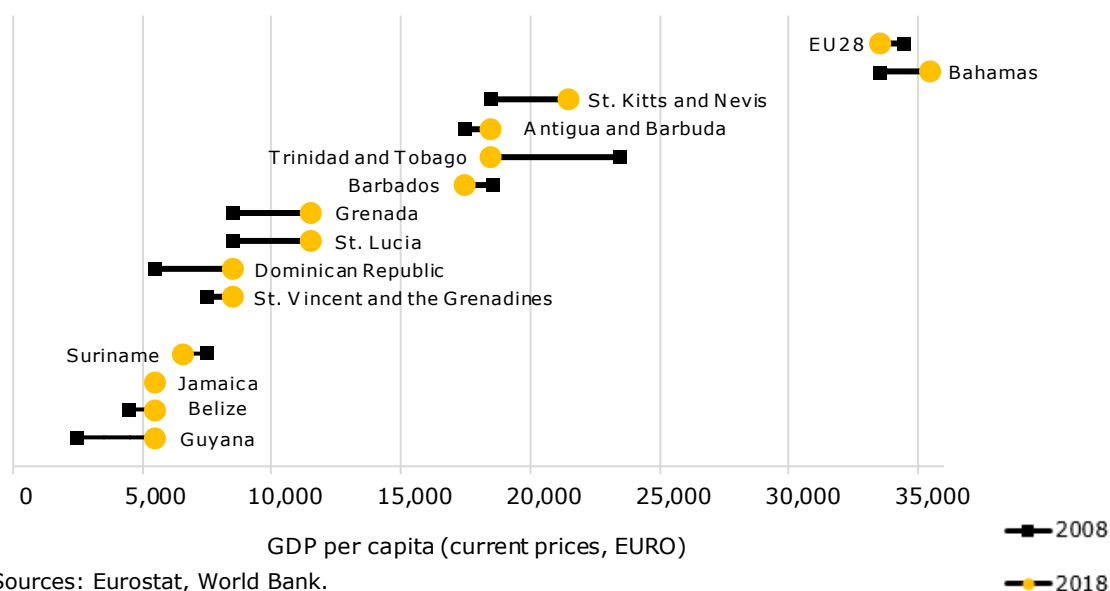
The Dominican Republic outperformed both global and EU economic growth over the course of the decade and was in fact the fastest-growing Latin American and Caribbean economy between 2013 and 2018.⁶¹ This has been attributed to low fuel prices, a strong tourism sector, rapidly increasing remittances, strong FDI inflows and a high level of exports.⁶²

While the Organisation of Eastern Caribbean States (OECS) includes some of the wealthiest countries in the region, their economies have been affected by slow economic growth and several natural disasters in recent years. OECS countries were hit especially hard by the 2007–08 global financial crisis. The tourism industry, which had replaced agriculture as the leading generator of export revenue in the OECS, suffered from the recession in Europe and the United States.

The CARIFORUM countries have varied economic structures and are at different stages of economic development. Whilst a country like Bahamas has a similar GDP per capita as the EU28 average, others such as Guyana, Belize and Jamaica have much lower values. One thing most have in common is growth over the 10-year period under analysis, where almost all countries experienced an increase in GDP per capita. The exceptions being Suriname, Barbados and Trinidad and Tobago.

This diversity has consequences for the EPA and its impact. First, while the EPA includes a large number of disciplines, a key element is tariff liberalisation on the side of CARIFORUM (CARIFORUM enjoyed preferential access to the EU already prior to the EPA). Tariff liberalization will mainly affect those countries with a larger manufacturing base, and less so countries relying on exports of raw materials (e.g. Guyana) or services (e.g. Bahamas). Second, with barriers to service trade and investment typically being highly sector-specific, a broad agreement such as the EPA cannot hope to cover all aspects of importance to individual countries and their sectors. Third, recognizing this diversity the EPA has foreseen a strong dialogue element, to address idiosyncratic issues and barriers, as well as the provision of technical assistance, addressing that countries at different stages of development do need support to make the EPA work.

Figure 5.2 CARIFORUM and EU28 GDP per capita change, 2008-2018



Global trade had a similar performance to global economic development. After a dip in 2009 due to the global financial crisis, world trade levels and GDP have grown at similar rates.

⁶⁰ International Monetary Fund (2019), Jamaica: On the Path to Higher Economic Growth.

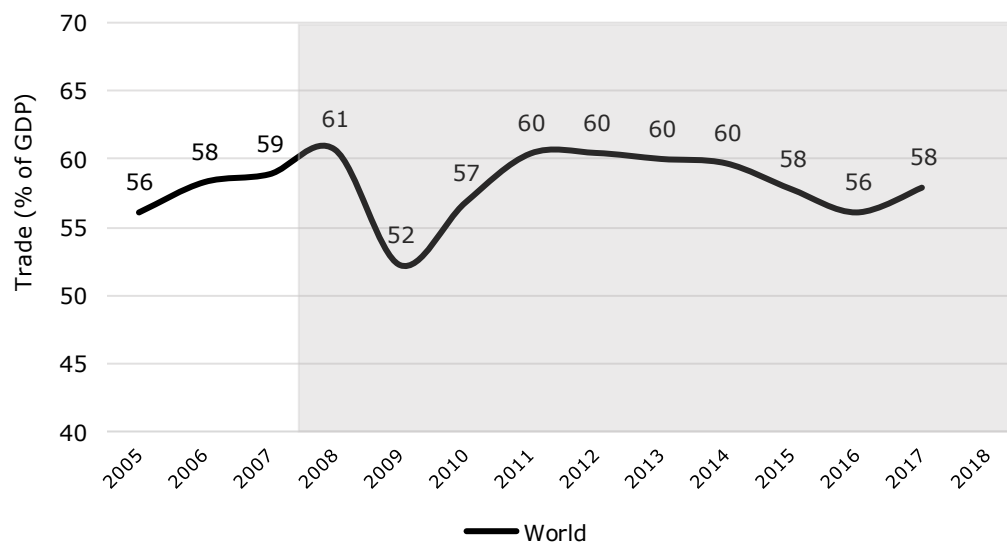
⁶¹ World Bank Dominican Republic Overview.

⁶² CEPAL (2018), Balance Preliminar de las Economías de América Latina y el Caribe.

World exports of goods increased by 20% from 2008 to 2018, driven by the manufactured goods, of which the strongest growth came from pharmaceuticals. Exports of commercial services showed an even stronger growth, and increased by 46%. This was driven largely by information and communication technology, of which the strongest contribution came from computer services.⁶³

The global ratio of trade to GDP has remained largely steady at around 60% but declined in 2014-16. Slower trade growth was accompanied by weaker output growth in major economies.

Figure 5.3 Global Trade Growth, 2008-2018



Source: World Bank Indicators.

The international framework regulating and aiding trade has remained largely the same, with the World Trade Organisation setting trade rules and mediating trade disputes, the International Monetary Fund monitoring imbalances, and the World Bank providing development assistance to developing countries. However, the global trade scenario has significantly changed over the past decade.

The number of Free Trade Agreements (FTAs) coming into force continued to increase, following the trend that began in the early 90s⁶⁴ and accelerated since 2008 when an impasse at the WTO meant multi-lateral negotiations of a new global trade agreement stalled. This has led to an erosion of preference margins associated with preferential tariffs offered to developing countries by industrial countries. Despite the increase in negotiated and signed FTAs in the past decade, global trade integration has experienced a recent slowdown. Public support for globalisation decreased, and was evidenced in Brexit and recent protectionist threats by the USA administration as well as a rise in both non-tariff and tariff barriers.⁶⁵ The Economic Policy Uncertainty index⁶⁶ reached its highest point ever in 2018, providing strong evidence of the current uncertainties in the global policy landscape.

The geopolitical landscape has also undergone changes, marked by the emergence of China as a leading power. China became the world's largest exporter in 2012 and, if the trend continues, will soon overtake the USA as the country with the largest GDP. The fact that not all CARIFORUM countries have diplomatic relations with China, is a consideration in China's strategic objectives in the region. Trade, investments and economic engagement in the region

⁶³ WTO (2019), World Trade Statistical Review.

⁶⁴ The cumulative number of Regional Trade Agreements in force in 2008 was 182, and has since increased to 301 in 2018, according to the regional Trade Agreements Database of the WTO.

⁶⁵ European Central Bank, The economic implications of rising protectionism: a euro area and global perspective, 2019.

⁶⁶ The Economic Policy Uncertainty Index is composed of (i) newspaper coverage of policy-related economic uncertainty; (ii) federal tax code provisions set to expire in future years; and (iii) disagreement among economic forecasters as a proxy for uncertainty.

has thus also political undertones. So far nine CARIFORUM countries, Antigua and Barbuda, Barbados, Dominica, the Dominican Republic, Grenada, Guyana, Jamaica, Suriname and Trinidad & Tobago, have joined the One Belt, One Road initiative.⁶⁷ State-owned China Development Bank and China Export-Import Bank have provided substantial loans to Caribbean countries, mainly for energy and infrastructure projects. Key recipients were Trinidad & Tobago, Jamaica, the Dominican Republic, Suriname, Guyana and the Bahamas, with total loan amounts ranging from US\$ 2.7 billion for Trinidad & Tobago to US\$ 99 million to the Bahamas.⁶⁸ These are significant loans, amounting to, for example, 24% of the Bahamas', or 33% of Trinidad & Tobago's external debt.⁶⁹ In short, in the Caribbean the EU faces two strong competitors for influence, and for trade and investment: The US, in close proximity and well-established in the region, and China, still emerging as a power in the region.

5.2. Trade and investment

This section presents the overall trends and development in CARIFORUM-EU trade and investment relations. As the CARIFORUM-EU EPA is an agreement between trading blocs of 28- and 14 Member States, respectively, data have in most cases been presented in an aggregated manner. However, due to the paucity of data for certain trade flows, this has not been possible in all cases. To address this limitation, wherever disaggregated information has been considered of added value, the focus on the CARIFORUM side has been on the larger economies of Barbados, the Dominican Republic, Guyana, Jamaica, Suriname and Trinidad and Tobago. In some cases, the UK has also been separated from the EU for previous years, to reflect the new reality of the EU27.

This section discusses the following topics:

- Trade in goods;
- Trade in services;
- Investment;
- Effects on third countries.

5.2.1. Trade in Goods

This section focuses on trade flows between CARIFORUM and the EU and additionally includes information on CARIFORUM's trade with the rest of the world to contextualise the trade developments between the two regions.

Quantitative data for trade in goods is widely available, albeit sometimes divergent across sources. Differences often arise from databases relying on different reporters, when the declaration of the importer in one country is not consistent with the declaration of the exporter in the other.⁷⁰ Furthermore, re-exports are not always correctly recorded, of particular importance in some countries of the CARIFORUM that rely on the transportation infrastructure of larger neighbours.

Regarding the sources and methodology:

- *Eurostat* has been the main source of data between CARIFORUM and the EU. The data have been analysed and presented on an aggregated level for most graphs, by Standard International Trade Classification (SITC) for the composition of CARIFORUM exports and on a more detailed HS6 level in Annex E;
- *The ITC Market Analysis Tools and UN COMTRADE* data bases have been used for CARIFORUM trade with the rest of the world. When originally in US dollars, values have been converted to Euros with the current exchange rate;⁷¹

⁶⁷ Ruislip González-Sáez (2019). *The Chinese Project One Belt One Road Toward Latin America and the Caribbean: Economic-financial implications*. Journal of Evolutionary Studies in Business 4(2).

⁶⁸ See https://www.thedialogue.org/map_list/.

⁶⁹ Own calculations, based on World Bank External Debt Statistics [DT.DOD.DECT.CD].

⁷⁰ Eurostat Statistics explained: International trade statistics – background.

⁷¹ Pegged at the 2019 June exchange rate for the purpose of this study, of 0.90 EUR/USD.

- The data were further complemented with a number of trade indicators from UNCTAD and the *World Integrated Trade Solutions (WITS)*, the latter being based on trade data from UN COMTRADE;
- Preference utilisation rates have been calculated by using *the Eurostat Trade by Tariff Regime* database.

The EU and CARIFORUM traded EUR 9.0 billion in 2018, with EUR 3.9 billion exported from CARIFORUM into the EU and EUR 5.1 billion exported from the EU to CARIFORUM. The total value traded in 2018 was practically the same as the total trade in 2008, which was EUR 9.5 billion. The average annual growth rate of CARIFORUM exports to the EU for the decade after the implementation of the EPA was -2%, while the one for EU exports to CARIFORUM was 4%. However, when looking at individual CF countries, we can observe significant growth of both exports and imports in the 10 years of EPA implementation in some of the countries. Therefore, while the overall value of CARIFORUM-EU trade remains the same, the share of individual CARIFORUM countries presents important changes.

As the CARIFORUM countries already had preferential access to the EU market prior to the EPA, the new trade agreement's significant changes came in the form of non-tariff elements. The EU, on the other hand, began facing reduced tariffs after the implementation of the EPA, which is reflected in the increases of EU exports up to and above pre-crisis levels during the period of the study. While the EU had a negative trade balance with CARIFORUM at the start of the agreement of EUR 280 million, it now has a trade surplus of EUR 1.2 million.

In conclusion, the data shows an increase in CARIFORUM good imports from the EU. This is attributed to the fact that CARIFORUM's tariff reduction during the review period was largely limited to items with existing zero rates. It reaches a similar conclusion for EU imports of goods from CARIFORUM, which is explained by the fact that the EPA largely locked in the existing duty-free access under the Cotonou tariff scheme.

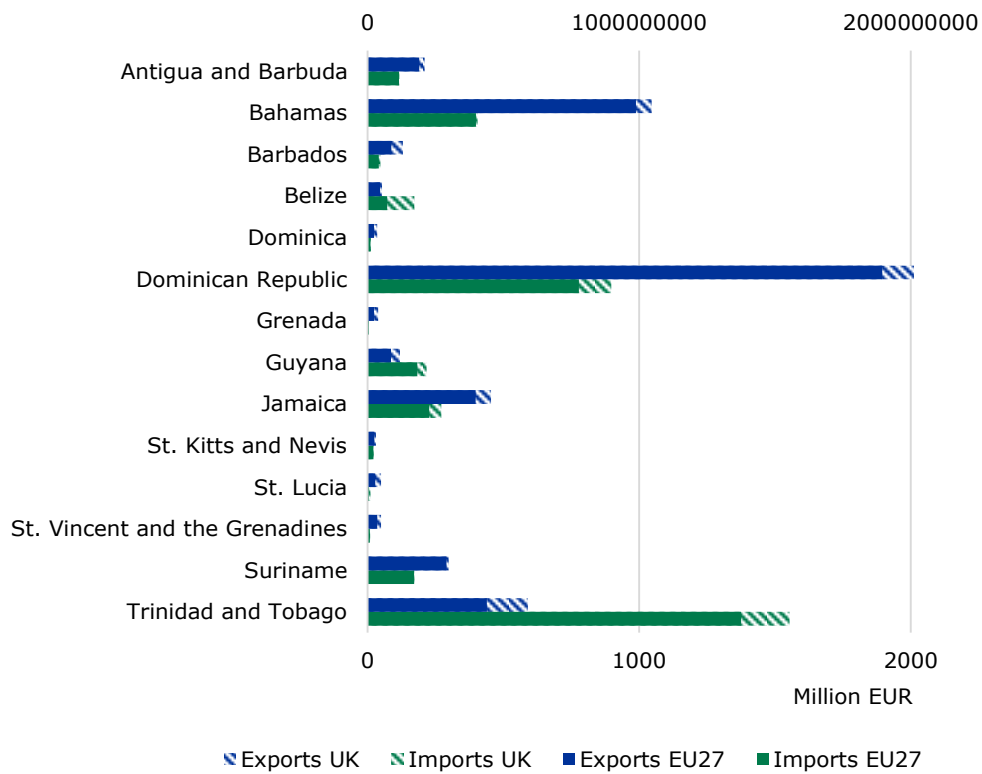
While trade flows today are similar to pre-EPA levels in terms of volume traded, what has changed is the structure and composition. CARIFORUM has become less reliant on exports of minerals and fuels to the EU and has registered a number of new product trade flows to the EU over the course of the decade.

Trade flows

CARIFORUM is mostly composed of island states, each with its own trade relationship with the EU and exposed to different economic trends over the past 10 years. Trade in goods between CARIFORUM and the EU is mostly concentrated in the Dominican Republic (32%), Trinidad and Tobago (25%), the Bahamas (16%)⁷² and Jamaica (8%).

⁷² Exports but also imports from the Bahamas are likely overstated due to the influence of transactions driven by Special Purpose Entities (SPE), such as the transfer of ownership of ships and vessels, recorded in the trade statistics simultaneously as import and export. The same also applies to other countries, such as for example Antigua and Barbuda.

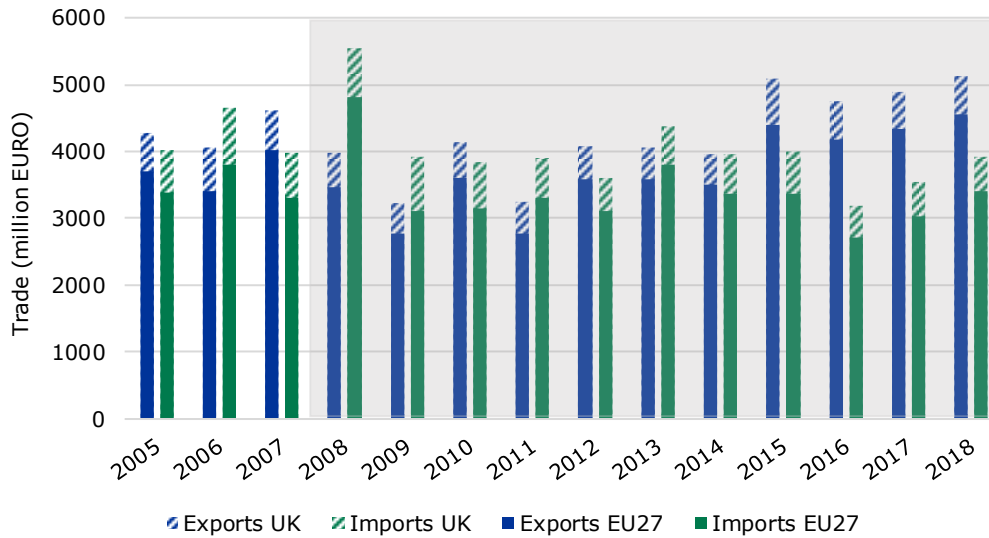
Figure 5.4 EU27 and UK trade flows with CARIFORUM, 2018



Source: Eurostat.

CARIFORUM exports to the EU fluctuated over the past decade but have, on average, been lower in the past five years than they were in the five years before the EPA came into force. It is however important to note that this does not apply across all CARIFORUM countries, as country-level trends show varied results. As a matter of fact, exports over the past decade have strongly increased for Antigua and Barbuda, Belize, the Dominican Republic, Grenada and Guyana. In the case of Barbados, Jamaica, Saint Kitts and Nevis, exports increased to an extent. Exports across the Bahamas, Dominica and Suriname decreased somewhat while there was a sharp decline for Trinidad and Tobago, Saint Lucia and Saint Vincent and the Grenadines. Drops in exports – particularly strong in 2016 for some countries, exporters of commodities – coincide with the drop in international energy prices.

Figure 5.5 Trade in goods between CARIFORUM and EU27 & UK (million EURO), 2005-2018

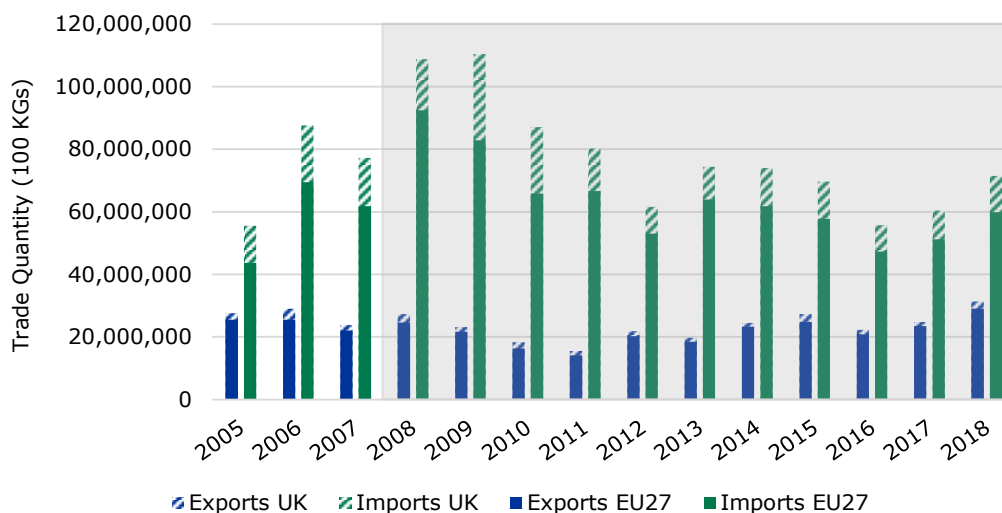


Source: Eurostat.

Trade in volume shows a similar trend for both partners to trade expressed in value.

However, the different nature of the type of products exported by both parties is reflected in the stark difference between the balance of trade when expressed in value and volume. Trade quantity is much larger for CARIFORUM exports, with the number of kilograms sent to the EU being twice as high as those received from the EU. This shows that the EU trades smaller volume but higher value products, whereas CARIFORUM exports tend to be higher in volume but lower in value. This can also be seen in following figures regarding trade composition for both parties.

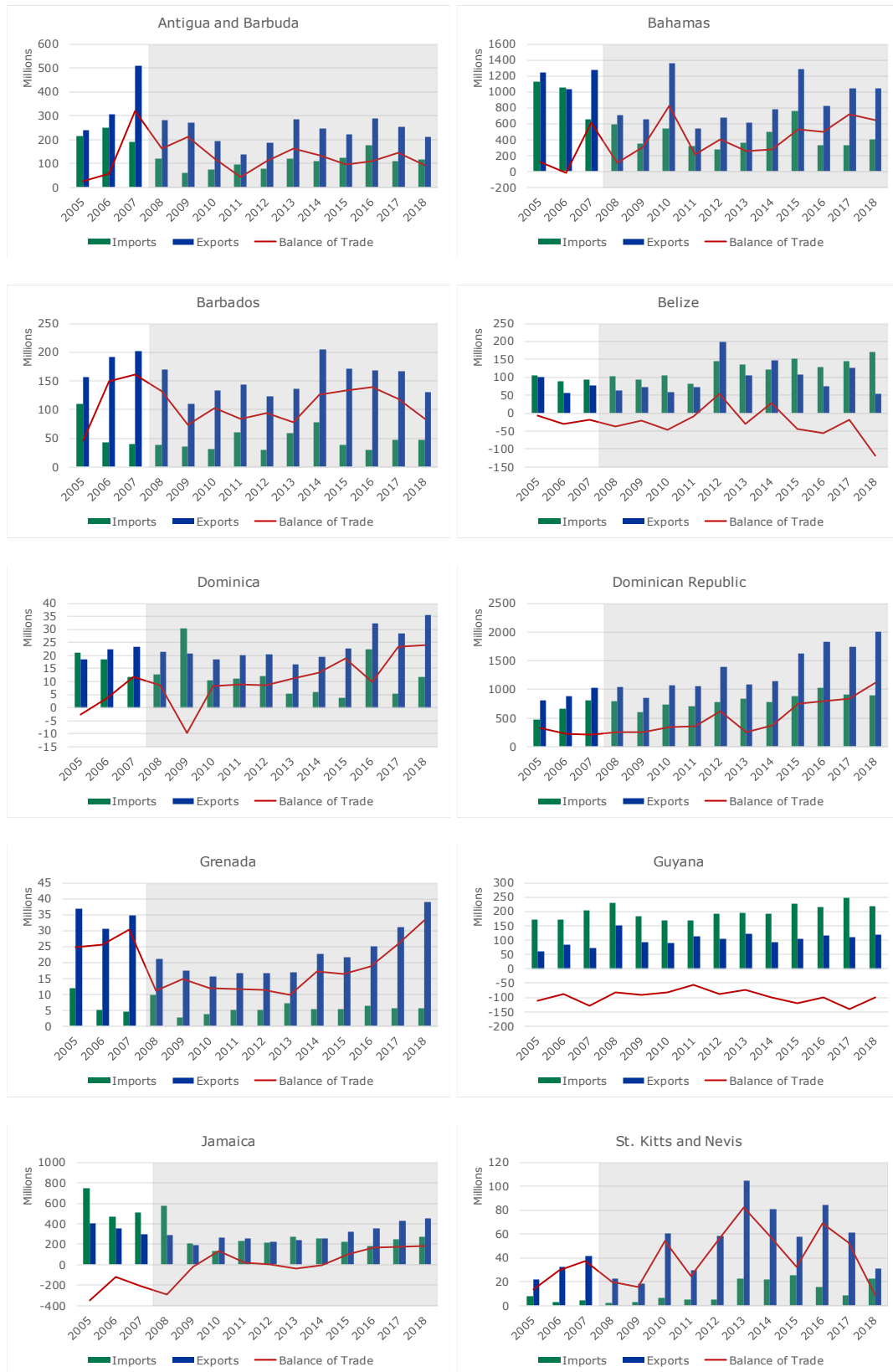
Figure 5.6 Trade in goods between CARIFORUM and EU27 & UK (100 KGs), 2005-2018



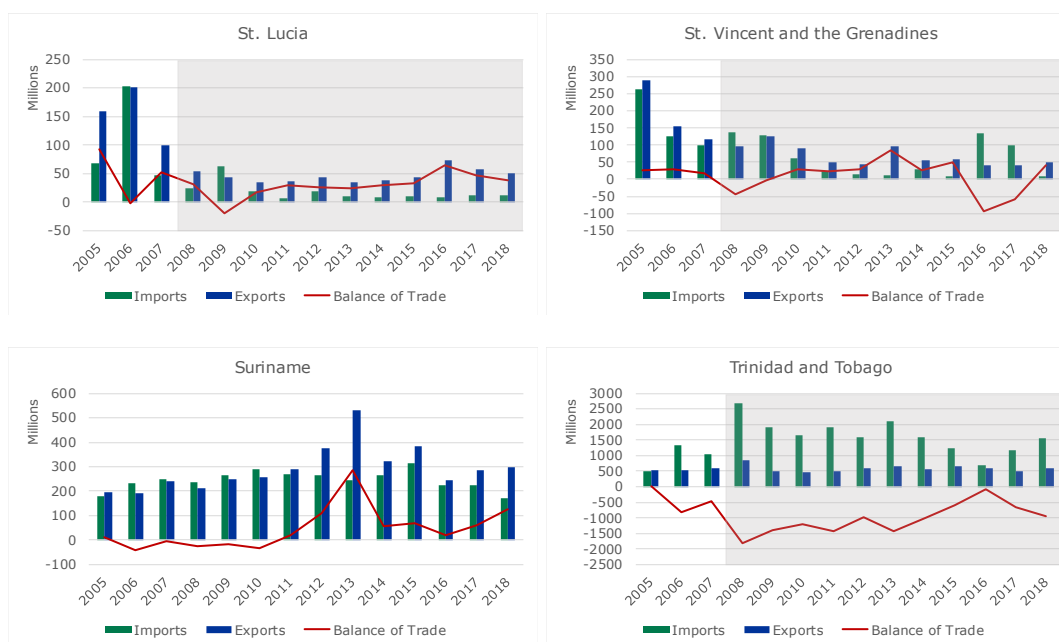
Source: Eurostat.

As can be seen in Figure 5.7, three countries had a trade surplus with the EU in 2018 – Belize, Guyana and Trinidad and Tobago – whereas the rest imported more goods than they exported. This trade deficit is particularly strong in the Bahamas, Barbados and Grenada. Many of the differences, including the fluctuations over the years, can largely be explained by different compositions of trade, both in imported as in exported goods.

Figure 5.7 EU28 imports from CARIFORUM countries and exports to CARIFORUM countries 2005-2018



Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States



Source: Eurostat.

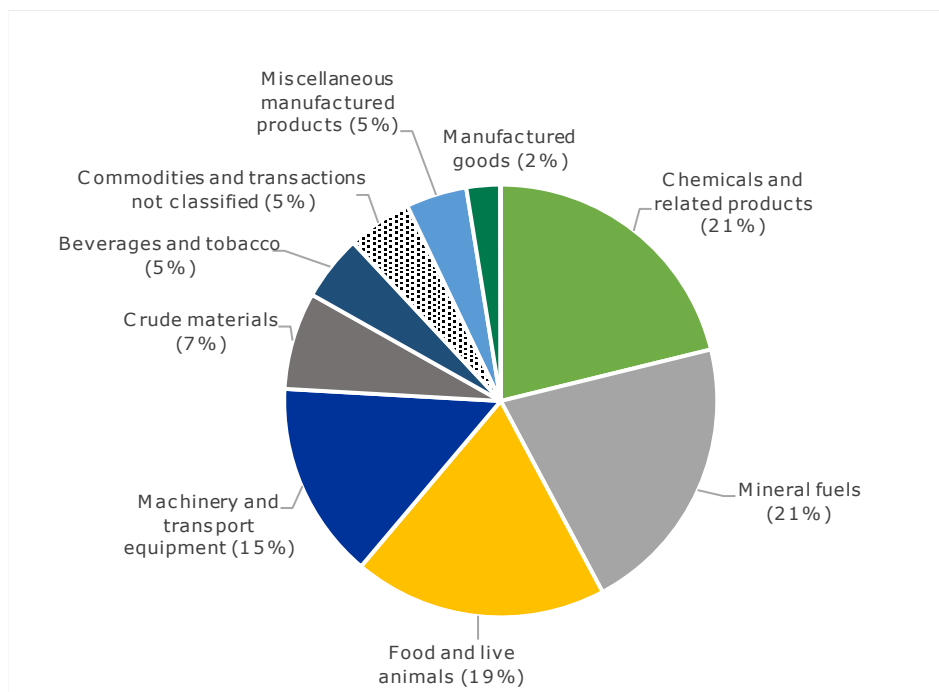
CARIFORUM exports to the EU are composed mainly of chemicals and related products (21%), mineral fuels (21%) and food and live animals (19%). While the category of machinery and transport equipment is a close fourth, it is driven mainly by ships (including transport vessels, cruise ships and motor boats), which can be largely attributable to transactions by Special Purpose Entities (SPEs) as opposed to exports of actual goods or services.⁷³ While these are included for the sake of completeness and are registered in all consulted trade databases, they do not represent actual CARIFORUM production that is exported to the EU. For example, exports from Barbados to the EU in 2018 were made up in 51% by the product category of ships and boats. SPEs are further explained in section 5.2.3 on investment.

The reliance on the export of mineral fuels has decreased, with fuels representing 42% of export values in 2008 and 21% in 2018. It is important to note, however, that fuel constitutes a significant share of exports mainly for Trinidad and Tobago, one of the larger economies of CARIFORUM. Growth has been the largest in export of chemicals and related products and food and live animals. Looking more closely at these categories, growth in chemical exports has been driven by growth in organic chemicals from Trinidad and Tobago. Regarding food and live animals, there has been a strong increase in fish and crustaceans (driven by Belize, Jamaica and Suriname), fruits and nuts (driven mostly by the Dominican Republic) and cocoa and cocoa preparations (driven by the Dominican Republic).

⁷³ According to Eurostat's Concepts and Definitions Database Special Purpose Entities (SPEs) are organizational structures often used by Multinational enterprises (MNEs) to diversify their investments geographically. Examples are financing subsidiaries, conduits, holding companies, shell companies, shelf companies and brass-plate companies. Although there is no universal definition of SPEs, they do share a number of features.

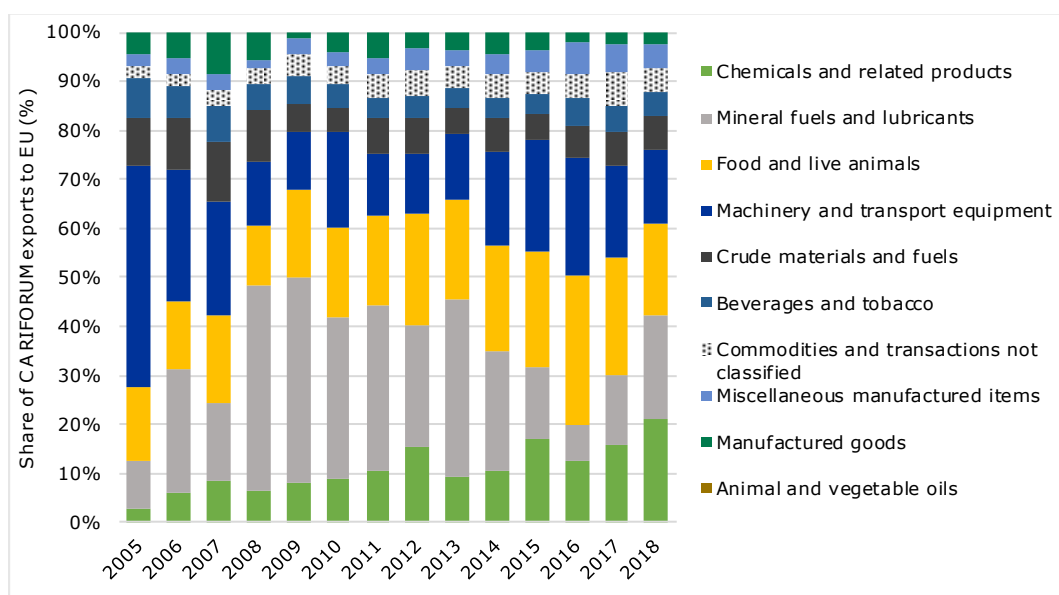
Trade data show ship exports as representing 14% of total CARIFORUM exports in goods. International groups use SPEs in countries in the region to channel funds between related non-resident entities, by ship-owning companies whose economic owner is a resident, that register (and deregister) ships and, also, for worldwide invoicing on behalf of parent companies. These enterprises usually have little or only a minimal interaction with the domestic (real) economy.

Figure 5.8 CARIFORUM exports to the EU, 2018



Source: Eurostat.

Figure 5.9 Change in composition of CARIFORUM exports to EU, 2005-2018



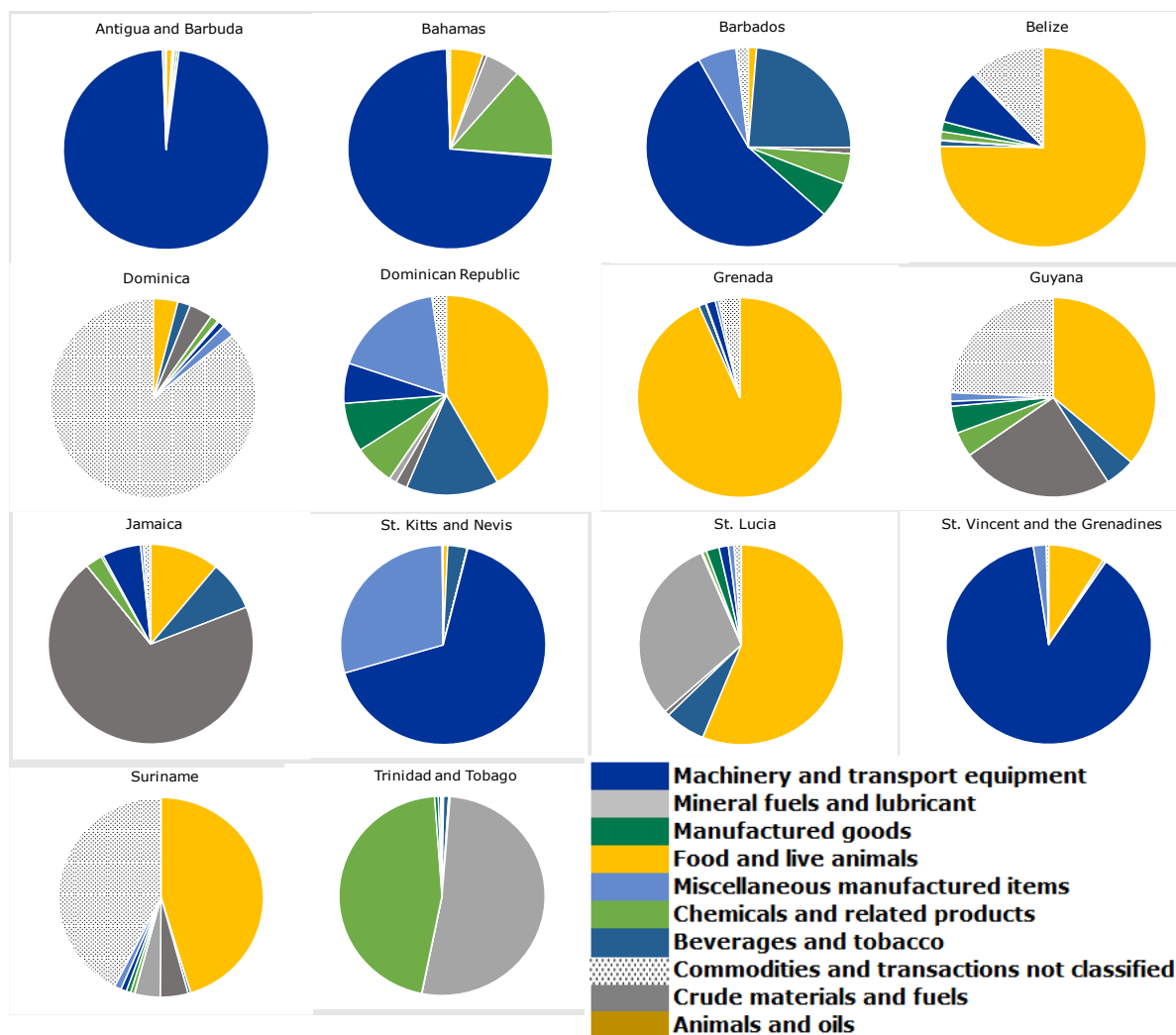
Source: Eurostat.

The composition of exported goods varies greatly per country. Based on the types of main exports, CARIFORUM states can be categorised as follows:

- Those that export primarily food products, such as Belize, Grenada, and Saint Lucia;
- Those whose trade data is distorted by data on ship exports (such as Antigua and Barbuda, the Bahamas and Barbados and Saint Vincent and the Grenadines);
- Those with some production in electrical manufacturing (such as Saint Kitts and Nevis);
- Those that export crude oil materials or fuels, such as Jamaica and Trinidad and Tobago; and
- Those with more diverse export portfolios such as the Dominican Republic and Guyana.

The majority of Suriname and Dominica's exports fall under the SITC category of *not elsewhere classified*. This category covers special transactions and gold, amongst others. For Suriname, this is because it mainly falls under SITC code 97 referring to gold (non-monetary). In the case of Dominica, the exports fall under the SITC code 99 of confidential trade, which is at times applied when exports originate from a limited number of companies that want to keep some business confidentiality. Regardless, Dominica's main export categories are typically, cocoa beans and medical instruments and for some years a large surge of organic chemicals, and mineral products such as lime and cement.

Figure 5.10 CARIFORUM export composition for trade with the EU, 2018



Source: Eurostat.

Annex E presents more detailed categories (at a six-digit Harmonised System) for the entirety of CARIFORUM exports to the EU, ranked in the order of importance based on their export value. Due to the fluctuations in exported values from year to year, the products are ranked according to their five-year average from 2013 to 2018.

The largest export product across CARIFORUM is natural gas, coming mainly from Trinidad and Tobago. Several of the most exported goods are metals (gold, aluminium oxide and ores), food products (bananas, raw sugar cane, cocoa beans), as well as oils. The category of instruments and apparatus for use in medical, surgical and dental practice is also significant.

Categories have experienced different rates of growth. The examples of Jamaica and the Dominican Republic, below, show that there are cases of both rapidly growing and stagnating exports to the EU in the most significant categories. In the case of the Dominican Republic, all of the main exported products lines, save for textiles, have grown in the time period under study. While the most significant ones have seen modest growth, as can be seen in the table below, some product lines stand out. Strongest growth was seen in the ferro-alloys, gold and

petroleum gas. Its largest export group, that of bananas, saw marked increase in the first five years but decreased sharply after 2014, putting the growth rate down to 2% for the full period of evaluation.

Table 5.2 Top 15 export products of the Dominican Republic

Product line	AAGR	2018 value (millions)
Edible fruit and nuts; peel of citrus fruit or melons	2%	242.6
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	12%	118.6
Cocoa and cocoa preparations	11%	95.9
Beverages, spirits and vinegar	1%	70.9
Iron and steel	164%	59.9
Tobacco and manufactured tobacco substitutes	7%	54.8
Pharmaceutical products	6%	50.1
Footwear, gaiters and the like; parts of such articles	1%	30.7
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	27%	21.3
Edible vegetables and certain roots and tubers	4%	14.1
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	449%	10.6
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	482%	10.0
Organic chemicals	19%	9.5
Plastics and articles thereof	4%	8.9
Articles of apparel and clothing accessories, not knitted or crocheted	-11%	8.4

Source: Eurostat

Taking a closer look at the developments in Jamaica's exports, we see a similar trend of moderate increases in the most significant export products, with a few notable exceptions. The exports of sugars and sugar confectionary have decreased over time, with the most drastic decreases starting after 2012. Strongest increases, on the other hand, were evident in the category of plants and parts of plants used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes (+18%) and instruments and apparatus for physical or chemical analysis (+54%).

Table 5.3 Top 15 export products of Jamaica

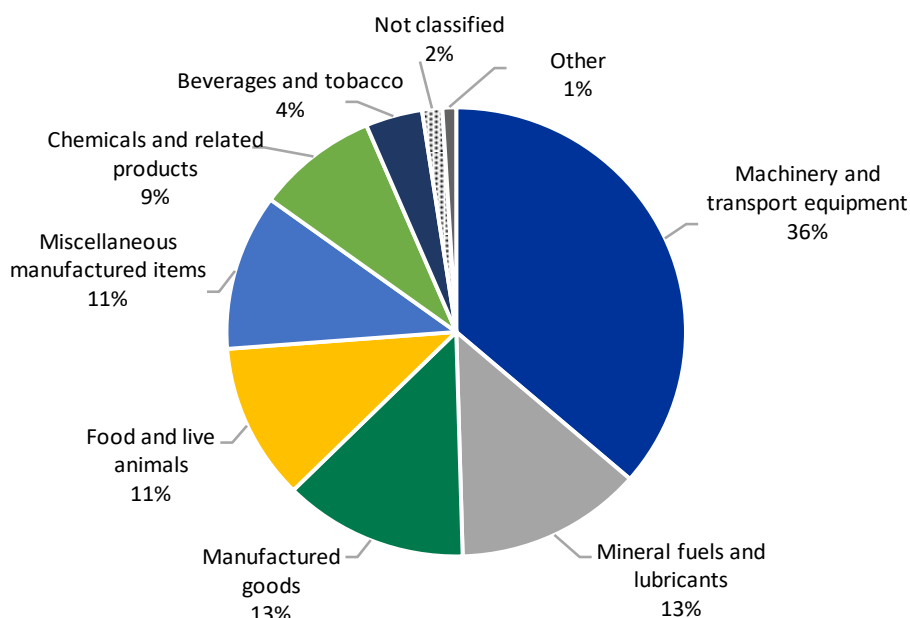
Product line	AAGR	2018 value (millions)
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	14%	190.1
Beverages, spirits and vinegar	6%	28.5
Sugars and sugar confectionery	-10%	6.5
Fish and crustaceans, molluscs and other aquatic invertebrates	7%	4.5
Preparations of vegetables, fruit, nuts or other parts of plants	11%	3.9
Edible vegetables and certain roots and tubers	1%	3.9
Coffee, tea, mate and spices	4%	3.3
Other products	7%	3.1
Preparations of cereals, flour, starch or milk; pastrycooks' products	6%	2.9
Miscellaneous edible preparations	4%	2.7
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	486%	2.0

Product line	AAGR	2018 value (millions)
Edible fruit and nuts; peel of citrus fruit or melons	11%	2.0
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	18%	0.7
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	54%	0.6
Iron and steel	72%	0.5

Source: Eurostat

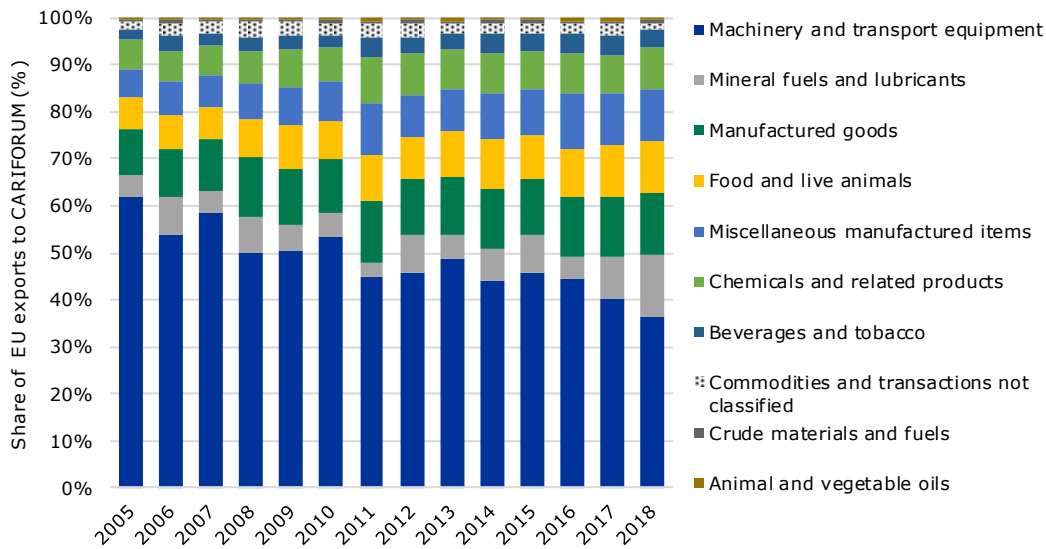
As mentioned above, CARIFORUM and the EU have very different export portfolios. EU exports are composed firstly of machinery and transport equipment (36%), mineral fuels and lubricants (13%), manufactured goods and articles (24%) and food and live animals (11%). This composition has changed over time, with the share of machinery and transport equipment of total exports dropping from nearly half of all EU exports to CARIFORUM before the EPA to 36% in 2018. The amount of machinery and transport equipment exported remained more or less constant over this decade, while exports of mineral fuels and lubricant and manufactured goods and articles showed the biggest increases.

Figure 5.11 EU28 exports to CARIFORUM, 2018



Source: Eurostat.

Figure 5.12 Change in composition of EU28 exports to CARIFORUM, 2005-2018



Source: Eurostat.

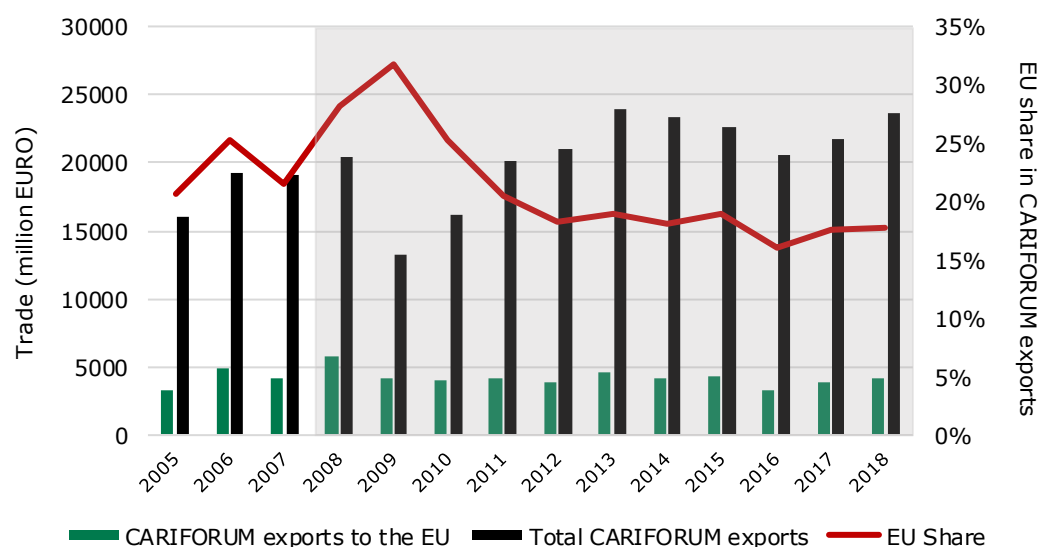
CARIFORUM trade with the world

Trade with the EU has not increased in importance for CARIFORUM, relative to its trade with other partners. The share of CARIFORUM exports going to the EU was 22% in 2007 before the EPA implementation. It has since dropped 4 percentage points. The EU’s diminishing importance as a market for CARIFORUM goods has been driven both by the increase in total CARIFORUM exports as well as by the decrease in CARIFORUM exports to the EU. This is largely attributable to a fall in fuel prices. However, non-fuel exports in 2018 were still below pre-crisis and pre-EPA levels, despite moderate growth since 2009.

The EU as an export destination did gain importance around the time of the entry of the EPA into force, both leading up to it and shortly thereafter, with a strong increase in the first two years. Anticipatory trade effects have been recorded and tested in other FTAs,⁷⁴ where trade between two partners appears to increase before an FTA between them has entered into force. The principal reason given for this phenomenon is the reduced trade policy uncertainty that the upcoming or recently signed agreement represents. While there is no evidence that this is what caused the spike in exports observed in 2008 and 2009, it could be an explanation of this rapid increase.

⁷⁴ Csilla Lakatos and Lars Nilsson (2015), The EU-Korea Free Trade Agreement: Anticipation, Trade Policy uncertainty and Impact.

Figure 5.13 EU28 share in CARIFORUM exports, 2005-2018



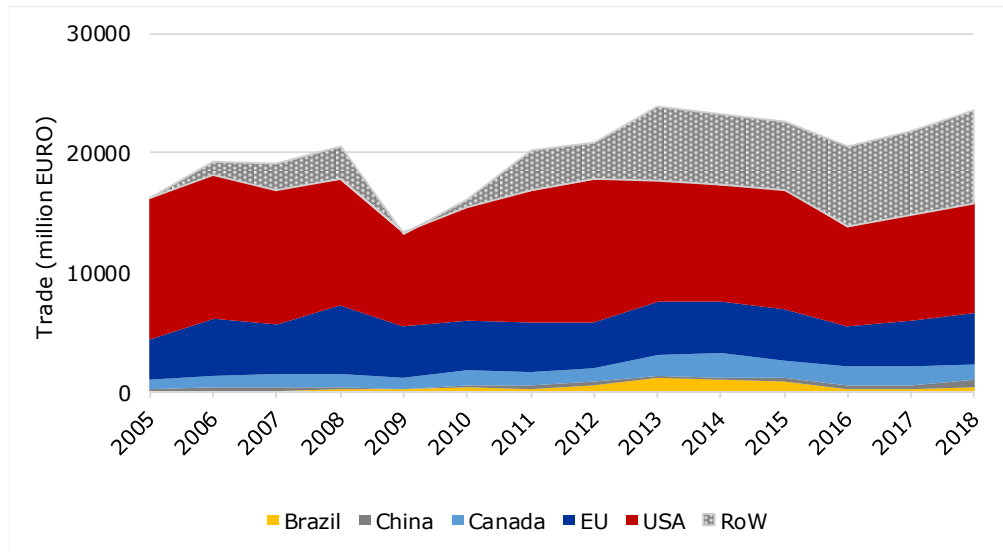
Sources: International Trade Centre, Eurostat.

Regarding CARIFORUM exports to the rest of the world, the region has always exported mostly to the largest and most closely located market – the US. Exports to the US accounted for 39% of total exports in 2018. The focus on trade with the US as the most attractive market also came out of multiple consultations, both with economic operators and business associations. A large share of the Caribbean diaspora is in the USA, which also creates a natural market for some products based on nostalgia.⁷⁵ The ease of doing business due to its size, limited geographical distance, familiarity with the market, language similarities and aligned time zones as well as lower transport costs due to better logistics make the US an attractive destination when CARIFORUM businesses think of exporting. Furthermore, recent trends of route consolidation in shipping, with the purpose of making more fuel-efficient travels, has made for longer journeys.

Trade with Canada is also significant, as it shares many of the factors of attractiveness with the US. Most interesting is the increase in trade with other parties, which used to be smaller part of export destinations but have since grown to be larger than the share of exports the EU. This includes regional partners from Latin America (LATAM), driven by exports from the Dominican Republic to partners like Panama and Mexico, mainly on pharmaceuticals and medical instruments as well as beverages and cocoa. In the case of the Dominican Republic, the geographical proximity and ease of doing business thanks to language also apply to LATAM, especially to the Central American region, as it is part of DR-CAFTA and Dominican Republic is part of the regional integration body - SICA.

⁷⁵ Diaspora concentration in the USA for the Caribbean countries varies but is generally over 50% of total emigrants. In the OECD database on Immigrants in OECD Countries from 2015, figures range from 58% for Barbados to 90% for Belize. Europe, on the other hand, averages around 5% of Caribbean diaspora destination concentration and without the UK, 1%.

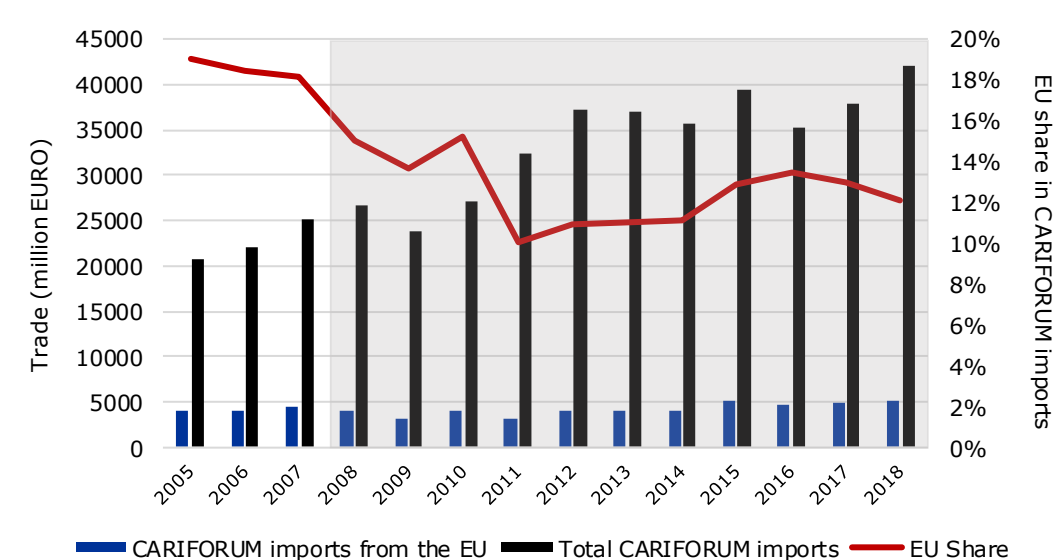
Figure 5.14 CARIFORUM export destinations, 2005-2018



Sources: International Trade Centre, Eurostat.

It is clear that the EU has lost part of its share as a source of imports for CARIFORUM. While 18% of CARIFORUM imports came from the EU in 2007, in 2018 this was only 12%. The total value of CARIFORUM imports from the EU has increased compared with 2007 but growth in imports from other countries has grown at a higher rate, decreasing the EU market share. From consultations in the EU, it appears the region has not positioned itself strongly as an export destination, with exception of the Dominican Republic, where imports from the EU grew almost 100% during the 10 years of EPA, reaching EUR 2 billion. Neither Business Associations nor national authorities reported strong interest from the EU business community, or much awareness of the EPA and the opportunities in the region. One exception is the recent Memorandum of Understanding (MoU) signed between CEDA and the German SME Association at the CARIFORUM-EU Business Forum. German SMEs are typically very internationally oriented, and CARIFORUM as a market might be of interest in the future as a result of this MoU.

Figure 5.15 EU share in CARIFORUM imports, 2005-2018

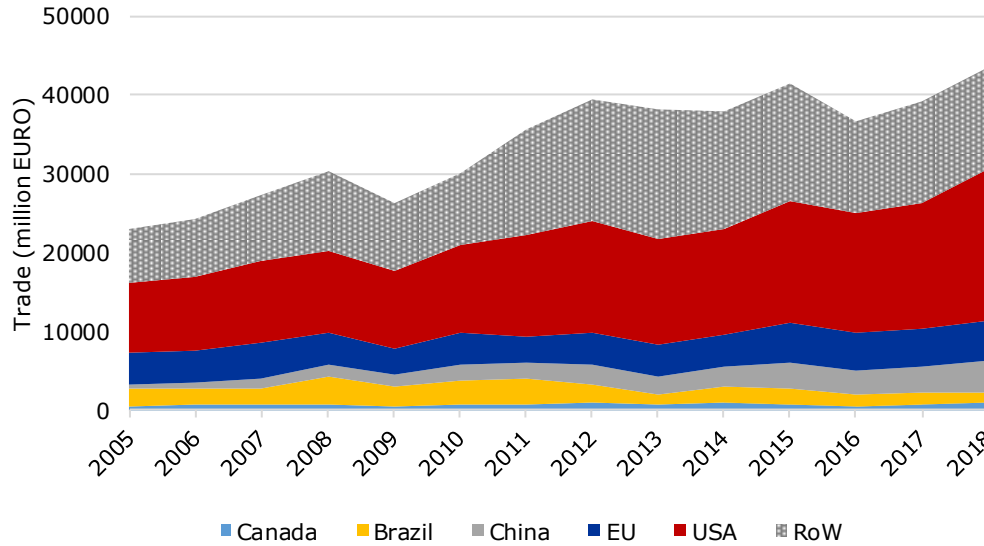


Sources: International Trade Centre, Eurostat.

CARIFORUM imports of goods from the US in 2018 were almost four times larger than the value imported from the EU. It has also been increasing at a faster pace, particularly in the past five years. It should be noted that in the stakeholder consultations,

several companies indicated that they import from the EU through the US, which is often cheaper than importing directly from the EU, due to the US' efficiency in logistics. Imports from China are also significant, accounting for 5% of CARIFORUM imports in 2018, and increasing at a rapid rate. Where imports from China in 2008 were about a third of EU imports in that year, for 2018 this share increased to over three quarters. Another significant change can be observed in relation to Brazil, which used to be much more prominent as a source of imports, but has lost significant ground in the past decade.

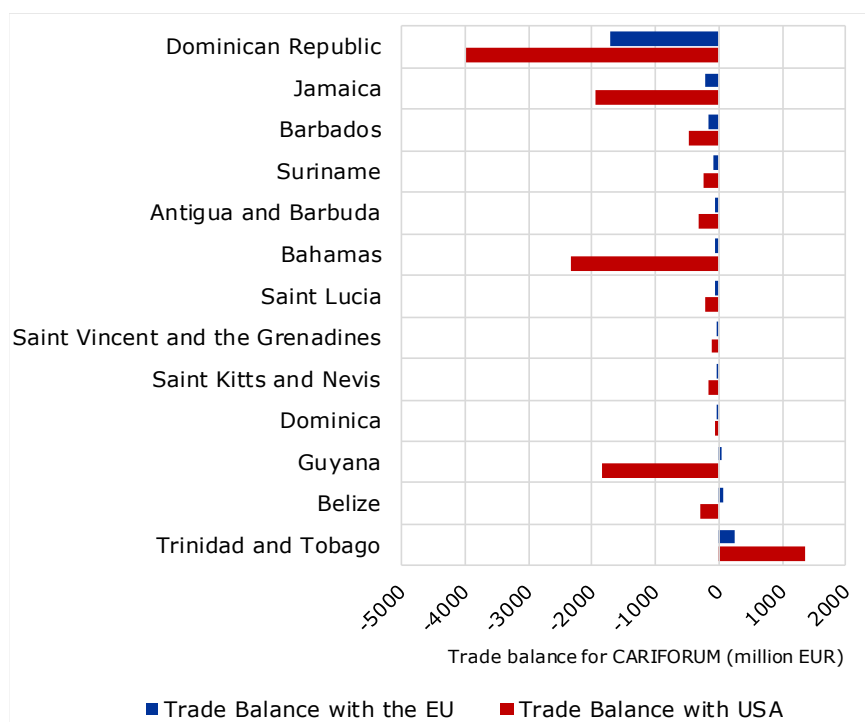
Figure 5.16 CARIFORUM import origins, 2005-2018



Sources: International Trade Centre, Eurostat.

CARIFORUM's deficit in trade in goods is not specific to the EU, and common for small economies that have to rely on imports for a large amount of goods consumed by the population. In the case of CARIFORUM countries this demand is bolstered by the need of the tourist industry to bring in supplies for the large number of tourists. All CARIFORUM Member States, with the exception of Trinidad and Tobago and to a smaller degree, Belize and Guyana, run a trade deficit in goods. The same relation goes for CARIFORUM's trade with the US, its largest trading partner. As can be seen in Figure 5.17, CARIFORUM's trade deficit is much larger with the US than it is with the EU.

Figure 5.17 CARIFORUM countries trade balance with the EU and with the USA, 2018



Source: International Trade Centre.

CARIFORUM trade with Member States and the UK

As for the partners on the EU side, the Member States with the largest trade in goods values with the Caribbean are the Netherlands, Spain, the UK, Poland and Italy. Trade is quite concentrated in these partners, with the top five trading almost two-thirds (65%) of the EU total with CARIFORUM. Importantly, data for imports into Belgium and the Netherlands are often skewed due to the Rotterdam-Antwerp effect.⁷⁶ This makes it likely that the relative importance of other partners, such as Spain and the UK, is underestimated in the trade data. Regarding the types of products, most CARIFORUM exports to the Netherlands fall under the categories of chemicals and related materials, or crude materials. Exports to Spain are very much concentrated in fuels and lubricants coming from Trinidad and Tobago. Outside of these categories, Spain's most significant trading partner is the Dominican Republic.

Table 5.4 EU Member States trade in goods with CARIFORUM, 2018

	Imports		Exports		Overall trade	
	Value (million EURO)	Share (%)	Value (million EURO)	Share (%)	Value (million EURO)	Share (%)
Netherlands	822	21%	719	14%	1,540	17%
Spain	614	16%	905	18%	1,519	17%
UK	501	13%	563	11%	1,064	12%
Poland	406	10%	472	9%	878	10%
Italy	148	4%	694	14%	841	9%
Belgium	563	14%	179	3%	741	8%
Germany	147	4%	589	12%	736	8%
France	357	9%	272	5%	628	7%
Denmark	19	0.5%	134	2.4%	153	2%
Sweden	21	0.5%	122	1.9%	143	2%

⁷⁶ Errors occur in the way trade is calculated when trade enters through ports on their way to final destinations outside of the country or trading block. A large portion of goods are simply unloaded from one ship to another but are registered for the country where the port is located. For example, the actual values of Rotterdam trade have been calculated to be (on average) 60% of the values presented in the statistics, with the other 40% actually representing re-exports.

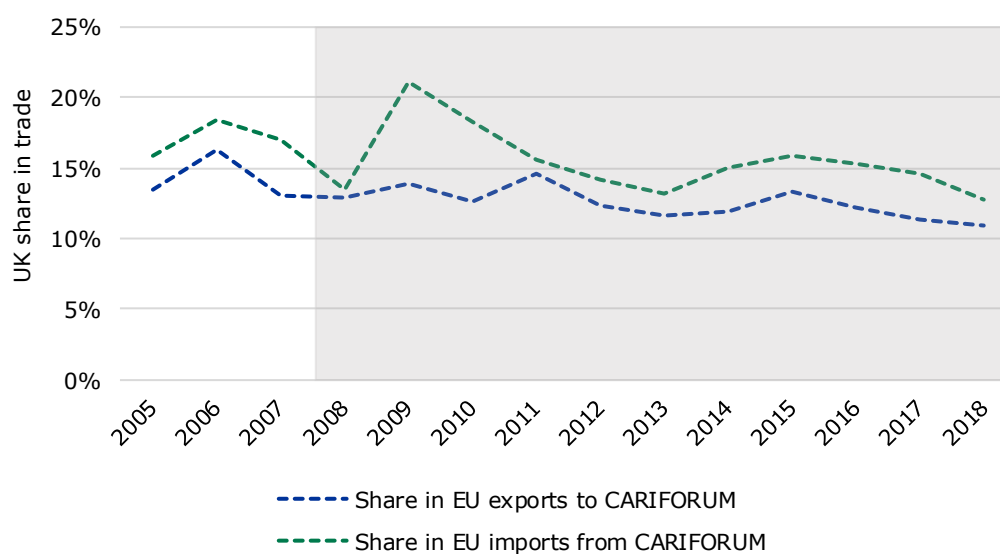
Source: Eurostat.

The ongoing uncertainty of Brexit has implications for EU trade. This report provides some separate figures for EU27 and the UK, to allow for an assessment of the importance of EU27 relations with CARIFORUM in comparison to those with the UK and to be able to draw some preliminary conclusions for the post-Brexit period. The UK has always been a major trading partner of CARIFORUM due to historical ties: 11 out of the 14 CARIFORUM countries are Member States of the Commonwealth of Nations. This translates into significant amounts traded with the UK. Many producers use the UK as an entry point into the EU market. This includes a local presence in the UK, the use of UK warehouses or the partnership with distributors in the UK. The large Caribbean diaspora in the UK is a key facilitating factor.

In 2018 the UK ranked third among the EU Member States with the highest value of trade with CARIFORUM, with total imports and exports amounting to EUR 1.6 billion. In 2018 it was the largest EU export destination for Belize and Saint Lucia and second or third-largest for Barbados, Dominica, Dominican Republic, Grenada, Guyana and Jamaica. It was also the number one EU source of imports for five CARIFORUM countries (Barbados, Dominica, Grenada, Saint Lucia and Trinidad and Tobago) and the second source for five others (Antigua and Barbuda, Belize, Guyana, Saint Vincent and the Grenadines and Saint Kitts and Nevis).

The share of CARIFORUM-UK trade has fluctuated between 20% and 10% of total CARIFORUM-EU trade. It reached a high point shortly after the financial crisis and as the EPA was implemented but has been slowly decreasing since, to shares below the pre-EPA level (see Figure 5.18). Today, UK trade constitutes 11% of EU exports to CARIFORUM and 13% of EU imports from CARIFORUM of total trade. For comparison, UK's share of EU28 GDP in 2018 was 15.2%, which means that while it is a significant partner, it is not disproportionately large.

Figure 5.18 UK share in CARIFORUM trade with the EU, 2005-2018



Source: Eurostat.

It is important to note, however, that the UK is important for certain sectors of CARIFORUM exports. Food and live animals, which has been one of the faster growing exports sectors in CARIFORUM, have a UK share of 33% in total CARIFORUM exports to the EU, with products such as bananas, fruits, sugar, fish products, prepared foodstuffs and spirits being most significant.⁷⁷

⁷⁷ The UK's Department for International Trade highlighted the following sectors: bananas from Saint Lucia, Belize and the Dominican Republic, sugar cane from the Republic of Guyana and Jamaica and rum from Jamaica in its 2019 publication *Continuing the United Kingdom's trade relationship with the CARIFORUM States*.

Table 5.5 UK Share in CARIFORUM exports across SITC categories, 2018

	EU28 (EUR million)	UK (EUR million)	UK Share
Animal and vegetable oils, fats and waxes	1.0	0.0	1%
Beverages and tobacco	184.8	18.1	10%
Chemicals and related products, n.e.s.	799.0	25.3	3%
Commodities and transactions not classified elsewhere	182.7	24.0	13%
Crude materials, inedible, except fuels	274.2	4.1	2%
Food and live animals	715.2	235.9	33%
Machinery and transport equipment	556.3	6.0	1%
Manufactured goods classified chiefly by material	95.4	3.7	4%
Mineral fuels, lubricants and related materials	797.7	100.4	13%
Miscellaneous manufactured articles	171.5	11.0	6%

To ensure continuity in trade after the UK's exit from the EU, CARIFORUM and the UK signed a CARIFORUM-UK Economic Partnership Agreement in March 2019 to take effect if the UK leaves the EU with no deal.⁷⁸ This avoids having to renegotiate terms and allows exporters in CARIFORUM to trade in the manner they do now, without any additional barriers or tariffs. According to business associations interviewed in Guyana, Barbados, Jamaica and Dominican Republic, there have been several on-going engagement and consultation sessions with regards to this agreement which has significantly increased awareness on this EPA.

It should be noted that one stakeholder pointed out the importance of the UK market could be underestimated, as many goods destined for the UK are shipped to the port of Rotterdam before going to the UK. The question is what will happen to these trade flows after a new trade regime between the EU and UK is in place (e.g. decrease, rerouting, etc.). In addition, the question is then to what extent the concluded CARIFORUM-UK EPA has effects on these flows.

5.2.2. Trade in services

This section presents an analysis of trade in services between CARIFORUM and the EU. Data on trade in services are typically limited, and even more so for the region under study. Before presenting an analysis, it is important to note:

- Data for trade in services flows between the EU and CARIFORUM are not available for several sectors, nor on a country level before 2010. Eurostat publishes data for the ACP Caribbean countries, which include, in addition to the CARIFORUM countries, Cuba and Haiti;
- Data do not capture all modes of supply, but especially modes 1 and 2. Sales through foreign affiliates (mode 3) and mode 4 are not (fully) captured;
- The data that are available are at times difficult to interpret. The financial sectors and the existence of special purpose entities in the region can affect the flows. As a result, there are large fluctuations in values which often do not represent actual increases in exported services or cannot be easily attributed to a specific change.

Trade in services between the EU and CARIFORUM

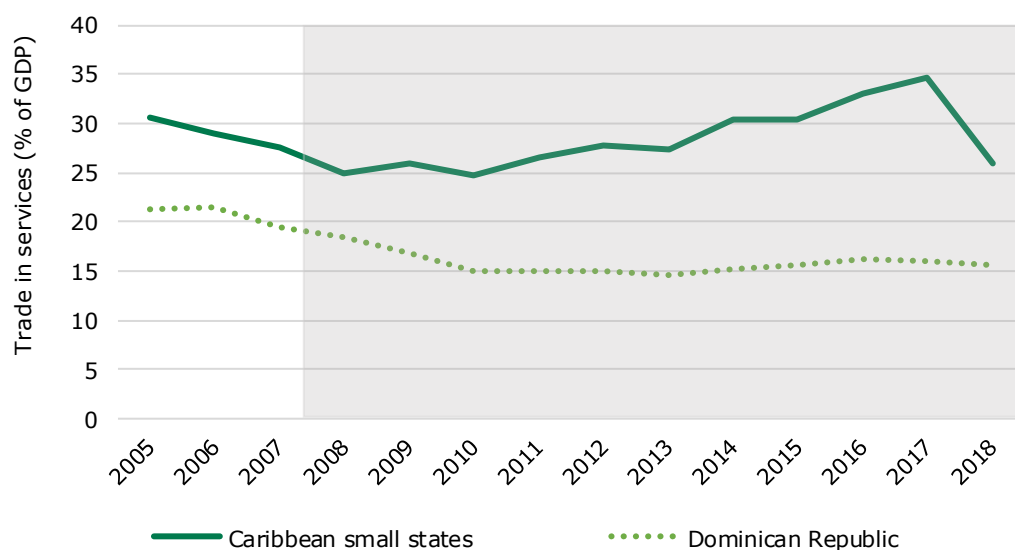
Services as a sector accounts for a large part of CARIFORUM economies, with the value added of services as share of GDP as high as 75% for some of the islands.⁷⁹ The importance of trade in services in the economies of the CARIFORUM States has been increasing over the past 10 years. While trade in services represented around 25% of GDP in 2008, it rose to 35% in 2018. This is different for Dominican Republic (not included in the World Bank

⁷⁸ GOV.uk, UK signs trade continuity agreement with Caribbean countries. <https://www.gov.uk/government/news/uk-signs-trade-continuity-agreement-with-caribbean-countries>.

⁷⁹ Saint Kitts, Bahamas and Barbados. CARIFORUM as a whole average around 70%, compared with a world average of 65%. Source: World Bank National Accounts Data.

Caribbean Small States regional aggregate), where the overall importance of trade in services continued its already decreasing trend after 2008 but stabilised over the two years after the implementation of the EPA.

Figure 5.19 Trade in services (import and export) as share of GDP, 2005-2018



Note: Caribbean Small States denomination of the WB refers to Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.
Source: World Bank Data.

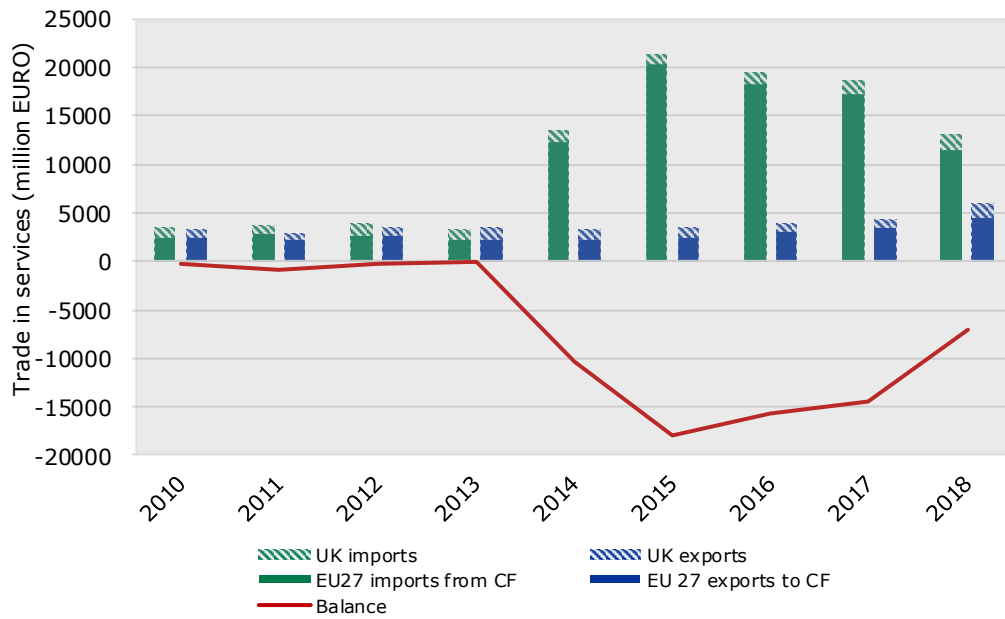
Services make up the majority of CARIFORUM exports. This differs by country, with the highest shares of services over total trade recorded for Antigua and Barbuda, Dominica, Grenada, Saint Lucia, and Saint Kitts and Nevis. For these countries, services trade accounts for 85% to 90% of total trade. The most significant services exported by CARIFORUM are by far tourism. This is followed by with some activity in transport for Antigua and Barbuda, ICT from Belize, Jamaica and Saint Kitts and Nevis, and insurance and financial services from Antigua and Barbuda and Saint Kitts and Nevis. Furthermore, while data on the sector is not widely available, CARIFORUM states are also active in creative and cultural services, such as music production, musical performance, cinematographic services and digital animation. Chapter 7 includes a specific case study on the sector.

CARIFORUM service exports to the EU have strongly increased in the period under study, reaching a total of EUR 13.1 billion in 2018. EU services exports to CARIFORUM have also increased significantly, albeit at a much slower pace. In 2018, the EU exported EUR 6.0 billion in services to CARIFORUM, with total services trade between the two partners amounting to EUR 19.1 billion for that year. Data presented in Eurostat show very drastic increases after 2014 for Bahamas and after 2017 for Barbados, with Bahamas in particular accounting for 87% of CARIFORUM trade in services in 2015.⁸⁰ These increases led to a negative services trade balance for the EU of EUR 7 billion for 2018.

We have therefore included a second figure with the trade in service values for Bahamas and Barbados held constant right before these spikes for the sake of analysis.

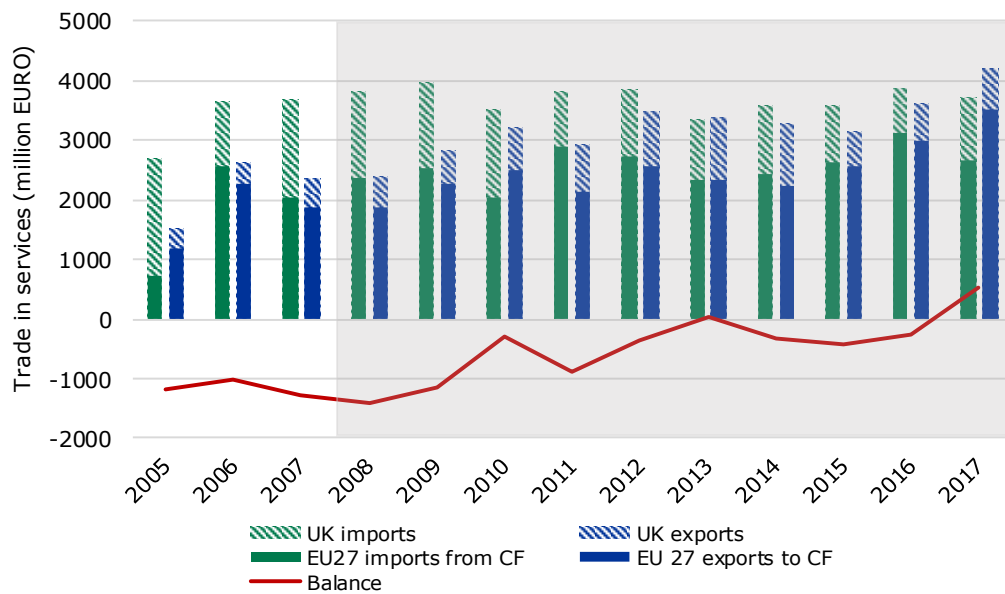
⁸⁰ The team reached out to Eurostat for verification of this data. The level of trade was confirmed, but data on which member State these services were exported to, or what category of service export they fall under, is unavailable. The Statistical Office of Bahamas and the Central Bank of Bahamas were contacted but do not collect data on trade in services by country and were therefore unable to provide further clarification.

Figure 5.20 Trade in services between the EU27& UK and CARIFORUM, 2010-2018



Source: Eurostat.

Figure 5.21 Trade in services between the EU/UK and CARIFORUM (adjusted), 2005-2018

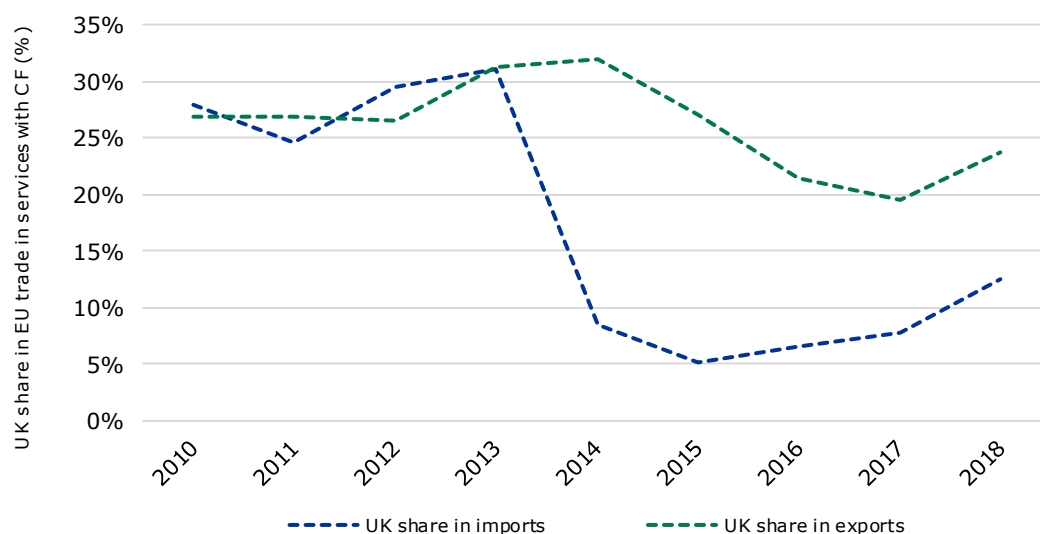


Note: Services exports for the Bahamas kept constant after 2015 due to an unexplained increase of 1400% in Eurostat data in the change from 2015 to 2016. Credit value for Barbados kept constant after 2016 due to an unexplained increase of 1836% in Eurostat data in the change from 2016 to 2017.
 Note II: Data for 2005-2010 taken from Eurostat trade with the ACP Caribbean countries.
 Source: Eurostat.

Services trade flows are not fully available for all EU Member States, making it difficult to identify the cause behind the strong increases. Data is available, however, for the UK. As shown below, the importance of the UK in EU trade in services has typically fluctuated between 25% and 35, in the unadjusted data. UK share in services exports have decreased to 24% in 2018. Regarding UK imports from CARIFORUM, values decreased significantly for 2014. Holding the spikes for Bahamas and Barbados constant through the last five years, we do not see this level

of decrease. This means that the UK has not been losing this share as rapidly for the other CARIFORUM Member States.

Figure 5.22 UK share of EU trade in services with CARIFORUM, 2010-2018



Source: Eurostat.

The following figures use the “adjusted” version of services data, to avoid attributing overall changes in the trade in services composition of CARIFORUM to two specific trade flows.

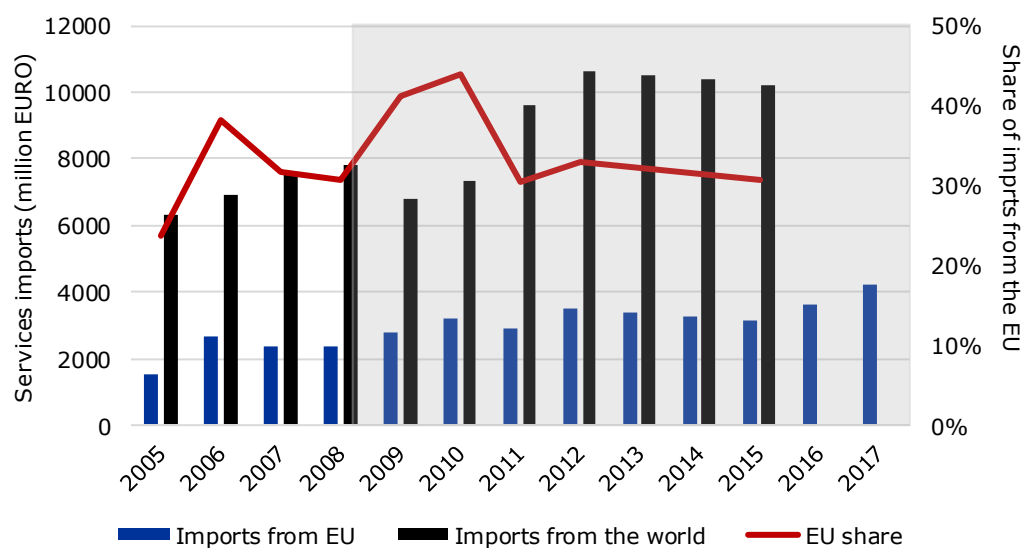
At the start of the EPA the EU was the source of approximately 40% of CARIFORUM’s service imports. This has since decreased nearly 10 percentage points, to 28%. In terms of the total services exported by CARIFORUM, the EU lost significant as a destination after the EPA implementation but began to pick up again after 2013, back to a share of 30% of total CARIFORUM exports, a similar level to that at the beginning of the EPA implementation.

At the start of the EPA the EU was the source of approximately 30% of CARIFORUM service imports. While this share strongly increased in the aftermath of the global financial crisis, since 2011 it has fallen and then stabilised again at approximately 30%. Likewise, the share of the EU as a destination of CARIFORUM service exports has stayed flat at around 30% since the start of the EPA.

If we do not consider the recent spike in Barbados and the Bahamas, the importance of the EU as a trading partner for CARIFORUM in trade in services now is largely similar to what it was at the start of the implementation of the EPA.⁸¹ While imports from the EU have increased, so have the imports from the rest of the world. On the other hand, as exports to the EU have fluctuated, their share in overall CARIFORUM services exports have decreased, with CARIFORUM exports to the rest of the world increasing over the decade. The trends in more recent years are difficult to identify due to the missing data on the trade in services with the world for several countries. This makes the aggregate numbers on trade in services much lower than they actually are.

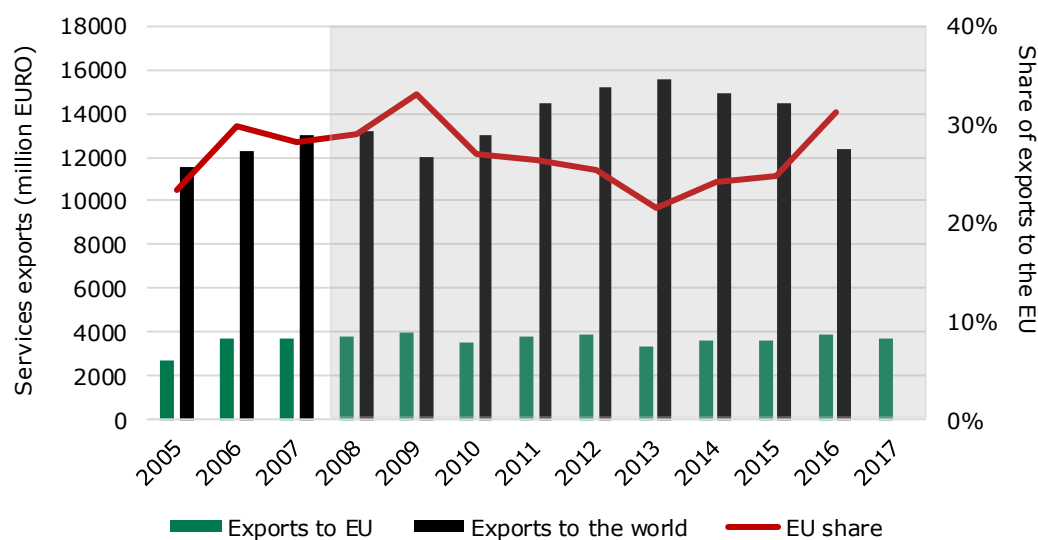
⁸¹ Calculated without the increases in the two countries, mentioned previously. Including the sharp increases puts EU at a much more important destination for CARIFORUM exports in services.

Figure 5.23 EU share of CARIFORUM services imports, 2005-2017



Note: Trade in services data missing for several CARIFORUM countries for 2016 and 2017.
Source: UN Comtrade and Eurostat.

Figure 5.24 EU share of CARIFORUM services exports, 2005-2017



Note: Trade in services data missing for several CARIFORUM countries for 2017 and to a lesser extent, 2016.
Source: UN Comtrade and Eurostat.

In summary, based on available data and information, the overall importance of EU as a trading partner to CARIFORUM in trade in services seems to be the same as the start of the implementation of the EPA. Overall trends provide non-conclusive outcomes as increased trade flows in Barbados and the Bahamas are unclear in origin. However, the importance of trade in services for the region cannot be overstated. Its exports in services greatly outperformed the exports of goods and show the most potential for further growth of the CARIFORUM economies. An often-heard reason for the lack of further services exports to the EU in the consultations is that there are still many remaining barriers that prevent CARIFORUM exports to the EU to increase. Notably, visa issues (while not being part of EPA) in CF's perceptions would hinder CF's service suppliers to take advantage of the opportunities provided by the market opening.

In addition, interviews with local business associations show that practical information on the existing business opportunities is scarce. This is despite the awareness-raising efforts made by national and regional organizations on the CARIFORUM-EU EPA provisions on trade in services. While the EPA established the creation of enquiry points to provide specific information to investors or service providers,⁸² the current role played by these enquiry points is limited as they are typically very weak. The team reached out to the 28 enquiry point contacts and received a response from six, of which only four were aware of their role. An independent consultant carrying out an assignment for another donor experienced the same issues and received only one response from six of the contacted enquiry points, four months later. The Jamaica export agency explained that they used to share these contacts to companies interested in exporting their services but stopped doing so after receiving no response. On the EU side, a business association pointed out that EU companies have difficulties entering the CARIFORUM markets because of lack of transparency on the relevant rules and regulations for the sector.

CARIFORUM services trade with the world

CARIFORUM trade in services composition

International trade in services refer to any intangible product exchanged between a producer and consumer based in different countries and can therefore refer to a multitude of activities. Two categorisations of these activities are used:

- The Services Sectoral Classification List identified 12 major categories that describe the services being rendered, such as business services or educational services;
- The GATS Mode of Supply define four categories through which these services are supplied, and depend on where and how these services are being rendered, as described in the Box below.

Box 1 Modes of supply

The definition of services trade under the General Agreement on Trade in Services (GATS) is four-pronged, depending on the territorial presence of the supplier and the consumer at the time of the transaction. These four modes are:

Mode 1: Cross-border

A user in country A receives services from abroad through its telecommunications or postal infrastructure. Such supplies may include consultancy or market research reports, tele-medical advice, distance training, or architectural drawings.

Mode 2: Consumption abroad

Nationals of A have moved abroad as tourists, students, or patients to consume the respective services.

Mode 3: Commercial presence

The service is provided within A by a locally-established affiliate, subsidiary, or representative office of a foreign-owned and — controlled company (bank, hotel group, construction company, etc.).

Mode 4: Movement of natural persons

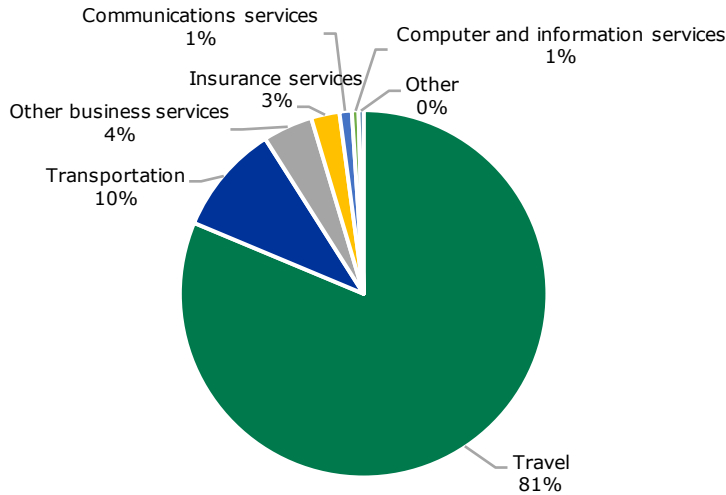
A foreign national provides a service within A as an independent supplier (e.g., consultant, health worker) or employee of a service supplier (e.g. consultancy firm, hospital, construction company).

Source: World Trade Organization, GATS Training Module 1.

⁸² Article 86 Transparency.

CARIFORUM trade in services exports to the world are composed mainly of travel services, which represented 81% of total exports in 2017.⁸³ This is followed by transportation services, making up 10% of exports, and to a lesser extent other business services, insurance services and communications service. This composition has remained more or less the same throughout the years since the EPA implementation, except for a decrease in the share of business services and an increase in travel services.

Figure 5.25 CARIFORUM services exports composition, 2017

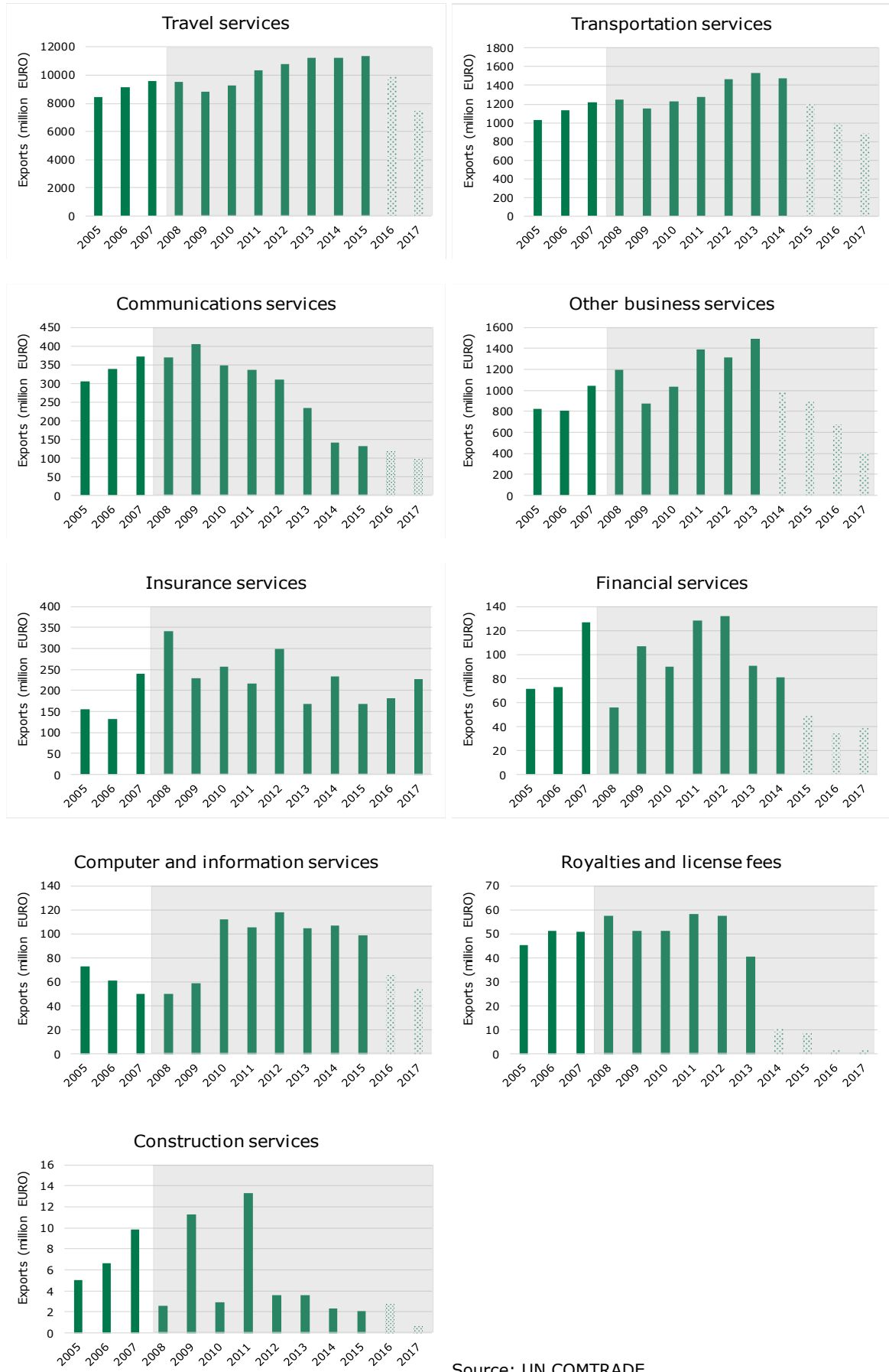


Source: UN Comtrade.

As can be seen in the figures below, the values of trade in services tend to fluctuate and exhibit different trends per category. The later years cannot be fully interpreted as the decreases are often a result of missing data, rather than a decrease in exports.

⁸³ Travel covers good and services acquired by non-residents during visits to a particular economy. It includes services such as accommodation, travel and food-serving and goods such as souvenirs and gifts. Source: UNSTAT EBOPS, 2010.

Figure 5.26 CARIFORUM services exports to the world per category, 2005-2017

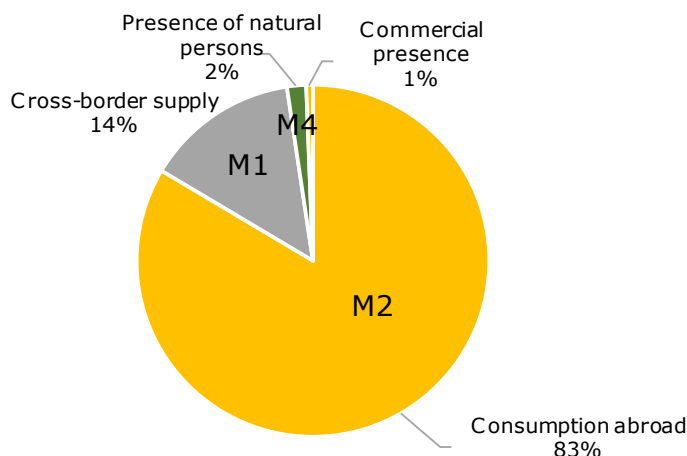


Source: UN COMTRADE.

TiSMoS (Trade in Services by Mode of Supply) is an experimental dataset produced by the WTO and funded by the Directorate-General for Trade of the European Commission, which covers data from 2005 to 2017. It provides an overall picture of international trade in services by the four modes of supply. TiSMoS provides data for each country's trade with the world, so the modes of supply described hereunder do not refer to CARIFORUM's trade with the EU specifically.

CARIFORUM services are exported mainly through Mode of Supply 2, with services being consumed in the country where they are being produced. This reflects the importance of tourism in many CARIFORUM countries.

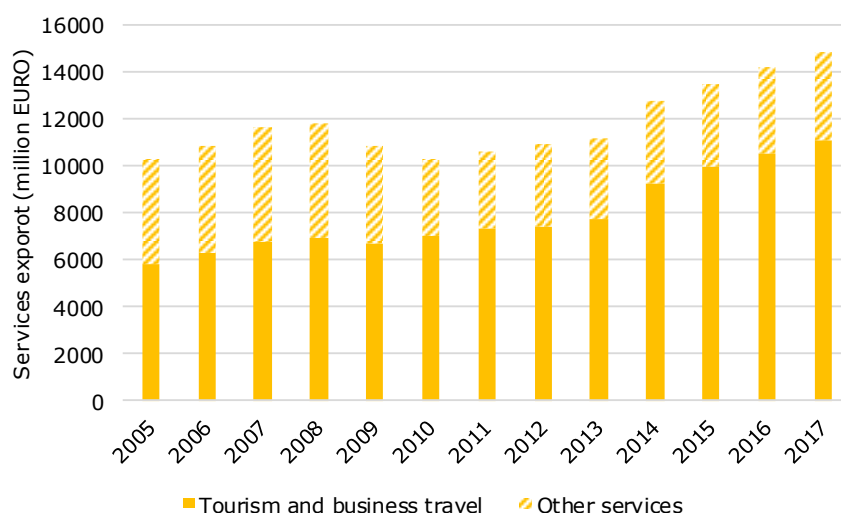
Figure 5.27 CARIFORUM services exports to the world, by mode of supply, 2017



Note: Data unavailable for Suriname, Trinidad and Tobago and Saint Vincent and the Grenadines.
Source: TiSMoS.

The relative importance of tourism and business travel services for CARIFORUM service exports to the world has increased over the years. Whereas tourism and business travel services used to be approximately 58% of CARIFORUM services in 2008, this sector now represents 75% of services exported.

Figure 5.28 CARIFORUM tourism services, exports to the world, 2005-2017

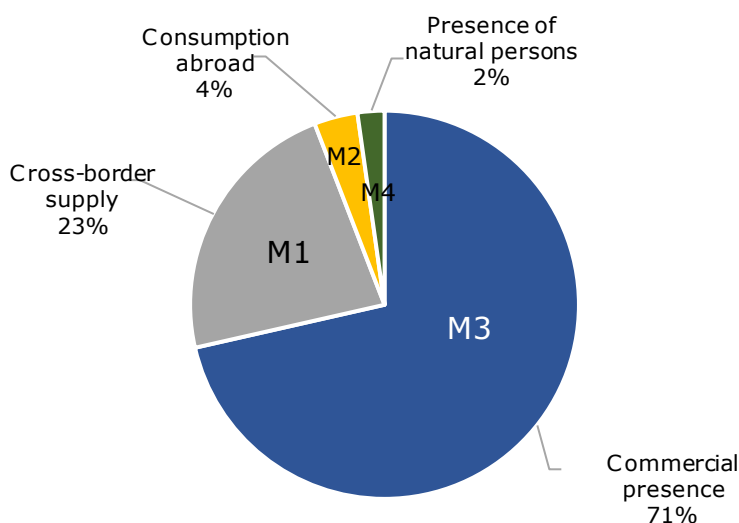


Note: Showing service exports under indicator code SDASDB3. Data not available for Suriname, Trinidad and Tobago and Saint Vincent and the Grenadines.
Source: TiSMoS.

In 2018, CARIFORUM received an estimated 2.9 million EU tourists. Most of these went to the Dominican Republic, Jamaica and Barbados. Other CARIFORUM countries, however, have also seen interesting developments. Belize, the Dominican Republic and Suriname have seen strong increases in the number of tourist arrivals over the past ten years, and for the latter two this is accompanied by a significant share of EU tourists. However, the shares of EU tourists appear to have been higher for every CARIFORUM countries 10 years ago than they are now.

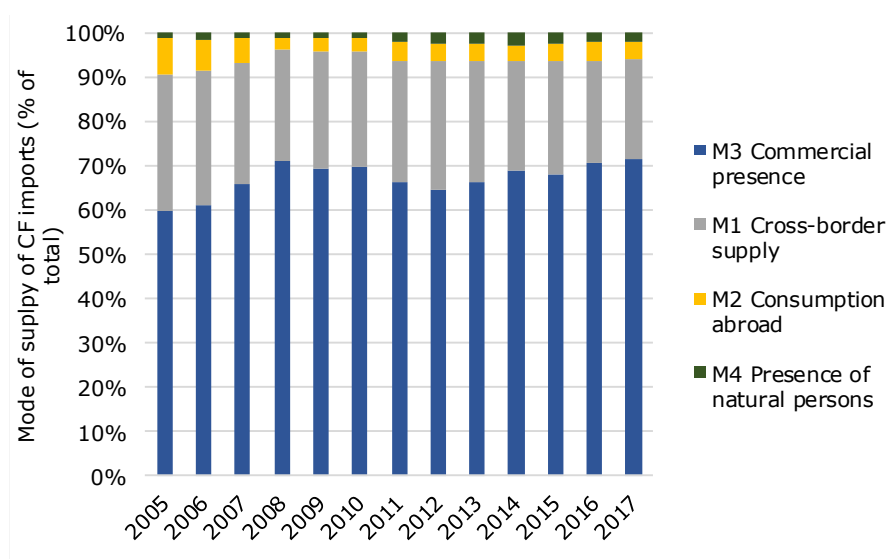
Services imports to CARIFORUM from the world, on the other hand, come mainly through commercial presence, which contributed 71%. It is followed by cross-border supply (at 23%) and then consumption abroad and presence of natural persons. This composition has not changed significantly since the implementation of the EPA, though commercial presence and presence of natural persons have become slightly more important compared to the years prior to the decade under study.

Figure 5.29 CARIFORUM services imports from the world by mode of supply, 2017



Note: Data unavailable for Suriname, Trinidad and Tobago and Saint Vincent and the Grenadines.
Source: TiSMoS.

Figure 5.30 CARIFORUM services imports from the world by mode of supply, 2005-2017



Note: Data unavailable for Suriname, Trinidad and Tobago and Saint Vincent and the Grenadines.
Source: TiSMoS.

5.2.3. Investment

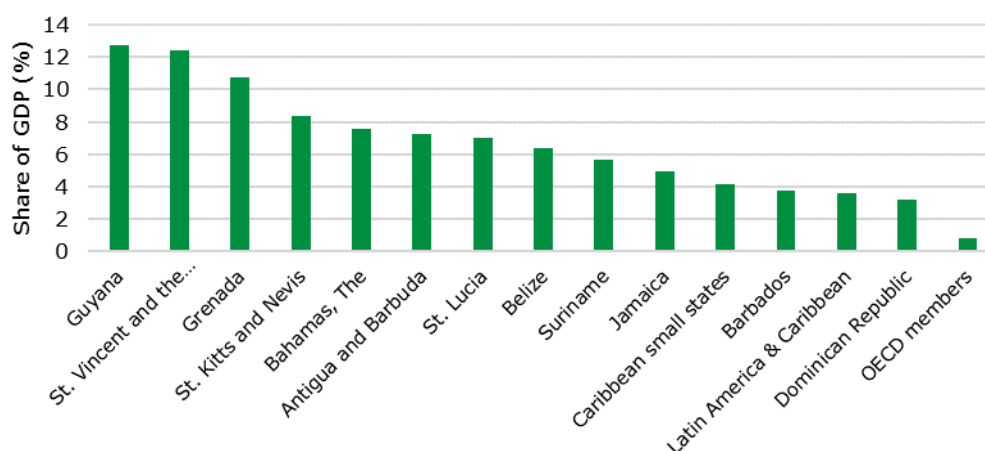
CARIFORUM investment flows with the world

This section presents an analysis of foreign direct investment (FDI) trends related to the CARIFORUM states overtime, with the following caveats:

- As FDI Investment data availability for CARIFORUM is limited only general conclusions can be drawn from aggregate data;
- For the purposes of this study, we will present greenfield FDI data and consider FDI according to the standard OECD/IMF definition;⁸⁴
- It should be noted that FDI flows can show high variation across years, depending on issues like global economic circumstances, sector-specific developments, but also the behaviour of individual enterprises. Moreover, the 2017 tropical hurricane season was the costliest on record. High levels of investments in countries like Dominica or Antigua and Barbuda can be reflective of reconstruction efforts that have been ongoing over the past years to rebuild the country's infrastructure.

FDI is extremely important for the Caribbean. Relative to their size, these economies receive very high levels of FDI flows, which means that a very high percentage of their economic activity is often conducted by transnational corporations. The ratio of FDI inflows to GDP in 2018 was 4% for the whole sub-region, with many countries above 5% and some above 10%. By comparison, Latin America has a ratio of just over 3% and other developing regions do not surpass this threshold. When compared to OECD countries, which on average recorded FDI to GDP rates below 1%, the Caribbean countries seem to especially stand out for receiving very high levels of FDI in relation to the size of their economies.

Figure 5.31 Foreign direct investment, net inflows from the world (% of GDP, 2018)⁸⁵



Source: World Bank Indicators.

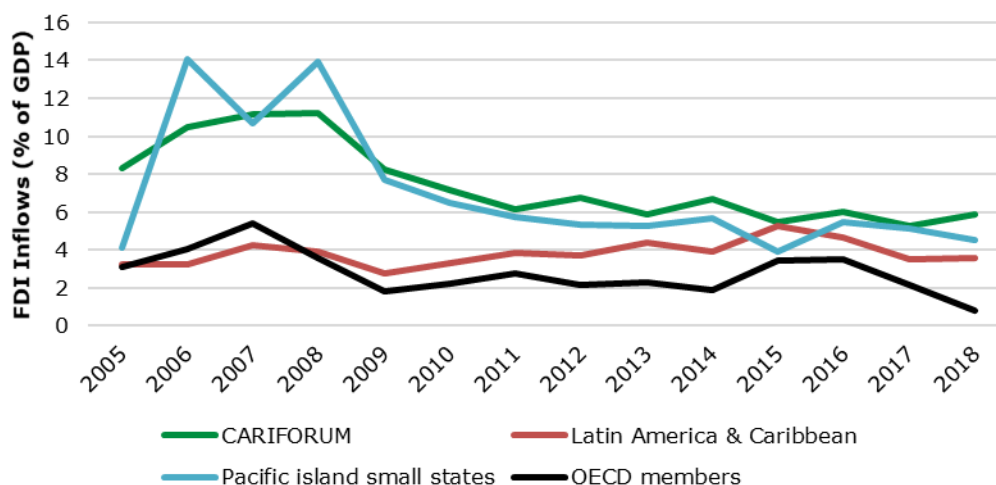
As shown in Figure 5.32, while there has been a significant decline in FDI net inflows as percentage of GDP for the CARIFORUM states, the respective levels for these economies are still greater than averages for Pacific Island Small States as well as Latin America and OECD

⁸⁴ The definition refers to the instance when the direct investor owns at least 10% of the voting power of an enterprise in another country with the cross order FDI financial 'flow' calculated based on equity investment plus reinvested earnings plus inter-company loans between parent firms and foreign affiliates. According to this definition, FDI flows volatility in a specific country can be due to swings in M&A activity or fundamental changes in location competitiveness and market demand impacting greenfield investment decisions. Greenfield FDI refers to a foreign direct investment in a new plant or activity, while brownfield FDI refers to an investment in an existing plant or business activity.

⁸⁵ World Bank Group WDI Data.

countries. This confirms the relatively large exposure to transnational corporations for CARIFORUM countries.

Figure 5.32 FDI net inflows as a percentage of GDP, 2005-



2018

Source: World Bank Group, WDI Indicators.

FDI inflows have thus not gained more importance compared to the size of the economy, shown in the figure of FDI inflows and percentage of GDP. These percentages were higher before the EPA implementation for both the aggregate of Caribbean small states and for the Dominican Republic. There was a significant drop in FDI inflows from 2017 to 2018, particularly in the case of the region’s largest recipient, the Dominican Republic. A two-stage acquisition of a local brewery by AB InBev from Belgium concluded in 2017 accounts for the spike in that year.⁸⁶

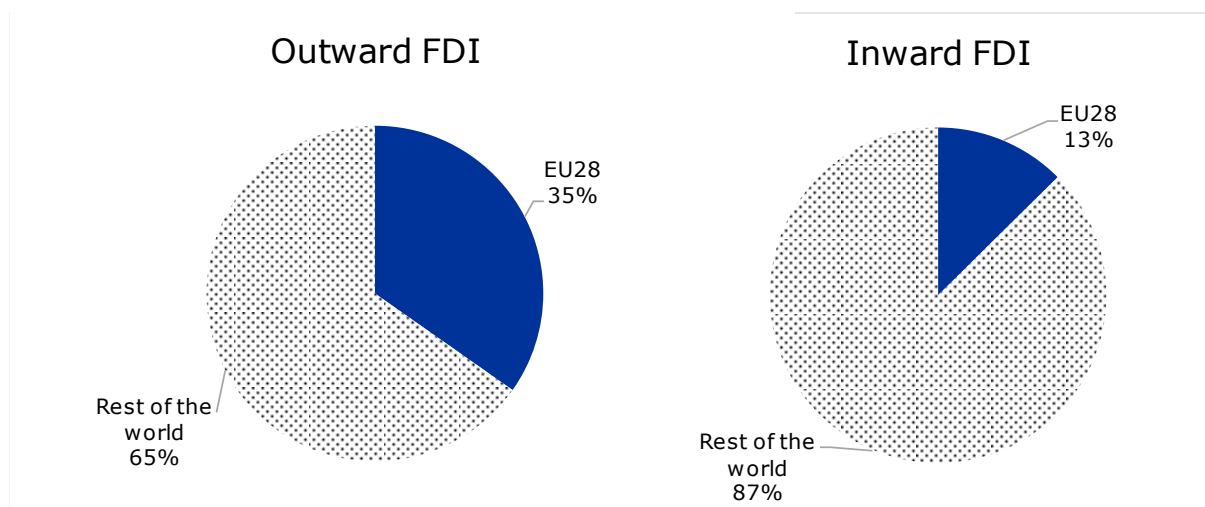
Table 5.6 Caribbean FDI flows (EUR million), 2005-2018

	2005-2007 average	2015	2016	2017	2018
Inward	2796.43	3104.92	3108.56	3983.07	2710.89
Outward	306.67	121.03	269.36	124.67	151.97

Note: Excluding Caribbean offshore financial centres.

Source: UNCTAD (2019), World Investment Report

Figure 5.33 CARIFORUM FDI, 2016



⁸⁶ UNCTAD (2019), World Investment Report 2019.

Source: UNCTAD Stat, EPRS EU Trade with Latin America and the Caribbean.

Transactions by SPEs can strongly influence overall recorded FDI trends without affecting the underlying competitive performance of economies. SPEs are particularly prevalent in those CARIFORUM member states that are focused on professional and financial services. These would in particular include the following countries: They include Antigua and Barbuda, Bahamas, Barbados, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and Grenadines.⁸⁷ Hence the underlying FDI trends should be evaluated with caution.

SPEs can often be legal entities that result in little or no employment outcomes for the local economy, or with no actual operations, or physical presence in the jurisdiction in which they are created by their parent enterprises, typically located in other economic jurisdictions. They are often used as devices to raise capital or to hold assets and liabilities and usually do not undertake significant production.

Nevertheless, the benefits of FDI can go beyond FDI flow volumes and cannot be taken for granted. Positive externalities such as spill-over effects are often not captured when evaluating aggregate FDI statistics.

Table 5.7 CARIFORUM FDI net inward flow, 2016

Country	Inward flow for 2016 (in million EUR)	Significant sectors
Antigua & Barbuda	131	Tourism
Bahamas	470	Tourism (including Cruise lines)
Barbados	205	Tourism, telecommunications
Belize	30	Capital inflows, natural resources
Dominica	30	Citizen by investment programme
Dominican Republic	2166	Tourism, real estate
Grenada	63	Tourism, construction
Guyana	58	Energy, mining
Jamaica	790	Tourism, renewable energy sector, business services
Saint Kitts and Nevis	69	Citizen by investment programme, tourism
Saint Lucia	97	Tourism
Saint Vincent and the Grenadines	104	Tourism, real estate
Suriname	222	Mining
Trinidad and Tobago	406	Hydrocarbon exploitation and petrochemicals, financial sector, telecommunications

Source: ECLAC (2017), Foreign Direct Investment in Latin America and the Caribbean.

The Dominican Republic is by far the larger recipient of FDI in the region. Tourism continues to attract the largest share of FDI in the Caribbean, as large transnational chains move ahead with the expansion of their increasingly sophisticated operations in the region.⁸⁸ Mega-groups, such as American-owned Playa Hotels & Resorts run 21 all-inclusives in the region, and continue to expand. While the strong presence of Spanish firms continues, with Spanish Meliá Hotels International investing EUR 124 million in the Dominican Republic to open new hotels and remodel its older properties, Chinese investments are also significant. Club Med, owned by the Chinese Fosun Tourism Group finished the construction of a hotel in 2018 for which the investment was estimated to be EUR 89 million.⁸⁹ The case study on investment in tourism, included in Chapter 7 further looks at how these investments link to the local economy.

⁸⁷ CENTRAL BANK OF DENMARK (2017). THE GLOBAL FDI NETWORK: SEARCHING FOR ULTIMATE INVESTORS. WORKING PAPER.

⁸⁸ ECLAC (2019), Foreign Direct Investment in Latin America and the Caribbean.

⁸⁹ ECLAC (2019), Foreign Direct Investment in Latin America and the Caribbean.

In terms of other sectoral trends, real estate and hotel construction as well as telecommunication services represent the most prominent sectors. According to The Economic Commission for Latin America and the Caribbean (ECLAC), the largest FDI inflows as a percentage of GDP were seen in the service producing economies and were concentrated on the tourism sector or Citizenship by Investment programmes,⁹⁰ especially in smaller islands such as Dominica and Saint Kitts and Nevis.⁹¹ In the case of Jamaica, business service sectors continue to attract investors, with Kingston being ranked 4th globally on the 2019 world outsourcing centre index.⁹² Some states, on the other hand, seem to be particularly well positioned in attracting resource seeking investors.

This is the case for Suriname, where large mining investors such as Alcoa have been active in bauxite refining operations for the past several years. At the present time, the country's main FDI sector is gold mining,⁹³ with several large players from the US and Australia implementing large gold deposit projects. As of 2017, half of Suriname's export matrix was represented by gold and gold scraps, with the remaining 50% of exports being largely agricultural products and other minerals. Within the sub-region, Guyana shared a similar export matrix, with agricultural products and gold amounting to a combined 65% of total exports.⁹⁴ Gold is also the main export product of the Dominican Republic, due to a large mining operation of Barrick Gold company. Similarly, ferronickel is also an important export product, mined by Falconbridge company.

Among CARIFORUM countries, the main motives of FDI to date seemed to have been largely resource- and strategy-driven,⁹⁵ mainly taking advantage of countries' natural resource endowments, including suitable geographical characteristics for developing real estate for tourism. Due to the small size and level of competitiveness of the CARIFORUM economies, no states seem to have been able to position themselves to attract market- or efficiency-seeking investors, despite CARIFORUM countries being geographically close to large markets such as the United States.⁹⁶

CARIFORUM investment flows with the EU

EU Direct Investment Abroad in CARIFORUM has risen rapidly in the past five years. However, consultations did not point to any specific cases or champions. As with trade in services, investment is very much marked by Special Purpose Entities, which is especially the case in the Bahamas.

⁹⁰ Citizen by investment programmes allow investors to obtain a second citizenship and passport by investing in the host country's economy. Requirements for the investment, and benefits associated to the citizenship vary by country. The OECD has in the past categorised these programmes as vehicles for tax avoidance, while countries offering them have insisted they perform due diligence on the topic. ECLAC (2017), An assessment of the challenges to Caribbean offshore financial centres: Saint Kitts and Nevis and Antigua and Barbuda.

⁹¹ ECLAC (2018), Economic Survey of the Caribbean.

⁹² As published by fade intelligence.

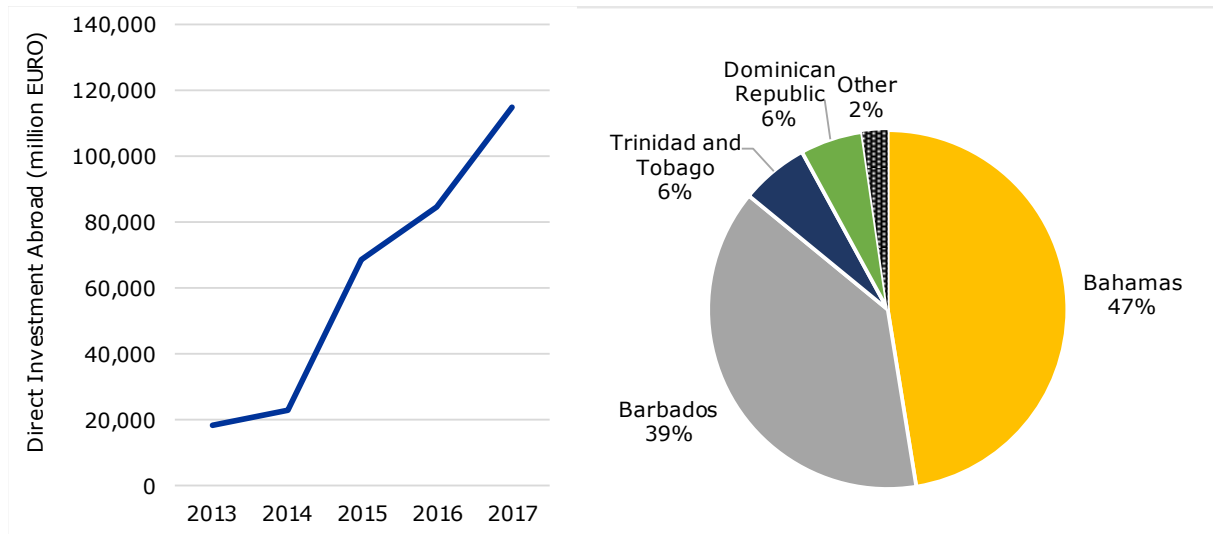
⁹³ ECLAC (2017), Foreign Direct Investment in Latin America and the Caribbean.

⁹⁴ MIT Atlas of Economic Complexity.

⁹⁵ These definitions follow John Dunning's typology of foreign investment, which explains the economic motives of investors. For more information see Dunning, J.H. (1993), *Multinational Enterprises and the Global Economy*.

⁹⁶ Market seeking FDI is characterized by factors such market potential, market dimensions, income per-capita and customer specific preferences. Efficiency seeking investments are generally export oriented and driven by lower costs of production combined with availability of skills and proximity to large markets.

Figure 5.34 EU Direct Investment Abroad in CARIFORUM (stock), 2017



Source: Eurostat.

5.2.4. Effects on third parties and EU Outermost Regions

The section looks at the effects of the EPA on third parties and OCTs and ORs⁹⁷ in the region. We specifically looked at the values for trade in goods between CARIFORUM and Caribbean Overseas Countries and Territories (OCTs) and Outermost Regions (ORs), to see whether conclusions can be drawn on trade of these economies has been diverted away as a result of the EPA.

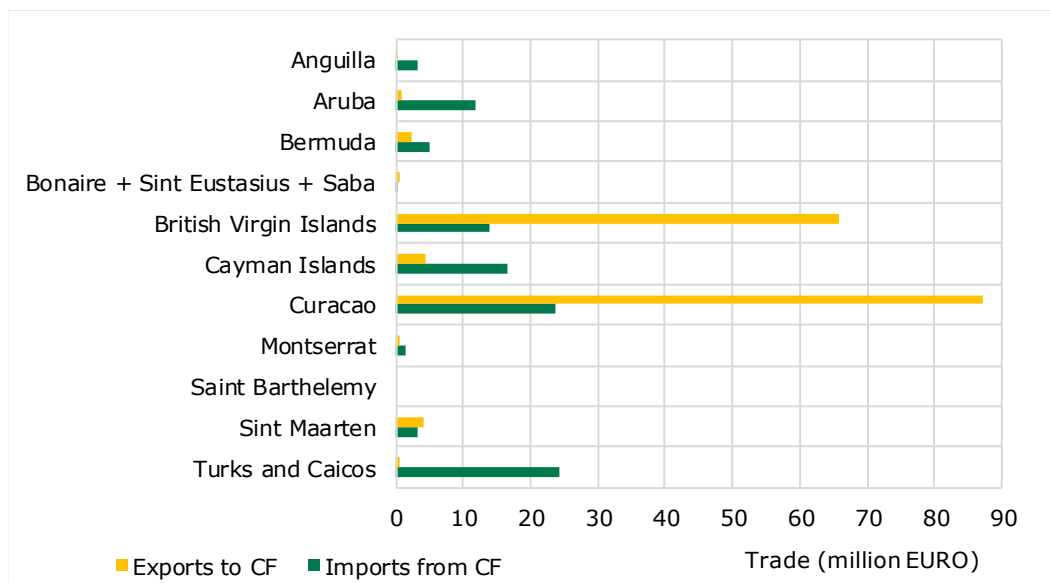
Regarding data and methodology:

- Given the small trade flows of several of these islands, yearly imports and exports fluctuate and can often be marked by one company's activities. This makes it difficult to judge to what extent trade has been diverted;
- Attribution of any additional (social, environmental) effects beyond trade on third parties to the EPA is hard, in light of the fluctuations and size of the trade flows.

The larger trading economies in the region exporting goods to CARIFORUM are Aruba, the British Virgin Islands, Cayman Islands and Curacao. Those with the more significant trade flows with the EU are the same group, but also include Bermuda. The largest exports flow to CARIFORUM from the region come from Curacao's and the British Virgin Islands and are almost entirely composed of mineral fuels and likely to be from the oil refineries on the islands. They are also almost entirely directed to the Dominican Republic.

⁹⁷ Some EU Member States have part of their territory located in areas of the globe that are remote from Europe. These regions are known as the outermost regions (ORs). The EU is furthermore associated to 13 Overseas Countries and Territories (OCTs) – which do not form part of the EU territory nor of the EU single market but play an important role as outposts of the EU in the areas where they are located. Source: https://ec.europa.eu/international-partnerships/where-we-work/overseas-countries-and-territories_en.

Figure 5.35 CARIFORUM trade with OCTs, 2018



Source: ITC, International Trade Statistics.

Looking at the development of OCT exports to the EU and their overall exports, we see no strong evidence pointing towards trade diversion. The share of Caribbean OR/OCT exports to the EU mainland on the European continent over their total exports did decrease in the past decade, but trends on a country-level are not as clear, as these mostly fluctuate on a yearly basis. On a positive note, some CARIFORUM business stakeholders pointed out that they use the ORs and OCTs because of the transport connections these countries have with the EU, or as a possibility to test the EU market. Although the scale of this seems limited, it does create new opportunities on/linkages with these islands.

OR trade levels with CARIFORUM are similar to the OCTs. CARIFORUM exported EUR 45 million to the regions of Martinique, Guadeloupe and French Guiana in 2018, approximately 1% of their total imports. This bulk of this is petroleum oils, petroleum gas, as well as iron. The share of CARIFORUM imports of ORs has not followed a clear trend over the past decade, reaching a peak in 2013 from a large butane importation from Trinidad and Tobago, but mainly fluctuating on a yearly basis. The low share, however, is more significant for particular products, including some tropical fruit, vegetables, rice, and some products such as candles and paperboard products.⁹⁸

A report commissioned by DG TAXUD⁹⁹ found little orientation to regional exports for local OR producers. Consulted companies did not report relevant exports to the region, either due to low interest or due to unsuccessful attempts. Stakeholders reported remaining customs tariffs and import restrictions, particularly on the side of OECs members states, high production costs in OR compared to neighbouring countries, limited maritime logistics and high shipping costs, as well as some language barriers and differences in consumer tastes.

In 2010 a programme was approved for to promote regional cooperation between the FCORs and the CARIFORUM States in the area of trade and investment. INVEST KARAIB was co-financed by ERDF and EDF resources and took a joint approach for the two regions to share statistics and participate in trade and investment promotion activities.

It should be noted that CARIFORUM countries express concern with the Octroi de Mer. As reported under the Implementation Report, the "Octroi de Mer" is an internal tax that applies to all products produced and imported in the French outermost regions, including products

⁹⁸ BKP Economic Advisors (2019), Consultancy Study on the Revenue Implications of the CARIFORUM-EU EPA with Respect to Trade in Goods.

⁹⁹ DG TAXUD (2020), Study on Specific Tax Regimes for Outermost Regions Belonging to France and Spain: Final Report, Publications Office of the European Union, Luxembourg.

imported from mainland France and other EU Member States, as well as products imported from one of these French outermost regions to another region. There are, however, certain derogations to the "Octroi de Mer" – the EU legislation (Council Decision No 940/2014/EU & Council Decision (EU) 2019/664 based on Article 349 TFEU) allows applying total exemptions or reductions to the "Octroi de Mer" for certain products manufactured locally, while these exemptions are not applied to the same products coming from outside the outermost regions, including from the EU or other OR. The maximum permitted tax differential is 30%.

In the EPA, an exception for the tariff elimination commitments exists for the French overseas territories only with respect to Bananas, Sugar and Cane or Beet Sugar and Chemically Pure Sucrose, in solid form (Annex II paragraph 9 of the EPA). In addition, according to the EU Commission, Article 239(4) of the EPA grandfathers the Octroi de Mer scheme, as it stipulates that "Nothing in this Agreement shall prevent the EC Party from applying existing measures aimed at addressing the structural social and economic situation of the outermost regions pursuant to Article [349 TFEU]"

In the recently finalized study by DG TAXUD - "Study on specific tax regimes for outermost regions belonging to France and Spain", - the final report (in annex E) finds a very limited potential impact of the "Octroi de Mer" on the regional trade flows patterns estimated in the maximum range of 1-2% of total trade. This estimation follows detailed analysis of very limited share of the intra-Cariforum trade in CARIFORUM in general.

Box 2 On the OR role in the EPA

The team received feedback from a public administration of an OR through the Open Public Consultation. In it, a public authority highlighted the benefits of the EPA. Firstly, it was explained as leading to better general knowledge of the customs regulations of EU. Secondly, an improvement of SPS rules and standards by CARIFORUM countries through the adoption of EU standards. Finally, it facilitated institutional dialogue in the region by offering a framework of economic and commercial exchange.

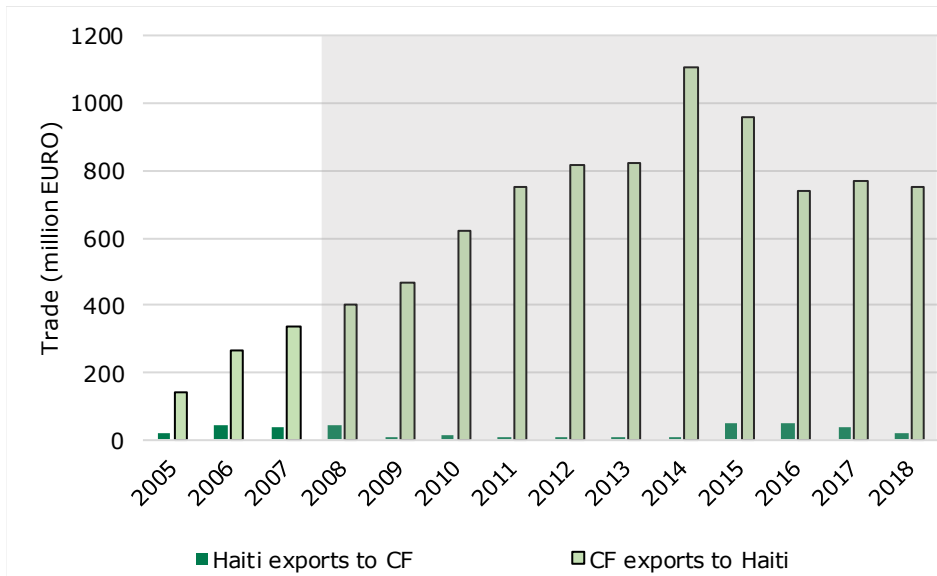
However, certain drawbacks were also mentioned. The respondent explained that the EPA negotiation rounds did not sufficiently involve the French ORs, stating "*the French ORs concerned should be included from the outset in discussions, round tables, meetings, working groups, etc. related to the negotiations*", explaining that they are the first to be able to facilitate commercial relations with CARIFORUM, given their geographic proximity and the cooperation actions already under way in the area.

Source: Open Public Consultation.

Trade with least developed countries (LDCs)

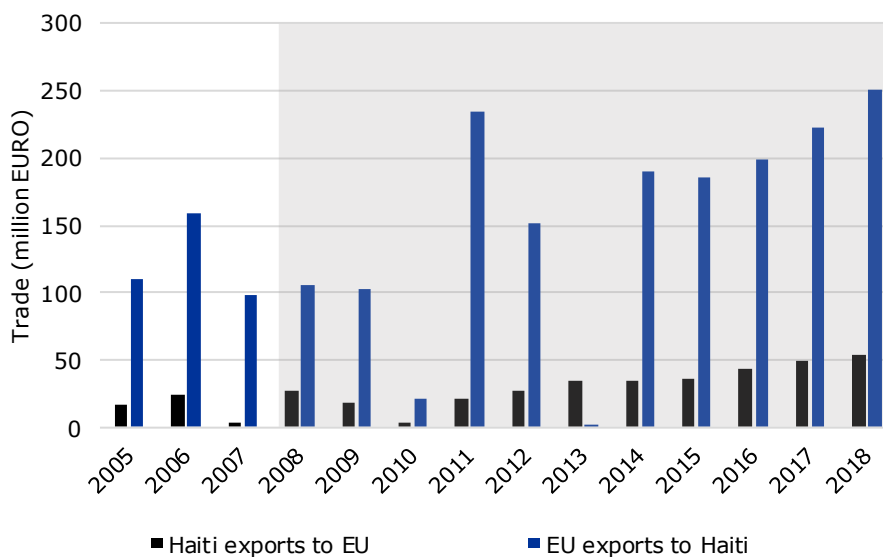
The only LDC in the region is Haiti. Despite being part of CARIFORUM, Haiti has not ratified nor provisionally implemented the EPA. Haitian exports to other CARIFORUM member countries were highest right after the EPA implementation but started to decrease shortly thereafter. They had since increased again in 2015. On the other hand, CARIFORUM exports to Haiti have increased drastically, with over 98% of these exports coming from the Dominican Republic. Looking solely at CARICOM trade with Haiti, we see much lower values, which also fluctuated a lot over the past decade. Trade between the EU and Haiti has also increased over the period, in both directions. Haitian exports to the EU28 have increased significantly, the largest share of which goes to France.

Figure 5.36 Trade in goods between Haiti and CARIFORUM, 2005-2018



Source: ITC, International Trade Statistics.

Figure 5.37 Trade in goods between Haiti and EU, 2005-2018



Source: ITC, International Trade Statistics.

The team has also looked at the development of product exports (namely, cocoa, sugar and bananas) of other LDCs to the EU28 for the period after the EPA's implementation to look for signs of trade diversion. The figures of export development for these two groups under these products are included in Annex E. The data do not allow for any clear conclusions. Both groups experienced similar trends over the time period, albeit with more pronounced increases and decreases in the LDC group.

5.3. Economic modelling of trade in goods

In this chapter, we have so far analysed developments over time. From an evaluation perspective, it is also interesting to assess the effects based on a counterfactual: what would be the situation if the agreement would not be in place?

As explained before, the CARIFORUM States had preferential access to the EU market before the EPA. However, this preferential market access was not in line with WTO rules, and therefore, this could not be continued. That implies that the counterfactual (i.e. the situation without the EPA in place), would not be the preferential access from before the agreement, but MFN rates.

For the situation with the EPA in place, we have tried to collect currently applied tariffs levels on trade between the EU and CARIFORUM. However, given the lack of transparency on tariff rates in some of the CARIFORUM countries, we have not been able to collect that information for all countries, but only for the Dominican Republic, Grenada, Jamaica and St. Lucia.

These data have been subsequently used by DG Trade for a partial equilibrium modelling exercise, to estimate the effects of EPA, by comparing a situation with currently applied rates to a situation with MFN rates. As the model makes this comparison at one point in time, it provides a snapshot of the EPA effects on trade, and is not covering the full evaluation period. In addition, it only captures the effects related to tariffs, and not of other elements of the EPA.

The full details of the modelling are available in Annex F. The assessment was conducted with a partial equilibrium model, which does not provide results for macroeconomic indicators like GDP, and does not consider indirect effects like value chain or price effects. Despite these limitations, the model results provide some insights into the relative size of the effects and into the differences per sector.

Table 5.8 shows the results for total trade flows between the EU and the four countries for which data were available. It shows that both EU exports to and imports from CARIFORUM countries are estimated to increase. The size of the effects by country partly reflect the size of the four economies. In absolute numbers, the estimated effects do not differ much between imports and exports, except for Jamaica, from which the EU is estimated to import much more than it would export. In relative terms, the estimated EU imports from CARIFORUM increase much more than EU exports to the region as a result of the EPA, except for Grenada, for which the difference in relative increase is small.

Table 5.8 Effect of the CARIFORUM-EU EPAs on EU bilateral trade flows in goods

Partner country	Change in EU Exports		Change in EU imports	
	million EUR	%	million EUR	%
Dominican Republic	323	20	326	45
Jamaica	35	9	76	42
Grenada	4	12	1	9
St. Lucia	5	8	7	119

Source: DG TRADE simulations. Numbers are rounded.

In terms of sectors, the four CARIFORUM countries are estimated to experience significant positive effects on exports (vis-à-vis a situation with MFN rates) notably in the food sector (Vegetables and fruits, Sugar, Vegetable oils, Fisheries, Other food, Beverages and tobacco), while there are also a number of industrial products that record significant positive effects (Textiles, Wearing apparel, Leather, Chemicals, rubbers and plastics, Other minerals and Manufacture of motor vehicles). The relative importance of these sectors differs by country, and for a detailed overview, we refer to Annex F.

On the CARIFORUM import side, the effects are most significant for industrial sector, with estimated increases above 10% for the majority of industrial products.

5.4. Regional integration

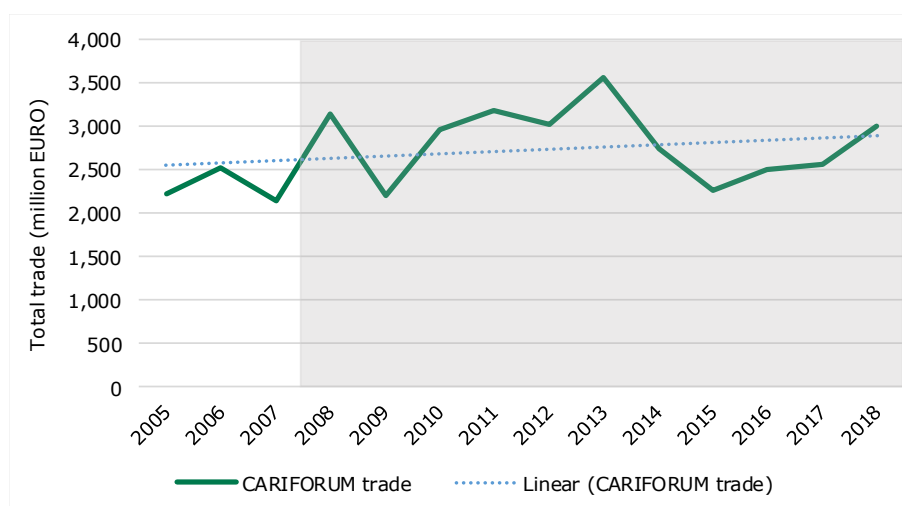
Under the EPA, CARIFORUM states committed to offering each other the same preferences they had given the EU, a measure meant to support the region's integration process that began with the CARICOM Single Market and Economy (CSME) in 1990. This integrated development strategy seeks to deepen economic integration in the region, widen the membership of CARICOM and strengthen the region's position in the global

trade.¹⁰⁰ The EPA has further solidified these efforts through the commitment of equal preferences and direct support to the creation of the CSME, as referred to in the development cooperation chapter:

- This section draws on available trade data in goods to map a picture of trade flows in the region. The ITC trade statistics database was used to compare trade flows across the CARIFORUM countries;
- As regional integration in CARICOM has been an ongoing exercise previous to the EPA, there exists an extensive body of literature on the subject, on which we have drawn;
- Finally, consultations have also included the regional integration aspect to further gather information on the ground.

Figure 5.38 shows the CARIFORUM regional trade over the past decade. Intra-regional trade in CARIFORUM has increased over this period, albeit with strong fluctuations. Regional trade in goods increased strongly between 2009 and 2013 but experienced a drastic decrease in 2014. Values have since recovered and for 2018 were higher than the pre-EPA levels.

Figure 5.38 CARIFORUM regional trade in goods, 2005-2017



Note: CARIFORUM calculated as the CARICOM regional aggregate, with the Dominican Republic and without Montserrat and Haiti.

Source: International Trade Centre.

The figures below present more details on the involvement of the different CARIFORUM countries in intra-regional trade. For better readability, the arrows in Figure 5.39 are accompanied by trade values for flows above EUR 50,000, whereas trade flows between EUR 10,000 and EUR 50,000 are only marked as a line. Trade flows with values below EUR 10,000 are not included on the map. Based on the intra-regional trade flows, the strongest trade relationship is between the Dominican Republic and neighbouring Haiti, with exports of nearly EUR 740 million of diverse products, including finished products like apparel and clothing or plastic articles, as well as iron, steel and cotton. Haiti is Dominican Republic's second export market. Likewise, exports from Trinidad and Tobago are strong, mainly to Jamaica and Barbados. These exports are, unsurprisingly, mainly composed of mineral fuels, but also include mineral water and some prepared foods.

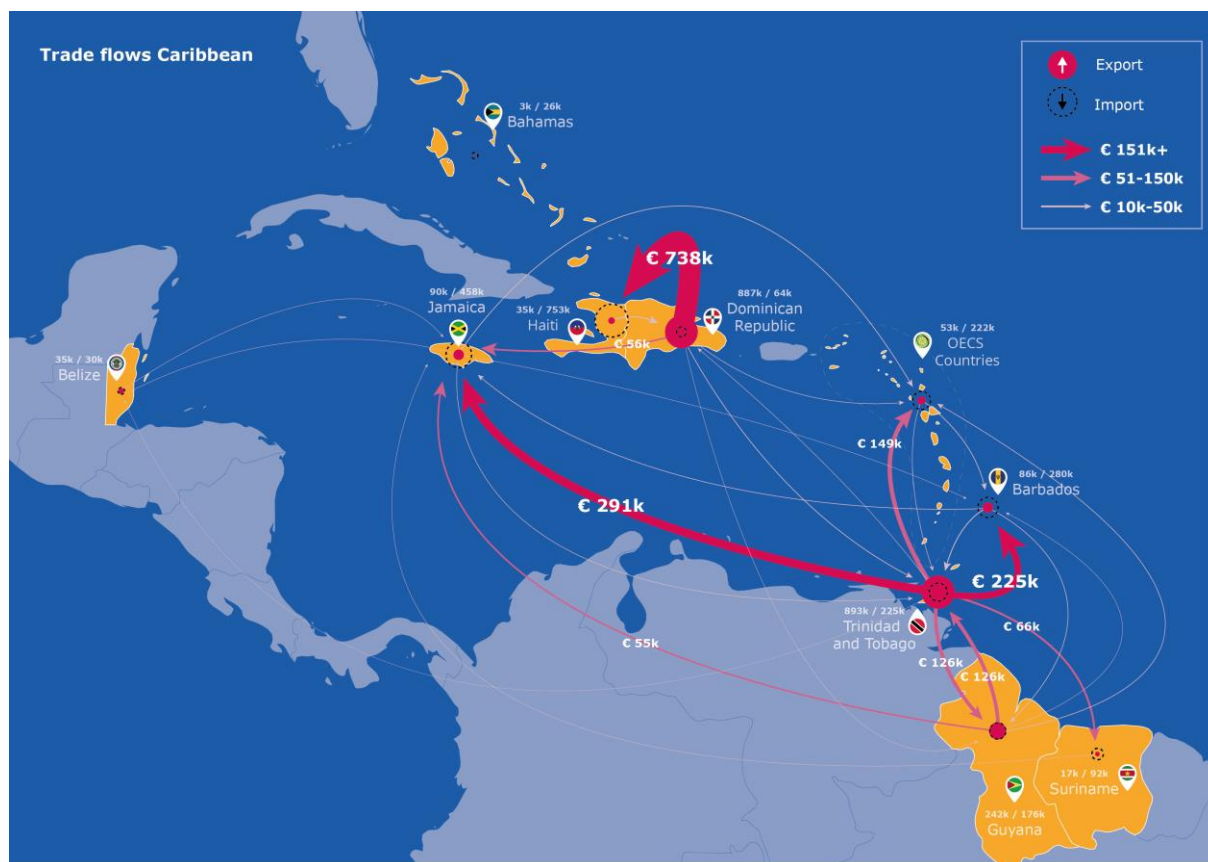
Jamaica is an important hub in the region, receiving several other countries' exports. This can at least partly be attributed to the country's position as a transshipment hub, where regional products are collected together before embarking on longer shipments.

Regardless of some growth, intra-regional trade still faces barriers. Despite the proximity of the countries, shipments are infrequent and move from country to country to

¹⁰⁰ However, not all CARIFORUM (and CARICOM) members are part of the CSME, as not all of signed the Revised Treaty of Chaguaramas.

accumulate more products, making the journeys long and expensive. Furthermore, as evidenced in both the evaluation's team review of the EPA implementation, as well as in the stakeholder consultations, intra-CARIFORUM trade is limited because of unequal applications of trade rules and the perception of there being no level playing field.

Figure 5.39 Regional goods trade flows (in thousands), 2018



Note: Trade figures expressed in thousands, so that EUR 738k in the figure equals a trade flow of EUR 738 million.

Source: Data from International Trade Centre, figure Ecorys.

The largest regional exporter and the main source of regional imports for most CARIFORUM countries is Trinidad and Tobago. However, other significant trade partners trade relation exists between Guyana and Barbados (EUR 35 million), the Dominican Republic and Haiti (EUR 770 million total), Jamaica and the Dominican Republic (EUR 61 million total, particularly with Jamaica importing from the DR), OECS imports from Jamaica (EUR 26 million), Belize imports from Jamaica (EUR 11 million) and Bahamas importing from the Dominican Republic (EUR 9.5 million).

Table 5.9 Regional goods trade flows (EUR million), 2018

Exports from / to	Barbados	Dom. Republic	Guyana	Jamaica	Suriname	Trinidad and Tobago	OECS	Bahamas	Belize	Haiti
Barbados		1.9	21.7	21.3	3.8	31.8	1.3	2.8	1.3	0.4
Dom. Rep	8.9		12.4	56.2	6.0	24.2	20.0	9.5	1.9	738.8
Guyana	13.1	7.4		55.9	10.0	126.2	22.7	0.2	1.4	6.0
Jamaica	11.4	4.8	8.5		4.9	17.1	25.9	3.4	11.4	3.2
Suriname	0.2	0.0	2.5	12.5		1.0	0.1	0.0	0.0	1.1
T&T	225.4	16.7	126.2	291.7	66.3		149.8	4.1	10.5	3.2
OECS	14.4	1.2	4.7	4.5	1.2	17.1		6.4	3.6	0.6
Bahamas	0.1	0.6	0.0	0.4	0.5	0.1	1.3		0.0	0.1
Belize	7.4	0.2	1.0	12.8	0.3	7.8	1.1	0.0		0.3

Haiti	0.1	32.2	0.0	2.8	0.1	0.2	0.0	0.2	0.0
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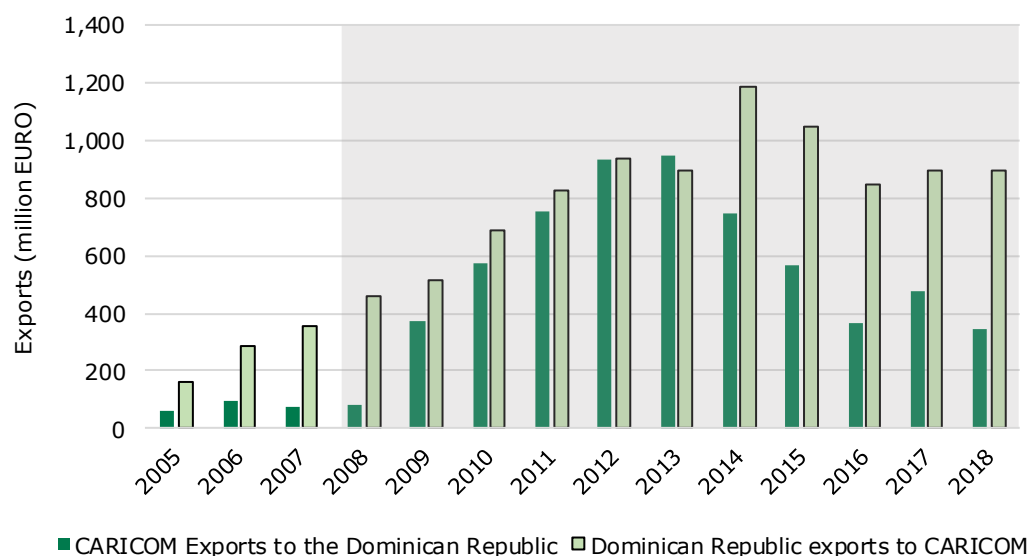
Source: International Trade Centre.

Based on the developments over the evaluation period, trade integration in CARIFORUM seems to be driven by the Dominican Republic’s trade with CARICOM.

Trade integration between CARICOM and the Dominican Republic has increased. Exports from the Dominican Republic to CARICOM having increased substantially over the past decade – a trend that began before the implementation of the EPA and reached a peak in 2014, and decreasing but stabilising in the following years. According to one stakeholder, the increase of exports from the Dominican Republic to the region could also be the result of the government policy to promote these exports to the region. A Barbados-based business additionally explained that the EPA and all that surrounds it seems to have increased awareness of the CARICOM-Dominican Republic trade agreement, particularly for CARICOM importers.¹⁰¹ The Dominican Republic has therefore nearly doubled its market share in CARICOM imports, representing 2% in 2007 right before the implementation of the EPA and reaching 4% a decade later, in 2017.

CARICOM exports to the Dominican Republic increased sharply after 2008, reaching a high point during 2012 and 2013 but have since decreased. Volumes are, however, significantly higher than in the period previous to the implementation of the EPA. Likewise, for the share of CARICOM exports in total Dominican Republic imports, after a strong peak in 2012-2013, the share has dropped to around 2%. The largest CARICOM partner of the Dominican Republic is Trinidad and Tobago, and the largest imported commodity is fuel. In 2018, fuel made up 88% of the exports from Trinidad and Tobago to the Dominican Republic. The imports of this products also explain a large part of the increase and subsequent decrease of imports from CARICOM. The Dominican Republic’s export composition to the region is much more varied with articles like plastics, clothing and edible preparations being some of the more significant ones.

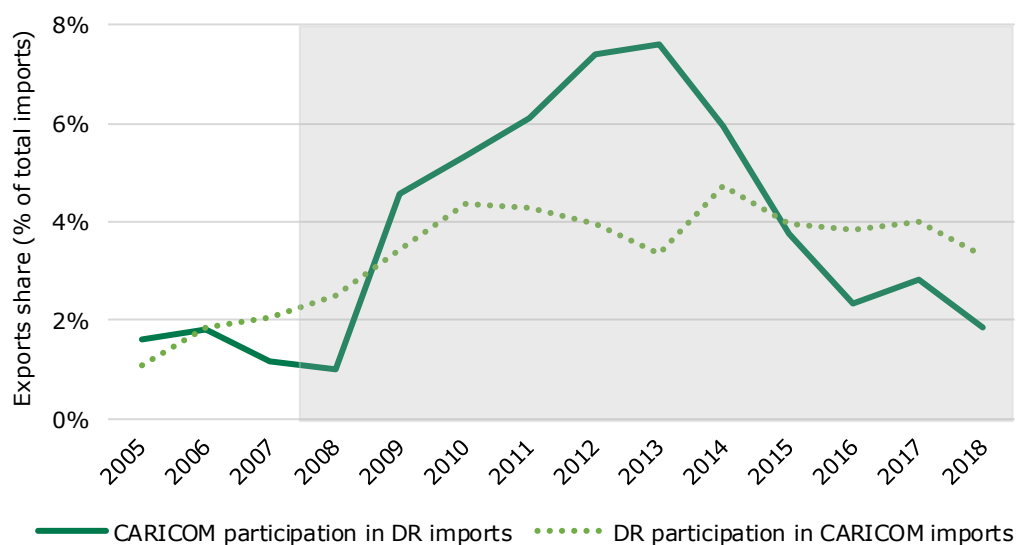
Figure 5.40 Trade between CARICOM and the Dominican Republic, 2005-2018



Source: ITC International Trade Statistics.

¹⁰¹ Shared by a stakeholder through the OPC.

Figure 5.41 Market shares between CARICOM and the Dominican Republic, 2005-2018



Source: ITC International Trade Statistics.

The efforts to strengthen regional integration in the Caribbean is an exercise that has been ongoing for several decades, notably in the context of CARICOM, and therefore recent changes cannot be attributed to the EPA alone. Despite the fact that efforts to cement the CSME have been ongoing for a long time, progress in implementation has been unbalanced and encountered multiple roadblocks. Slow progress has been attributed to capacity constraints among Member States, insufficient support to CSME focal points and lagging reporting or outreach efforts.¹⁰² However, consultations in the region identified some momentum picking up in regional integration and stakeholders expressed some cautious optimism on current efforts. A regional chamber of commerce (CARICHAM) is being set up to share lessons learned and good practices. Similarly, a regional private sector organisation, CARICOM Private Sector Organisation (CPSO) has been set up by large firms to promote intra-CARICOM trade and to coordinate production across the Caribbean region. The CPSO is further championing a regional stock exchange.

The EPA also encourages further economic integration in trade in services across the region. These are covered in all regional integration efforts, with the free movement of services embedded in the CARICOM CSME and also addressed in the CARICOM-DR FTA. While full liberalisation has not been achieved across CARICOM, and the implementation FTA with the Dominican Republic still requires progress, consultations showed that services providers do experience fewer barriers in providing services in the region than they do to the EU. Box 3 shows an example of trade in services across the region.

¹⁰² CARICOM Today (2019), CSME: Poor Implementation Performance Appraisal. See at: <https://today.caricom.org/2019/07/17/csme-poor-implementation-performance-appraisal/>.

Box 3 Providing training services across CARIFORUM: Quality Systems Solutions & Initiatives consultancy

Quality Systems Solutions & Initiatives is a consultancy SME providing training for certification based in Kingston, Jamaica. The owner has a background in quality infrastructure and set up her own company to guide others and provide adequate training to apply for a number of certifications. While based in Kingston, the company's trainers also provide services in Belize, Antigua, Grenada and St. Lucia, but mostly in Belize. Jamaica is further ahead than other regional countries in terms of the quality infrastructure, so there is a real demand for these types of services in the region.

As expressed by the owner, the company has not experienced any barriers in providing these services to the other CARIFORUM countries. Other than a lack of frequent flights, and impractical flying connections, there is no paper work involved, nor is a work permit expected.

Source: Interview with owner.

5.5. Business environment

Given the role of economic operators, i.e. the private sector, in the implementation and impact of EPA, this section was added to the report to shed more light on the business environment context, the private-sector landscape and the use of EPA preferences by economic operators. Before presenting this information, it is important to note that the channels through which the EPA contributes to the business environment are mainly by (development) cooperation (set out in detail in section 3.2) and by creating an improved and more harmonised trade-related environment in the region. The latter can relate to improvements in transparency, but also more harmonisation in areas like competition, customs and IPR in specific sectors.

In carrying out this assessment, the team relied firstly on the outcome of the Implementation Report based on which a series of targeted consultations were carried out. Secondly, a number of sectoral assessments have been undertaken to provide further information on the context of the business environment in relation to key sectors such as beverages, the creative industry, tourism and dairy, which will be incorporated in the final report.

The business environment in CARIFORUM countries varies considerably, but overall it is clear that business regulations in the region remain cumbersome. As such the region suffers from structural impediments. First, because of their locations and resources, companies face relatively high costs in terms of energy and infrastructure. The size of the countries also implies that relatively more intermediate inputs have to be sourced from abroad, further increasing costs. Because many companies are SMEs and produce in small quantities, the quantities shipped typically amount to a pallet and not a container, which increases costs as well. In addition to higher costs, many states, especially the smaller ones, have slow and infrequent connections to markets. Some companies indicated they use warehouses in the US or other countries to overcome the challenges. Others simply struggle with lead times measured in months, not weeks.

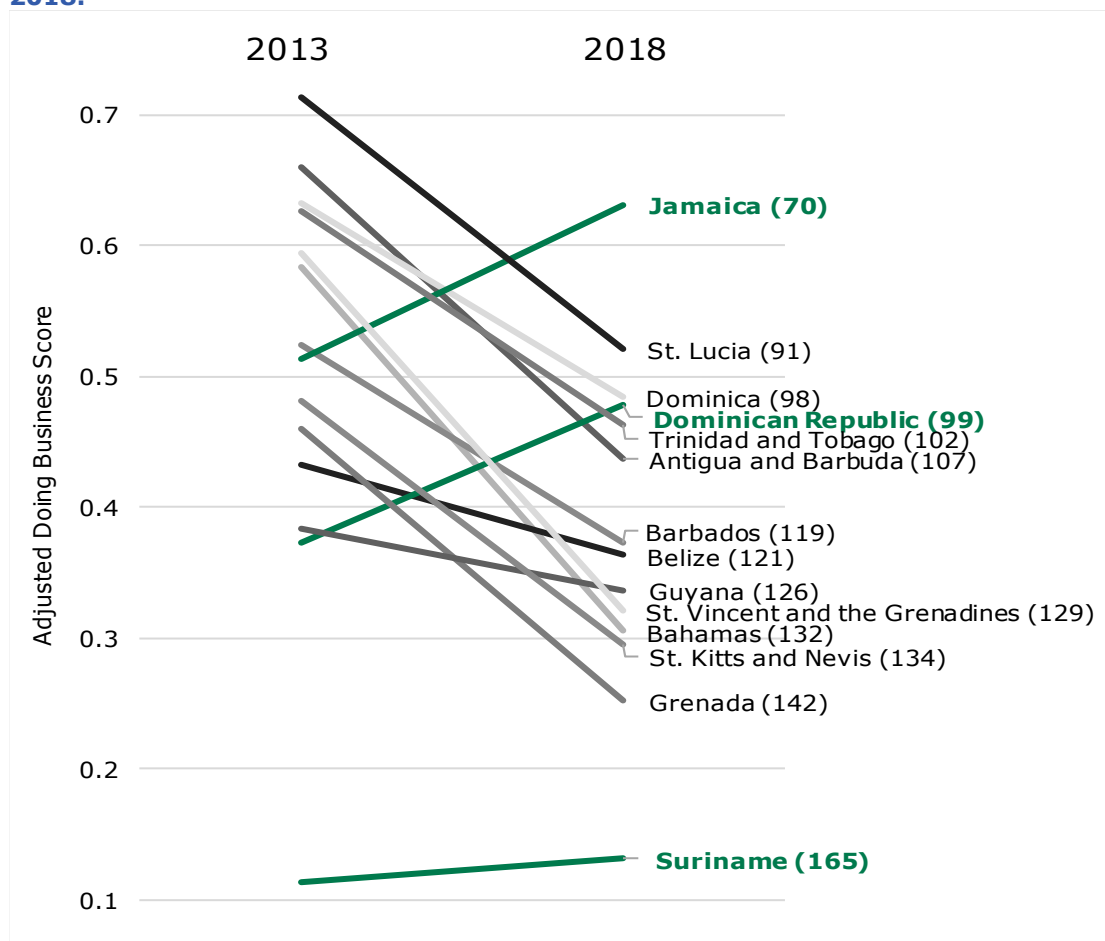
The lack of transparency on rules, regulations and procedures, both in the domestic market and in export markets, further impedes potential inward investment (see also Chapter 3). Stakeholders also indicated that the national policy framework and strategy to support and promote private-sector growth could be improved. An additional constraint is a lack of access to credit for companies in the region. According to the IDB, this is because the financial sectors in the region are underdeveloped and do not inter-mediate between savers and investors. This, added to a lack of collateral, poor credit information and legal systems that favour large business and those with property limit access to financing.¹⁰³

The relatively poor performance in the business climate is reflected in the World Bank's *Doing Business* rankings, where the highest ranked CARIFORUM country (Jamaica) is only ranked 71st out of 190 nations in the 2020 report. The lowest-ranked

¹⁰³ Inter-American Development Bank (2009), Enhancing Access to Finance in the Caribbean, PSD Discussion Paper #4.

(Suriname) is placed 162nd. The region underperforms in the areas of registering property and getting credit. Also, in the category of trading across borders, many CARIFORUM countries score relatively low. Figure 5.42 shows that only Jamaica, the Dominican Republic and Suriname have improved their performance over the last five years.

Figure 5.42 Doing business score in the CARIFORUM countries (adjusted), 2013-2018.



Note: Adjusted Doing Business score used to compare ranks over years with different numbers of economies considered for the study. The adjusted score is calculated as $1 - (\text{country rank} / \text{total number of economies})$.

Source: World Bank Doing Business Reports.

Because of these business environment challenges, the success stories of exports are often found in products or services that are specific to the region (e.g. bananas or Caribbean rum), or where cost factors are somewhat less important (e.g. creative industries).

The business climate also affects EU exporters and investors. Interviews with several European business associations in the region highlighted the many idiosyncratic issues exporters and investors face. While on paper processes and regulations are often straightforward, in practice they face a multitude of issues. Issues that are often difficult to resolve, especially for exporters and investors with limited familiarity with the region or country and limited personal connections. In the case of the Dominican Republic, Law 173 on Protection to Importer Agents, gives foreign suppliers very little flexibility in terminating the agent or distributor appointed for their goods, even when performance is not satisfactory. This arrangement, which can only be broken through paying a fine or arguing just cause, was described as stifling by European exporters. Investment without political backing or the right connections was described by another European business association as a frustrating experience, despite existing incentives. Furthermore, there are some specific business climate challenges in the smaller island countries, as these, given their small size, often have gaps in their institutional and regulatory frameworks.

Private sector landscape

Next to the business environment, the fact that the business community mainly consists of SMEs also plays a role in explaining the internationalisation performance. As one SME representative pointed out, these companies often lack the sources (finance and skills) to be able to undertake the investment required to start exporting. The fixed costs associated with doing business abroad (e.g. complying with regulations, investments in market knowledge) are more difficult to bear for them than for larger companies.

Role of the EPA

The EPA has contributed to improvements in the business environment, for example in the field of competition, increased transparency, lower market access barriers, etc. (see also Chapter 3). In addition, the development co-operation projects have helped to improve the business environment, e.g. with projects in the field of quality infrastructure, the creation of a regional export promotion agency, etc. (see also Chapter XX). Nevertheless, important constraints remain, and based on the information available, it is not clear to what extent the development co-operation projects have helped to overcome the barriers and increase trade and investment by the private sector.

5.6. Use of EPA Preferences by Economic Operators

Economic operators make use of free trade agreements by utilising the preferences set out in those agreements. The reasons for using or not using these preferences are diverse, and further explained below. Preference Utilisation Rates (PUR) however, do provide some insight into economic operators' level of engagement with the Economic Partnership Agreement:

- This section relies on Eurostat data for the internal calculation of the PUR for the region. Trade data categorised by trade regime are available for EU imports, which allow for the calculation of PUR for CARIFORUM exporters into the EU but not for EU exporters in CARIFORUM;
- As Eurostat provides the data for import values by *eligibility* and *trade regime*, this allows for a calculation of the share of imports that utilised the preferences relative to those that were eligible to do so.

While the EPA grants reciprocal preferential market access to the EU and the CARIFORUM market, exporters might not necessarily be able to use these preferences.¹⁰⁴ A major barrier to the use of preference can be rules of origin. These have been defined in Protocol I of the EPA, with the provision that these are subject to review and modification. Annex II to the protocol specifies the requirements on value-addition and processing that need to be satisfied for a product to be considered as originating from an EPA country. A specific feature of the EPA is cumulation, which under certain conditions allows an export product to qualify for preferential treatment even if a significant amount of imported intermediate inputs from other ACP states, European OCTs, South Africa or neighbouring developing countries were used in its production.

The available evidence on preference use is somewhat limited, in particular with regards to EU exports to CARIFORUM countries. These exports are typically less of a concern. Given the size and depth of the EU market value-addition within the EU tends to be comfortably above the thresholds required to confer originating status on an export. EU customs authorities and most exporters are familiar with the practical application of rules of origin. The only CARIFORUM country for which this data is available is the Dominican Republic, with a PUR for EU exports of 56.2% in 2018.¹⁰⁵ A detailed Preference Utilisation Study realised by the EUD

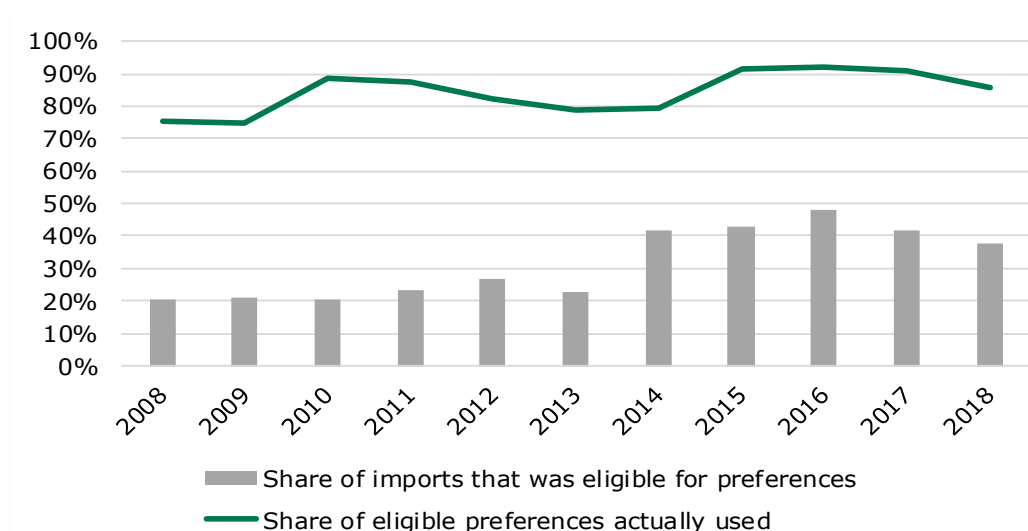
¹⁰⁴ It is also possible that exporters might choose not to use preferences, for examples, if the margin over MFN is too small to warrant the effort; or if they do not trust their country's customs authority to issue (expeditiously and in full transparency) the certificates of origin they would need.

¹⁰⁵ Available at: <https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>

in DR in 2018¹⁰⁶ points towards several reasons for the low rates, including low awareness of the EPA, inability to locate and interpret the tariff reduction schedule, customs systems for EPA preferences differing from those for other FTAs and finally, a tendency for customs official to lean towards not granting preferences.

With regard to CARIFORUM exports to the EU, the evidence mainly stems from Eurostat statistics (derived from customs declaration) and our interviews with stakeholders. In general, preference utilisation rates are high, increasing from 75% in 2008 to 85% in 2018. Given several structural factors that might impede the use of preferences this is respectable. First, CARIFORUM exports are limited, and thus exporters might lack the resources, experience and the wherewithal to effectively use preference. Second, given the small size and limited industrial capacity of most CARIFORUM countries, imports of intermediate inputs are critical for most producers. This, however, might affect the originating status of exports.

Figure 5.43 Preference utilisation rates of CARIFORUM exports to the EU, 2008 to 2018



Source: Eurostat Comext.

While preference utilisation rates are high, the share of imports that are eligible for preferences is low, below 30% before 2014, and below 50% thereafter. This is explained by the high share of commodity exports of CARIFORUM. For six major CARIFORUM economies – Barbados, Dominican Republic, Guyana, Jamaica, Suriname and Trinidad & Tobago – preference utilisation rates are typically at comparably high levels.¹⁰⁷ At the same time, the share of imports that is eligible for preferences differs significantly. This share is particularly low for Trinidad & Tobago, a country for which hydrocarbons and related products represent a significant share of the export basket. Further disaggregation of import eligibility is shown in Annex E for two example countries, which show that the majority falls under MFN rates.

We also note that overall preference use has been increasing over the years, indicating that exporters increasingly learn how to effectively use preferences and access the EU market. While limited data are available on the use of preferences by sector, the interpretation is challenging. Organic chemicals seem to present very high rates of preference availability and usage, except in the Dominican Republic and Trinidad and Tobago, where the availability of preferences has been decreasing over time. Inorganic chemicals similarly present an overall consistent almost complete usage of the available preferences, although Suriname, Jamaica and the Dominican Republic have been experiencing a decrease in preferences for which they could take advantage.

¹⁰⁶ AETS & CARDNO, 2018, Análisis del uso de las preferencias del Acuerdo de Asociación Económica UE-CARIFORO.

¹⁰⁷ These six economies are the focus of this section, as preference utilisation rates for smaller economies with far more limited exports are hard to interpret. Furthermore, data availability for the smaller countries is often limited.

There are varied results across various sectors. Beverages have been very volatile, with no notable trend being visible for the countries in question, although there were seemingly enough data to be analysed for most nations. Sugar and sugar confectionery present a positive trend for the usage of preferences, while the share of goods from this sector which were eligible for preferences was very high for the observable time period. The trends seem a little more volatile in Suriname and Trinidad and Tobago, but the overall trend of the trading block seems to indicate that more companies are learning how to make more use of the trade agreements. For the essential oils and perfumes sector, the data are very volatile or exhibit a drop in the usage of preferences, while the availability itself is dropping for most of the analysed countries. Sectors that have very high availability and usage of preferences across the board are cereals, fish, footwear and apparel. Lastly, the wood sector overall has very low use of preferences, highly volatile trends, but also a scarcity of data.

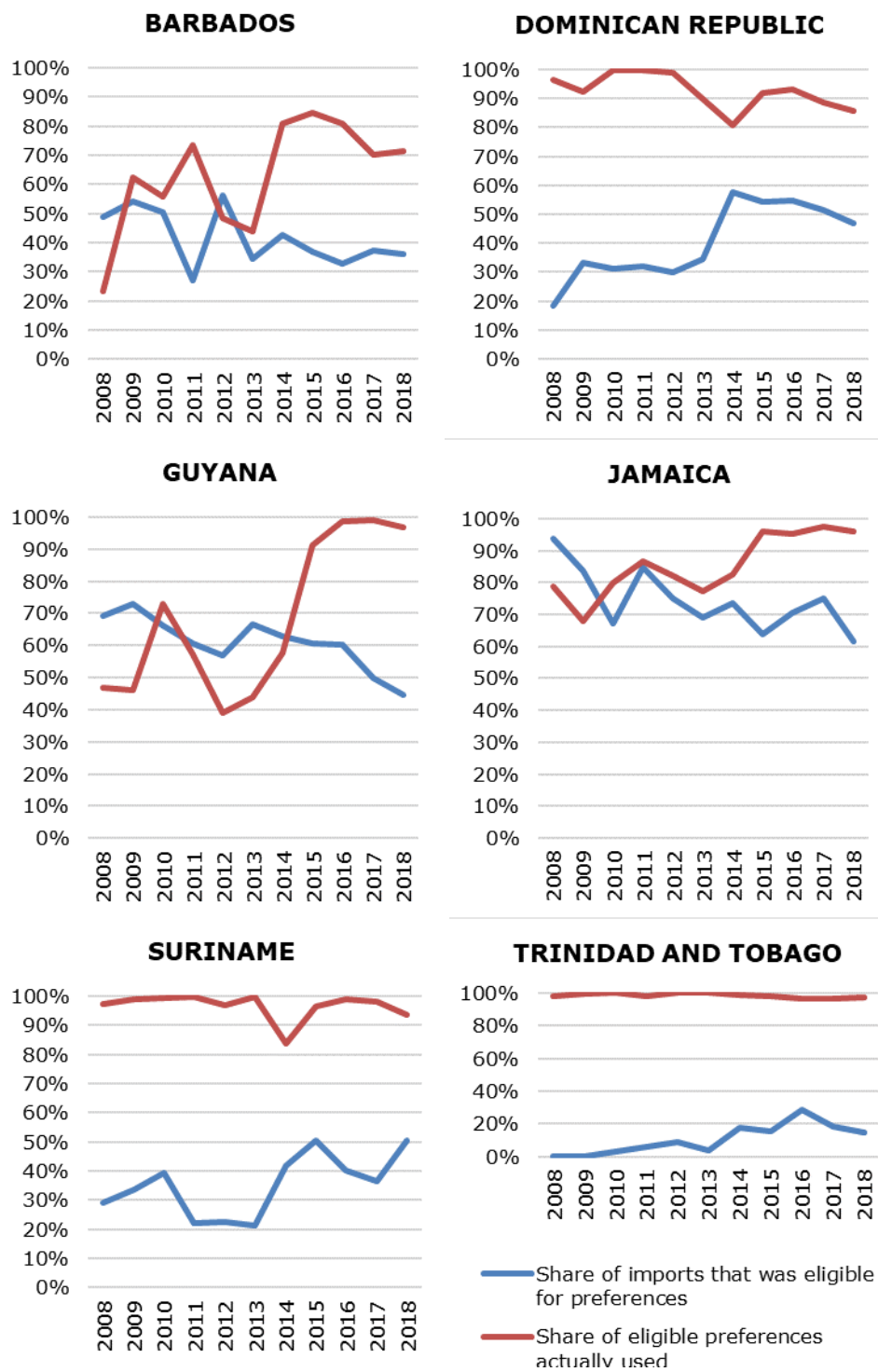
Stakeholder consultations did not indicate that rules of origin are seen as a major issue by exporters.¹⁰⁸ While intermediate inputs are often sourced from outside the Caribbean, sourcing decisions are mainly driven by price and quality, and not rules-of-origin considerations. In the stakeholder consultations with business, exporters shared examples of sourcing of inputs from outside the region:

- Peanuts from Brazil for a peanut butter producer in Suriname. Grapes from Spain for a wine producer in the Bahamas;
- Tobacco leaves from Panama, North Carolina, Paraguay for a cigar producer in the Bahamas;
- For some rum/food/cosmetics producers, bottles and packaging from Trinidad & Tobago, Europe, China, US.

Access to information on rules of origin is mainly through two channels. Producers, and in particular larger ones, often do their own research, relying on specialized service providers or their own staff. The other source of information is Carib Export (CEDA), and their informational brochures and more practical advisory services.

¹⁰⁸ However, there might also be an inherent bias in these consultations, as those producers already exporting are also those who evidently were able to overcome any barriers related to rules of origin and the use of preferences.

Figure 5.44 Preference utilisation rates by country for exports to the EU, 2008 to 2018



Source: Own calculations, based on Eurostat.

5.7. Business performance and economic diversification

Based on the intervention logic of the EPA, included in Annex B, the EPA should not only lead to increased trade and investment, but also contribute to diversification, local value addition, improved supply capacity and innovation.

The limited resource base and inability to create large economies of scale of small countries make economic diversification critical to build resilience. The same goes for the export portfolio. Diverse economies soften external market shocks and help make economies more robust. Smaller states, which do not have the domestic demand to support diverse industries, must rely on export markets even more. Diversification strategies have been a part of Caribbean, and especially OECS countries' policies for several decades.

As an instrument, EPAs intend to support trade diversification by shifting ACP countries' reliance on commodities to higher-value products and services.¹⁰⁹ The EU is the main destination for agricultural and manufactured goods from ACP countries, but commodities (e.g. oil) still form a large part of ACP-EU trade. While individual CARIFORUM countries have diverse compositions with different trends, aggregated data for the regions show small, yet positive signs of diversification.

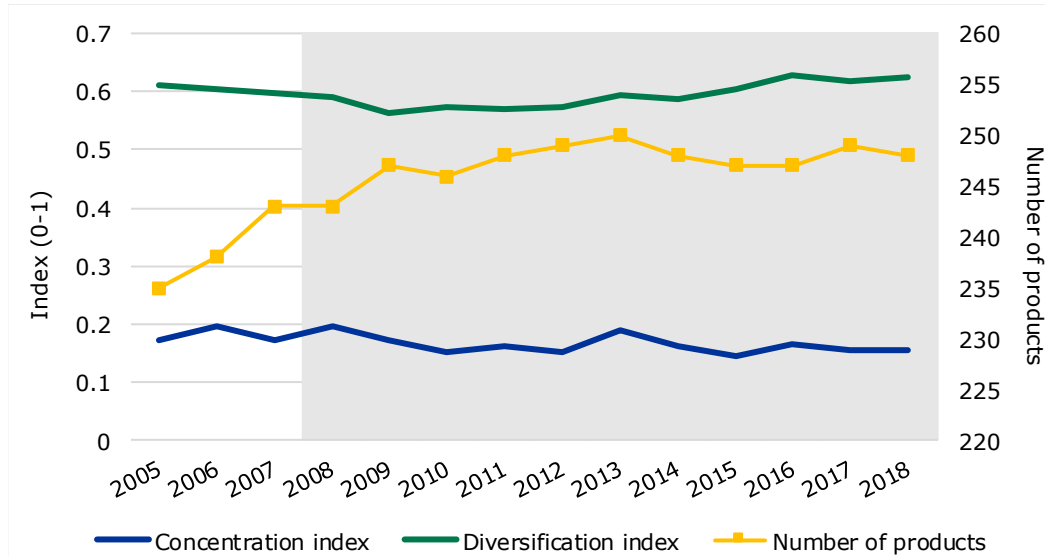
UNCTAD Stat provides several trade indicators showing product concentration and diversification indices of exports and imports. While these are not calculated separately for each economy, the database provides data for the ACP Caribbean States.¹¹⁰ The three indicators on export diversification are the concentration index, the diversification index and the number of products (at three-digit SITC level) being exported:

- **The product concentration index shows to which degree exports and imports of individual economies or groups of economies are concentrated on a few products rather than being distributed in a more homogeneous manner among several products.** The concentration index has decreased from 0.20 in 2008 to 0.16 in 2018, showing an improved distribution in the export portfolio of the ACP Caribbean States;
- **The diversification index indicates to what extent the structure of exports or imports by product of a given economy or group of economies differs from the world pattern.** While the CARIFORUM diversification index decreased shortly after the crisis, it has been increasing over the course of the implementation of the EPA. While the index was at 0.65 in 2008 it increased to 0.72 in 2018, showing a move away from the world pattern;
- **The number of products exported by the region has increased over time, with a trend that began before the implementation of the EPA.** While there was a slight decrease after 2013, the total number of products is still higher than they were a decade ago.

¹⁰⁹ <https://ec.europa.eu/trade/policy/countries-and-regions/development/economic-partnerships/>.

¹¹⁰ Including the economies under the scope of this study, plus Cuba and Haiti. Another suitable aggregate used by UNCTAD is that of CARICOM, which includes Montserrat and Haiti but excludes the Dominican Republic. While the number of products exported fluctuate stronger for this aggregate (due to being composed of smaller economies), the changes in the concentration and diversification index are similar – with an even stronger increase in the diversification index.

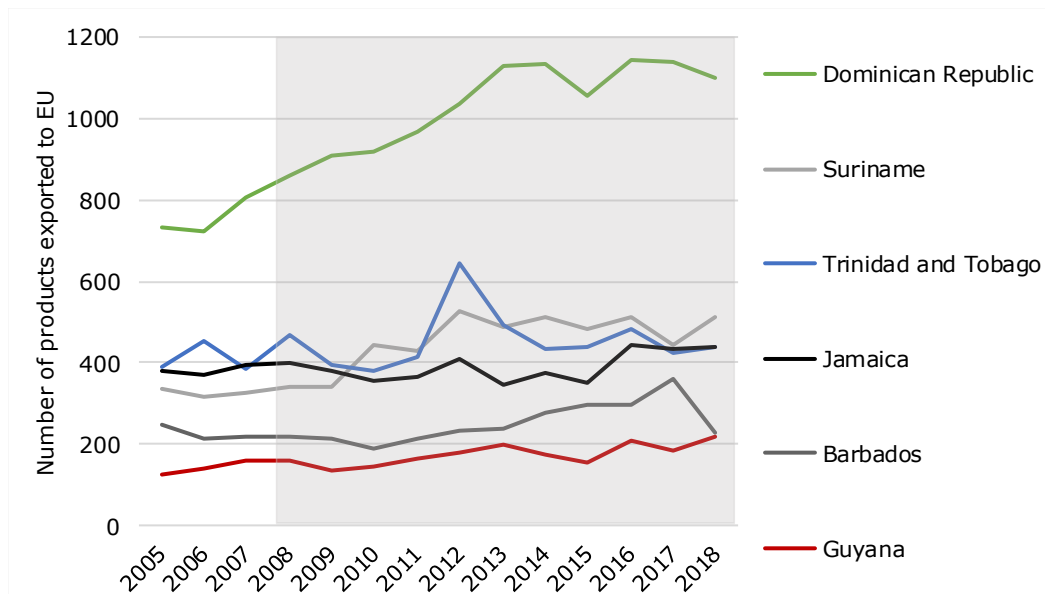
Figure 5.45 CARICOM export diversification indicators, 2005-2018



Source: UNCTAD Stat, Herfindahl-Hirschman Index (Product HHI) and Diversification Index.
 Note: Number of products exported (or imported) at the three-digit SITC, Rev. 3 level.

The growing number of exported products by the region also applies when looking solely at exports to the EU, although trends differ per CARIFORUM country. Looking at the larger economies, we see a massive growth for the Dominican Republic and Suriname, and smaller, but still significant growth in number of exported products for Barbados and Guyana. While it is important to keep in mind that some “new products” might represent previously unrecorded trade flows, the significant numbers do point towards new trade flows created in the time period. Most European have a decreasing trend and while other similar countries (SIDS and developing countries in Africa and LATAM) also have increased the number of exported products the rates in CARIFORUM are notable. Outside of these larger economies, strong increases were registered for Antigua and Barbuda, the Bahamas and Saint Vincent and the Grenadines. Annex E shows the figures with the number of new product lines for all CARIFORUM countries.

Figure 5.46 Number of products exported to the EU, 2005-2018



Note: Number of products counted as products at HS6 level with values larger than 0.
 Source: Eurostat.

The analysis presented above is reflected in the stakeholder consultations, where private sector, while recognising the importance of diversification still spoke of several barriers. These barriers include a lack of enabling business environment, regulatory barriers and entrepreneurship support structures. Several of the business associations interviewed pointed out that there is a clear lack of a “private sector eco-system” and corresponding government support structures that can help diversify the current product base. The diversification that is observed in the data often does not seem ‘recognised’ on the ground. Even in a larger economy, as was expressed by a Business Support Organisation in Jamaica, the amount and variety of products that can be exported to the EU are rather limited, with a lot being bulk or artisanal.

There was also positive feedback from stakeholders. Economic diversification can be both horizontal— in which the number of export sectors increases—or vertical, in which existing sectors are diversified by innovation, marketing and new value-added ventures. Several export promotion agencies and business associations spoke of taking advantage of the products the region has a competitive advantage in and “reinventing” them for vertical diversification. From the new flavoured rums participating in CEDA trade fairs to policies developing new types of tourism, specific opportunities for vertical diversification seemed more promising to stakeholders.

Even within existing export lines of CARIFORUM countries, potential to other markets remains, particularly to the EU. The ITC export potential and diversification assessment methodology identifies the export potential for countries for specific products and markets. Here, we apply this tool for looking at the product export potential of six countries to the European market, specifically. In most cases these products represent not only growing potential, but have also demonstrated growing market shares over the past decade. Juice from Jamaica, for example, accounted for 0.003% of EU juice imports in 2007, and has since increased to 0.02%. As a market, the EU has also increased in importance for Jamaican juice, being the destination for 1% of exports in 2007 but 5% for 2018.¹¹¹ The Spanish Embassy in the Dominican Republic confirmed this, stating that the strongest potential lies in increasing already existing export flows.

Table 5.10 CARIFORUM export potential to the EU

Country	Products
Barbados	Rum, raw cane sugar, paper board labels
Jamaica	Aluminium oxide, rum, coffee, food preparations, papayas, juice
Dominican Republic	Bananas, instruments used in medical sciences, t-shirts
Guyana	Rice, raw cane sugar, rum
Suriname	Bananas, seafood, rice
Trinidad and Tobago	Anhydrous ammonia, iron ore, rum

Source: ITC, Export potential map.

CARIFORUM investment promotion agencies have furthermore identified their own priorities. These include established, traditional industries such as agri-food as well as new and emerging manufacturing industries. In agri-food opportunities exist mainly in larger countries with significant land areas, with Belize, Guyana, Jamaica, Suriname identifying agribusiness as a promising sector, with products such as peanuts, cocoa, cashews, fruits and horticulture among the most promising exportable. Electricity intensive manufacturing has been identified by Trinidad & Tobago as a promising area of diversification. However, with most of electricity intensive manufacturing in industries such as packaging or beverages, the export potential is likely limited to regional markets. Lastly Barbados and Jamaica identify opportunities in niche, high-value added manufacturing such as medical devices or electronics.

With regards to the potential for service, business process outsourcing is among the most promising service sectors. Given the dearth of data on trade in services, we cannot rely on a data-driven identification of the most promising service sectors. Yet, a review of the strategies and priorities of CARIFORUM investment promotion agencies shows that business process outsourcing (BPO) is seen as one of the most promising service sectors. While other sectors such as tourism or ICT are also frequently identified, these are either established, traditional sectors (e.g. tourism) or have potential mainly for regional exports (e.g. ICT). In

¹¹¹ Based on Eurostat and UN COMTRADE data, calculations by Ecorys.

contrast, business process outsourcing offers the potential for significant exports to the EU, given the scalability of the industry and the competitive advantages of CARIFORUM countries, ranging from low labour costs to language capabilities (English, Spanish and Dutch).

Business process outsourcing is not a completely new sector to CARIFORUM countries, employing 36,000 and 17,000 people in the Dominican Republic and Jamaica respectively, as well as more than thousand employees each in Guyana, Barbados, Trinidad & Tobago, Belize and Suriname.¹¹² However, so far business process outsourcing is mostly oriented towards the US and Latin America, relying on cultural proximity, language as well as time zone similarity. However, there is potential to expand to the EU, given the competitive advantages of CARIFORUM countries, as evidenced by both Kingston and Santo Domingo ranking among the top ten cities in the FDI markets BPO ranking.¹¹³

Box 4 The Dominican Republic: Top supplier of organic agricultural produce

The global organic agri-food market has been growing, with the EU dominating this growing demand. The Dominican Republic is one of its main suppliers and in 2019 ranked third of the countries supplying the most organic agricultural produce to the EU, with a total of 10% of its imported volume. In 2019, the Dominican organic exports to the EU were composed of 89% bananas, 10% cocoa beans and 1% avocados, as well as some coffee and lemons, albeit to a much smaller degree.

The potential in this sector lies not only in its growing demand, but also in the benefits it can bring to small and medium sized farmers. The price difference paid between a conventional product and an organic one lies between 11 and 50%, depending on the product. This allows smaller farmers to still be competitive and have access to export markets despite their smaller production scale.

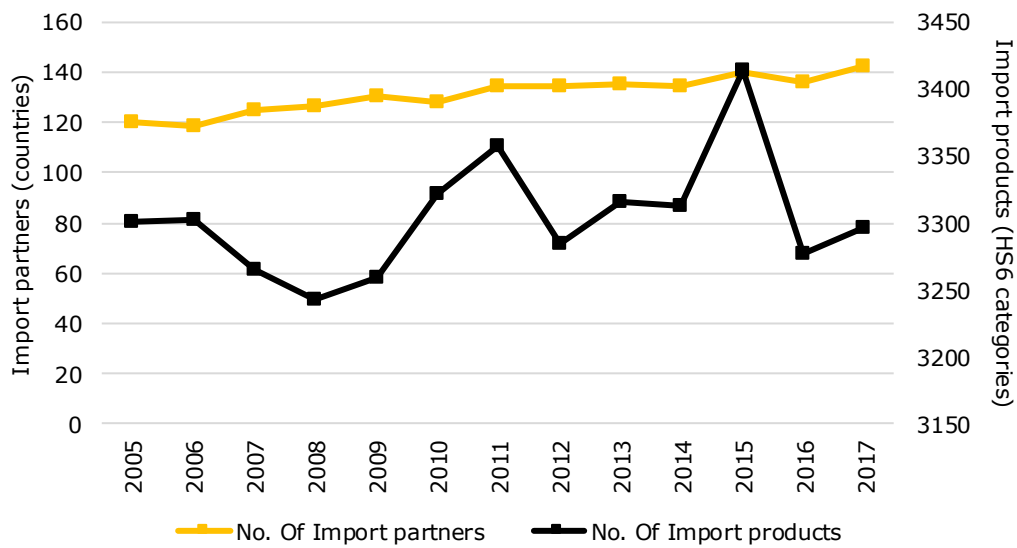
Source: TRACES, Trade Control and Export System
Source II: Ministerio de Agricultura, República Dominicana

Similar trends can be noted in the import diversification. For import diversification, we looked at the number of import partners and the number of import products for each of the CARIFORUM countries. The values presented in the figure below are averages of all CARIFORUM countries, and are therefore not to be interpreted as a whole but as an indication of an overall trend. While the average number of import products has fluctuated, there has been a steady increase in the number of import partners for the region. These values are quite consistent with the world average number of import partners (173) but are slightly higher compared to another SIDS.

¹¹² <https://www.outsource2caribbean.org/files/documents/BPO%20Sector%20Booklet-Caribbean-Website-compressed.pdf>.

¹¹³ <https://www.fdiintelligence.com/article/74517>.

Figure 5.47 CARIFORUM import diversification, 2005-2018

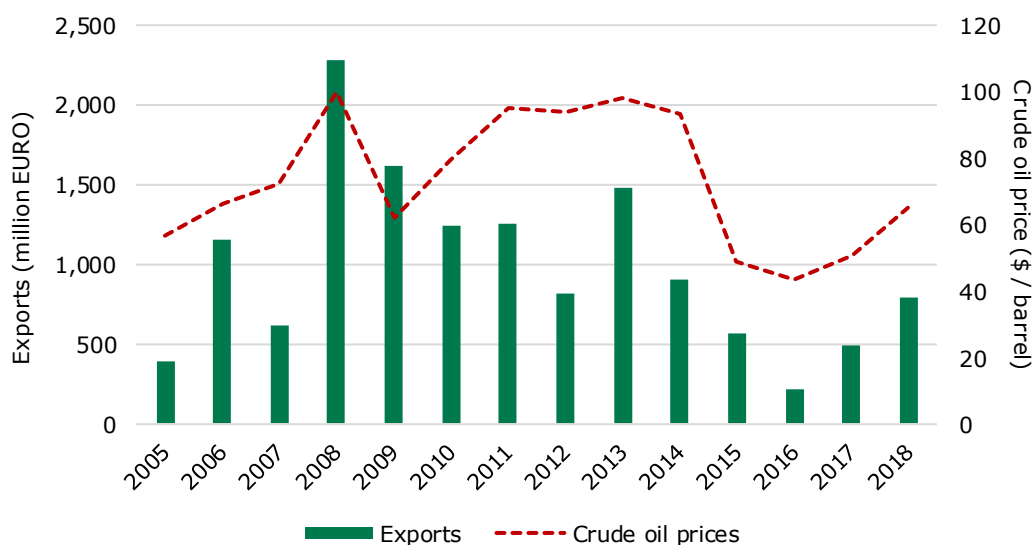


Note: the values represent averages across CARIFORUM countries.
Source: WITS country profiles.

The role of mineral fuels exports

Figure 53 below shows CARIFORUM exports of mineral fuels, mineral oils and products of their distillation over the same period, coming primarily from Trinidad and Tobago and to a smaller extent, Saint Lucia.¹¹⁴ The section on CARIFORUM goods exports show how the CARIFORUM trade flows follow the same trends and demonstrates the importance of these commodities in the region’s export composition. Likewise, exports of these commodities fluctuate as a result of crude oil pricing, as shown by the red line in Figure 5.48. This underlines the importance of one the objectives of the EPA, namely the increased diversification of exports of the region.

Figure 5.48 CARIFORUM fuel exports, 2005-2018



Sources: Eurostat and West Texas Intermediate crude oil prices.

¹¹⁴ Petroleum gas, crude petroleum and refined petroleum make up 55% of Trinidad and Tobago’s export basket.

Local value addition, supply capacity and innovation

As outlined in earlier sections, the impact of the EPA on trade and investment seems modest and therefore the impact on local value addition, supply capacity and innovation are also likely to be modest. In addition, while the link between trade and investment and the EPA is already difficult to make, these second-order effects are even more difficult to assess.

In terms of data, for those goods that increased their exports to the EU, there are quite a number of processed goods (e.g. light manufacturing, processed foods). This could point to increased local value addition for these products. In addition, in terms of imports, we note a large share of imports in the machinery and transport equipment products, which could have an indirect effect on innovation. We cannot draw any strong conclusions from this data analysis, as the link with the impacts is highly speculative and the positive trends may coincide with negative trends in other areas (e.g. increased imports reducing value addition, or decreased diversification of export to other markets).

Based on our consultations with private companies, local value addition is relatively low, as intermediate inputs are often sourced from outside the Caribbean, given the lack of suppliers and industry in most countries. Even when inputs can be sourced locally, the quality and reliability is typically low.

That does not mean that there are no positive achievements on micro or meso level. Local value addition has been particularly underlined a few cases. Certain manufacturers of foods such as sauces and condiments or rum source their ingredients locally. Particularly in the larger countries such as the Dominican Republic or Trinidad and Tobago, making use of strong existing industries, such as sugar cane.

Box 5 Challenges for small scale agri-processing SMEs: Coffee Solutions Limited

The story of one of the interviewed SMEs in Jamaica is quite representative of the opportunities and barriers experienced by small exporters in CARIFORUM. Coffee growing, packaging and consulting company Coffee Solutions Limited has received various types of support, including marketing help for the design of packages, consultancy services on quality standards and a Direct Assistance Grant to upgrade the production facilities.

The new office and packaging facilities, paid for by personal savings and reimbursed under the DAG, has allowed the company to grow its staff numbers and even become fully solar powered, to the point where it is now selling excess energy. All packaging of the product is done in-house, with some external sourcing (plastic bags brought in from the US) and domestic sourcing (printing done in Jamaica). Coffee Solutions now take orders for packing the product for other small-scale coffee growers in the country as well.

While the company is export-oriented, this has proven difficult to achieve. 70% of the products currently go to local souvenir shops or gift shops, while the remaining 30% is exported to the USA and Canada. The company attended an international food fair in Germany but this has not resulted in concrete exports. One established contact in Greece has been trying to create a market for Jamaican coffee. Coffee Solutions at times sends samples, but has not received larger orders.

Attempts at engaging with the EU market have also led to some confusion, on which forms to use, whether the samples qualify for preferences, and whether the exported coffee is a luxury product or not. The owner got the feeling the rules differ per Member State. The current focus of the company instead is on its existing export base and on continuing to improve the marketing and presentation of the products.

One of the challenges of CARIFORUM exporters is simply reaching enough critical mass in their production capacity (scale) to achieve exporting capacity. An interesting development in Jamaica was the consolidation of a consortium of three sauce and spice producing companies to improve their exporting capacity. The companies established this consortium under an EC and IFC supported training programme. They have as of yet not started exporting, but convincing them to join forces was a significant development. This could be replicated in other sectors. Furthermore, the region is able to make unique items branded on regional cuisine and heritage and export a “fully Caribbean” product. CEDA has branded this

group of authentic Caribbean products under the umbrella of "Caribbean Kitchen", representing hundreds of agri-processing companies of jellies, jams, cakes, beverages, etc.¹¹⁵

One example of a successful company that has been able to trade and invest with the EU and has expanded over the years is the firm Automotive Art from Barbados, as shown in Box 6 below.

Box 6 A company active in trade and investment with the EU: Automotive Arts

Automotive Art is a large Caribbean Auto-Care retailer of car enhancement products and services, established in 1990. Its corporate headquarters are in Barbados, and the company has 15 franchise stores in nine countries throughout the Caribbean.

The company started with selling refinish products from BASF after it was granted the regional distribution rights to the brand throughout the Caribbean. Later it developed a private label brand of refinishes designed to target more mid-level body shop operations in the region. In 2012, the company entered into a joint venture agreement with a Polish manufacturer of automotive paint and ancillary products, to produce its own branded products. These are now successfully sold in over 65 countries, including in the Caribbean.

For selling in the region, Automotive Art uses its US distribution centre in Miami. One of the owners of the company explained that the main reason for this is related to logistics. Port handling is much faster in the US, which saves costs. In addition, they ship larger volumes to the distribution centre. Shipping directly from the EU to individual states can mean they cannot fill containers. Finally, there are better transport connections to the region from the US, and this allows for faster delivery. Shipping products from the EU first to the US before they are shipped to CARIFORUM does mean that the company cannot make use of the tariff preferences under the EPA. Nevertheless, the company already exports directly to several countries in Central and South America that are able to buy higher volumes and is working on being able to ship as little as a pallet from Poland directly to all the countries to take advantage of the EPA.

Source: <https://www.automotiveart.com/About-Us/History/> and interview with owner.

The example of Automotive Art does show that even successful companies engaged in trade and investment with the EU and have been able to expand and increase value added, do not always make use of the EPA (yet). The benefits of the EPA at the company level were further investigated in the sector case studies.

A final channel of impact related to business performance is development co-operation, with projects targeting the private sector also likely to have played a positive role in terms of innovation and value addition. However, given the lack of information on outcome results (see chapter 4), this is difficult to say.

5.8. Fiscal revenues

Fiscal impacts of the CARIFORUM-EU Economic Partnership Agreement could stem from three principal effects:

- First, tariff liberalisation directly affects fiscal budgets by reducing revenue from customs and import duties;
- Second, trade diversion away from suppliers in the US, Latin America or other countries towards EU suppliers could further reduce revenue from customs and import duties;
- Third, with the EPA potentially raising trade with the EU, both imports and exports, revenue from customs and import duties, as well as taxes on profits and income, could also increase.

Assessing the magnitude and importance of these three effects is challenging. The impact of the EPA cannot easily be isolated from the impact of other developments, such as volatile GDP growth, changes in the tax system and fiscal policy, among other things. With some limitations, economic modelling could, in principle, untangle these impacts. Yet, any

¹¹⁵ This project is the Economic Partnership Agreement Capacity Building II Project. As part of the capacity building support provided by the project to this consortium, exports ready products were prepared and market knowledge was improved.

modelling exercise faces the challenge of limited data availability, with even basic information such as applied tariff rates not always being in the public domain.

Older ex-ante assessments of the fiscal implications of the EPA found at times significant impacts. Nicholls et al. (2001) estimate a significant loss of tariff revenue, in particular for the OECS countries, with a decline of 15% in trade taxes and a loss of almost 33% in tax revenue.¹¹⁶ The European Parliament (2009) estimated a hypothetical revenue loss on imports from the EU of between 50 to 60% by 2033 for Barbados, Guyana and Suriname.¹¹⁷ Fontagné, Laborde and Mitaritonna (2008) estimated a loss of tariff revenue of about 0.2 to 0.8% for the CARIFORUM countries.¹¹⁸ For Jamaica, Marshall, Stennett and Williams (2009) estimated a loss of 8% in revenue from trade.¹¹⁹ More recently, Lorde and Alleyne (2018) estimated a loss of between 4.19 to 4.46% in tariff revenue for Barbados, depending on the liberalisation scenario.¹²⁰

These ex-ante assessments face methodological limitations, in particular, the need to estimate the impact of the EPA on trade flows. Furthermore, by their very nature, these assessments could not consider two important developments: (i) the delayed implementation of the EPA and (ii) the mitigating actions by governments in the prevention of revenue loss. With regard to the delayed implementation of the EPA, as of 2019 the implementation of tariff commitments scheduled in Annex III of the EPA is far from complete (See Chapter 3). At the same time, export duties, as another revenue source, have been mostly reduced or eliminated, as foreseen by the EPA. CARIFORUM governments may be taking mitigating actions, in reaction to anticipated revenue losses, due to the EPA but also due to other developments such as WTO commitments or the changing nature of trade. Caribbean countries are increasingly shifting their revenue collection towards direct and indirect taxes such as VAT – e.g. several countries have newly introduced a VAT system.¹²¹ Between 1990 and 2017, Jamaica increased the tax revenue from VAT from 3.8 to 32.5% in overall tax revenue.¹²² This was in part supported by the CARTAC programme covered by the development cooperation.

¹¹⁶ Nicholls, Shelton, Janice Christopher-Nicholls, Philip Colthrust, and Chris Milner, 2001, *Evaluating the fiscal impact of a regional economic partnership agreement between the European Union and CARICOM*, GLM Workshop, University of Nottingham, United Kingdom.

¹¹⁷ European Parliament, 2009, *The CARIFORUM EU-Economic Partnership Agreement (EPA): The Development Component*, EXPO/B/DEVE/2008/60.

¹¹⁸ Fontagné, Lionel, David Laborde, and Christine Mitaritonna, 2008, *An Impact Study of the EU-ACP EPAs in the Six ACP Regions*, Working Paper, CEPII.

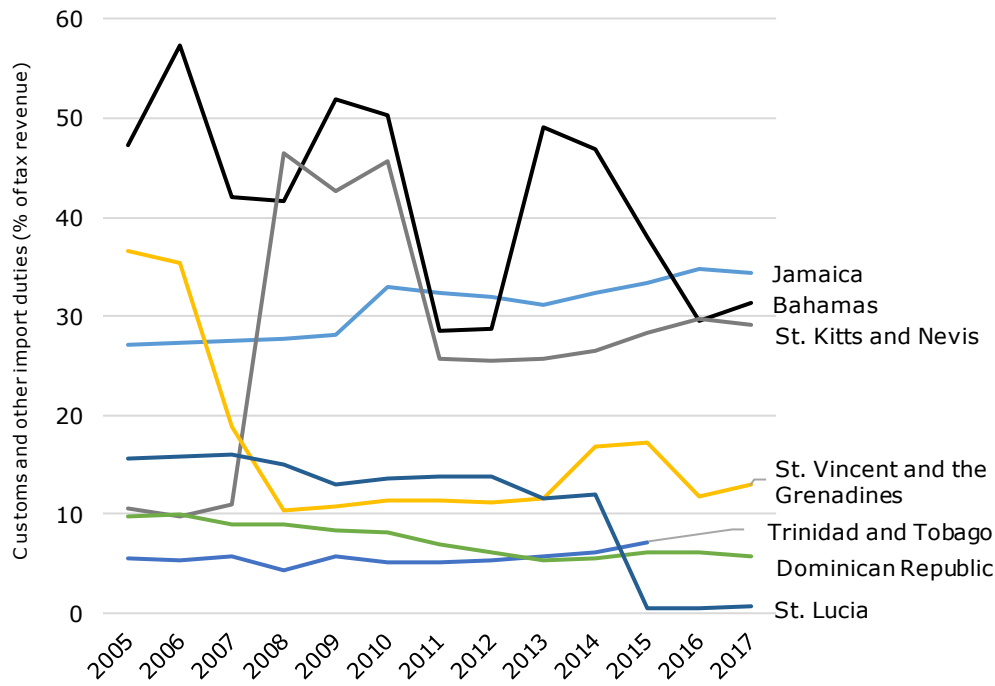
¹¹⁹ Marshall, Shernette, Robert B. Stennett, and Kamilah Williams, 2009, *Simulating the Dynamic Macroeconomic Effects of the EU/CARIFORUM EPA on Jamaica*, Working Paper, Bank of Jamaica.

¹²⁰ Lorde, Troy, and Antonio Alleyne, 2018, *Estimating the Trade and Revenue Impacts of the European Union-CARIFORUM Economic Partnership Agreement: A Case Study of Barbados*, *Global Business Review* 19(5): pages 1129–1151.

¹²¹ Dominica and Belize in 2006, Antigua and Barbuda, Guyana, St. Vincent and the Grenadines in 2007, St. Kitts and Nevis and Grenada in 2010, St. Lucia in 2012, and the Bahamas in 2015.

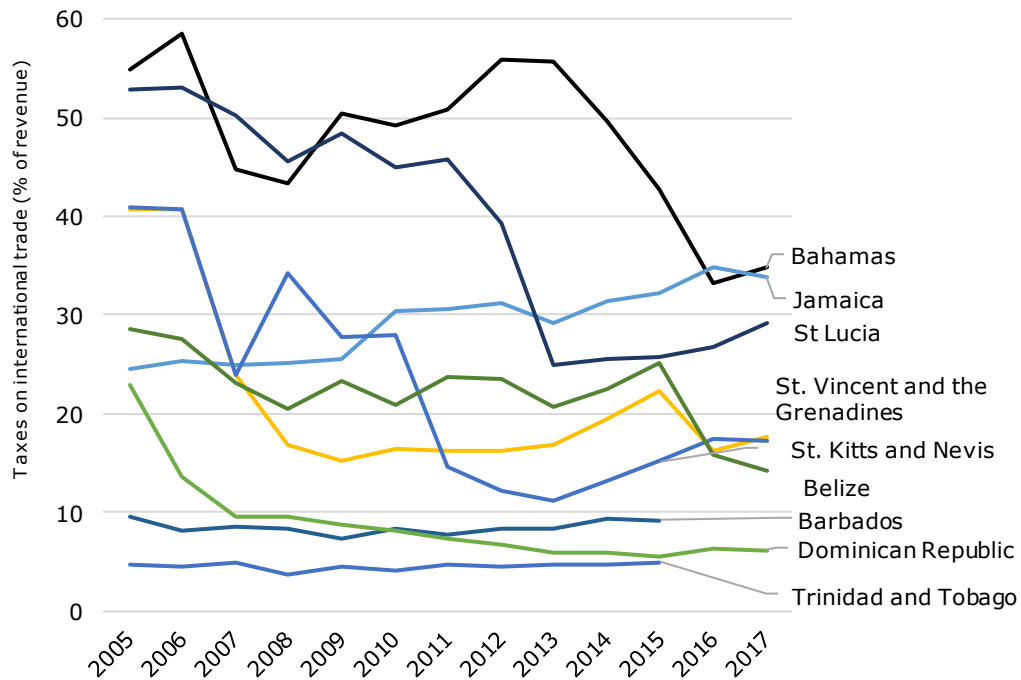
¹²² OECD, 2019, *Revenue Statistics in Latin America and the Caribbean 1990–2017*, OECD Publishing.

Figure 5.49 CARIFORUM revenue on customs and import duties, 2005-2017



Note: Data missing for Trinidad and Tobago after 2015. Data unavailable for all missing countries.
Source: World Bank, Customs and other Import Duties.

Figure 5.50 CARIFORUM revenue on taxes on international trade, 2005-2017



Note: Data missing for Trinidad and Tobago and Barbados after 2015. Data unavailable for all missing countries.
Source: World Bank, Taxes on international trade (from IMF).

For most countries, the tax revenue share of customs and import duties as well taxes on international trade¹²³ has fallen in the last decade, sometimes drastically so, as seen in the figures above. However, a causal relationship with the EPA is tenuous at best. Indeed, the timing suggests that the budgetary dependence on tariff income started to fall already before the EPA came into force. Furthermore, with imports from the EU accounting for only a relatively small fraction of total CARIFORUM imports, it is not plausible that the EPA could have led to such drastic reductions in tariff revenue. Therefore, earlier speculations that the EPA would generate drastic public revenue losses have not materialised. While the EPA likely had some impact on tariff revenue and thus budgetary consequences, this impact is seemingly overshadowed by other developments. We also note that there has been a delay in the implementation of the tariff schedules in several CARIFORUM countries, and that at the start of the EPA, full liberalisation happened mainly for products which already had low rates or small import quantities. This also implies that that revenue effects are smaller than they could have been otherwise. In addition, there is the mitigating effect of change to VAT.

A separate study on the topic of the fiscal impacts of the EPA has been commissioned by the CARIFORUM Directorate, for which the results are now available.¹²⁴ In this report, economic simulations are done through a CGE modelling framework to look at both the economic impact as well as the revenue impact of EPA implementation. The scenario looking at current levels of implementation (seen as the extent of commitments to date) yield little benefits for CARIFORUM economies as well as relatively small impact on revenues – with an estimated EUR 40.2 million in foregone tariff revenues. In the case of full implementation, real GDP gains remain relatively small but are four times higher than under the current implementation scenario. Foregone tariff revenues are EUR 168 million under this scenario. However, these are balanced out by higher income and consumption taxes.

5.9. Concluding remarks on economic impact

As shown in this chapter, while there are differences between countries and sectors, the overall changes in trade and investment with the EU as a result of the EPA are small. Overall levels of trade are only slightly higher than before the implementation of the EPA. EU exports have increased but CARIFORUM exports are nearly the same as they were in 2007. EU market shares in CARIFORUM have decreased over time, both in CARIFORUM imports as in exports, as a result of CARIFORUM trade with the rest of the world increasing at a higher rate.

While most countries have similar export levels in 2018 as they did pre-crisis, some have had encouraging growth over the last decade. While bigger economies such as Jamaica and the Dominican Republic are some of the bigger exporters they show positive export growth to the EU but also countries like Guyana, Belize and St. Kitts and Nevis have experienced growth in their exports to the EU. There are also interesting developments at sectoral levels. CARIFORUM exports appear to have diversified, relying less on mineral fuels and more on food and manufactured items. Products such as food preparations, essential oils, beverages and spirits have had strong growth in several CARIFORUM Member States.

Trade in services likewise has increased on the EU side but stayed largely the same for CARIFORUM. CARIFORUM services exports (made up in large part of travel services) have experienced stronger growth to other partners, decreasing the share of the EU as export destination.

In the area of investment, business environment and business performance, overall impacts also appear limited at macro level, although at micro and meso level we have also identified some positive achievements, as highlighted throughout the chapter.

It should be noted that the evaluation relies mainly on a historical perspective. During consultations, stakeholders compared the before and after situation. Also, time series compare

¹²³ These include, in addition to customs and import duties, export duties, profit taxes on trade monopolies (e.g. natural resource exporters), among others.

¹²⁴ BPK Economic Advisors (2019), Consultancy study on the revenue implications of the CARIFORUM-EU EPA with respect to trade in goods. European Union External Actions programme of support for wider Caribbean cooperation.

the situation over time. Given that the CARIFORUM countries already had preferential treatment in the EU market before the EPA, they did not always observe clear changes. However, from an evaluation perspective, this comparison over time is not sufficient, as the situation with the EPA should be compared with the counterfactual situation without the EPA (which requires modelling or otherwise estimating this counterfactual). Economic modelling carried out by the EC for four CARIFORUM countries show that bilateral trade in goods between the EU and CARIFORUM is significantly higher with the tariff preferences under EPA as compared to this counterfactual scenario, although there are big differences between the countries, ranging from 8 to 119%.

That being said, the question is still why the observed changes and perceived impacts are small. To answer this question, we start by looking at the different channels of impacts, based on the intervention logic. **First of all, with respect to the first two channels, which focus on market access and creating a level-playing field, it is clear that despite the progress made, implementation is behind schedule.** Unfortunately, it is not possible to assess economic implications of the non-implementation in more detail, as there is variation across countries in what provisions have been implemented or not, and there is limited evidence in the economic literature on the impacts of individual provisions of trade agreements. Also stakeholders have in general not been able to indicate which provisions of the agreement have been relatively more important for them.

If we look at the channel of development co-operation, we also note some shortcomings. While the private sector has been supported to promote CARIFORUM-EU trade directly, the evaluation results suggest that, despite the positive examples, the overall impact of this support has been limited, also because the support has been spread over many countries and sectors.¹²⁵

Most stakeholders consulted do not point to these issues as major explanations for the limited impact. Based on our analysis, there are other factors at play that are more important, which relate to the underlying assumptions in the intervention logic.

A first important assumption is that companies are aware of the EPA, and secondly, that they see increased opportunities in the EU market or in the region as a result of the EPA. This assumption does not hold in practice. Stakeholder consultations revealed the limited awareness about the EPA with the BSOs and private sector/economic operators more generally. Despite efforts by EPA Coordinators, the EU and agencies such as CEDA, the majority of the stakeholders interviewed had limited awareness of the EPA, its implementation or the benefits. Most of the BSOs interviewed explained that there is a lack of information about the rights and responsibilities under the Agreement, echoing the previous evaluation study results of 2008. There is a clear lack of understanding of the provisions within the EPA and potential economic benefits and a feeling that this information is difficult to find and process. Practical support is at times also lacking. A Jamaican export promotion agency expressed concern that there does not seem to be an EU counterpart for the work carried out by their agency. Whereas they support EU companies looking to access the Jamaican market, Jamaican exporters do not know who to go to for similar support on the EU side. This was also evidenced in the weak role currently played by the service enquiry points in the EU Member States.

In addition to the lack of awareness and information gap, the number of companies that consider the EU a priority market is limited. The focus of exporters is more on nearby markets, as reflected in the export share. This is in line with the economic theory (i.e. gravity theory), which finds that more trade takes places between countries that are closer to each other. The EU is not only at a distance physically, but also culturally and linguistically, with the exception of the UK and Spain. In this respect, stakeholders see Brexit as a major concern, because many producers use the UK as an entry point into the EU market (e.g. with the use of UK warehouses, partnerships with distributors in the UK or even local presence), also facilitated by the large Caribbean diaspora in the UK.

The attractiveness of the market is also determined by its size. In that respect, the EU market is also less attractive than the US, because the EU market is seen as fragmented with still important differences between Member States. The high investment costs of marketing for the EU, given the language and cultural differences across countries, was also mentioned by consulted Business Support Organisations. When exporting to the US, companies can ensure that one marketing strategy gives them access to a large potential customer base.

¹²⁵ 10th EDF Regional Private Sector Development Programme – Final Report (2016).

The size of the markets and fragmentation are even more important for exports from the EU to CARIFORUM and intra-regional trade. The CARIFORUM region and its member states have relatively small markets. As companies need to make investments to export or invest in a country (e.g. research for opportunities, establishing contacts with potential partners, setting up distribution), they usually prefer to invest their resources in larger countries or more integrated regions.

In addition to awareness about the EPA and seeing opportunities in the EU, another important assumption for the effects to materialise is that companies are competitive and able to seize the opportunities in the market. Based on our analysis, companies in CARIFORUM face some challenges in this respect, based on constraints in the business environment as well as at company level. As outlined in Section 3.2, the fragmented nature of CARIFORUM also makes it difficult to provide strong support/technical assistance to producers, in particular in smaller countries. The better business support organisations, as well as workshops, events etc. are typically located in larger countries.

6. SUSTAINABILITY IMPACTS

The sustainability impacts of the Economic Partnership Agreement covered in this analysis include social impacts, human rights impacts, impacts on consumers, and environmental impacts. The EU-CARIFORUM EPA is noted for particularly strong provisions on labour and environmental standards compared to earlier FTAs of the EU. Even more so than in the case of economic impacts, the question of what sustainability impacts, if any, are attributable to the Agreement is complex.

In terms of methods, we have used a mix of desk study (e.g. review of EPA text and consultative committee documents, literature review and data analysis) and stakeholder consultations. It is important to highlight two limitations in this respect:

- While monitoring of impacts in these areas has been discussed in several of the Committees, no recorded information on sustainability impacts has been collected at this stage;
- In absence of such data, stakeholders are generally not able to provide clear inputs in this area. Several stakeholders indicated that as they already have difficulty in identifying clear trade and investment effects, they have even less insight into the, partly more indirect, impacts related to sustainability. Lack of awareness on EPA and limited resources explain this. As a result, collected inputs are often at a general -level.

Before going into the specific sustainability impact areas, we start with a discussion on how sustainability issues are part of EPA, and what the channels of impact are.

In the inception phase, we conducted an analysis of the text of the agreement. **The chapters in the agreement dedicated to sustainable development and social aspects are a clear starting point for the analysis.** In general, the provisions in these chapters recognise the right of all parties to regulate their markets to pursue objectives related to sustainable development and social aspects, while requesting them to keep each other informed, avoid unnecessary obstacles to trade and work towards regional harmonisation of these policies in the CARIFORUM States. The EPA reaffirms the Parties' commitment to conserve, protect and improve their natural environment and to prioritise sustainable development. As to social rights, the parties commit to respect core labour standards in the 1998 International Labour Organisation Declaration on Fundamental Principles and Rights of Work and the United Nations declaration on Full Employment and Decent Work. The EU and the CARIFORUM states agree to support each other in the implementation of the provisions of the chapter by cooperating in the formulation of national legislation.

In addition to these chapters, two other elements of the agreement are worth highlighting. First is the preamble of the agreement, where the Parties reaffirm their commitment to the respect for human rights, democratic principles and the rule of law as well as to good governance. The second element is special treatment granted by the EPA to fisheries, living marine resources and agriculture, as the Parties "acknowledge the economic and social importance" of activities relating to these sectors and of the utilisation of the natural resources in the CARIFORUM States. A higher level of tolerance, therefore, can be granted in favour of domestic measures aiming at ensuring food security, employment, poverty alleviation, foreign exchange earnings, and effective conservation of resources and social stability of local communities.

The analysis shows that although the EPA has several elements that link to sustainability-related policies, in general the EPA requires the parties to reaffirm their commitment to already existing international declarations, conventions and agreements¹²⁶ but does not require the ratification of additional international agreements or other specific policy changes. The most immediate impact from the agreement with respect to sustainability impacts is thus expected to follow from the (development) cooperation that is part of the agreement.

¹²⁶ E.g. regarding labour standards it refers to obligations and commitments in relation to the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1998), or with respect to the environment it refers to existing provisions related to sustainable development, natural resources and the environment under the Cotonou Agreement.

Next to this effect directly stemming from the agreement, there are two other, more indirect channels of impact. A first indirect impact stems from the economic impact of the EPA. Expanding or shrinking trade, overall or in specific sectors, implies impacts on sustainable development indicators, for example, by creating or destroying jobs or by reducing or increasing the use of environmental resources. A third channel is through the impact resulting from the interaction with the EU market. CARIFORUM companies could adopt more sustainable business practices based on consumer preferences in the EU, or because they are inspired by the behaviour of EU companies, or by the explicit requirements that EU buyers request from them.

In the following sections, we study the different sustainability-related impact areas: 1) social and human rights impacts; 2) consumer impacts; and 3) environmental impacts.

6.1. Social and human rights impacts

With respect to social and human rights, there are a large number of specific topics we could look into. However, based on the text of the agreement (see introduction of this chapter), and the limited economic impact as found in the previous chapter, we have focused on the following impacts in the next subsections: 1) labour market and employment; 2) labour standards and decent work 3) social expenditure and 4) impacts on vulnerable groups. The text box below elaborates on the selection of those elements.

Box 7 Assessment of the impact of the FTAs on social and human rights

With respect to human rights, the EU has developed clear guidelines for analysis of the impacts on human rights. The starting point of these guidelines is that EU policies and external actions need to comply with the Charter of Fundamental rights, as well as with human rights obligations under international law. To identify the rights on which the analysis should focus, a key selection criterion is the direct versus the indirect impacts, where the focus will be on those areas which are more directly trade-related and likely to be directly affected by the FTA. In the context of this evaluation, we consider this as the main criterion, as there will have been many other factors affecting the human rights situation in the CARIFORUM countries over the past decade.

Civil, political, economic, social, cultural and core labour rights are all considered, but the economic, social and cultural rights are most likely to be affected. Based on the text of the agreement, and the economic impact assessment, it is especially the right to work and worker's rights (core labour standards) that are most likely to be affected. In addition, since CARIFORUM countries have traditionally been dependent on import tariffs in terms of government revenue, the right to social security, housing, health and education, could also be affected through government revenue and social expenditure. As there is an overlap with social impacts (e.g. right to work and employment, workers' rights and decent work; and the right to social security, housing, health and education and social impacts). We have combined the impact on social and human rights in one section.

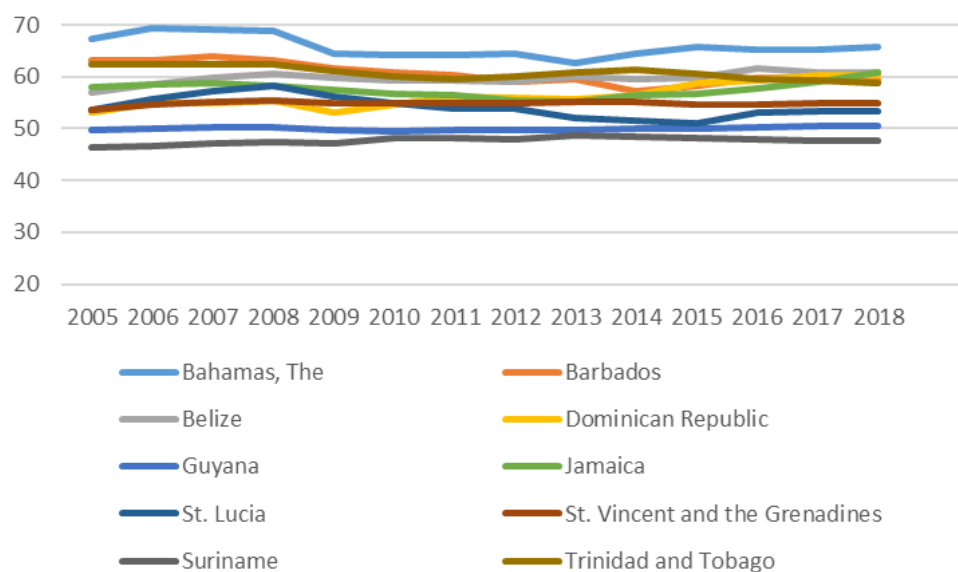
In our analysis, we did not focus exclusively on these human rights and social impact areas. In the literature research and stakeholder consultations, we have asked about social and human rights impacts in other areas as well, but we have not identified clear impacts (e.g. right to food, the right to water, impact on inequality, etc.). Within the areas that we have analysed in more detail, specific attention is paid to vulnerable groups.

6.1.1. Labour market and employment impact

Countries in the CARIFORUM have made great economic and social progress over the past decades. Most countries have attained middle-income status, and modest growth in per capita income in the region has contributed to a reduction in extreme poverty. Nevertheless, unemployment and poverty remain important concerns. The link between EPA and income levels is most likely to stem from effects in employment.

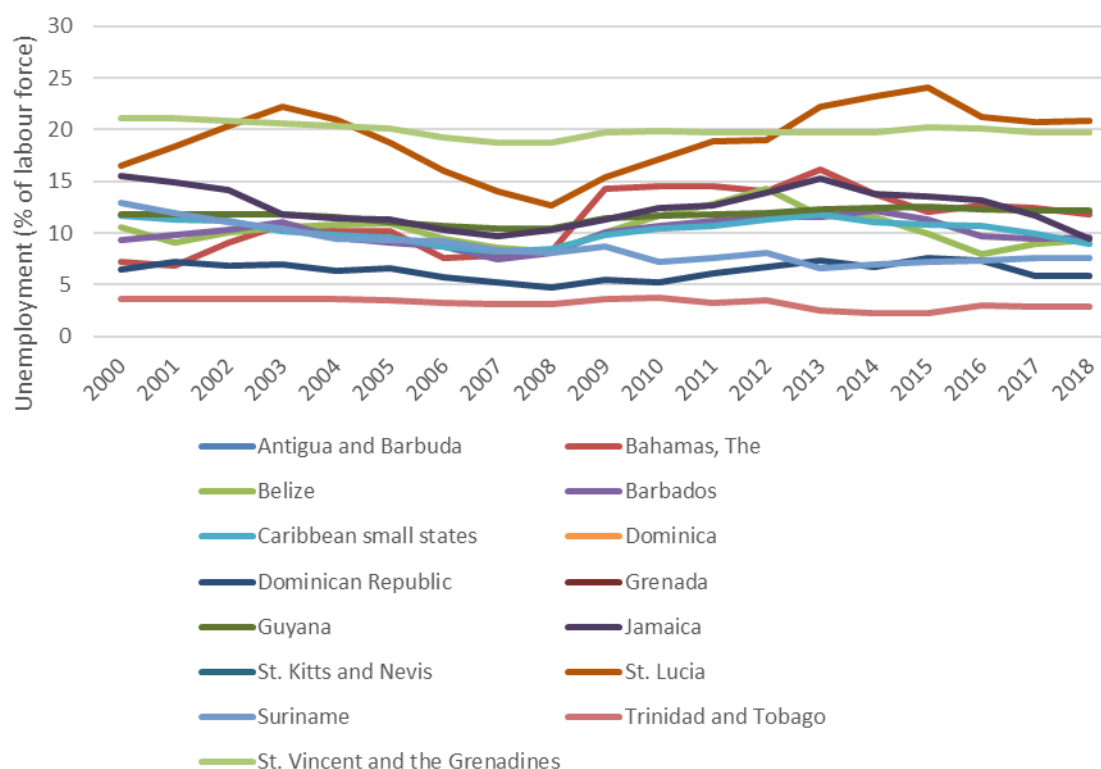
Figures 56 and 57 show, respectively, the employment to population ratio (i.e. the share of the country's working population that is employed, including those not looking for work) and the unemployment rate. **Overall, despite some fluctuations, there has been no significant increase or decrease in employment levels since the start of the EPA.** Employment levels have increased most in Jamaica and the Dominican Republic, while they have decreased especially in Saint Lucia and the Bahamas.

Figure 6.1 Employment to population ratio, % of total employment (modelled ILO estimate)



Source: World Bank development indicators.

Figure 6.2 Unemployment, % of labour force (modelled ILO estimate), 2000-2018



Source: ILO.

In order to link employment changes to the EPA, it would be good to have disaggregated data at the sectoral level to see if there is any correlation between levels of trade with the EU and employment. Overall, EPA-induced imports in some sectors create increased competition in the local market, which could decrease local employment. On the other hand, through value chain effects, other sectors could still benefit from the increased imports (e.g. transport or retail sectors). Increased exports to the EU as a result of the EPA could potentially have a positive impact on employment if these exports concern additional exports and do not replace domestic sales or exports to third countries. To assess such impacts quantitatively detailed information is

needed. However, due to a lack of data on employment by sector at a more detailed level, it is not possible to do this. Qualitatively, some observations can be made.

One such observations is that the sectors which saw increased imports such as plastics and articles thereof and pharmaceutical products, have a limited domestic industry, and therefore job losses are likely to be minimal. On the other hand, the dairy sector is an example of a sector where there is domestic competition. As this sector was selected for an in-depth case study in, we will investigate in more detail the employment effects in this sector.

Another observation is that looking at the sectors that expand their exports, such as rum and other beverages, sauces, condiments and other food products, cosmetics and creative industries, we note that these are relatively more labour intensive¹²⁷. A final observation that can be made is that based on the information that is available on sectoral employment, it is clear that the vast majority of employment in the CARIFORUM countries is in the service sectors. However, based on the analysis of services trade (see chapter 5), no major changes in exports or imports seem to have taken place, implying employment impacts are likely to be negligible for this sector.

Based on these observations, we conclude that employment effects are likely to be small but positive, although we cannot establish this with certainty due to the lack of data. Section 5.1.4 includes more information on employment effects for vulnerable groups (gender and youth impact).

6.1.2. Labour standards and decent work impact

The EPA contains explicit reference to labour standards and decent work. More specifically, EPA provisions contain the commitment to respect core labour standards of the 1998 International Labour Organisation Declaration on Fundamental Principles and Rights of Work and the United Nations Declaration on Full Employment and Decent Work. The EU and the CARIFORUM states agree to support each other in the implementation of the provisions of this chapter by cooperating in the formulation of national legislation. The introduction of programmes aimed at raising the awareness of the public regarding their rights in the labour market and the strengthening of the mechanisms for social dialogue are some of the areas in which the Parties agreed to cooperate and to facilitate support.

To assess whether impact has been achieved in this area we first look into the ratification of the eight ILO core labour standards. Box 7 provides more information on the content of these labour standards.

Box 8 ILO's core labour standards

The ILO fundamental conventions cover four main categories: freedom of association, forced labour, discrimination and child labour. Each of these included two standards. Freedom of association aims to protect workers and employers by ensuring their right to set up their own rules, to join federations and confederations, to form workers' unions and by ensuring respect for the abovementioned rights. The convention against forced labour aims to suppress and eradicate the use of force and compulsory labour. Similarly, the convention against child labour and its two conventions aim to prevent the endangerment and exploitation of young children by setting up sets of rules and standards to follow. Lastly, discrimination aims to reduce or eliminate remuneration discrimination based on "race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation."¹²⁸

The eight core Conventions as set out by ILO are:

- Right to Organise Convention (C087);
- Right to Organise and Collective Bargaining Convention (C098);
- Forced Labour Convention (C029);
- Abolition of Forced Labour Convention (C105);
- Minimum Age Convention (C138);
- Worst Forms of Child Labour Convention (C182);
- Equal Remuneration Convention (C100);
- Discrimination (Employment and Occupation) Convention (C111).

¹²⁷ Especially creative industry is labour intensive, <https://www.cepal.org/en/publications/5049-creative-industries-caribbean-new-road-diversification-and-export-growth>.

¹²⁸ C111 – Article 1.

As shown in Table 6.1, most CARIFORUM had already ratified the ILO labour standards before the start of the EPA. The Convention on minimum Age (C138) is the main exception. Saint Kitts and Nevis and Saint Vincent and the Grenadines ratified this around the start of the EPA, while Saint Lucia still has not ratified it. Another exception is Suriname, which only more recently signed the conventions related to child labour and discrimination. We do not have information that these ratifications are linked to the EPA.

Table 6.1 Date of Ratification of the ILO core labour conventions by CARIFORUM state.

Country	Freedom of association		Forced labour		Discrimination		Child labour	
	C087	C098	C029	C105	C100	C111	C138	C182
Antigua and Barbuda	1983	1983	1983	1983	2003	1983	1983	2002
Bahamas	2001	1976	1976	1976	2001	2001	2001	2001
Barbados	1967	1967	1967	1967	1974	1974	2000	2000
Belize	1983	1983	1983	1983	1999	1999	2000	2000
Dominica	1983	1983	1983	1983	1983	1983	1983	2001
Dominican Republic	1956	1953	1956	1958	1953	1964	1999	2000
Grenada	1994	1979	1979	1979	1994	2003	2003	2003
Guyana	1967	1966	1966	1966	1975	1975	1998	2001
Jamaica	1962	1962	1962	1962	1975	1975	2003	2003
Saint Kitts and Nevis	2000	2000	2000	2000	2000	2000	2005	2000
Saint Lucia	1980	1980	1980	1980	1983	1983		2000
Saint Vincent and the Grenadines	2001	1998	1998	1998	2001	2001	2006	2001
Suriname	1976	1996	1976	1976	2017	2017	2018	2006
Trinidad and Tobago	1963	1963	1963	1963	1997	1970	2004	2003

Source: ILO.

The extent to which the conventions are implemented in national legislation and subsequently enforced, there is less information. But based on the information that is available, **it is clear that in practice there are still issues with respect to the implementation and enforcement of the conventions.** Annex H summarises some of the main findings of the ILO at country level in this respect. It shows that concerns are spread across most of the 8 Conventions. In addition, it shows that the number and type of concerns with respect to the implementation differs per country. Sometimes, only a request for information is made, while in other cases, there are stronger requests to amend certain policies.

A recent study by Harrison et al (2019) has looked closer at the results of the labour provisions in three trade agreements, including the CARIFORUM-EU EPA and finds no evidence that the existence of the social provisions in the EPA led to improvements in labour standards governance.¹²⁹ According to this study (based on desk review and interviews) almost no interactive discussion about labour provisions took place during the negotiations of the EPA, and trading partners accepted minimalist obligations. In addition, no discernible discussions on the need for labour reform in the Trade and Development Committee have taken place. In terms of monitoring, it notes that it took some time to establish a dialogue mechanism with civil society that could help monitoring implementation of the provisions. While a Consultative Committee (including economic and social partners and representatives of civil society organisations) was set up after six years, the study notes that it has limited resources. This is confirmed in publicly available minutes and statements of the Committee.¹³⁰ The

¹²⁹ Harrison, A., Barbu, M., Canpling, L., Richardson, B. and Smith, A. (2019) Governing Labour Standards through Free Trade Agreements: Limits of the European Union's Trade and Sustainable Development Chapters, *Journal of Common Market Studies*, Volume 57. Number 2. pp. 260–277.

¹³⁰ See <https://www.eesc.europa.eu/en/sections-other-bodies/other/cariforum-eu-jcc/documents>.

Committee has announced monitoring and advocacy on some decent-work related issues including, for example, encouraging more dialogue on occupational health and safety, facilitating social dialogue and monitoring the impact of the EPA on the informal sector and job security.¹³¹ This has not led to concrete outcomes yet, and the lack of monitoring on impacts in this area has also limited the interaction with the TDC. The study also points out that, based on interviews, the core labour standards are not considered to be the most pressing problems in the region, also given that most core labour conventions had been ratified before the EPA.

Attention has also been paid to labour conditions and decent work in EPA in the context of development cooperation. A key project in this respect is "Support to Facilitate Participation of CARIFORUM Civil Society in the Regional Development and Integration Process: Challenges to CARIFORUM Labour, Private Sector and Employers to Fulfil their EPA Obligations", which was a EUR2 million project over three years (2015-18) coordinated by the ILO regional office with funding from the EU.¹³² The main beneficiaries of the ILO-EU Project were the Caribbean Employers' Confederation (CEC), the Caribbean Congress of Labour (CCL) and their national constituents, National Employers' Organizations (NEOs) and National Trade Unions (NTUs). The main overall objectives of the program were "to allow employers and workers, through their national and regional organizations, to engage effectively in social dialogue processes, to contribute to the design and implementation of social and economic development policies for Caribbean regional integration, and to drive the monitoring process of the social aspects of the CARIFORUM-EC EPA."

According to the final evaluation of this project,¹³³ it was effective in revitalising the relationship between the CEC, the CCL and their constituents, and in successfully promoting intra-regional social dialogue. More specifically, the evaluation highlights three outcomes. First, it considers the seat given to the CEC and CCL at CARICOM's Council for Human and Social Development (COHSED) meetings as an important achievement and as precondition for influencing the decision-making process at the CARICOM level. Second, the training provided, workshops and meetings organised have helped to create visibility of the organisations involved and to increase their networks and membership. Third, in some cases, there are signs of increased dialogue and cooperation between employers' and workers' organizations. However, the evaluation also shows that several of the project's objectives were not reached and were also considered too ambitious by the evaluators. Notably, little progress was made towards the harmonisation of legislation, developing a realistic strategy for monitoring of EPA outcomes, and changing educational outcomes. In addition, sustainability of the results is not yet clear, and will to a large extent depend on the ownership of CEC and CCL.

From consultations with one of the stakeholders in this project, it became clear that it was not only about creating/strengthening the dialogue at national level, but it also provided the opportunity to sensitise stakeholders to the core labour standards and the Decent Work agenda. Although the conventions have been signed for a long time, there is still limited awareness on the related issues, e.g. with respect to child labour or occupational safety & health. The project provided an opportunity to increase this awareness again. At the same time, the stakeholder indicated that outcomes of increased awareness and dialogue are not clear yet and will only be visible in the long term.

Summarising, this project is considered as a positive first step in terms of bringing employer organisations and trade unions together and raising awareness on labour standards, but it requires a follow-up to create results on outcome level.¹³⁴

A final way in which the EPA could have affected labour conditions, is through the interaction with the EU market. One could assume that complying with EU rules and regulations might lead to changes in the production process. For example, if the EU has strict levels of maximum pesticides residues, this could lead to reduced use of pesticides in the CF countries, which is also positive for health and safety conditions at work. The interaction with EU

¹³¹ See <https://www.eesc.europa.eu/en/documents/draft-work-plan-joint-cariforum-eu-consultative-committee>.

¹³² Please note that this project is not a formal part of EPA development co-operation as presented in chapter 4, although it does contribute to some of the provisions of EPA.

¹³³ See https://www.eesc.europa.eu/sites/default/files/files/challenges_to_cariforum_labour_private_sector_and_employers_-_ilo_evaluation.pdf.

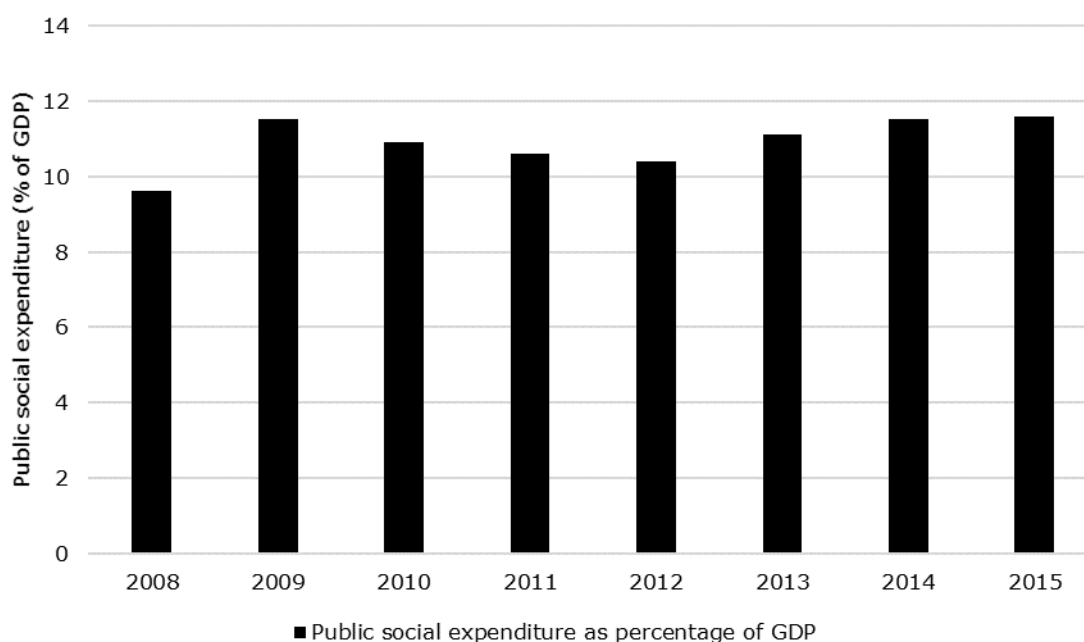
¹³⁴ As also discussed in the EU-CARIFORUM Consultative Committee: <https://www.eesc.europa.eu/en/documents/minutes-2018-jcc-eu-cariforum-meeting>.

companies could have similar effects. For example, these companies may have additional requirements regarding production processes and quality, e.g. as part of their Corporate Social Responsibility policy, or because they require compliance with specific voluntary standards. **We have found limited evidence for this in this evaluation, although there are some examples.** Some rum producers interviewed mentioned plans to work on improving labour conditions. Other producers identified opportunities in the fair trade and organic market, for which demand in the EU is growing. The EPA could help to take advantage of these opportunities by providing better market access and thereby indirectly contribute to changes in working conditions.

6.1.3. Impact on social expenditure

The decrease in tariff revenues as a result of the EPA could lead to the decrease of government revenues, which could, in turn, affect social spending (e.g. on education and health). As shown in Chapter 5, the effect of EPA on government revenue appear small, at least in comparison to other factors at play. In addition, as reflected in Figure 6.3, no major decrease in social spending since 2008 has been observed. We therefore assume there has been no major impact on government social expenditure which can be related back to the EPA. The forthcoming study commissioned by the CARIFORUM Secretariat on the impact of the EPA on tariff revenues might shed further light on this.

Figure 6.3 Public Social Expenditure as a percentage of GDP, 2008-2015



Note: Based on data from Bahamas, Guyana, Barbados, Jamaica and Trinidad and Tobago Source; Economic Commission for Latin America and Caribbean (ECLAC), on the basis of official information from the countries.

Source: Retrieved from <https://observatoriosocial.cepal.org/inversion/en/>.

6.1.4. Impact on vulnerable groups

It is particularly interesting to see if any vulnerable groups have been affected by the EPA. The study of Harrison et al (2019) suggests, based on interviews with stakeholders, that small-scale farmers, informal traders, the self-employed and those working on daily contracts had been negatively affected as a result of the EPA, due to incoming EU imports and stricter customs operations. However, in the absence of data on these groups, the size of this effect is difficult to quantify. In the remainder of this section, we focus on two specific groups for which some information is available: women and youth.

6.1.5. Gender impact

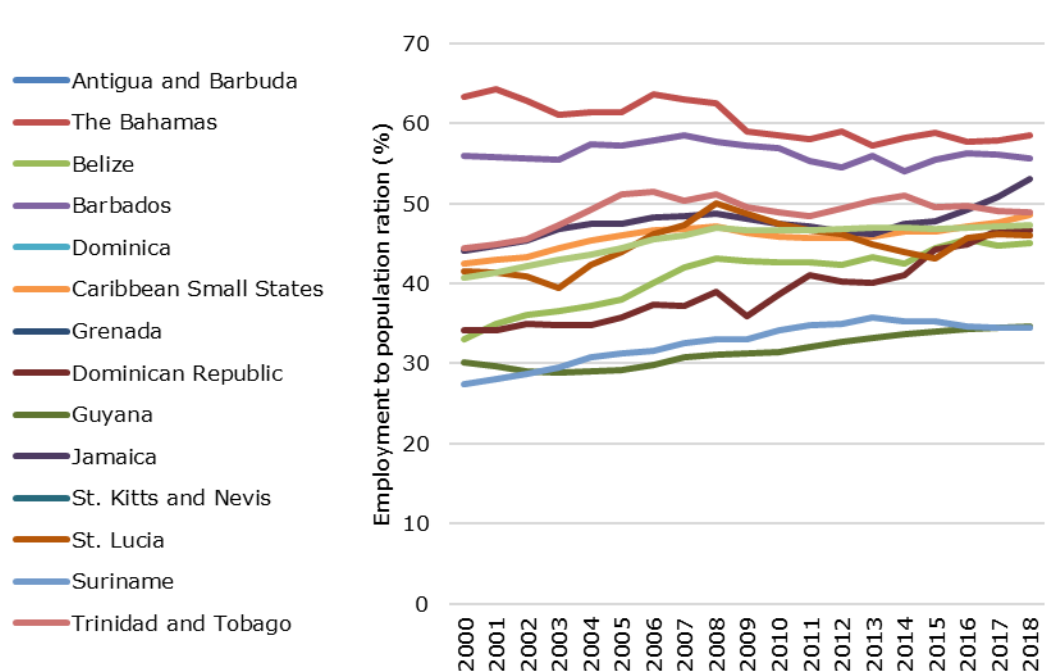
One of the region's remaining challenges is gender inequality and gender-based violence. Despite the efforts made by CARIFORUM countries towards socio-economic

development and gender parity, women still face discrimination in the labour market and are more likely to receive less education than men. This is often reinforced by the lack of recognition of the value of the unpaid domestic work done by the majority of women and results in women earning less than men on the labour market. This in turn means that women are also more likely to be affected by poverty.

Hence, as women participation in the labour market and trade activities differs from those of men, it is relevant to analyse in which way women might have been differently affected by the EPA. It should be noted that there is a high variation of the role of women among the different countries, based on our stakeholder consultations. This makes a generalised statement on the situation of women throughout the region impossible.

Overall developments in female employment are presented in Figure 6.4 below. The developments vary across countries, but as with overall employment, the difficulty is to establish a link with the EPA. Overall, most countries have experienced an increase in female employment over the evaluation period, except for the Bahamas and Barbados.

Figure 6.4 Female employment, 2000-2018



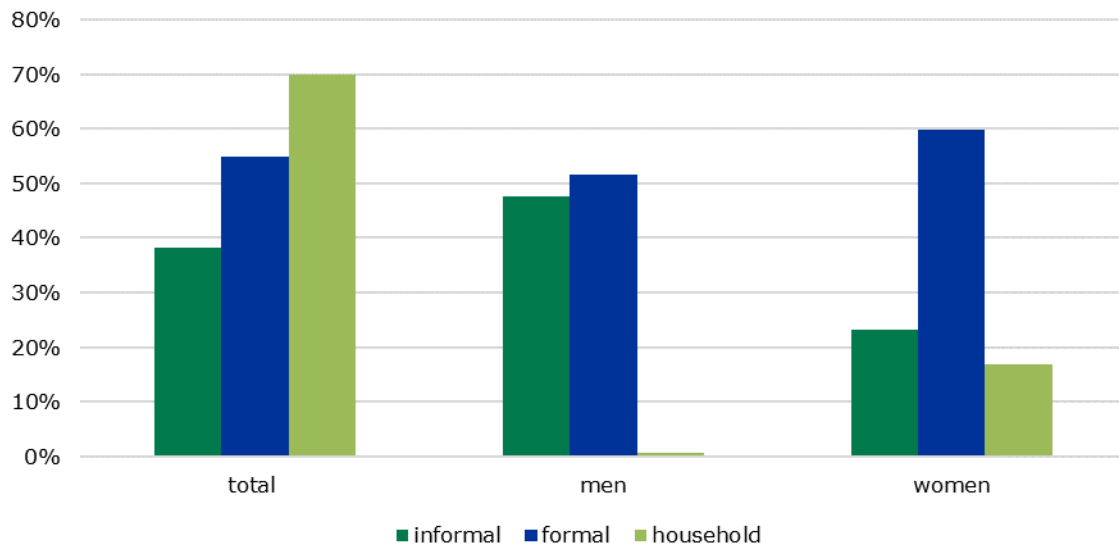
Source: ILO.

Almost half of the women in the CARICOM countries is active in the non-market sector, meaning that they are either active in the informal sector or households.¹³⁵

There are some examples of informal labour that could be reduced due to EPA (e.g. petty traders which are often women, as found in Harrison et al. (2019)).

¹³⁵ Informal sector referring to economic activities that are neither taxed nor monitored by any form of government; the distinction between informal and household is that for the latter, the economic activities are only intended for own final consumption and not for sales to others (e.g. growing of vegetables for own consumption).

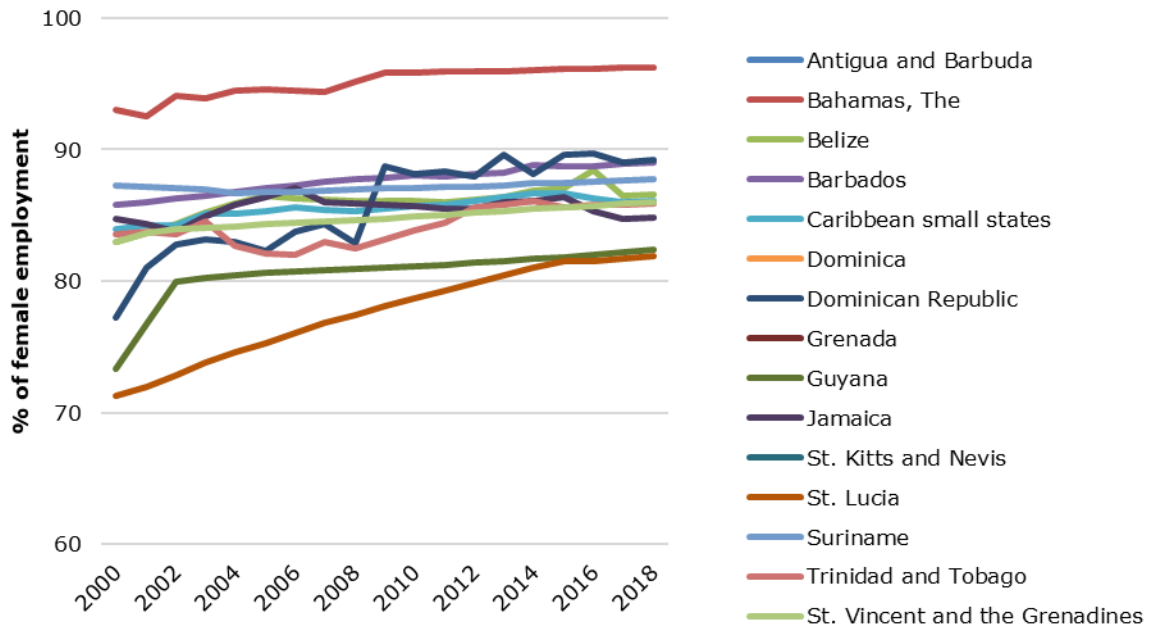
Figure 6.5 Employment in the formal and informal sector



Source: ILO https://www.ilo.org/wcmsp5/groups/public/---dg_reports/---dcomm/documents/publication/wcms_626831.pdf.

Around 80% of women participating in the labour market are active in the services sector. As the EPA is market-driven and as we did not establish a clear impact on services, we estimate the overall impact on women to be relatively limited. Data does show that female employment in the services sector has increased during the evaluation period in all countries.

Figure 6.6 Female employment in services, 2000-2018



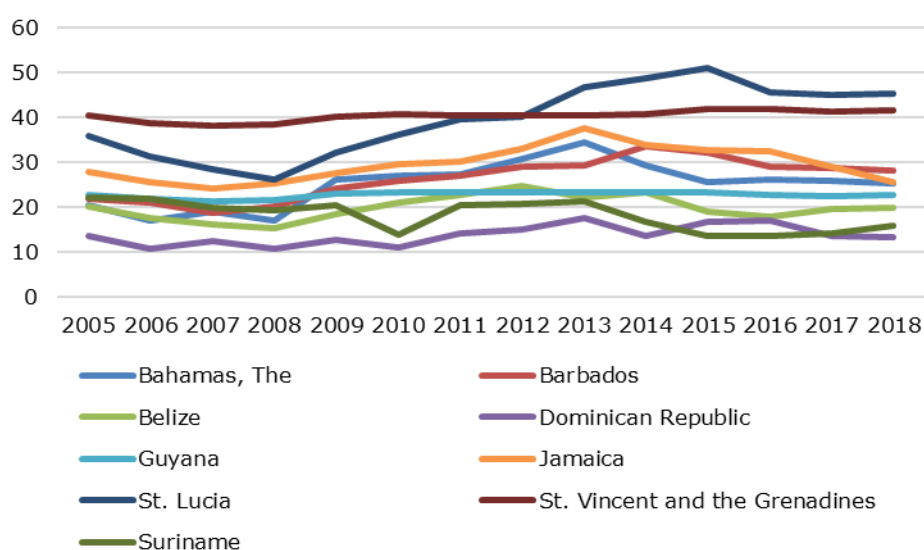
Source: ILO.

At the same time, we observed in the stakeholder consultations that there are many women in high management positions in some CARIFORUM countries. This is only anecdotal however, and we cannot draw strong conclusions from this.

6.1.6. Impact on youth

Youth unemployment is often higher than average unemployment. This is also the case for the CARIFORUM countries, and some CARIFORUM countries have the highest youth unemployment rates in the world. As Figure 6.7 illustrates youth unemployment is indeed much higher than average unemployment. While average unemployment rates in the CARIFORUM countries are in the range of 0-25%, for the age category of 15-24 these shares are between 10% and 50%. In terms of trends, in most countries, youth unemployment has increased between 2008 and 2018, with the exception of Suriname and Jamaica. Saint Lucia experienced the highest increase. However, for most countries the changes are small. Based on earlier research, women and the poor have a higher risk of youth unemployment. Some of the key underlying reasons for youth unemployment include lack of skills and a mismatch of skills and knowledge compared to what is needed in the market.¹³⁶

Figure 6.7 Unemployment, youth total (% of total labour force ages 15-24) (modelled ILO estimate), 2005-2018



Source: World Bank development indicators.

Although again it is difficult to make a link to the EPA, youth seem to be particularly employed in the service sector, where the EPA does not seem to have had a significant impact.

On the other hand, EPA includes co-operation on youth, which includes for example supporting the exchange of students, which could contribute to increasing skills and contribute to their future employment. In addition, there have been various meetings and exchanges with youth representative organisations. The work plan of the Consultative Committee also includes the promotion of youth exchange. Despite the explicit attention for youth in EPA, concrete outcomes that improve their position have not been identified.

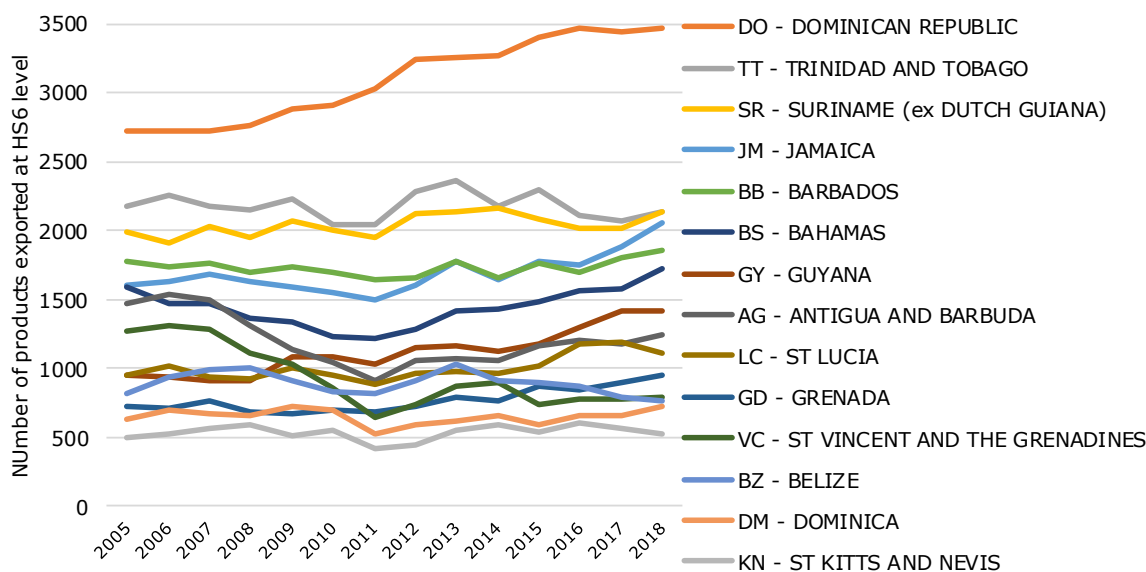
6.2. Impact on consumers

The EPA can affect consumers in various ways. Most effects will materialise through the trade channel. Increased imports can lower prices and/or increase the variety of products, both in numbers and quality. On the other hand, if local companies can get better prices for their exports, these exports could also decrease the availability of products on the local market (both in number and quality), which could have a negative impact on consumers, both in terms of consumer choice and price levels.

¹³⁶ See e.g. CBD (2015) Youth are the Future: The Imperative of Youth Employment for Sustainable Development in the Caribbean has emanated.

As shown in Figure 6.8, while imports from the EU have increased, the number of products imported varies by year and shows no clear trend for many of the CARIFORUM countries, except in the Dominican Republic, and to a lesser extent in Jamaica, the Bahamas and Guyana, which experienced an increase in the number of imported products. In terms of the structure of CARIFORUM imports from the EU, we note that more than half of the imports from the EU consist of machinery and transport equipment, chemicals and mineral fuels and lubricants, which are likely to be mainly used in the business sector, and not directly affect consumers. On the other hand, food products and miscellaneous manufactured items show an increasing trend, which could be more relevant for consumers. Many of the new products newly imported in the four countries that showed an increase in imported products include consumer products like truffles, wrist watches, margarine and pasta.

Figure 6.8 Number of HS6 level imports from the EU28, 2005-2018



Source: Eurostat.

In the stakeholder consultations, it was noted that some products are specifically sourced from the EU. For example in Suriname, cheese was mentioned as an example of a products typically imported from the EU. The imports can be based on the demand for variety, but also price, as some EU products can be cheaper than local products. However, to what extent this import is linked to the EPA is difficult to say, as the dairy-related examples provided her relate to products that have only been opened under the EPA in DR, not in the other countries.

In stakeholder consultations, some stakeholders pointed to the import of higher quality products from the EU. However, they also indicated that some of these are specifically imported for the tourism sector. A large part of the local population is not able to afford these products and therefore do not significantly benefit from this offering. No clear impact on prices has been identified (other than the example above).

We have not found evidence that increased exports are negatively affecting domestic consumers. Based on the type of products that have increased their exports to the EU (e.g. chemicals but also specific food items like guava and avocados), this potential effect does not seem likely to have been strong, if it occurred at all. The products are either not consumer products, and where it concerns food products, the ones for which exports have increased do not constitute an important element of the food basket (no essential staple food).

6.3. Impact on the environment

Environmental impacts of trade and trade agreements could occur in a variety of areas, including carbon emissions; land use, deforestation and loss of biodiversity; the use and degradation of marine resources; air pollution and waste generation and disposal, among other things. Examples of concrete issues in the Caribbean include overfishing and the degradation of coral reefs, air pollution by cruise ships, or the pollution brought on by illegal gold mining in

Guyana and Suriname, among many others. These issues are well-recognised and actively addressed by CARIFORUM countries, as evidenced by most countries having taken initiatives to prioritise sustainable development.

All CARIFORUM countries consulted in this study (except Jamaica and Saint Kitts and Nevis, which did not provide information on this), confirmed they had taken specific initiatives and legislation to conserve, protect and improve their natural environment and prioritise sustainable development. At the regional level, Article 65 of the Treaty of Charaguamas empowers the CARICOM to take measures related to the preservation of the environment and the sustainable exploitation of natural resources. A draft Caribbean Community Environment and Natural Resources Policy Framework was prepared in this context. Most countries in the Caribbean are also party to multilateral environmental agreements (for an overview of selected MEAs, see Annex H). Finally, projects for environmental protection and sustainable development are prioritised by the Caribbean Development Bank. On the other hand, as one NGO pointed out, due to lack of resources not all policies and agreements can be effectively implemented and enforced (e.g. related to marine protection).

Before assessing whether these trends reflect the environmental impact of EPA, we take a closer look at the environmental performance of the CARIFORUM countries.

Environmental performance

In relation to the developments in policy, we start with an overview of environmental performance in the CARIFORUM countries over time. For this analysis, we partly rely on the Environmental Performance Index (EPI), developed at Yale University. The EPI is a compound index, which provides measurements of environmental trends of 180 countries across 24 performance indicators. Thereby, it provides an understanding (at national scale) of how close countries are to the aspired environmental policy goals. The index is measured along two indicators, namely environmental health and ecosystem vitality. Both the index and the sub-indicators are measured on a scale from 0 to 100, with 100 measuring the best practices.

Environmental health, which is assumed to rise with economic growth and prosperity, is measured along sub-sectors such as air quality, water & sanitation as well as heavy metals, each with one or more sub-categories. In turn, ecosystem vitality, which is assumed to decrease with urbanisation and industrialisation, includes sub-sectors such as air pollution, forests, fisheries, agriculture, climate & energy, biodiversity & habitat and water resources. These are also split up into sub-categories, such as by types of harmful emissions (for air pollution and climate and energy) or by types of protectionism (under biodiversity and habitat).¹³⁷ Box 8 provides more information on the EPI.

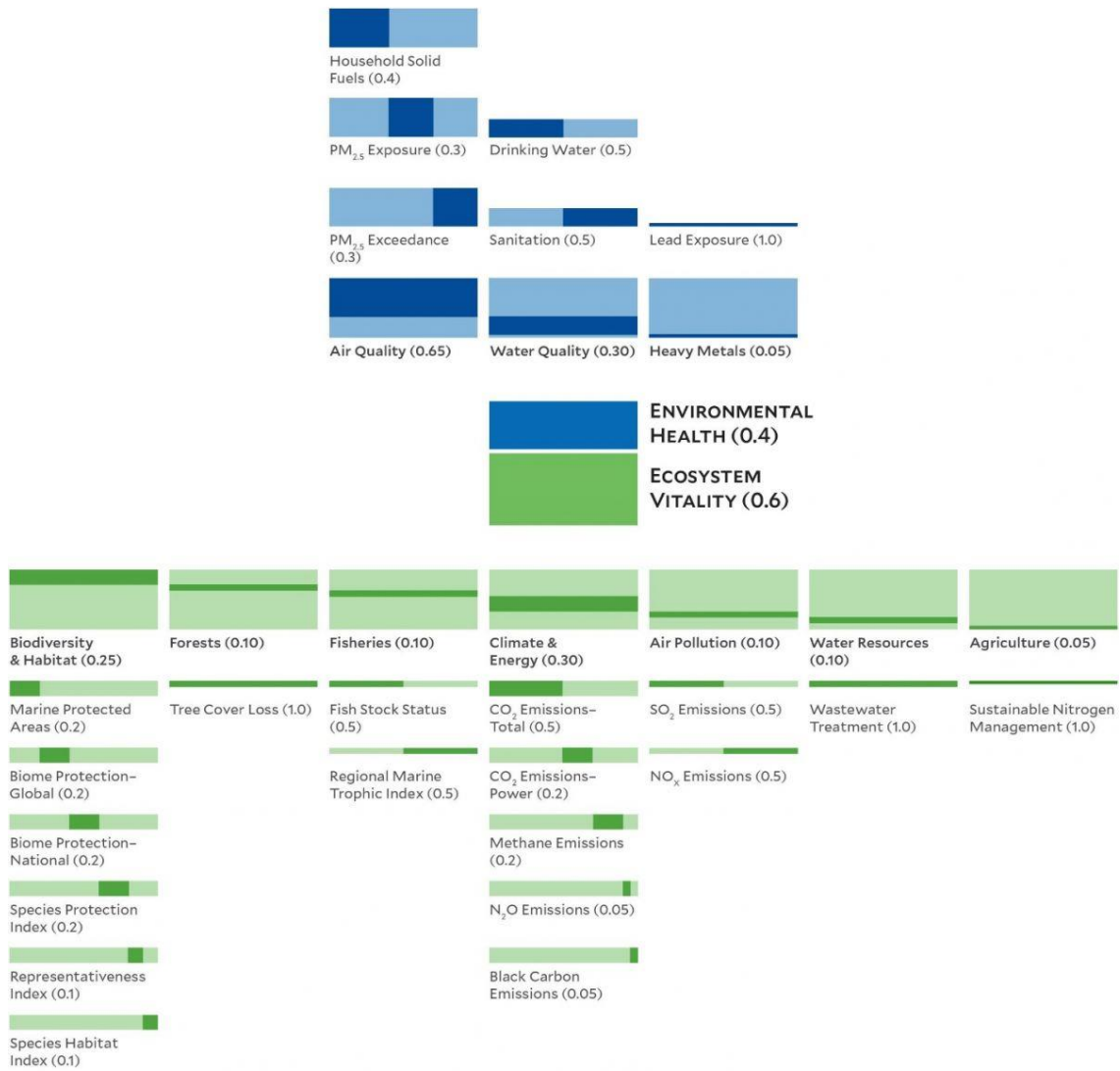
Box 9 Composition of EPI

In terms of how the index is actually computed, the EPI uses a hierarchical framework, grouping indicators within issue categories, issue categories within policy objectives, and policy objectives within the overall index. These policy objectives are the two main sub-indicators, environmental health and ecosystem vitality. The 24 indicators are further grouped within 10 categories, the sub-sectors mentioned above. The relative importance of the performance indices and subcategories can be found in the figure below.

From this, we can see that ecosystem vitality makes up 60% of the EPI, whilst environmental health only 40%. The most significant indicators for each of these policy objectives are air quality (comprising 65% of the environmental health index) and Climate & Energy, closely followed by Biodiversity & Habitat (comprising, together, 55% of the ecosystem vitality index).

¹³⁷ <https://epi.envirocenter.yale.edu/about-epi>.

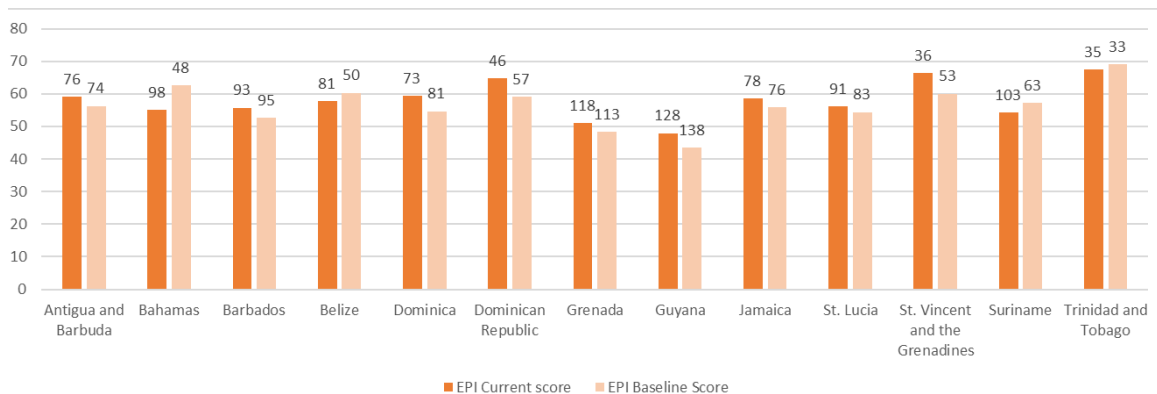
Figure 6.9 Breakdown of the Environmental Performance Index



Source: Environmental Performance Index, <https://epi.envirocenter.yale.edu/2018-epi-report/methodology>.

Figure 6.10 shows how the EPI scores have developed over the past decade for those CARIFORUM countries for which data are available, by current scores (2018) to baseline scores. A higher score implies a better performance. The numbers above the bars refer the international ranking of countries.

Figure 6.10 EPI score development

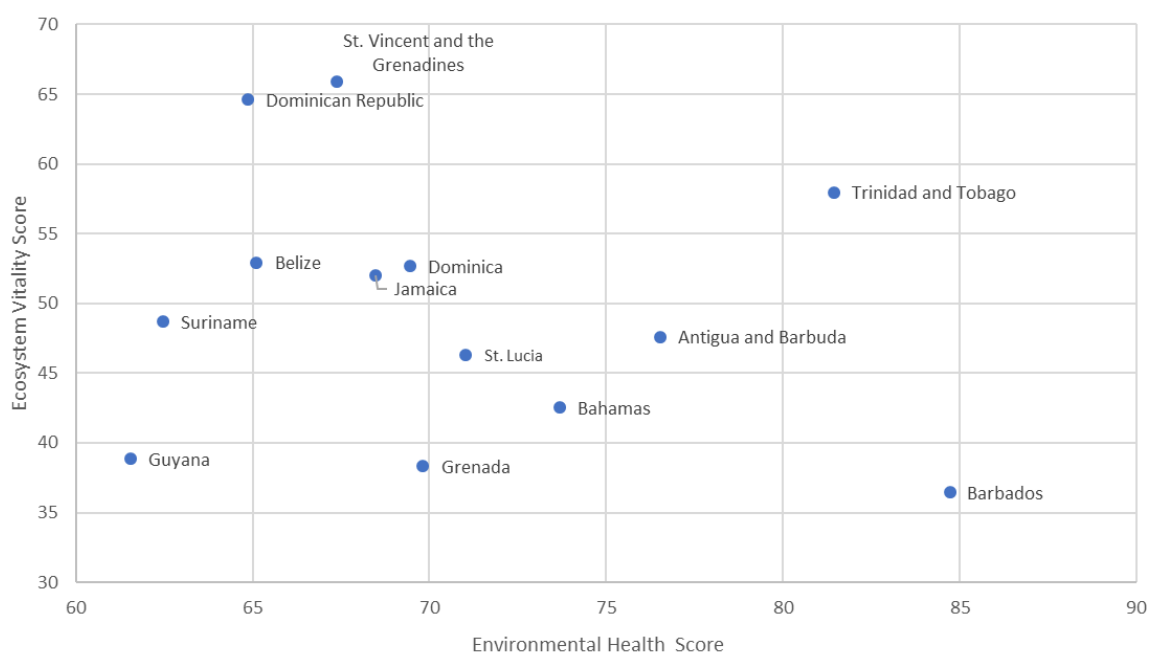


Source: Yale Centre for Environmental Law and Policy.

Most of the Caribbean countries involved in this study have seen small improvements in their environmental performance, based on the EPI score they exhibit compared to their baseline score. Four countries have experienced a drop in their scores over the last decade: Bahamas, Belize, Suriname and Trinidad & Tobago. The drop, in all four countries, was caused by the worsening of their ecosystem vitality. Climate & Energy has been in a challenge in all four countries, Air pollution has been an issue in particular for the Bahamas and Trinidad & Tobago, and scores for Forests and Fisheries have decreased for Bahamas, Belize and Suriname. It should be noted that while the other countries have improved their performance, for some their international ranking has still deteriorated (see e.g. Guyana, Saint Lucia). This implies that other countries have been able to improve more over the past decade.

Figure 6.11 presents the scores for the CARIFORUM countries on the two main sub indicators: ecosystems vitality and environmental health. The scores on all indicators underlying these two indicators are included in Annex H. The figure shows there is considerable variation across countries.

Figure 6.11 CARIFORUM scores on environmental health and ecosystems vitality, 2018



Source: Yale Centre for Environmental Law and Policy.

The role of the EPA

The question is how the EPA has contributed to environmental performance. As discussed in the introduction of the chapter, and translated for environment, impacts in this area on the CARIFORUM countries stem from three principal directions. First, economic impacts – expanding or shrinking exports, investment and production in specific sectors – have a direct impact on the use of environmental resources. Second, exporting to the EU market with its potentially demanding customer base might encourage producers to adopt more sustainable practices in relation to the environment. Third, the EPA includes several explicit provisions related to environmental sustainability. Some of these are safety valves, such as Article 37.3, emphasising the primacy of sustainable fisheries. Other provisions provide for (development) cooperation on environmental issues, such as Article 117.2(b) on capacity building on environmental management in tourism or Article 138 on eco-innovation and renewable energy or article.

For the first impact channel, a key issue is the difficulty of establishing causality between the Agreement and trade, investment and production impacts. We observed that overall trade went up in recent years, not so much trade between CARIFORUM and the EU, but more significantly trade between CARIFORUM and the rest of the world. While this is not directly attributable to

the EPA, it would suggest that the use of environmental resources induced by trade has also increased.¹³⁸ However, this is subject to sectoral variation. Traditional activities such as exports of natural resources and commodities, agribusiness products (mainly bananas from the Dominican Republic), oil and chemicals (mainly from Trinidad & Tobago) and tourism services often have a significant environmental footprint, both due to their size and nature. However, the relations are complex, as it is not clear to what extent the trends in exports are linked to the EPA or other factors (e.g. changes in oil prices), and as the environmental footprint of specific sectors is hard to establish. Therefore, one can only speculate whether the sectors of declining trade had a larger or smaller footprint than the expanding sectors. In terms of investment, the impact of EPA seems to be small, as the FDI stock is concentrated in a few countries (notably Barbados, Bahamas) or investors were present already before the EPA.

Yet we also observe positive indirect impacts of the EPA on the environment. Given the small size of most CARIFORUM countries and the distance from the EU, compounded by the difficulties of developing export capabilities in a fragmented regional market, most opportunities under the Agreement are in small and narrow niches. Furthermore, given the cost of exporting, these opportunities are mainly in niche exports of high quality and value. This has two implications. First, that any environmental impacts are highly specific and localised. Second, given the non-mass market nature of products, sustainable production practices can serve as a differentiator in the EU market.

Worth highlighting among these emerging and niche opportunities are rum and other beverages, sauces, condiments and other food products, cosmetics, and creative industries. Among these, the rum industry has the most significant environmental footprint, mostly related to the production of sugarcane. While the rum industry is an example of the optimal use of a by-product of sugar production, molasses, the distillery process discharge also creates a polluting effluent. However, we also note that producers exporting or attempting to export to the EU also look into environmental sustainability (second channel of impact, interaction with the EU market). Examples include rum producers aiming to produce fully carbon-neutral, through the use of solar energy and the purchase of carbon offsets, or rum producers seeking certification for their environmentally sustainable production practices.

There are also a few examples from other emerging sectors. For example, a producer and exporter of sea moss, noticing that their customers in the EU and the US are health- and environment-conscious, has been reducing its environmental footprint through responsible harvesting and the reduction of packaging materials. For other emerging sectors, the environmental footprint is limited, both due to the size and the nature of these industries, such as, for example, creative industries. Furthermore, even if a demanding EU market induces producers to adopt sustainable production practices, it is not clear whether this can be directly attributed to the Agreement, rather the Agreement can help to take advantage of these opportunities.

The EPA potentially also has an impact through the implementation of sustainability provisions, as well as the pertinent technical assistance provided by the EU. As noted above, of the countries that responded to our inquiries, most report to have adopted strategies and initiatives to prioritise environmental sustainability, and more specifically have adopted environmental standards in the tourism sector and vis-à-vis foreign investors. However, while required by the Agreement, the adoption and implementation of these initiatives often preceded the Agreement or was driven by a wider range of considerations. Based on the stakeholder consultations, it is clear the environment and climate change are key issues of discussion in for example the TDC and agriculture committee, with discussions for example relating to the CARIFORUM's resilience to climate change. In that sense, the institutions provide a way to promote these issues and support CARIFORUM countries in this area. At the same time, an NGO commented while the topic is indeed on the agenda, this is not clearly translated into actions and activities on the ground to change the situation and improve the environment. That being said, we also note the technical assistance provided by the EU on environmental issues, both at a regional level, but also at national level. These include projects directly concerned with environmental sustainability, such as the project *Strengthening of the Caribbean Biological Corridor*, a project with UNEP that prepares for

¹³⁸ One cannot say with certainty whether observed trends can be attributed to the Agreement, as many other factors, like changing world market prices and conditions can also play a role.

“Biological connectivity between ecosystems and habitats in the Caribbean.”¹³⁹ Another example is the project *Coconut Industry Development Expansion*, a project with ITC funded by the EU, focused on the development of the Coconut industry as one of the initiatives to promote¹⁴⁰ climate-resilient, sustainable agriculture.

6.4. Concluding remarks on EPA’s sustainability impact

The CARIFORUM-EU EPA is the first EU’s trade agreement with specific chapters on sustainable development and social aspects. The analysis shows that although the EPA has several elements that link to sustainability-related policies, in general the EPA requires the parties to reaffirm their commitment to already existing international declarations, conventions and agreements¹⁴¹ but does not require the ratification of additional international agreements or other specific policy changes. Nevertheless, it is clear that especially in the field of environment and climate change, several policy changes have been made throughout the evaluation period. These topics are key priorities for most of the CARIFORUM countries, as they are immediately affected by the impact of climate change (e.g. floods, drought).

Co-operation on sustainable development and social aspects is also included in the agreement. This is reflected in the reference to social aspect and sustainable development made in several statements and reports of meetings of the joint institutions (e.g. the Consultative Committee). The extent of actual co-operation in these areas was however difficult to assess. While we found some examples of development co-operation projects in these fields, the support is not clearly marked as support to the EPA (see also chapter 4). Consultations and literature review suggest that the impact of EPA as a result of the provisions in the agreement (including the co-operation) are limited.

There could also be indirect effects of the EPA on sustainability, stemming from the economic changes brought about by the agreement. For example, if sectors expand that are important for employment or that have specific environmental challenges, this will have an impact on sustainability as well. As the economic impact has been small at aggregate level (see chapter 5), also the impact on sustainability appears to be limited. No significant changes in social or environmental indicators have been identified over the evaluation period. While at sectoral level there is variation, we have not been able to identify specific groups that have suffered or benefitted from significant environmental impacts that occurred as a result of this.

Finally, the exchange between CARIFORUM and EU economic operators could have an impact on sustainable business conduct, e.g. because clients demand compliance to certain standards. While we have seen some positive examples of this, it is often anecdotal and appears not to be specific to business with the EU.

¹³⁹ See <https://www.unenvironment.org/news-and-stories/story/caribbean-biological-corridor-work-progress>.

¹⁴⁰ See <https://sustainabledevelopment.un.org/partnership/?p=15858>.

¹⁴¹ E.g. regarding labour standards it refers to obligations and commitments in relation to the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1998), or with respect to the environment it refers to existing provisions related to sustainable development, natural resources and the environment under the Cotonou Agreement.

7. CASE STUDIES

The objective of the case studies is to understand opportunities and challenges for trade and investment at sector level. The case studies analyse barriers to trade, opportunities and constraints with regard to exporting to the EU as well as any positive or negative impact that may have arisen from the EPA.

The following Sectors and topics have been studied:

- The creative and cultural services in CARIFORUM;
- The beverage industry in CARIFORUM;
- EU FDI in the CARIFORUM tourism sector; and
- Dairy exports from the EU.

7.1. Case study 1: Creative and cultural services in CARIFORUM

This case study is part of the overall evaluation of the impact of the CARIFORUM – EU Economic Partnership Agreement (EPA) and focuses on the creative sector (hereafter also: creative industry or entertainment industry). The study is based on literature review, findings from national experts in Suriname and Trinidad & Tobago as well as findings from a field visit of Ecorys consultants to Jamaica. While Trinidad & Tobago and Jamaica were selected given their significance for the music respectively animation industry, Suriname was selected as it is rather unique, having cultural ties that are very significant but focused on only one EU member state, the Netherlands.

In 2019, UNESCO published a study titled "Culture in the CARIFORUM – European Union Economic Partnership Agreement".¹⁴² It forms an important source of information for this case study. In addition to this study, we consulted a number of other sources of information including stakeholders listed in Annex D and literature in Annex H. This study takes stock of the main issues at state and provides some 'local flavour'. Therewith it tries to deepen some of the understandings in the main report.

Description of the creative sector

There are various definitions of what constitutes the creative industry and how its sub-sectors can be defined. Ramesh Chaitoo (2013) distinguishes seven sub-sectors that together constitute the creative- or cultural industries or 'entertainment sector'.¹⁴³ These are:

1. The Music Industry, including recording, live performance, and music publishing;
2. Film and Television, including on-location productions;
3. The Book and Magazine publishing industry;
4. The Performing Arts;
5. The Visual Arts;
6. Festivals and Cultural Tourism;
7. Fashion and fashion accessories.

Despite its comparatively small size, the region is celebrated for its vibrant cultural scenes that contain influences from across the world. The region's unique cultures involve a wide variety of creative forms, music in particular, and a broad range of artistic expressions such as folklore, crafts, performances, music festivals, and carnivals.¹⁴⁴

Moreover, Caribbean culture is in demand far beyond the region as it has become a marketable item for export on the global cultural scene. Given the popularity of many Caribbean musicians across the world, this is especially true for the music sector. While Bob Marley is without doubt

¹⁴² UNESCO (2019). Culture in the CARIFORUM-EU Economic Partnership Agreement. Rebalancing trade flows between Europe and the Caribbean?

¹⁴³ Chaitoo, Ramesh (2013). "The entertainment sector in CARICOM: key challenges and proposals for action." IDB Technical Note 514.

¹⁴⁴ Cf. Chaitoo, Ramesh (2013). "The entertainment sector in CARICOM: key challenges and proposals for action." IDB Technical Note 514.

the best-selling reggae star from Jamaica, his international record sales have already been slashed by Rihanna, the contemporary megastar from Barbados, and he is currently closely tailed by Trinidad & Tobago-born Nicki Minaj.

The Caribbean's Best-Selling Recording Stars (CARICOM)

A tribute to three outstanding global mega-stars who were born in the (Caricom) Caribbean. Each artist is the best-selling recording artiste in his / her respective nation's history. Here are some statistics which go far in giving you clear insight into the magnitude of their careers.

(by Ronnie Morris @ronniebdos)

		
RIHANNA (Barbados)	BOB MARLEY (Jamaica)	NICKI MINAJ (Rep. Trinidad & Tobago)
Record sales- 230 MILLION	Record sales- 75 MILLION	Record sales- 60 MILLION
Grammy Awards- 8	Grammy Awards- 1	Grammy Awards- 0
American Music Awards- 8	American Music Awards- 0	American Music Awards-4
Billboard Awards- 13	Billboard Awards- 0	Billboard Awards- 4
US #1 hits- 13	US #1 hits- 0	US #1 hits- 0
US Top 40 hits- 44	US Top 40 hits- 0	US Top 40 hits- 32
UK #1 hits- 8	UK #1 hits- 0	UK #1 hits- 1
UK Top 40 hits- 42	UK Top 40 hits- 16	UK Top 40 hits- 24
Net worth- USD \$140m	Net worth- USD \$130m	Net worth- USD \$50m

Source:

<https://www.facebook.com/jamprocreative/photos/pb.156242691070164.2207520000../1164466643581092/?type=3&theater>.

The demand for Caribbean culture in Europe stems to a large extent from music festival organizers and Carnival promoters or bands.¹⁴⁵ The majority of promoters of Caribbean music and carnivals living and working in the EU have Caribbean roots themselves. Across the EU however, the interest in Caribbean music is growing and Caribbean elements can increasingly be found in annual carnivals in Rotterdam, Cologne, London and Berlin.

The economic impact of the cultural industry is generally the most significant in Barbados, Jamaica, and Trinidad & Tobago, as among the larger countries.¹⁴⁶ However, the economic significance of the subsectors differs between countries. Reggae is for instance very significant in Jamaica, Barbados has numerous film festivals, and Trinidad & Tobago is famous for its carnival. A common feature of all CARIFORUM countries however, is the need to further diversify their economies. The creative industries potentially play an important role in this process.¹⁴⁷

The music, the audio-visual industry, and festivals are the most developed subsectors across the region as these have the most commercially developed practitioners.¹⁴⁸ These are also the sub-sectors for which most specific information is available. Hence this case study focuses predominantly on these sectors. Where applicable, insights on the other sectors will also be included.

¹⁴⁵ Cf. CEDA (2019). CARIFORUM-EU Economic Partnership Agreement: A Firm-Level Review Focused on Trade and Investment.

¹⁴⁶ This reflects the significance of agglomeration effects in creative industries, with these industries depending on a critical mass of creative professionals as well as minimum market size.

¹⁴⁷ Cf. UNESCO (2019), ECLAC (2018).

¹⁴⁸ The majority of sources refer to these sectors.

7.1.1. The Caribbean music industry

As indicate above, Caribbean culture is particularly famous for its music. While Jamaica counts as the centre of Caribbean music, especially reggae and dancehall, there are also a number of famous artists from other countries such as Belo from Haiti and music styles such as soca from Trinidad & Tobago or 'bachata' from the Dominican Republic that have some international appeal. Caribbean music thus certainly has a global outreach, which has been facilitated by the Caribbean diaspora that resides in many countries throughout the world. At the same time, Caribbean music was influenced by different styles from across the globe:

"Having originated within a cultural space that was home to marginalized groups, mainly in Western Kingston, the Reggae music of Jamaica is an amalgam of numerous musical influences, including earlier Jamaican forms as well as Caribbean, North American and Latin strains. In time, Neo-African styles, soul and rhythm and blues from North America were incorporated into the element, gradually transforming Ska into Rock Steady and then into Reggae."¹⁴⁹

In 2018, UNESCO, the United Nations Educational, Scientific and Cultural Organization, added reggae to its list of cultural institutions worthy of protection and preservation. The recognition of reggae as a cultural heritage may very well strengthen the legacy of reggae. In Interviews held with members of the Jamaican Ministry of Culture,¹⁵⁰ it was confirmed that many young people, especially from underprivileged areas, dream of a career as reggae musicians. As a result, new bands are being established regularly, often in the underserved communities of Kingston and often informally, searching for that song that might lead to a breakthrough.

The economic significance of the music sector

In general, the availability of data on the music industry is limited. Sales data is often a closely guarded industry secret, while the cross-cutting nature of the industry limits the usefulness of structural business statistics.¹⁵¹ Furthermore complicating efforts to measure the size of the industry is the transformation change the industry has gone through, from physical media towards other revenue sources such as streaming, downloads and live performance rights.¹⁵²

Overall, the main genres of Caribbean music, reggae and so-called "World Music", represents only a small niche of about USD 1.4 billion in the USD 79.1 billion global music industry.¹⁵³ Sometimes with immense success: For example, Bob Marley's compilation album "Legend," released posthumously in 1984, was sold in the United States with over 11 million copies and has spent nearly 300 weeks on the Billboard 200.¹⁵⁴ In recent years it has been said that "there is one Jamaican record every two to three years" making it in the US market, showcasing at once the potential of the Jamaican music industry as well as its limitations.¹⁵⁵ Nonetheless, most income is generated from live music, especially at World Music festivals held in summer in Europe.

In Jamaica, annual music exports amount an estimated US\$80-100 million, which equals about 1.7 per cent of total goods and services exports.¹⁵⁶ The value added generated by the music industry has been put by the Minister of Culture, Gender, Entertainment and Sport at close to 2% of GDP, or approximately US\$292 million in 2017.¹⁵⁷ Because of the informal character of the Jamaican music industry, it is difficult to assess precise numbers of employment. According

¹⁴⁹ cf. UNESCO at <https://ich.unesco.org/en/RL/reggae-music-of-jamaica-01398>.

¹⁵⁰ Ministry of Culture, Gender, Entertainment and Sport.

¹⁵¹ For example, the economic contribution of a musician could cut across the sectors *creative, arts and entertainment activities* (NACE code R90), *sound recording and music publishing activities* (NACE code J59.2), among others. Furthermore, even Eurostat is not able to provide data on these narrow sub-sectors for all member states.

¹⁵² International Federation of the Phonographic Industry (2019). Global Music Report.

¹⁵³ Cf. Chaitoo, Ramesh (2013).

¹⁵⁴ Cf. <https://www.rollingstone.com/music/music-news/bob-marleys-legend-primed-for-first-top-10-chart-finish-96687/>

¹⁵⁵ Elias Leight (2018). *Why Isn't Jamaican Dancehall Bigger in the U.S.* Rolling Stone, retrieved from <https://www.rollingstone.com/music/music-features/dancehall-reggae-jamaica-breakthrough-704969/>

¹⁵⁶ Cf. ECLAC (2018). A study on the creative industry as a pillar of sustained growth and diversification. The film and music sectors in Jamaica: lessons learned from case studies of successful firms and ventures.

¹⁵⁷ See <https://jis.gov.jm/reggae-music-jamaicas-valuable-export-grange-tells-unesco-creative-cities-music-meeting/>.

to a 2016 study entitled 'A Business Plan for the Jamaican Cultural and Creative Industries', between 6,000 and 12,000 persons were employed in the Jamaican music industry, with about 2,500 being musicians and 1,700 employed by sound systems.¹⁵⁸ In addition, an estimated 600 studio performers were professional performers including musicians. Jamaica certainly is an exception as the small nation of (at the time) two million people produced over 100,000 recordings between the mid-1950s and 2000. Per capita, Jamaica could be the world's most prolific generator of recorded music.¹⁵⁹

In addition, the music industry is linked to the tourism sector in Jamaica. The field visit revealed that a wide coalition of public and private organisations, including JAMPRO, each year facilitates multiple reggae events such as Rebel Salute in January, Reggae Month in February, and Reggae Sumfest in the summer. While no data is available on the revenue generated by these events in recent years, for the 2010/2011 fiscal year the Jamaican Ministry of Culture, Gender, Entertainment and Sport indicated that four large-scale music events generated JA\$588.93 million (EUR 3.7 million) and temporarily employed 1,060 persons.¹⁶⁰ In addition to their potential for economic growth and job creation in the entertainment sector, these events are also intended to attract tourists to the island. Other CARIFORUM countries follow a similar strategy, e.g. the Pure Grenada Music Festival or the Saint Lucia Jazz Festival.

While it provides an international platform for Grenadian artists at varying levels of their career, the Pure Grenada Music Festival gathers international artists from all over the world. Surveys launched by the Grenada Tourism Authority confirmed a high foreign visitor presence (41%) at the festival, which speaks to impact on Grenada's tourism product and potential economic benefit to the nation.¹⁶¹ Likewise, the Saint Lucia Jazz Festival is part of a comprehensive renewal of St. Lucia's tourism product. It brings festival acts from the United States, the United Kingdom and the Caribbean, and gathered visitors from all over the world.¹⁶²

The music value chain

The formal value chain in the music business starts with the production of a song, which is followed by the selection and development of artists. After the song and artist are matched, the song needs to be recorded.¹⁶³ Afterwards sales, distribution, marketing and services come into play. As such, the music business employs a variety of professions, including songwriters, musicians, producers, graphic designers, and marketeers.

The structure of the record business differs between the Western world and the Caribbean.¹⁶⁴ While a limited number of large record labels dominate the market in the United States and Europe, the music scene in Kingston includes a large number of small, independent specialized companies that each focus on a specific task for the production of a record as depicted in the figure below. Illustrating the informal, but also dynamic nature of the industry is the following. In 2000, the Yellow Pages listed 25 record companies in Kingston, the Encyclopaedia of Jamaican Music listed 34, but industry sources estimate vary from 75 to more than 200 if home studios are included.¹⁶⁵ The latter, higher estimate, is also confirmed by a textual search of the Jamaican business registry, finding 172 active businesses with the keywords music, recording or records in the company name.¹⁶⁶

The structure of the Jamaican music industry is strongly linked to the history of the island and the nature of its development. Music played in Jamaica was always based on its informal

¹⁵⁸ Ibid.

¹⁵⁹ Cf. Stanford Graduate School of Business (2004). Trench Town Rock: The Creation of Jamaica's Music Industry. Case Study.

¹⁶⁰ Cf. ECLAC (2018). A study on the creative industry as a pillar of sustained growth and diversification. The film and music sectors in Jamaica: lessons learned from case studies of successful firms and ventures.

¹⁶¹ DOWRICH-PHILLIPS Laura, 2019 dates for Pure Grenada Music Festival announced, <https://www.loopit.com/content/2019-dates-pure-grenada-music-festival-announced>, June 2018.

¹⁶² Herrman Michele, Patti LaBelle, Chick Corea And Chucho Valdéz Join 2020 Saint Lucia Jazz Festival Lineup, <https://www.forbes.com/sites/micheleherrmann/2020/02/29/saint-lucia-jazz-festival-2020/>,

¹⁶³ See on the value chain: ECLAC (2018). A study on the creative industry as a pillar of sustained growth and diversification. The film and music sectors in Jamaica: lessons learned from case studies of successful firms and ventures.

¹⁶⁴ Cf. Stanford Graduate School of Business (2004). Trench Town Rock: The Creation of Jamaica's Music Industry. Case Study.

¹⁶⁵ Witter Michael, "Music and the Jamaican Economy", UNCTAD/WIPO, 2004.

¹⁶⁶ See <https://www.orcjamaica.com/companySearch.aspx>.

aspects and roots, and the philosophy behind it. Jamaican music finds its origin in the more "*marginalised social groups of the society and has been used as vehicle for their own development.*"¹⁶⁷ Each of the actors involved in the value chain are bringing their own expertise to the music production (from live music to studio records and publishing/distributing). The culture of "System D", brilliantly represented with the emergence of typical "Sounds Systems" set-up, is therefore the basis of the current industry structure. The centrality taken by the artist (often the producer itself) participate in this division of services in the Jamaican music industry – the artist being owner of the process, but at the same time relying on a series of providers to get the final product.¹⁶⁸

Other more structural factors also explain the structure of the music industry in Jamaica. Lack of incentivising public policies to reinforce the music industry (for example: audio equipment considered for long-time as luxury goods), the actors had to organise themselves. Still today, the music industry is not considered as a priority by trade policy.¹⁶⁹

Another feature of the music business in Kingston is the high level of informality. For example, contracts are sometimes orally confirmed, resting on the parties' ongoing business and social interactions. This culture of informality still remains today, as was confirmed by a senior advisor to the Ministry of Culture of Jamaica.

The fragmentation and informality contributed to the fact that the Jamaican music industry finds it difficult to sell on the global market. As a result, export earnings of recordings made in Jamaica are generally low. Jamaican (and other Caribbean) artists have become international successes only after switching to non-Jamaican record labels.¹⁷⁰ According to an interview with a European label specialized on reggae music, interest in Caribbean music is, however, mostly by specialized niche labels. This reduces the potential for mass market success, as these labels are typically small and are exclusively focused on their specific niche.

The global music industry has gone through transformational changes in the last two decades. The traditional business model of vertically integrated record companies crumbled in the 2000s with the advent of digital music. Online piracy drastically reduced the revenue generated by physical media. Access to media channels, previously controlled by record companies, lost its importance with the likes of YouTube and Facebook offering new ways to individual artists to promote their music. In the last few years the industry partially recovered, discovering new ways to distribute music through channels such as Spotify.¹⁷¹

Increased digitalisation and the rise of online music streaming severely weakened the power and influence of large record labels as new actors such as streaming service providers have arrived on the market. According to an interview with a Caribbean streaming platform, access to international streaming platforms such as Spotify, and thus the EU streaming market, is challenging for aspiring artists. This is partly because of the fragmented nature of the Caribbean music market (and thus payment systems, among others). Consequently the major platform used by Caribbean artists is YouTube. While raising visibility, it is however not a channel that allows artists to monetize their work. It should thus be seen in conjunction with revenue sources such as live performances.

There are a few emerging regional streaming platforms. These include Caziq from Trinidad & Tobago, or Track drip from Suriname. The latter app has also expanded to the European market, making itself available in the Netherlands as a market with a large Surinamese diaspora. However, even Trackdrip is not available in the majority of Caribbean countries. There is thus no truly regional streaming platform.

The non-availability of streaming platforms such as Spotify or Apple Music in the Caribbean is a real challenge for the industry. With Caribbean music naturally being the most popular in the Caribbean itself, local music fans cannot signal the popularity of artists, songs and albums on

¹⁶⁷ Witter Michael, "*Music and the Jamaican Economy*", UNCTAD/WIPO, 2004.

¹⁶⁸ Kozol-Wright Z., and Lloyd Stanbury, "*Becoming a Globally Competitive Player: The Case of The Music Industry in Jamaica*", UNCTAD Discussion, paper No. 138, 1998.

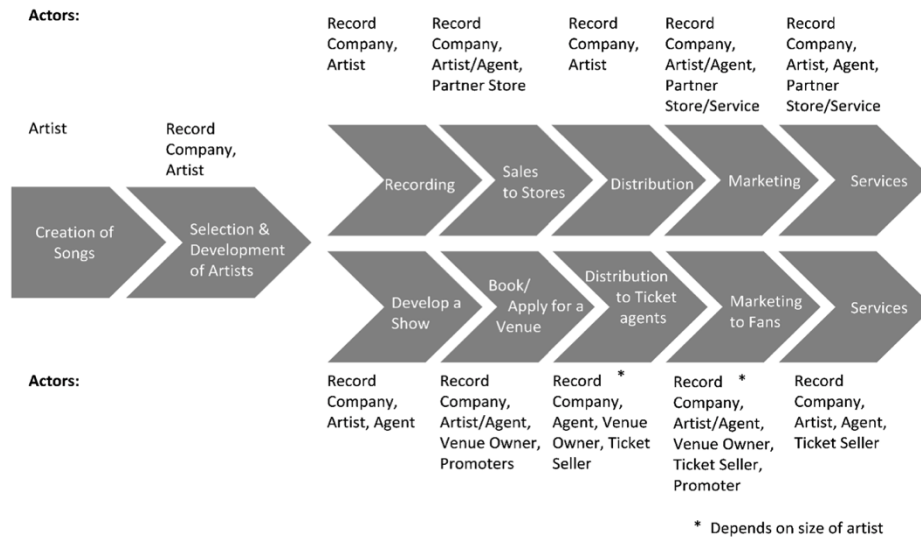
¹⁶⁹ Trade and Policy Framework – Jamaica, UNCTAD, 2015.

¹⁷⁰ Ibid.

¹⁷¹ See <https://soundcharts.com/blog/mechanics-of-the-music-industry>.

streaming platforms, reducing in turn the visibility of Caribbean artists on international streaming platforms.¹⁷²

Figure 7.1 Music Value Chain



Source: Hanne Russ, Jean-Pierre Kulboer, Noushin Ashrafi (2016). *Business Intelligence in the Music Industry Value Chain:: Ensuring Sustainability in a Turbulent Business Environment*. International Journal of Business Intelligence Research 5, page 50-63.

7.1.2. The Caribbean audio-visual/ film & animation industry

While the Caribbean film sector may not be as commercially successful as the music industry, it is developing quickly as room for new talent and creativity is opening up and new possibilities for audio-visual expressions emerge, also in the animation industry. Despite the abundance of exotic filming locations across the Caribbean, only a few countries have a film legacy. In most of the countries across the region, the film and video industry developed only in the course of the 1990s.¹⁷³ Therefore, the number of indigenous Caribbean productions has been limited. Neither were there co-productions within the region or with international partners nor were Caribbean productions often broadcasted outside the region.

The economic significance of the audio-visual/ film & animation industry

In recent years the industry seems to have expanded throughout the region. A good indicator for this is the number of Caribbean productions shown at the film festivals in Barbados: Whereas the 2007 Bridgetown Film Festival screened 10 films made in the region, the Caribbean Tales Film Festival featured 16 Caribbean films or documentaries and one animated short film in 2011, while the 2018 programme contained at least 30 productions originating from the region.¹⁷⁴ With these new developments, the CARIFORUM countries may be able to get a larger chunk out of the USD 49 billion plus (box office only) global film industry.

In Jamaica, moving pictures were already introduced in 1897, just a little later than the first commercial film projections in Europe and the US.¹⁷⁵ As a result, the sector is comparatively well developed. Jamaica also established a full-service film promotion agency in 1984. The Jamaica Film Commission (a department of JAMPRO) seeks to attract foreign productions and investment into Jamaican production locations, to promote Jamaica as a film location and to promote the local film industry. The field visit moreover, revealed that Jamaica Film Commission staff regularly attends the larger film festivals in Europe, such as Cannes and Berlin.

¹⁷² Elias Leight (2018). *Why Isn't Jamaican Dancehall Bigger in the U.S.* Rolling Stone, retrieved from <https://www.rollingstone.com/music/music-features/dancehall-reggae-jamaica-breakthrough-704969/>.

¹⁷³ Cf. Chaitoo, Ramesh (2013).

¹⁷⁴ Cf. <https://caribbeantalesfestival.com/#>.

¹⁷⁵ Cf. Martens, E.S. (2018). *The History of Film and Tourism in Jamaica*.

Already in 2003, Jamaica hosted over 20 companies that were actively involved in both local and international film and video production and at least 300 individual private contractors providing services to the sector.¹⁷⁶ In 2018, JAMPRO recorded an annual average of 150 international productions shot in Jamaica, employing over 2500 Jamaicans, and contributing over JA\$1 billion (EUR 6.3 million) to the local economy.¹⁷⁷

Examples of large international productions (partially) shot in Jamaica are *Live and Let Die* (1973), *Cocktail* (1987), *License to Wed* (2007) and *Knight and Day* (2010) and *Home Again* (2012), partly shot in Jamaica.¹⁷⁸ In 2019, the James Bond movie "No time to Die" was partially shot on the Eastern end of the island that used to be the home of the creator of the series, Ian Fleming. These productions are far and in between. The Jamaica Film Commission explained in an interview it is not always successful as it does not have the breadth or scope of incentives to attract significant levels of investment in comparison with competing locations. A National Film Fund is currently being finalised to raise and access capital for the film industries.¹⁷⁹ Despite great film productions on its territory, Jamaica faces regional and international competition when it comes to filming locations. Indeed, the region as a whole is emphasizing its film industry and each of the countries is fighting to win a piece of the pie (each with their advantages and specificities). There are many annual (even biannual) film festivals which are organised across the region where the advantages of filming in the different countries are highlighted.

Trinidad and Tobago are for example a striking example, with a particularly young and active film industry which attracts crowds from all over the world. The remarkable result of this outreach is the Trinidad Tobago Film Festival (TTF) which celebrates films from and about the Caribbean and its diaspora, as well as from world cinema, through an annual festival and year-round screenings. In addition, it seeks to facilitate the growth of Caribbean cinema by offering a wide-ranging industry program and networking opportunities (such as "*the film maker day*"). 2020 marks TTF's 15th anniversary. +200 films were screened in multiple venues across Trinidad and Tobago and the festival hosted over 250 guests from over 30 countries.

Furthermore, as with the music sector, the link with the tourist sector is significant: "*The economic potential of a viable film industry cannot be overstated in terms of its overall tourism value in promoting specific countries and/or the CARICOM region.*"¹⁸⁰ Martens (2018), for instance, elaborates on how the film industry interacts with the tourism industry.¹⁸¹ For shooting the movie *License to Wed* both Air Jamaica and the Sandals Resort offered 'substantial discounts' to Warner Brothers as the movie would depict Jamaica as a perfect holiday destination. Overall, the fact that *License to Wed* was shot in Jamaica, is largely attributed to the Jamaica Film Commission. The Commission was able to offer tax incentives and preferential treatments that included reduced rates on air travel and accommodation. Given the island's scenic beauty and the low costs, the *License to Wed* team decided to move the production to Jamaica.¹⁸²

Finally, the consulted studies and reports¹⁸³ and the interviews at the 2019 Frankfurt Business Forum revealed that the animation sector also has been growing in the region, especially in Trinidad & Tobago, Jamaica, Guyana and to a limited extent in Suriname. The industry serves international film productions, but also produces image films for companies, international organizations, among others. Key strengths for the Caribbean are price, skills and cultural affinity to the US and to a lesser extent the EU. However, overall the industry is seen as relatively more competitive in the US, due to the proximity as well as the location in roughly the same time zone as US.

Since 2001, the annual Animation and New Media Festival in Trinidad & Tobago, Animaecaribe,¹⁸⁴ provides a platform for the development of animators and the exposure of animation

¹⁷⁶ Cf. Chaitoo, Ramesh (2013).

¹⁷⁷ Cf. JAMPRO: <https://dobusinessjamaica.com/invest/sectors/film-animation-and-music/>.

¹⁷⁸ See for an extensive account also Emiel Martens dissertation on the history of film in Jamaica: Emiel Martens (2013). *Welcome to Paradise Island: The Rise of Jamaica's Cine-Tourist Image, 1891-1951*. Available via: <https://dare.uva.nl/search?identifier=d5e655c6-71c3-43c8-98b6-9e4da22ba999>.

¹⁷⁹ Cf. <http://jamaica-gleaner.com/article/entertainment/20191124/coming-soon-national-film-fund>.

¹⁸⁰ Cf. Chaitoo, Ramesh (2013).

¹⁸¹ Cf. Martens, E.S. (2018). *The History of Film and Tourism in Jamaica*.

¹⁸² Ibid.

¹⁸³ See for example CEDA (2019).

¹⁸⁴ Cf. <http://www.animaecaribe.com/about-ac16/>.

as a viable business from the island and beyond. The festival attracts experts from the international animation industry from famous studios such as Disney and Sony Pictures. Interviews in Jamaica with the Film Commissioner revealed that this is a growing industry in Jamaica too, especially for the advertising industry. According to JAMPRO there are currently four main 'brick and mortar' animation studios in Jamaica, which accept an increasing number of graduates of new animation programmes working on both local and international projects.¹⁸⁵

The audio-visual / film value chain

The film value chain can be divided into primary and support activities across all production stages, ranging from pre-production, production, distribution, exhibition and exploitation.¹⁸⁶ Primary activities entail operations, service, logistics, sales and marketing. Support activities include procurement, technology development, and finance and human resource management. The value chain is graphically presented below.

The Jamaican film value chain is segmented from pre-production to production to distribution and exhibition, and follows the general value chain model of the film industry. However, Jamaica and CARIFORUM countries are dealing with several challenges at its different stages. Few of them can be mentioned here¹:

- **Insufficient affordable finance:** it is a problematic issue for film makers across the world, it is accentuated in the region. The models in place for film financing are not fitting the needs, and in many cases local film makers must finance their productions from their own funds or from other informal sources;
- **Lack of capacities for script writing, distribution and exhibition:** the film value chain suffers from a large difference in capacity between experienced and professional people and the more amateur initiatives that are legion. According to the Jamaican Film Commission, an important issue (among others) is the discrepancy for script writers between the stories they create and the demands/expectation of the audiences to have a minimum success;²
- **Film production and price of high-quality equipment:** An appealing and successful movie must pass by the filter of a heavy production machinery. Link to the first challenge above, this involves high costs for buying the equipment, but also to secure the location they are stored. In the case of Jamaica, the cost and the insecurity cause a leakage of production abroad (largely the USA);
- **Local content in the media programming:** CARIFORUM countries were for long time submerged by foreign content in their media programming. This is less true since the appearance of the generalised internet and independent access to productions (not only valid for the film industry). Incentives must be found to engage broadcasters in increasing the publicity of local content;
- **Government policy:** Culture and the Creative Industries (CCI) in general were for long absent of the policy-making decision process. This is now improved in many CARIFORUM countries where sector priorities related to CCI are more and more included. For example, the 2017-2017 strategy of Jamaican Ministry of Culture, Entertainment, Gender and Sport make a clear shift in comparison to the previous period.

These challenges impeded the export potential of the sector, and should thus be seen primarily from an industrial policy perspective. This also explains why interview partners were often unable to pinpoint areas where the EPA had or could have an impact, given interview partner's preoccupation with these more fundamental challenges. Furthermore, the EPA itself is unlikely to have a significant impact on any of these challenges. What would however be transformational is further regional integration in CARIFORUM (CARICOM). Creating a larger market could in particular improve access to finance, could create the necessary critical market size to provide incentives to invest into highly specific skills such as script writing, and could bolster demand for regional media programming.

The EU film landscape is characterised by the strong presence of Hollywood productions. The level of engagement and means of the latter to penetrate the EU market create a competitive

¹⁸⁵ Cf. JAMPRO: <https://dobusinessjamaica.com/invest/sectors/film-animation-and-music/>.

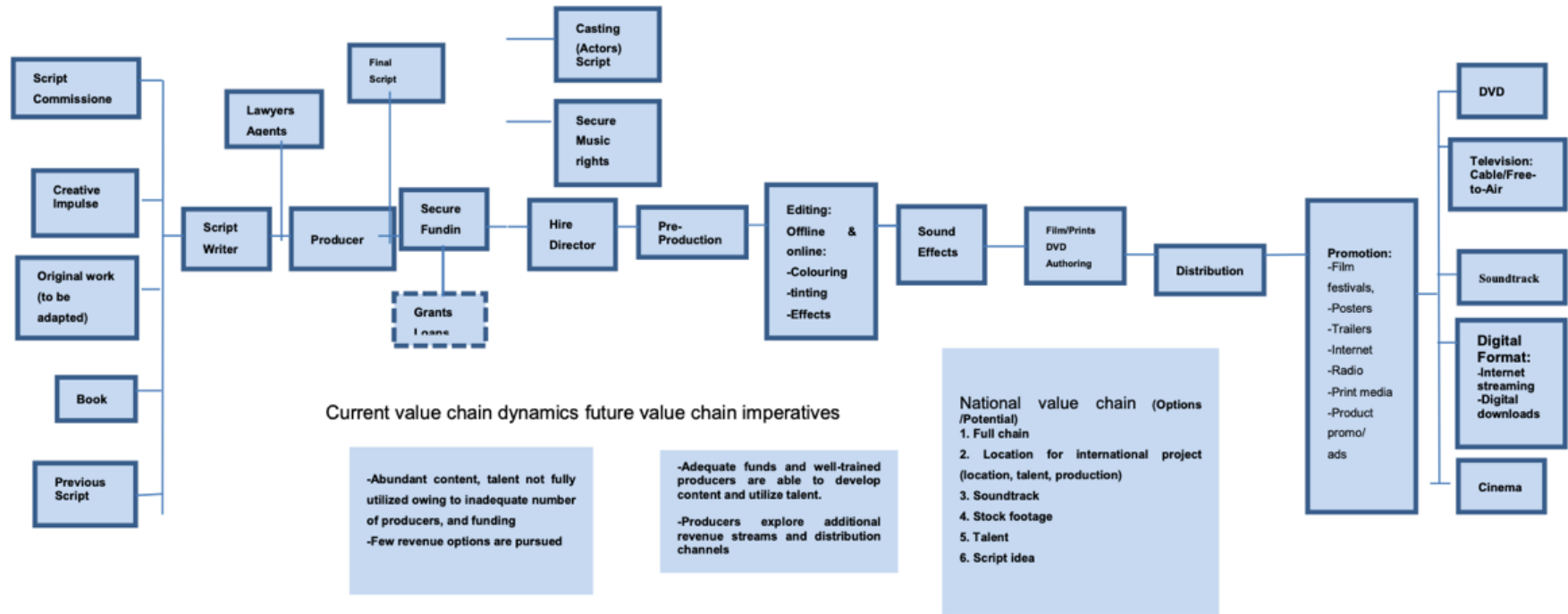
¹⁸⁶ See on the value chain: ECLAC (2018). A study on the creative industry as a pillar of sustained growth and diversification. The film and music sectors in Jamaica: lessons learned from case studies of successful firms and ventures.

environment for EU films. European productions represented indeed in 2013 only 26% of it.¹⁸⁷ In addition, the situation of the audio-visual sector varies considerably from MS to MS (sector sizes, volume production, linguistic environment, public policies for film financing, etc.). In view of this lack of consistency, drawing a comprehensive and integrated process explaining how the distribution/promotion channels function in the EU would be oversimplified and/or not accurate. Nevertheless, what comes out from the 2014 communication on European film in the digital era is the importance to be further given to the distribution and promotion channels. Until recently, the EU was mainly focusing its efforts in the production processes – whereas the audience targeting and public policies supporting distribution/promotion of EU movies has been lacking.¹⁸⁸ Programmes such as Creative Europe help fill in this gap by supporting the EU film and audio-visual industries financially in the development, distribution and promotion of their work.

¹⁸⁷ KATSAROVA Ivana, "An overview of Europe's film industry", *Briefing*, December 2014.

¹⁸⁸ COM(2014)272 - European film in the digital era: Bridging cultural diversity and competitiveness

Figure 7.2 The Film Value Chain in Jamaica



Source: Jamaica National Export Strategy: Entertainment, 2009.

7.1.3. Other relevant creative sectors

The CARIFORUM countries are well known for their Carnivals that include a variety of creative expressions, especially costume design and music. Some countries, Antigua and Barbuda for instance, are particularly famous for this. The carnivals in the EU that have Caribbean elements are a special sub-set of the creative industries market. In this sector, several disc jockeys, music promoters and carnival band organizers operate in Rotterdam, Cologne, London, and Berlin and promote awareness among Europeans of Caribbean musical genres and other cultural elements.

The documents consulted refer to multiple other creative subsectors that are prominent in the CARIFORUM countries. These are for example fashion and accessories in the Bahamas, Barbados and the Dominican Republic; jewellery in mainly the Dominican Republic and Guyana; and designer goods in Belize, Jamaica and Santa Lucia.¹⁸⁹ These will be considered when assessing the impact of the EPA in the following sections. It will be shown that some of these creative subsectors are well represented in CARIFORUM-EU trade. At the same time however, the creative sector comprises, in Suriname for example, traditional music and dances, arts and crafts especially from the Indigenous population that is more intended for the local market.

Box 10 Carnivals in CARIFORUM countries

- **Trinidad Carnaval, Trinidad**
- **Dominican Republic Carnival, Dominican Republic**
- **Ocho Rios Carnival, Jamaica**
- **Bacchanal Jamaica, Jamaica**
- **Saint Vincent and the Grenadines Carnival (Vincy Mas), Saint Vincent and the Grenadines**
- **Saint Lucia Carnival, Saint Lucia**
- **Nevis Culturama, Saint Kitts and Nevis**
- **Antigua Carnival, Antigua & Barbuda**

7.1.4. The EPA and the inclusion of creative industries

Trade in creative goods and services between CARIFORUM and the EU is governed through provisions included in the EPA as well as through the Protocol on Cultural Cooperation (PCC) that is annexed to the EPA. The PCC carries the spirit of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. It is the first document of this kind that has ever been attached to an international free trade agreement.¹⁹⁰ However, the PCC is neither legally binding, nor is it subject to the dispute resolution mechanism.

In light of the need for further economic diversification, the economic potential of the creative sector and the potential market opportunities that the EU offers, the CARIFORUM countries made the culture/entertainment sector a major issue in the EPA negotiations.¹⁹¹ This resulted in an unprecedented market access for 'entertainment services', with the exception of audio-visual, to the EU and enhanced cultural cooperation between the two regions.

Provisions on entertainment services in the EPA

Under the services chapter in the EPA the EU has liberalised its market for entertainment services to different degrees. The concessions in the entertainment sector vary and depend on the mode of service provision (or: "GATS mode of supply").¹⁹² Three modes of supply are relevant for the entertainment sector: Cross-border supply of services (mode 1), commercial presence (mode 3) and temporary presence of natural persons (mode 4).

In terms of market access, mode 1 is not very significant as the EU listed reservations. However, all major EU Member States, especially those with strong ties to the Caribbean, granted preferential access to Caribbean investors or entertainment providers under mode 3, whereby a service is provided through the establishment of the service provider in the country where the service is supplied. In this case, many nationality requirements, some residency

¹⁸⁹ See for an overview: UNCTAD (2018). Creative Economic Outlook. Trends in international trade in creative industries 2002 -2015. Country Profiles 2005-2014.

¹⁹⁰ Cf. UNESCO 2019.

¹⁹¹ Cf. Chaitoo, Ramesh (2013) and CEDA (2019).

¹⁹² Cf. Zampetti, A.B. & Lodge, J. (2011). The CARIFORUM-EU Economic Partnership Agreement: A Practitioners' Analysis., UNESCO (2019).

requirements and limitations on juridical forms have been removed.¹⁹³ This meant that Caribbean companies can obtain work visas for managers and key staff to work in their subsidiary companies in EU Member States for a period up to three years.¹⁹⁴

Most significantly however, the EPA granted quota-free access to Caribbean entertainers, artists, and other cultural practitioners to travel to the EU (except Belgium) and provide entertainment as Contractual Service Suppliers (CSS) for a period of to six months (mode 4). Market access may be subject to qualification requirements and is subject to economic needs tests (ENTs). Despite these conditions¹⁹⁵, the EPA grants legally binding access to practically the entire EU to all of those working in the creative sector in a similar way as professionals from other businesses.

As recognised by various authors¹⁹⁶, the latter provision resembles a truly comprehensive opening of the EU market for CARIFORUM entertainers as it is legally binding and does not include quotas. Furthermore, given the political sensitivities of access to the entertainment sector and the culture-trade interface, especially in countries like France, this level of market access in the entertainment sector provided by so many EU states is unique as it has never been granted before.

The Protocol on Cultural Cooperation

While the market liberalization arrangements set out in the Services chapter of the EPA, provide access for cultural practitioners who want to sell their services in Europe, the PCC facilitates those who wish to enter the EU for other cultural activities, including collaborating with creative persons in the cultural market. The PCC aims to foster collaboration “with the aim of improving the conditions governing their exchanges of cultural activities, goods and services and redressing the structural imbalances and asymmetrical patterns.” (art. 1(2) PCC). It provides a framework for the temporary movement and training of artists and other cultural practitioners in the performing and visual arts or to receive technical assistance, and contains special provisions regarding the audio-visual sector.

Box 11 Co-production agreements and their importance

Different stakeholders in the film and animation industry indicated the importance of co-production agreements. These agreements facilitate access to funding as well as tax-benefits. They are particularly important for producers in CARIFORUM, who given the small size of their home market typically lack this access. Furthermore, given the relatively small size of the industry, CARIFORUM producers can rarely cover all stages of the film value chain. However, co-production agreements have also the disadvantage of not promoting local content production, as producers tend to focus on their specific niche in the co-production value chain. While our research could not identify any existing bilateral co-production agreements between a CARIFORUM and EU member state, since 2007 the UK as a former EU member has a co-production agreement with Jamaica.

Source: Interviews at the 2019 EU-CARIFORUM Business Forum; and <https://www.gov.uk/government/publications/film-co-production-agreement-between-the-uk-and-jamaica>.

While the audio-visual sector was not liberalised within the EPA, the PCC does contain provisions that facilitate co-productions between European and Caribbean creative teams if the contribution of the CARIFORUM partner is no less than 20% and no more than 80% of the total production costs. As soon as this requirement is met, the co-production qualifies as a ‘European Work’ as stipulated in the EU Audio-visual Services Directive. As ‘European Work’, these co-productions have privileged access to the EU audio-visual market, including privileged access to

¹⁹³ Cf. Zampetti, A.B. & Lodge, J. (2011).

¹⁹⁴ Cf. UNESCO (2019) by referring to Art 81 EPA.

¹⁹⁵ IDB 2013: ENTs are not new; they have been in effect in several European countries for a long time, but the paperwork was handled by promoters on the European side, so Caribbean performers may not have been aware of the process.

¹⁹⁶ Cf. Chaitoo, Ramesh (2013) and UNESCO (2019).

funding. It is also ensured that European broadcasters reserve the large part of their audience for these co-productions and extra efforts are made for their promotion and access.¹⁹⁷

An important development, even if independent from the EU-CARIFORUM EPA itself, has been the update of the Council of Europe European Convention on Cinematographic Coproduction, allowing EU producers to co-produce with partners in third countries, including the Caribbean.¹⁹⁸ Having come into force at the end of 2017, and with the convention still awaiting signature or ratification by key member states such as France, Germany, Spain or the United Kingdom it is too early to assess the impact of the updated agreement.¹⁹⁹ However, as several stakeholders in the Caribbean film industry stressed the importance of bilateral co-production agreements, we should expect to eventually see some impact. Furthermore, Article 6 of the updated convention reduced the threshold on qualifying participation from 10% to 5%, of particular importance to smaller Caribbean countries that might struggle to reach the formerly higher threshold.

In addition, the PCC opened up the possibility for artists and other cultural practitioners to enter the EU to collaborate on projects, to receive training and to participate in production and other activities on a non-commercial basis such as exchanges, apprenticeships and not-for-profit productions. They are allowed to stay in the EU up to 90 days during a 12-month period.

Finally, the PCC foresees the possibility for the provision of technical assistance such as training, policy advice, transfer of policies and knowledge, information exchange in the framework of development cooperation. Development cooperation commitments are dispersed throughout the EPA.²⁰⁰ The PCC explicitly promotes the EU and CARIFORUM as film locations, especially by allowing temporary imports of the necessary technical material and equipment.

7.1.5. The impact of the EPA

In the various documents and stakeholder consulted, there exists unanimous agreement that the prospects for the creative sector provided by the EPA and the PCC have not (yet) fully materialised. This has been confirmed by stakeholders interviewed in the Caribbean, across Jamaica, Trinidad and Tobago and Suriname. While the creative sector contributes significantly to the Caribbean economy or at least has the potential to do so, cultural trade flows with the EU have not been significantly affected by the EPA. In other words, Caribbean creatives have not (yet) managed to take advantage of the preferences granted and support (through cooperation) potentially available under the EPA.

This chapter starts by looking at the extent to which technical assistance (TA) was provided to CARIFORUM countries to implement the EPA. In the subsequent section, the impact of the EPA is assessed in terms of trade flows. The final section sets out the challenges that are behind the limited uptake of the EPA in three ways: First, by elaborating on the general challenges to the EPA relevant for the creative sector. Second, challenges that are inherent to the creative sector. Third, challenges inherent to different sub-sectors.

Limited technical assistance to support the implementation of the EPA

As indicated above, the EPA and PCC also foresee TA for the CARIFORUM countries to implement the EPA, from which the creative sector can also benefit. The PCC does not contain any concrete provisions that guarantee financial support for its implementation, nor has the European Commission allocated specific funds to promote cooperation between the EU and CARIFORUM creative sectors. However, the European Commission did implement the ACP Cultures+ programme between 2012 and 2017, which provided grants to the 79 ACP countries (of which all CARIFORUM countries are part) for the production of diverse cultural works and their distribution in local and international markets. In addition, technical assistance was funded from the 10th European Development Fund (EDF) over the period 2008-2013. Finally, technical assistance was provided via programmes from bilateral donors, mainly the UK and Germany.

¹⁹⁷ See on this UNESCO (2019).

¹⁹⁸ See <https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/220>.

¹⁹⁹ See <https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/220/signatures>.

²⁰⁰ European Commission (2014). MONITORING THE IMPLEMENTATION & RESULTS OF THE CARIFORUM-EU EPA AGREEMENT.

The creative sector benefitted to a certain extent from TA provided to the Caribbean private sector via – for example- Caribbean Export Support Programmes financed from the EDF.²⁰¹ Support included an EDF Direct Assistance Grant Scheme (DAGS) of which 15% was directed to the creative industries. In addition, assistance was implemented via the Caribbean Export Development Agency (CEDA) that managed the Regional Private Sector Development Programme (RPSDP) during the period 2011-2016.²⁰² In this context, CEDA organised a number of export promotion platforms and arranged the participation of SMEs as well as Business Support Organisations (BSOs) in trade missions and business linkage events. According to CEDA, 51% of the participants in these events were from the creative industries between 2011 and 2014.²⁰³

Other examples of support in which the creative industry participated include trade missions such as the London Engage initiative that used the 2012 Summer Olympics to link CARIFORUM business with firms in the UK.²⁰⁴ In addition, the creative sector benefitted from a number of “showcase” platforms: Caribbean Architectural Design Showcase (architecture – three firms), Caribbean Essence Showcase (fashion – eleven firms), Caribbean Soul Fusion (music – twenty firms), and World Music Expo (music – thirty firms).²⁰⁵

Furthermore, an example of assistance encountered several times in the literature²⁰⁶ is support to the partnership between the Copyright Society of Barbados (COSCAP) and World Music Expo (WOMEX) in Germany. This cooperation was successful as it provided the Caribbean artists with enhanced understanding of the European music business, in particular for calypso music. The partnership also paved the way for a co-production with German artists, and future engagements that were contractually laid down.

With regards to the Culture+ Programme, 61% of the Programme budget subsidized the film and broadcasting sectors and 39% went to other sectors, such as theatre, music, dance, literature, design, fashion, crafts and cultural tourism between 2011 and 2017.²⁰⁷ The ACP Cultures+ Programme meanwhile has come to an end.

Support to the cultural sector in ACP countries has been taken over by the 11th EDF that contains earmarked funds for the creative sector to support cultural industries and to improve access to European markets for ACP cultural goods and services.

Overall, the EU provided technical assistance to support the implementation of the EPA in the creative sectors to some extent. It is not very likely that this will increase in the short term, as the current Caribbean Regional Indicative Programme (CRIP) 2014-2020, does not mention culture as an area of focus for EU support, despite the fact that culture started to be a focus area as of 2014 only in other programming initiatives, after the date of the EU communication on culture and development. In addition, the current National Indicative Programme (NIP) for Jamaica for instance 2014-2020 does not mention trade as a priority, let alone trade of cultural goods and services.

Trade flows

The 2019 UNESCO report on culture and the EPA highlights the difficulties of data collection across the various areas of trade, especially of services. Most of the data presented in the report stem from UNESCO, COMTRADE and the OECD. Most of the data also concern creative goods rather than services.

More recent data from EUROSTAT reveal a continued similarly low level of trade flows between CARIFORUM and the EU, in which fashion and jewellery have the biggest share of CARIFORUM creative industry exports (goods), with around 1 million EUR in export value, on average.

With regard to creative services, the UNESCO 2019 study highlighted the absence of significant trade flows between 2010 and 2017; During this period, the share of EU service exports to

²⁰¹ Cf. UNESCO (2019), European Commission (2014).

²⁰² Cf. <https://www.carib-export.com/about-us/european-union/>.

²⁰³ Cf. UNESCO (2019).

²⁰⁴ Cf. European Commission (2014).

²⁰⁵ Ibid.

²⁰⁶ E.g. in CEDA (2019) and UNESCO (2019).

²⁰⁷ Cf. UNESCO (2019).

CARIFORUM States was on average less than 1%. Services imports from CARIFORUM exports showing a positive balance, which was not the case only for the Bahamas.

However, these statistics should be seen as a lower bound and should, furthermore, be approached with extreme caution, for a variety of reasons. First, creative exports are not a well-defined statistical category, but rather a set of assumptions on what traditional categories represent creative exports. Second, given the difficulties of CARIFORUM countries in accessing relevant service providers, CARIFORUM creative exports might well be reported as exports from third countries. For example, the sales of a Caribbean performer present on an US-American streaming service might be recorded as a creative service import from the US in EU trade statistics. Third, while for creative exports Mode 4, temporary presence of natural persons, is important, despite ongoing efforts statistics on exports by Mode 4 are still scarce.²⁰⁸

Nonetheless, even considering that statistics provide only a lower bound, the available statistics combined with the findings from stakeholder interviews point towards a limited impact of the EPA. In the following section we will discuss what is holding back creative industry exports from CARIFORUM to the EU.

Sustainability impacts

As an industry that is not resource-intensive and relies mostly on skilled labour, creative industries have likely relatively limited sustainability impacts. In fact, in contrast to other industries there is no systematic study that looks at the environmental footprint of creative industries. We can thus only speculate that this environmental footprint mainly derives from business travel and energy use, making this sector probably comparable to other service industries. Furthermore, stakeholder interviews also did not highlight any particular sustainability concerns, neither with regards to the environmental footprint, nor with regards to labour standards or human rights, as two other key sustainability areas.

With regards to creative industry exports, the only issues that has received widespread attention is the issue of homophobic lyrics in dancehall music. While it does not seem likely that the EPA itself was instrumental, it can be noted that a global backlash on homophobic lyrics and thus a loss in touring revenue had a positive impact, leading to a disappearance of homophobic content in dancehall.²⁰⁹ The EU market likely played a role in this development, with one EU record label interviewed at a business forum in Frankfurt highlighting a concerted boycott of homophobic artists by European record labels and touring agents.

7.1.6. Challenges and opportunities for EU-CARIFORUM cultural trade and investment

Trade and investment in cultural goods and services between CARIFORUM and the EU has of course also been affected by global events such as the 2008 financial and economic crisis as well as by natural disasters such as hurricane Irma in 2017. At the same time there are multiple causes related to the specific nature of the creative industry and its subsectors.

General challenges

Cultural proximity

A key explanation for limited trade flows in creative goods and services is the (relatively) less significant cultural proximity as well as the absence of a large Caribbean diaspora in the EU, compared to the Caribbean itself, the US and Canada. Despite the historical and cultural ties and the presence of a diaspora in EU Member States -the UK, Spain and the Netherlands in particular- export markets for creatives from CARIFORUM countries are mainly the US (that also hosts a large Caribbean diaspora), other CARIFORUM countries and Canada.²¹⁰ Interviews in Jamaica revealed that the US is geographically much closer, but also mentally: the level of interactions with Americans and the Jamaican diaspora living in the US is much higher than with

²⁰⁸ See J.M. Rueda-Cantuche, R. Kerner, L. Cernat and V. Ritola (2016). Trade in services by GATS modes of supply: Statistical concepts and first EU estimates, DG Trade Chief Economist Note No. 3/2016, November.

²⁰⁹ See Financial Times (2019). Bye bye bigotry — does dancehall still have a homophobia problem?, retrieved from <https://www.ft.com/content/cc74f254-fd44-11e8-b03f-bc62050f3c4e>.

²¹⁰ Cf. UNESCO (2019).

Europeans. In this respect the fragmentation of the EU market, encompassing several language, cultures and different national rules and regulations, is an additional challenge for CARIFORUM creative industries.

Physical distance

Distance of the EU makes doing business there a costly undertaking. As stated in the literature and confirmed during the field visit to Jamaica, stakeholders from the Caribbean complain about the high costs of flight tickets, accommodation and generally the standard of living in the EU. Furthermore, for the creative sector the EU is not a single market in the *strict sense* as cultural products and associated marketing need to be adapted to the specific context that each EU Member State poses, especially in language terms; this requires additional investments. Travel costs were also mentioned as a deterrent for accessing technical assistance support. According to an SME from the creative sector that was interviewed at the EU-CF Business Forum, access to grants, workshops etc. is particularly difficult for artists outside the larger Caribbean countries. Invariably, events and workshops that could foster careers and local industries take place in Barbados and other larger Caribbean countries.

Consequently, Caribbean creative industries lack connections with European counterparts. While EU-funded networking events such as the 4th EU Business Forum could make a difference for Caribbean creatives to find opportunities and exploit these, at present they do not make use of such opportunities. Here, the TA provided by the EU under the EPA proved to be very helpful as shown in the section above. Trade missions and showcase platforms provided good opportunities for Caribbean creatives to network with European creatives.

Low awareness

Awareness of the EPA is limited. During the field visit to Jamaica, stakeholders mentioned that the few sensitization activities on the EPA organised by actors such as the EUD had only to a very limited extent trickled down to the wider sector.²¹¹ This means that awareness on the PCC is even lower. At the same time, Caribbean stakeholders said that their European counterparts were also often unaware of the PCC. When reaching out to counterparts looking for ways to take advantage of the PCC no tangible results were produced due to not being aware of how to go about this. For instance, the limited awareness on both sides of the Atlantic is not conducive for co-productions to be established in line with the provisions stated in the PCC. That bears the question of responsibility for promoting the EPA on the EU side, whether this is something that ought to be spearheaded by national export promotion agencies, the EU Commission or another body.

Visa regime

Given the importance of people-to-people contacts in creative industries EU visa regime is often seen as a major challenge. Visa issues have become subject of a heated debate, for example during the presentation of the UNESCO 2019 study. Whereas CARIFORUM countries allow visa-free entry for EU citizens, creatives from most of the CARIFORUM countries require visas to enter EU Member States for business purposes. The latter challenges market access to the EU. With regards to visas it is also important to recognize that for creative industries, with their reliance on people-to-people contacts, visa issues for a specific purpose such as a tour are as important as visa issues for the vaguer purpose of networking.

Some well-known artists have no issues obtaining visas and access the EU market.²¹² Indeed, interviews with a French Reggae promotion agency in Jamaica, which assists in the application process and provide guarantees, revealed that they did not encounter any problems when requesting visas.

However, for most operators they create a barrier. The requirements and challenges to obtain Schengen visas are often considered by other Caribbean creative industry stakeholders to be serious obstacles for doing business in the EU. While anecdotal evidence on this issue was already included in the 2013 monitoring report on the implementation and results of the EPA, the field visit to Jamaica exposed that this is indeed a pressing issue. The most remarkable account concerned the Jamaica Film Commission that was detained upon arrival in France on its way to the Cannes Film Festival in 2019, as French immigrations had concerns about the

²¹¹ This is also confirmed by Chaitoo, Ramesh (2013) and CEDA (2019).

²¹² Cf. CEDA (2019).

authenticity of a visa that was incorrectly placed in the passport by the issuing EU embassy. Other complaints concerned the short duration of visas, which do not allow to have business meetings after the key event such as the Cannes Film Festival (for which the visa was granted). The fact that visas are often single entry and that some consulates were not cooperative in the application process was also mentioned.

The field visit to Jamaica and consultations carried out in the 2019 EU-CARIFORUM Business Forum also found several explanatory factors for the (at times perceived) challenges concerning the EU visa regime. First, the duration and number of entries of Schengen visa appear very limited when compared with US visa. Interviewees reported that US visas often grant multiple entries for a year or even longer. Second, the strict bureaucratic procedures that the EU visa application process entails are unfit to accommodate the often-informal character, spontaneity and associated flexible schedules that are prominent in the creative sector and vice versa. Again, it is often not possible for creatives to arrange follow-up meetings and / or performances on a flexible basis, for example in other EU Member States, which in combination with the high costs of flight tickets and accommodation renders the EU as a market for creative services less attractive. Interestingly, in an interview with the booking manager of Mediacom Tour, a French reggae music agency, the interviewee expressed not having encountered similar troubles. When they want to book a Caribbean (often Jamaican) artist, they expedite the letter of invitation and receive an approved visa. It seems that for well-established booking agencies, who are familiar with the process, this is not as much of a barrier.

Box 12 Visa regime: input from music industry participants of the EU-CARIFORUM Business Forum

"The issue with visas to the EU is not so much that visas are denied, but rather, that the process is opaque and at least to applicants seems random." No reasons for denial are provided. While one can appeal the decision, the length of the appeal process makes it impossible to plan a tour. As any tour requires an upfront investment into venues etc. a visa denial imposes real costs on producers. Music producers always need an EU partner, to co-sponsor the application and to act as guarantor. A suggestion mentioned by a creative company attending the Forum was to allow trusted producers from the Caribbean to act as sponsor.

Source: Interviews at the 2019 EU-CARIFORUM Business Forum.

Taxation and tariffs

Challenges concern the tariffs and taxes on inputs to cultural industries. According to the IDB, the greatest disincentive to investment in the entertainment sector in CARICOM states is the imposition of high tariffs, taxes, and other duties and charges (ODCs) on the majority of inputs to their cultural industries. In addition, as revealed during the Jamaica field visit, it turned out that artists and other creatives who worked in most EU Member States need to pay tax on their earnings in Jamaica as well. Double Taxation Agreements are not yet very common among all countries involved.²¹³

Fragmented markets, financing and policy support

Lastly, it is also important to highlight the challenges that are not specific to EU-CARIFORUM trade but are rather of a more traditional industrial policy nature. These include the development of an intra-CARIFORUM market, which is still limited and fragmented. Countries still have not opened their market for creatives from other CARIFORUM countries, the costs of logistics are high, and the free movement of creatives is hindered by administrative obstacles for their equipment to move along with them. For instance, some countries do not automatically accept documentation from their countries of origin, while customs procedures for allowing the entry of equipment are often extremely cumbersome. A single market for the creative industry in the Caribbean could potentially strengthen individual creative industries to do business with the EU.

There is also a severe lack of financing and investments in the creative sector, as in most developing countries. Most governments in CARIFORUM cannot invest in the creative sectors at

²¹³ For example, Jamaica has twelve (12) Double Taxation Treaties, however according to the Global Forum 2010 Peer Review, only two (2) of these have met the international standard: the Jamaica/Spain Treaty and the TIEA with the USA. See: OECD (2010). Internet: <https://www.oecd.org/ctp/47651940.pdf>.

a level as their European counterparts do. While some funds have been established (for instance the CIF from the Caribbean Development Bank – the Cultural and Creative Industries Fund), the banking system is averse to lending to the creative sector, partly because it has difficulty assessing risk in these new types of businesses and partly because of persistently conservative business ideas. Thus, apart from the film sector in Barbados, Jamaica, and Trinidad, there are few incentives to develop the cultural and entertainment sectors in the region.

While governments have prioritized creative industries as part of their economic diversification strategies, implementation of sector-specific policies has also met challenges. A reason for this is also the unique characteristics of creative industries, characteristics that challenge policy makers who cannot rely on traditional policy instruments that work well in sectors such as agriculture or manufacturing.

Sub-sector challenges

Music

The key challenges that currently confront the music sector emerge from the rapid technological changes, which have completely transformed the global music industry. As a result, the CARIFORUM sector can hardly make profits anymore from CD-sales since music downloads have become the main format for playing music. While this digital mode of consumption presents some opportunities for the region, as geographical distance and boundaries become negligible for consumption, e-commerce platforms in the Caribbean are rather underdeveloped, most musicians have little possibility to distribute their music and therefore have become dependent on foreign (mainly American) parties to do so.

At a more fundamental level, the majority of music in the Caribbean is produced informally, i.e. with a lack of professional standards and business skills. By itself this is not unusual, also compared to other countries and regions. As an art form, music is always produced in parts within the confines of a commercial industry, in parts as a passion project, and in parts at the intersection of commercial and artistic motivations. However, given the small size and depth of the music market in the Caribbean this balance is more tilted towards informality than in the EU or North America. However, this informality also feeds a vicious cycle, as it hinders the development of the music industry. Furthermore, these prohibit the sector both to anticipate and deal with the challenges of digitalisation and to develop a successful approach to enter the EU market.

Audio-visual / film

The key issue for the CARIFORUM film industry is the lack of funding. According to CEDA (2019), the PCC does not make a difference in this respect. On the contrary, the current rules even disincentivise co-productions, because engaging in co-productions reduces the share that EU company can finance through banks. Unless the CARIFORUM partner brings along sufficient funding, it is less interesting for EU companies to co-produce films with Caribbean partners. While the CCIF has been established in 2018 it is questionable whether this can make a difference to bridge funding gaps.

Carnival

In the Carnival sub-sector, there are different sets of challenges to Caribbean carnival operators. One of the key challenges for carnival operators is the lack of available funding, for example through sponsorship. Some European cities, like Rotterdam, where Caribbean carnivals are organised, aggravate this challenge as they tend to have a monopoly sponsor for the whole carnival: "When Caribbean bands get sponsorship from someone else, they are not allowed to use the sponsor's brands or logos on their band materials because of an exclusivity arrangement between the Rotterdam authorities and their sponsors".²¹⁴

Challenges and Opportunities in the EU market

Given its size and complexity there is no dearth of opportunities in the EU market. Creative industries²¹⁵ in the EU employed more than seven million people in more than 1.14 million enterprises in 2019. The estimated turnover and value-added was more than 355 billion EUR

²¹⁴ Cf. CEDA 2019, p. 25.

²¹⁵ Defined in terms of NACE codes C18, C32, J58, J59, J60, M74, R90 and R91.

respectively 139 billion EUR in 2015, the last year for which data is available. Imports of creative goods stood at more than 19.779 billion in 2019.²¹⁶ This is, by all accounts, a large and diverse market, offering ample opportunities for CARIFORUM exports as well as collaboration and partnerships. Yet, one also has to be realistic what CARIFORUM creative industries can achieve, given all the challenges noted in the preceding section.

Where are the opportunities? This is always a difficult question, as ultimately opportunities are discovered by entrepreneurial individuals and businesses. However, some guidance can be drawn from an analysis of EU creative industry value chains²¹⁷ as well as opportunities as they are identified by the creative industries national strategies of member states. In what follows we will specifically focus on the most promising sectors, the music and the audio-visual/film industry.

The music industry has three major revenue stream, composition and song writing, sound recording, and live performances. Live performances in the EU are already well-developed as a revenue stream for CARIFORUM artists. They face limitations such as difficulties in securing visas (or the perception thereof). More fundamentally, with the music industry still being hit driven, factors such as cultural proximity and the sophistication of promotion strategies are key factors, key factors that are very challenging to overcome. Sound recording, due to the physical distance is unlikely to be a value chain stage into which CARIFORUM businesses can easily integrate, if at all. This leaves composition and song writing as an unexplored opportunity. The latter is also unexplored, as music producers are focused on music as art and cultural expression. There are however, opportunities in music for advertisement and other more utilitarian uses of music, even if the challenges in a mature market as the EU are significant.

In the film and audio-visual industry opportunities exist in both co-production with EU producers, as provider of specialized service in specific value chain stages such as rendering or post-production, and as producer for utilitarian products such as image films for businesses. With regards to co-production, interviews with businesses during a business forum in Frankfurt showed that co-production agreements and the corresponding access to funding and tax breaks are seen as essential. The updated European Convention on Cinematographic Coproduction is potentially transformation, but still needs to be ratified by key EU member states. The latter two opportunities critically depend on a professionalization of the sector through trainings, experience and exposure, as well as the creation of professional networks between CARIFORUM and the EU.

As far as national strategies are concerned, the following countries and sectors stand out in terms of their potential for a tie-in with CARIFORUM internationalization efforts in creative industries. These tie-ins are best explored in pragmatic ways, for example through exchanges and residency programmes. Unfortunately only the Netherlands offers clear synergies between national strategies and the specific strengths of the Caribbean. The Netherlands has included creative industries in their Top Sector strategy as a key sector.²¹⁸ Given the longstanding connections of the Netherlands to the Caribbean, in particular Suriname, this focus offers opportunities in the Dutch priority areas music, media and design. Other EU member states strategies do not offer particularly promising opportunities, either because the countries lack strong connections to the Caribbean (e.g. most Eastern European countries) or do not focus on sectors with limited potential (e.g. Spain's ICEX is not focused on creative industries, except for the video gaming industry²¹⁹).

7.1.7. Conclusion and recommendations

The EPA and the PCC constitute an unprecedented effort to incorporate the creative sector in a free trade agreement. The vivid and vibrant cultural scene is one of the hallmarks of the Caribbean while the EU is potentially a very attractive market for Caribbean artists and other

²¹⁶ Eurostat [cult_emp_sex], [cult_ent_num], [cult_trd_prd] and [bop_its6_det]. No accurate figure for exports of creative services can be given, as the important category of Charges for Intellectual Property is not disaggregated between creative intellectual properties and others such as industrial or technological intellectual property.

²¹⁷ Our analysis below draws on IDEA Consult, KEA and imec-SMIT-VUB (2017). Mapping the Creative Value Chains: A study on the economy of culture in the digital age.

²¹⁸ See <https://www.creativeholland.com/en>.

²¹⁹ See <https://www.investinspain.org/invest/en/sectors/index.html>. The focus on the video gaming industry is in the region of Asturias.

creatives. In addition, CARIFORUM countries urgently need to diversify their economies to develop and the creative sector can play an important role in this process.

So far however, trade flows from the Caribbean to the EU have been limited and trade imbalances continue to exist. This case study has provided an account of the divergent reasons for the limited trade flows in the cultural sector based on a literature review and field visits and interviews in the Caribbean. Many of the reasons exceed the scope of the EPA and PCC per se as they refer to factors that are at the foundation of the (sub-) sectors in the Caribbean or exceed the competency of the EU. While several causes are difficult to address in practice, e.g. the high costs of flight tickets, solutions for improving trade in the creative industry require a comprehensive approach.

This case study has highlighted a number of challenges and constraints for the creative industries to fully benefit and make use of the EPA. To address these, we identified the following actions, which serve as policy recommendations. Most of these recommendations cut across creative industry sub-sectors, given the shared challenges. Other recommendations are specific to individual sub-sectors:

R1. Given the dearth of data on creative industries *national statistical authorities* as well as *CARIFORUM* should increase the availability of data on creative industries, for example by creating satellite accounts or making available aggregated data from business survey. Data availability is crucial for informed and evidence-based policymaking. Technical assistance by *the EU* might be needed to facilitate this process.

R2. *The EU* should include the creative sector in the upcoming programming period by referring to the sector in the NIPs and CRIPs and allocate funding. This will facilitate the provision of TA to creatives as well as to sector support institutions, which is much needed to formalize and professionalise the sector, to contribute to the creation of a regional CARIFORUM (CARICOM) market, and prepare creatives for doing business in the EU. In addition, the EU can therewith provide direct funding for the development of creative products, for instance by funding the Cultural and Creative Industries Fund, to address the existing financing gap many creative efforts in the Caribbean.

Importantly, care needs to be taken to distinguish between this private sector development support from support to cultural sectors squarely aimed at culture not commercial aims. In principle all sub-sectors should qualify, with the quality and professionalism of the application serving as a screening device. However, in practice the following consideration should be taken into account. First, music and audio-visual/film industries are more promising, given that they are already well developed, especially in Jamaica and Trinidad & Tobago. Second, country pairs with higher cultural proximity such as Suriname and the Netherlands are more promising than country pairs with little to no cultural proximity. Third, TA must tie in with the creative industries strategies of MS and the EU. Lastly, to avoid smaller CARIFORUM countries falling by the wayside the creation and maintenance of regional linkages should be emphasized.

R3. *Both the EU and CARIFORUM* should increase awareness among creatives both in CARIFORUM countries and in the EU. There is still too little knowledge about the opportunities that the EPA offers and the means to take advantage of these. This could be done by involving and supporting business and trade promotion organisations as well as other types organisations from the creative industries in both CARIFORUM countries and the EU. If done right, awareness-raising activities might even bring creatives from both sides together.

R4. *CARIFORUM Member state agencies and EU Member State agencies* should consider twinning and matching local creative business with EU creative business in mutually beneficial ways, as well as to provide some support to entering the EU with fewer procedures, visa and financial requirements. Agencies should be spearheading cooperation, but given the low level of awareness of the EPA agencies need to be made aware of the Cultural Protocol of the EPA and thus the specific advantages CARIFORUM creative industries have over creative industries from other third countries, such as for example the quota-free travel access to Caribbean creative industry professionals.

Twinning partners for the music industry could include the music export bureaux of EU member states, such as the Nordic Music Export Programme NOMEX, Dutch Music Export DME or Austrian Music Export. Partners of the film and Audi visual industry are potentially film export organisations such as German Films or Unifrance.

R5. Specifically to the music industry *the EU and CARIFORUM* should explore through feasibility studies the potential for the industry to integrate into specific international music value chains, such as for example music for advertisement, sound mixing, among many others. This should be seen in conjunction with technical assistance aimed at private sector development.

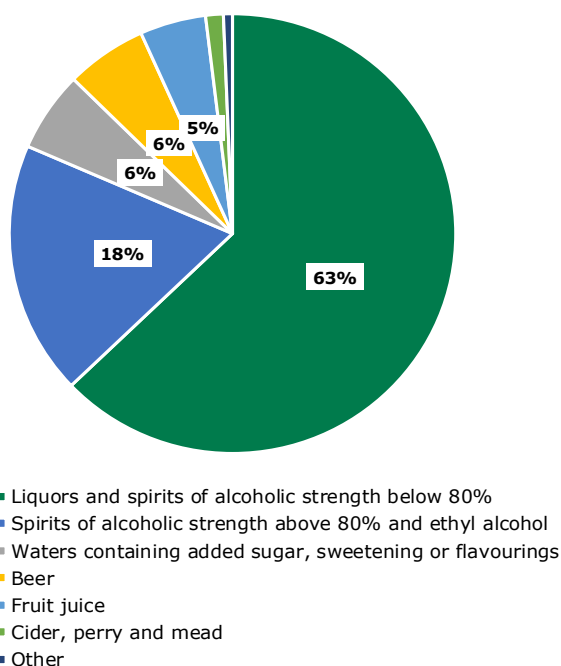
7.2. Case study 2: CARIFORUM beverage exports under the EPA

7.2.1. Beverages: an important exporting sector in the region

The beverages industry is the largest agri-based export sector for the CARIFORUM region, and a particularly export-oriented one. In 2018, the region exported EUR 146 million in beverages to the EU, 3.4% of the region's total exports to the EU. The beverage export portfolio of the region is composed chiefly of spirits, followed by ethyl alcohol and fruit juices.

The products covered by this study, while all beverages, have varying market structures and encounter different challenges when exporting. The case study has a strong focus on rum, given the significant share rum occupies within total beverage exports (80% of exported beverages) as well as the specific development cooperation support provided for this industry under the EPA. Rum is a large, well-established and highly export-oriented sector. Most of the large brands are internationally. Fruit juice is also a large manufacturing sector, but is more geared towards regional exports and tends to encounter more barriers and challenges when attempting to export to the EU. To a much smaller degree, artisanal and craft wines and beers are produced by SMEs in the region. These SMEs are potentially interested in exporting, but also encounter their own specific barrier and opportunities.

Figure 7.3 CARIFORUM Beverage exports to the EU, 2018



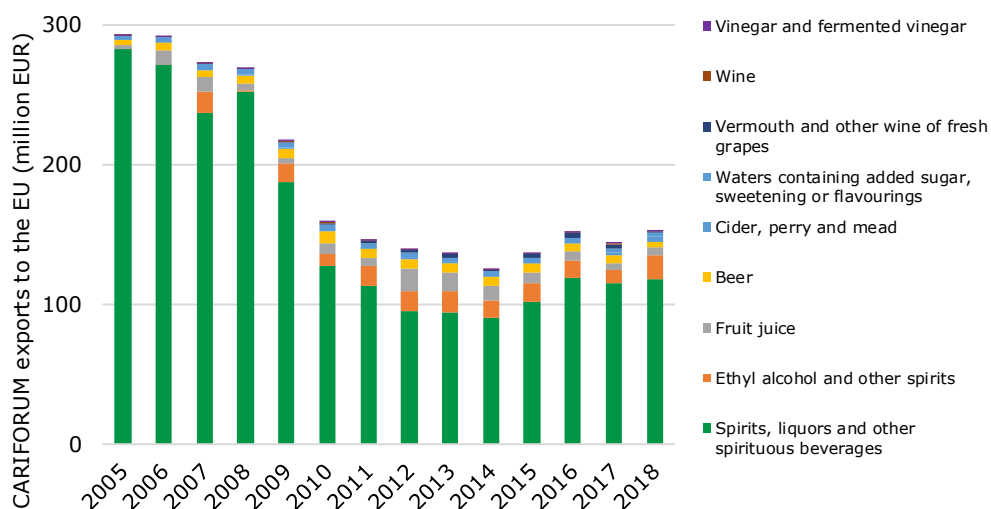
Source: Eurostat.²²⁰

While beverage exports experienced a sharp decline after the financial crisis, they have slowly picked up again since 2014. Juice exports have decreased over this time period, while beer and mineral water exports have remained stable. Vermouth and other fresh grape wine exports,

²²⁰ HS codes as follows: 2009 fruit juices; 2201 waters, incl. natural or artificial mineral waters and aerated waters, not containing added sugar, other sweetening matter or flavoured; ice and snow; 2202 waters, incl. mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages; 2203 beer made from malt; 2204 wine of fresh grapes; 2205 vermouth and other wine of fresh grapes; 2206 cider, perry, mead and other fermented beverages; 2207 undenatured ethyl alcohol of an alcoholic strength of $\geq 80\%$; ethyl alcohol and other spirits, denatured, of any strength; 2208 undenatured ethyl alcohol of an alcoholic strength of $< 80\%$; spirits, liqueurs and other spirituous beverages (excl. compound alcoholic preparations of a kind used for the manufacture of beverages); 2209 vinegar, fermented vinegar and substitutes for vinegar obtained from acetic acid.

while a minor category, have grown over the past decade, from EUR 90 thousand in 2008 up to EUR 1 million in 2018

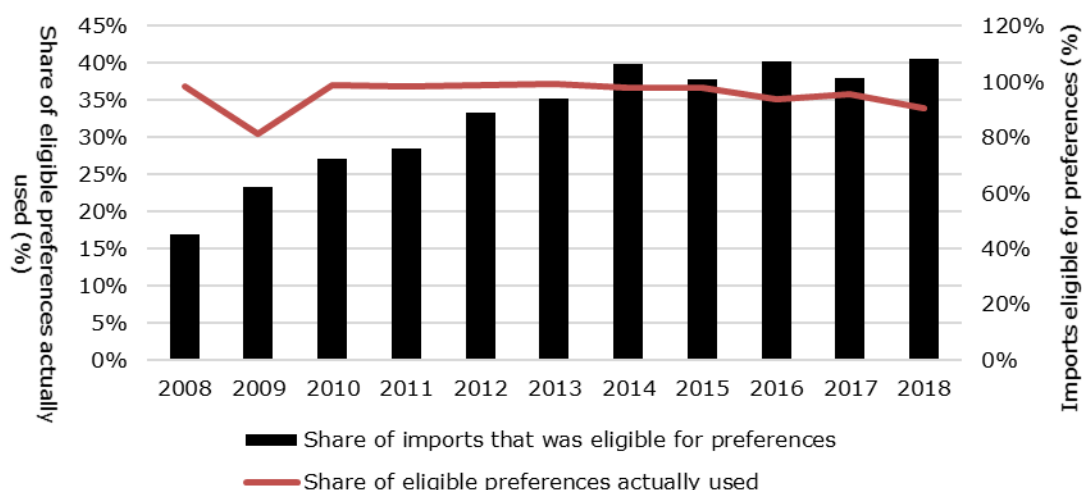
Figure 7.4 CARIFORUM beverage exports to the EU, 2005-2018



Source: Eurostat.

Beverage exports to the EU, as a whole, have not experienced a particular trend since the implementation of the EPA. The share of imports eligible for preferences has steadily increased from about 50% to almost 100% in 2018. However, preference utilisation has remained relatively low, hovering at around 35%, with a temporary drop to 30% in the aftermath of the global financial crisis. This is below the average value for CARIFORUM exporters, but is, however not entirely surprising as MFN tariffs have largely been phased out, eroding the preference granted to CARIFORUM exporters.²²¹

Figure 7.5 CARIFORUM preference utilisation rates for beverages, 2008-2018



Source: Eurostat Comext.

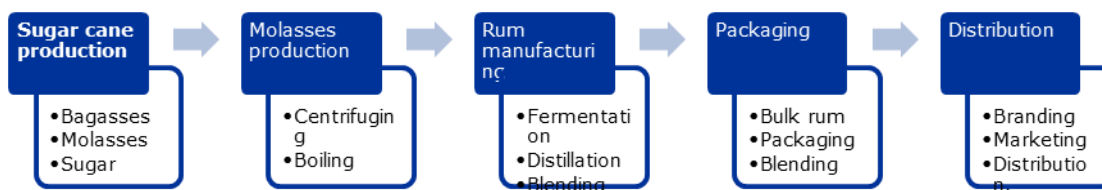
²²¹ For example, Rum of a value exceeding € 7,9 per litre of pure alcohol (HS 2208403100) can be exported duty free access to the EU regardless of the country of origin.

7.2.2. The Caribbean rum sector

Rum: origins and structure

The Caribbean region has been the leading global producer and exporter of rum for over 350 years.²²² With today's rum largely accepted as having originated in the Caribbean, the product has global recognition as a traditional Caribbean drink.²²³ Distilled from molasses, the by-product of converting sugarcane into sugar, rum was first distilled in the sugarcane plantations of the Caribbean in the 17th century. The figure below describes the full process, which starts with sugar cane production and ends with the packaging and distribution of the fermented, distilled and blended product.

Figure 7.6 Rum value chain



The region has a strong sugar cane industry, so sourcing for molasses occurs either in country or regionally. The Dominican Republic, for example, is able to rely on domestic supply with some small imports from Panama, whilst also exporting molasses to Trinidad, Barbados and Jamaica. Jamaica's sugarcane industry, while still in place, is struggling, with the rum sector increasingly relying on imports.²²⁴ The value chain is therefore typically concentrated in the region up to the rum manufacturing process. At this step, rum is distilled and at times blended and then either sold in bulk or further bottled and labelled, to then be branded and distributed. While most producers in the region bottle in-country, some of the larger brands do so abroad due to lower costs. For instance, Ron Barceló from the Dominican Republic bottles in Spain. This is a common model for the beverage industry, where bottling is outsourced to large-scale bottlers for efficiency gains.

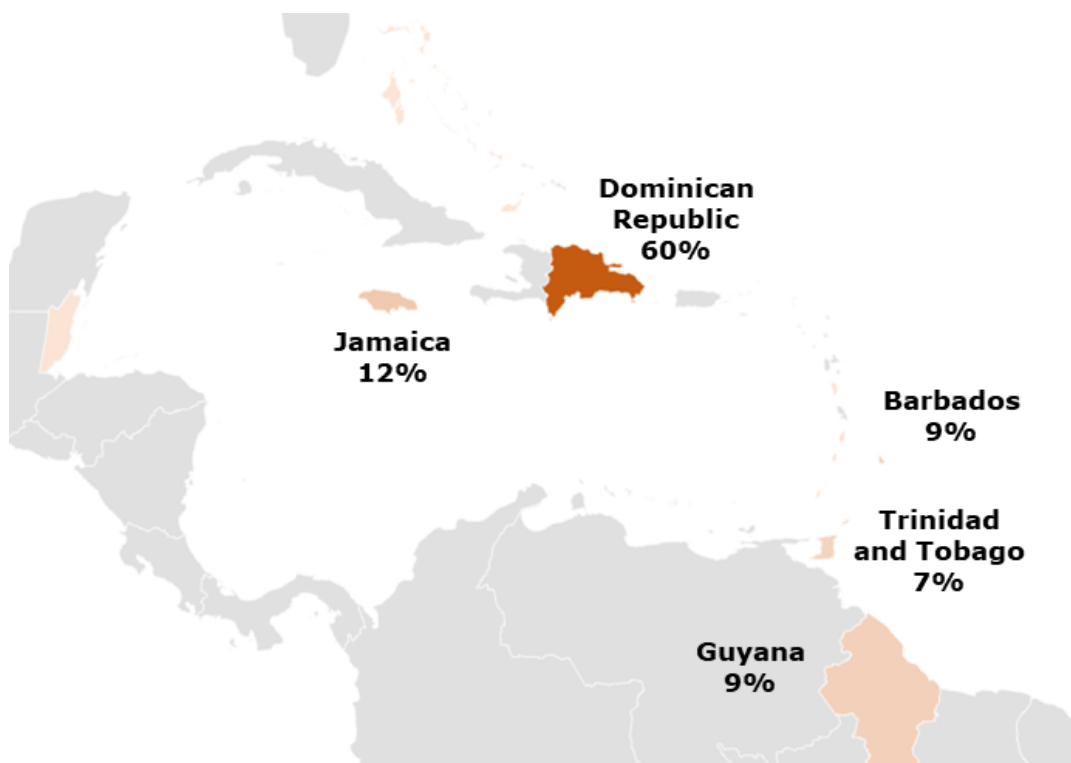
Today, rum exports to the EU represent a value of EUR 113 million, which constitutes the main manufactured export product for several of the region's countries. The majority of this rum originates from the Dominican Republic, with Jamaica, Barbados, Trinidad and Tobago and Guyana also being significant players. The relative importance for the countries, however, is different, with rum representing around 2% of goods exported for more diversified economies like the Dominican Republic, 9% for Jamaica and 10% for Barbados.

²²² 2012, The Lomé Caribbean Rum Rivalry for European Market Hegemony Tony Talburt.

²²³ Albeit with some regional variation. The two styles of rum produced in the Caribbean can be divided by national languages of the producing nations. English speaking countries (like Jamaica) produce darker, fuller rums. These include most of the CARIFORUM states. Smoother, lighter rums stem from Spanish-speaking countries, such as the Dominican Republic. Rhum Agricole, which is distilled from cane juice rather than molasses, comes from the French-speaking islands of Haiti, Martinique and Guadeloupe.

²²⁴ Verisk Maplecroft, (2019), Latin American Sugarcane Report Sustainability risks and impacts in the regional rum value chain.

Figure 7.7 Country share of total CARIFORUM rum exports to the EU, 2018



Source: Eurostat.

The Caribbean's main trading partners for rum are North America (USA and Canada) and the EU. Whereas the non-alcoholic beverages sector is mostly limited to local markets, it is particularly the rum sector, which has gained a reasonable share on worldwide market.

Rum trends: a promising revival and a thirst for premium flavours

While rum has shown recent promising signs of growth, it has been lagging behind other spirits and spirit drinks. Whereas several spirits and spirit drinks, such as gin and whiskey, have undergone a premiumisation²²⁵ trend in the past decade, the same has not (yet) happened with rum.²²⁶ This has been evidenced particularly in the EU (including the UK²²⁷ and France) but also on in the USA²²⁸ and as far as New Zealand.²²⁹ Some consumers are still discovering rum outside of its role as a mixer, and unclear rules regarding aging and categorisation of different types of rum have made it difficult for consumers to make this shift. However, consumers—and particularly consumers in countries with a mature craft spirit scene—have increasingly begun to view rum as something that can be drunk on its own rather than solely being an easy mixer. This can point to the beginning of this premiumisation, with consumers increasingly searching for more deluxe rum. This trend can already be observed in the UK and France, where premium rum segments have grown 140% in the past five years in the UK, and 28% in the past year alone in France.²³⁰

²²⁵ Referring to increased consumption in the premium categories.

²²⁶ International Wines and Spirits Records, Rum reinvents itself as a premium and fashionable spirit in the UK and France, 2019. <https://www.theiwsr.com/rum-reinvents-itself-as-a-premium-and-fashionable-spirit-in-the-uk-and-france/>.

²²⁷ The Guardian (2018), Why 2018 will be a rum year. See at: <https://www.theguardian.com/lifeandstyle/2017/dec/29/why-2018-will-be-a-rum-year-possibly>.

²²⁸ CBS News, (2010). Rum Revival: A New Interest in an Old Spirit. See at: <https://www.cbsnews.com/news/rum-revival-new-interest-in-old-spirit/>

²²⁹ Restaurant & Café (2018), What's Behind the Rum Revival? See at: <https://restaurantandcafe.co.nz/the-grog-is-gone-whats-behind-the-rum-revival/>

²³⁰ Idem.

It is particularly in the category of flavoured and spiced rums that this growth is occurring, with young consumers preferring these to the traditional white or dark rums. This goes hand in hand with the trend of high-quality craft products, strong in beer and gin but also present to a much smaller extent for the rum industry. With an increased interest of consumers in higher quality or special rums, artisanal producers have begun creating their own personal and small brands. Indeed, this has also happened within CARIFORUM, further discussed below.

Still, most global (and Caribbean) distilleries and brands are owned by large EU based players like Campari, Remy Cointreau and Diageo. Campari owns Jamaica's Appleton Estate Rum, Mount Gay Rum from Barbados' majority shareholder is Rémy Cointreau and Captain Morgan is part of Diageo's rum portfolio. Most CARIFORUM exports to the EU are sold in bulk and further blended and bottled in Europe by such European brand owners.

The world's largest rum producers outside of CARIFORUM are the US, Germany and other regional players like Cuba, Guatemala and Venezuela. In the case of Germany, this is likely to be due to bottling facilities located in the country, rather than actual production processes. Some Central American countries—like Guatemala—have built up relatively new rum industries, capitalising on their growing sugar industries. Guatemala's global rum exports, which totalled EUR 14 million in 2008 have grown to EUR 41 million in the following decade. The US has also seen enormous growth in its rum industry, growing its global exports from EUR 60 million in 2008 to EUR 133 million in 2018.²³¹ Much of the USA's rum exports come from Bacardi's distillery in Puerto Rico. France is also a major exporter with exports worth EUR 71 million in 2018. However, a significant share of these exports likely originates from French overseas regions and collectivities, including Martinique and Guadeloupe in the Caribbean and Reunion in the Indian Ocean.²³²

Sustainability and the beverage sector

Rum production has a **large environmental footprint**. The various steps of the process, including manufacturing molasses and the distillery process create both liquid and gas emissions and physical waste.²³³ There have been cases of national environmental protection agencies in CARIFORUM opening investigations into distilleries due to high levels of pollutants.²³⁴

A recent trend for the rum industry has been a shift towards increasingly sustainable production. In addition to investigations, the market now also provides incentives for such methods of production. Since most producers are niche players, environmental sustainability is often a way of differentiating oneself. Furthermore, there is also demand for these products in the EU market. Examples include a rum producer aiming to produce fully carbon-neutral (through use of solar energy and carbon-offsets) and to be certified as such. Some distilleries work on a **"no waste" protocol**, processing sugar cane to make both sugar and molasses, and using the waste cane for feed and fuel. Indeed, distilleries and brands such as Appleton Estate today pride themselves on a "no waste" approach.

While rum itself has not come under much scrutiny for social and labour impacts, the industry providing its primary input has. **The sugarcane industry has been criticized for incidents of child labour, forced labour and poor working conditions**. Reports of low wages and occupational health and safety risks have been reported in the Dominican Republic, as well as the use of poorly protected immigrant workers from Haiti.²³⁵ In Belize, Fairtrade suspended the Sugarcane Farmers' Association from the Fairtrade sugar programme when evidence of child labour was discovered.²³⁶

²³¹ Source: UN COMTRADE.

²³² The latest export data available for overseas France is from 1995. In this year Martinique and Guadeloupe were the third respectively eleventh largest exporter of Rum in the world, ahead of all current CARIFORUM countries.

²³³ TreeHugger, 2012, The Story of Sustainable Rum Begins with What's Left Behind.

²³⁴ From Jamaica Observer, NEPA warns Wray and Nephew about pollutants from Appleton Estate.

²³⁵ Verisk Maplecroft, (2019), Latin American Sugarcane Report Sustainability risks and impacts in the regional rum value chain.

²³⁶ ILO (2017), Child labour in the primary production of sugarcane.

The EPA and rum: preference erosion and support to compete globally

Caribbean exporters enjoyed duty-free access to the EU market since 1975, where the Rum Protocol²³⁷ allowed for this access into EU markets under quota. These quotas were then removed in 1996, specifically for light rum coming from ACP countries. This opportune situation was however short-lived, with the EU and the US fully opening their markets to white spirits at the end of the decade, abruptly ending CARIFORUM exporters' tariff preference in the EU and USA market and exposing them to increased competition.²³⁸ Residual MFN duties were kept in place and slowly phased out, temporarily keeping in place a small preference for ACP rum exporters.²³⁹

Provisions of the EPA therefore provided the best possible market access to CARIFORUM producers. With the onset of bilateral Free Trade Agreements signed with other regional countries, CARIFORUM countries worried that their exports would struggle under the increase in relative price of Caribbean rum. What the EPA did was acknowledge that rum production was an important industry and undertake measures to anticipate this. As explained by the West Indies Rum Producer Association (WIRSPA), the EPA set the framework for continued conversations between the rum producing sector and the EU. In order to assist CF producers facing the onset of preference erosion, the EU set up a programme²⁴⁰ to support these producers to increase their productivity, innovate and improve their marketing, in order for them to move from a bulk business model to a branded business model.

Under the EPA, rum is considered a traditional agricultural product²⁴¹ which means that any trade policy developments that may impact the competitive position of these products require prior consultations. However, concerns have been raised by CARIFORUM that in some cases the EU did not consult with CARIFORUM, as for example when the EU revised the definition of spirit drinks, including rum.

Private sector support to the rum industry

Under the initial rum programme contained in the 8th EDF (1995-2000), the EC made EUR 70 million available to reposition the ACP Caribbean rum sector into the high-value premium niches of a globally changing rum market. The programme came as a result of long and complex negotiations.²⁴² The programme was co-financed by the private sector and was structured around a grant scheme to upgrade plants and businesses, support for marketing efforts and strengthening of WIRSPA.

The programme's design was unique as it was the first times that a programme of that size was entirely managed by a private sector organisation. The programme was largely considered a well-managed and effective private sector support programme and was given a three-year extension. However, its ambitious objectives – transforming the rum sector towards exporting high quality rum as well as reducing a dependence on commodity exports and improving employment and environmental sustainability – was not entirely met, even under this extended timeframe. An Authentic Caribbean Rum (ACR) Marque was developed as a symbol of the quality and authenticity of Caribbean rum. It certifies that the rum was produced under an agreed-upon set of rules that characterise the Caribbean industry. It applies, for example, the age statement principles that the youngest rum in the bottle must be at least as old as the rum claims to be. The ACR is currently still managed by WIRSPA and was supported by a short-running communications campaign running from 2008 to 2010.²⁴³

This support was followed up by the CARIFORUM Rum Sector Support project, again managed by WIRSPA, and initiated in 2012 with the objective of continuing to build the CARIFORUM rum

²³⁷ Contained in the Lomé Conventions, a trade and aid agreement between the European Economic Community and the ACP countries.

²³⁸ The zero for zero agreement between the EU and US contained a specific annex on rum, which set forth a schedule for progressive liberalisation on MFN quotas and duties for a gradual preference erosion.

²³⁹ Residual MFN duties are applied at unindexed price points which, due to inflation, generate this erosion over time. Source: European Centre for Development Policy Management, *A Strong Cocktail or a Weak Punch? Case study of EDF assistance to the ACP Private Sector*, 2004.

²⁴⁰ The Integrated Development Programme for the Caribbean Rum Sector.

²⁴¹ Article 42 of the Economic Partnership Agreement EU-CARIFORUM.

²⁴² European Centre for Development Policy Management, *A Strong Cocktail or a Weak Punch? Case study of EDF assistance to the ACP Private Sector*, 2004.

²⁴³ OECD, 2011. *Aid for Trade Case Study: Caribbean Rum Sector Programme*.

sector in international markets and support the development of the ACR Marque. It did so through a communications campaign for the ACR Marquee in Italy, Spain and the UK, as well as through the promotion of collaboration across producers on best practices. The programme ran until 2017.

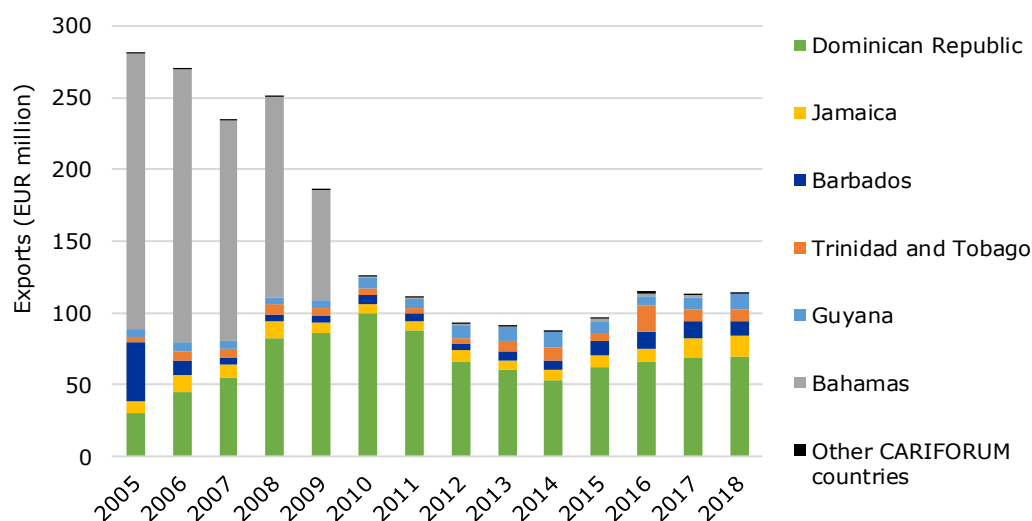
CARIFORUM governments, with financial support from the EU, have partnered with the industry to create a space in the export market for rum producers, who though large on the regional stage, are relatively small players in the international spirits market which is dominated by global companies. Furthermore, while large producers from some of the bigger CARIFORUM countries can directly approach a trade buyer and negotiate a sale of their product, smaller producers would benefit from a recognised marque to be able to sell their product.

Today, Caribbean rum producers continue to have access to various types of EC-funded support. The 4th CARIFORUM-EU Business Forum in September 2019 in Frankfurt was attended by 10 rum producers from six different CARIFORUM countries. When interviewed they confirmed that, while the EU market is fragmented and can be burdensome due to varying regulations and excise tax, it continues to be an attractive market. Producers attending also confirmed that there is a strong European market for niche rum.

EU-CARIFORUM trade

Exports of rum from CARIFORUM to the EU have grown for most of the member countries²⁴⁴ since the implementation of the EPA and the rum sector support programmes. While exports were temporarily affected by the financial crisis right after the EPA coming into force they have shown moderate growth, averaging a 5% annual growth rate for the past five years.

Table 7.1 Top CARIFORUM countries exporting rum to the EU, 2005-2018



Source: Easy Comext.

Rum exports from the Dominican Republic struggled after the crisis, as their main destination market, Spain, collapsed and struggled to recover.

A notable change in 2009 was the closing of the Bacardi Nassau plant in the Bahamas, whose operations were largely absorbed by the company's main production site in Puerto Rico. This shift comes through strongly in the trade flows, with the Bahamas' export levels dropping drastically from 2009 to 2010 and not recovering thereafter, and the USA's rapidly increasing in the period thereafter. The facility was specialised in rum shipped in bulk to Europe. While it originally settled in the Bahamas to avoid duties on shipment to Europe, it left citing "changes in trade agreements and competition".²⁴⁵ The US provides high rum subsidies to Puerto Rico and

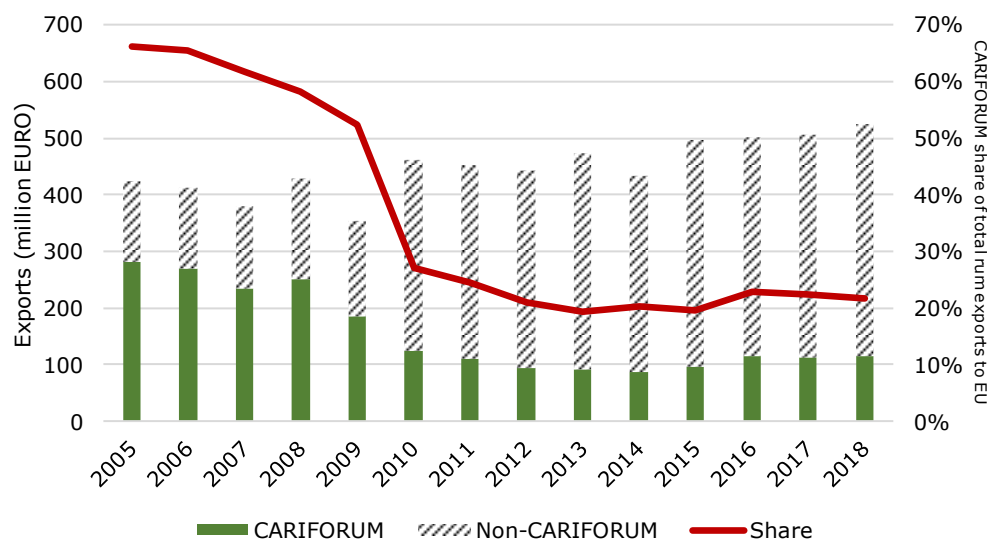
²⁴⁴ Of the 14 CARIFORUM countries, 11 had higher levels of rum exports in 2018 than in 2008.

²⁴⁵ Manufacturing.net (2009), Bacardi Closing Rum Distillery.

the US Virgin Islands. Money raised by an excise tax on the liquor consumed in the US goes to these two territories, where a share of it ends up as a subsidy for the producers.^{246 247}

CARIFORUM rum exports to the EU have maintained a growing pace in the past five years, with the Dominican Republic, Jamaica, Guyana, Barbados and Trinidad and Tobago still in the top 10 countries providing rum to the EU. The region, however, has lost significant ground in its share of EU rum imports, going from 62% in 2008 to 22% in 2018. Most of this has been lost to the USA²⁴⁸, with Guatemala²⁴⁹ and Cuba also experiencing significant growth in recent years.

Figure 7.8 CARIFORUM share in EU rum imports, 2005-2018



Source: Eurostat.

Unit prices of CARIFORUM exports—the price at which exporters are selling every KG of rum—are still below the average of international rum exported to the EU but have shown promising increase over the past 5 years. CARIFORUM unit price of rum (EUR/kg) has experienced an average annual growth of 11% from 2013 to 2018, compared to the extra-EU average of 3%.²⁵⁰ This may be an indication of a move away from bulk sales, or of finished CARIFORUM products experiencing premiumization in the European market. However, this could also point to rising transport costs from the CARIFORUM producing countries than from the other source markets, such as the USA or Cuba.

European FDI in the Caribbean rum sector

European investment in the sector dates back to pre-EPA and has since continued to grow. French company Rémy Cointreau acquired Mount Gay Distilleries, Barbados’ oldest distillery, in 1989. In 2015 it purchased the Mount Gay plantation for EUR 8.9 million with the objective of developing a luxury rum brand.²⁵¹ Campari Group purchased Jamaica’s 270-year-old Appleton Estate in 2012, and has continued investing in the brand. The new Joy Spence Appleton Estate Rum Experience, a tourist attraction centred around rum production, required a EUR 6.6 million investment by the Group.²⁵²

²⁴⁶ CBS News, 2012. US rum producers hammer Caribbean producers.

²⁴⁷ The Tax Foundation, 2015. Rum Taxes and Perverse Incentives.

²⁴⁸ The region has expressed concerns over the rum subsidies provided by the USA to Puerto Rico and the US Virgin Islands and the resulting unfair competition to CARICOM rum producers. <https://caricom.org/concerns-over-rum-subsidies/>.

²⁴⁹ With whom the EU has had an Association Agreement since December 2013.

²⁵⁰ Calculations by Ecorys, based on Eurostat value and volume trade data.

²⁵¹ Nation News, (2015), Remy buys plantation and Mount Gay expands.

²⁵² The Jamaica Gleaner, 2018, Campari Committed to Appleton, Says CEO.

The examples abound. Martinique-based Groupe Bernard Hayat (GBH) acquired Saint Lucia Distillers in 2016, and Maison Ferrand acquired the West Indies Rum Distillery in Barbados in 2017. These foreign investors, while at times still looked on suspiciously by the region, often cite the growing premium and super-premium rum categories, as well as the opportunities tourism offers for the sector. GBH’s investment programme in Saint Lucia includes a visitor’s centre for tourists.²⁵³ These larger companies often publicly express the value of brand differentiation by ensuring the positive association with the original brand remain intact - paying homage to its origins. However, it is not clear in the long run what these effects are. Oftentimes, new investments are welcome to the local distilleries for needed up-grading or renovating of facilities.

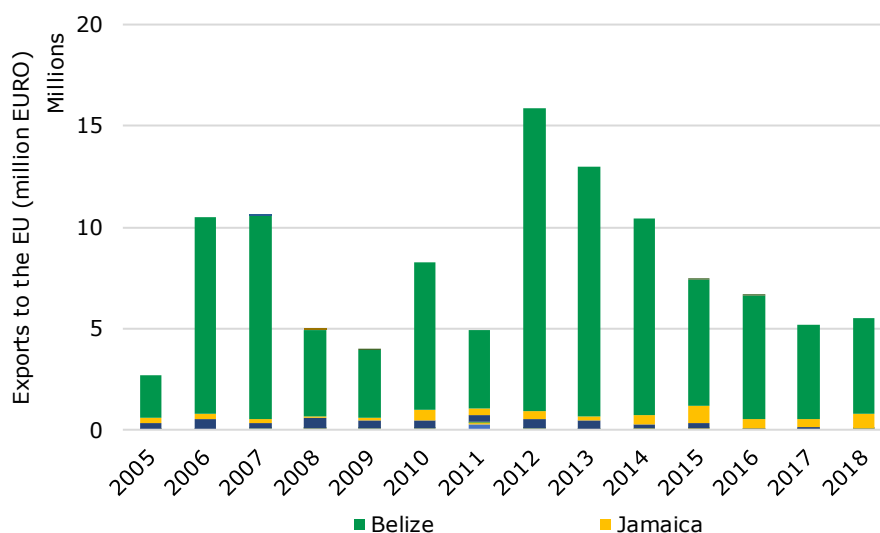
Not all investments are large alcohol brands seeking out old, well established distilleries. There have also been investments in boutique distilleries or in the creation of new ones. Renegade Spirits is constructing a EUR 18.4 million rum distillery in Grenada. The CEO, an Irish whiskey expert, is re-introducing the sugarcane industry on the island, growing several varieties of sugarcane specifically for the distillery. The plan is to run a technologically advanced and environmentally sounds rum distillery making premium Renegade Rum.

There have also been cases of niche, flavoured rum²⁵⁴ coming from independent producers in the region, and receiving support from CEDA to access EU markets and showcase their products.

7.2.3. Fruit juices and other beverages

CARIFORUM’s juice exports to the EU come predominantly (85%) from Belize and mainly from citrus juices. This is followed (at a distance) by fruit juice exports from Jamaica and the Dominican Republic. The largest share of European imports of fruit juices is concentrated orange juice.²⁵⁵ The larger markets are Belgium, the Netherlands, France, Germany and the UK. As with many products entering Europe, Belizean fruit juice exports largely (98%) routed via the Netherlands, presumably through the Port of Rotterdam, before being put in cold storage and further distributed.

Figure 7.9 CARIFORUM fruit juice exports to the EU, 2005-2018



Source: Eurostat.

Belizean exports to the EU fluctuated in the first five years after the EPA implementation. The five-year review noted that, “while the EC tariff notified during the EPA shows a non-zero

²⁵³ The Spirits Business (2016), Groupe Bernard Hayat buys Saint Lucia Distillers.

²⁵⁴ Cockspur’s Splash and AKAL’s Chai Rum from XXX are examples of flavoured speciality rums currently active or ready for the export market.

²⁵⁵ CBI Exporting Fruit Juices to Europe, at: <https://www.cbi.eu/market-information/processed-fruit-vegetables-edible-nuts/fruit-juices/europe/>.

specific tariff for frozen orange juice, consultations with Belizean producers indicate that their exports to the EU enjoyed duty-free access prior to the EPA²⁵⁶. The previous review also reported that part of the growth could be attributed to the stability of EU prices, rather than improved conditions as a result of the EPA. Going back to the 90s and early 2000s, the Caribbean Basin Economic Recovery Act had already allowed the Caribbean to export duty-free juices to the USA, which propped up the industry.²⁵⁷

Exports to the EU are usually sent out as semi-finished products, with packing done on site in the European countries. However, business associations and companies across the region have expressed that exporters often struggle with meeting EU standards and regulations, feeling that these are not transparent and change too often for the exporters to be able to adapt, creating the sense of a “moving goal post”. One large fruit juice manufacturer in Jamaica expressed that this is the case for both the type of ingredients that are permitted in the processing as for the branding and packaging, feeling that “*every time we adjust the packaging a new regulation seems to come into place*”. A trend in the industry has been for larger producers to begin co-packing with partners in the EU (particularly the UK) so as to ease some of the costs and to better comply with EU regulations. A copacker, or contract packager, packages and labels products for its clients. A copacker in Europe specialised in the beverage sector will have the specialised equipment and the know-how of meeting specific EU regulations, taking the burden away from the producer.

However, the industry’s biggest challenge, which accounts for the decrease in exports lies on the ground, with Belize’s citrus industry experiencing falling production over the past decade. An aging stock of trees and the citrus greening disease have reduced its production from a high point of 7.8 million boxes in 2012 to 2 million boxes in 2018.²⁵⁸ Furthermore, the Citrus Growers Association, which counts within its membership over 200 small farmers, has been facing serious financial troubles trying to cover its debts.

Other beverages and presence of SMEs

Business or Trade Associations within CARIFORUM countries also provide support for small local exporters to make use of the EPA and increase their exports towards the EU. However, many independent producers in the beverage sector are in the cottage industry, with manufacturing activities being carried out within people’s homes. Beverages outside of rum or fruit juices are typically a niche product, as most producers are small and with limited production capacity, making it particularly difficult to reach export markets. An example is a producer of a sea moss drink from Saint Lucia. A niche product by any account, the producer of this beverage was seeking opportunities to export to the EU. The key challenges were not related to trade policy, but were rather issues such as identifying a suitable distributor in the EU and more generally, understanding the EU market, its opportunities and its requirements.

Box 13 Jamaican wines

While not a spirit traditionally associated with the Caribbean, several CARIFORUM countries have local industries producing wine at both large and cottage level industries. Wine made from grape and other fruit²⁵⁹ has a long-standing tradition, often made at homes and spiced according to family recipe. This authenticity has made them interesting products for souvenir shops for tourists. Small-scale producers receive support from Business Support Organisations²⁶⁰ that help with labelling and marketing to make the product more attractive. It is precisely the niche aspect and small-scale production that makes these products sought after for tourists looking to take something authentic back home. However, these are also the factors that make scaling up and creating the necessary mass to begin small levels of exports difficult.

Indeed, new drinks have been entering the market, albeit with varying levels of success. Some products are naturally better suited to be solid as part of a tourism experience, as explained in the Box. Others, however, have found markets abroad. For instance, Barbados’ 10 Saints is a craft brewery in Barbados, which brews beer that has been aged in rum casks coming from Mount Gay, the country’s oldest distillery. The company received support by CEDA to attend a mission to a food and beverages trade fair in Germany and its products are currently available in several EU countries.

²⁵⁶ Five-year review.

²⁵⁷ Aranoff, SL. (2008), Caribbean Region: Review of Economic Growth and Development, USITC.

²⁵⁸ From interview of Citrus Growers Association CEO with Channel 5 Belize, at: <https://www.youtube.com/watch?v=uwcsd1khFTs>.

²⁵⁹ Registered as perry or mead in trade statistics but locally referent to as wine.

7.2.4. *Main conclusions and recommendations*

While beverages as a sector includes several industries/sub-sectors and concentrated differently across the CARIFORUM countries, the **EPA does not appear to have directly increased CARIFORUM exports to the EU** in any of the specific sub-sectors. For some of the most important sub-sectors, the EPA did not bring additional preferences, which can also be seen in the low use of preferences for the sector, particularly when compared to the CARIFORUM average for all exports. Trade relations between CARIFORUM and the EU continue to be relevant for the sector, however, and the EPA creates the framework for further discussions and developments.

They key challenges for the beverage industry are thus not related to trade policy, but rather to other issues such as logistics, market intelligence, access to distribution networks in the EU, or the local availability of inputs such as bottles and packaging material. The EU has addressed some of these challenges through development cooperation.

A nuanced picture emerges with regards to social, environmental and human rights impacts on the beverage sector. Given the limited direct economic impact of the EPA the direct impact on sustainability is also limited. However, interviews with producers showed that over and over again that the EU market is seen as a market where sustainability matters. Several producers have thus adopted or plan to adopt more sustainable production practices, and highlight these practices in their marketing efforts on the EU market. While there are typically various motivations for doing so, at least at the level of individual firms the opportunity to export to the EU market has had an impact on sustainability.

CARIFORUM exports face different barriers in the specific industries:

Rum distilleries, usually owned by larger international companies, are generally export savvy and do not face significant irritants when trading. The challenge for the sector over the past decade has instead been that of dealing with preference erosion and having to find ways to market the product to achieve premiumization. Significant support has been provided by the EU, particularly during the period shortly before the EPA's implementation, to improve processes and marketing in the sector:

The rum sector requires continued support to continue **building the industry** in terms of its local value chains and its **marketing efforts**. Progress was made by establishing the ACR, and the current growing interest in premium, flavoured and "artisanal" rums generates opportunities to expand its use.

R1. *The EU and CARIFORUM* should build on the previous successes of the Rum Programme, merging the developed ACR Marque with further marketing efforts. Refreshing the image of the marque with promotional material and participation in events can create new momentum and generate further interest in authentic Caribbean Rum, particularly in mature markets where consumers are experiencing a new-found interest in the liquor.

Small, independent distilleries, while not common in the region, still exist. Some have taken advantage of an emerging demand for niche products to appeal to EU consumers, marketing their products as more upscale and ensuring value addition in the region. Examples of this can also be found in other alcoholic beverages, with craft beers and special juices having received support from CEDA to attend **trade fairs and establish business connections**.

Small scale producers require further support to establish business connections. Some products have a stronger appeal to tourists when visiting the island than as goods purchased in supermarkets on the EU side. Support to attending trade fairs must be accompanied with a market study and a marketing strategy to ensure those visiting trade fairs are export-ready.

R2. CEDA and national export agencies should differentiate between products that appeal to European customers in their home country versus those that are more attractive as souvenir or for consumption "on the ground" when visiting. Create links with the tourism industry to ensure hotels and agencies are showcasing national liquors and beverages.

R3. Despite existing efforts, exporters are still often unsure on where to access information and explanations on how to apply EU market requirements is required. CARIFORUM should increase this transparency by publishing more easy-to-read guide that are product specific. Furthermore, training must be provided on a consistent basis, rather than on one-off cases.

In the case of fruit juices, exporters are still struggling with Sanitary and Phytosanitary Standards as well as labelling and packaging requirements, which means countries cannot move into activities further up in the value chain. Furthermore, despite the proliferation of export agencies, business support organisations and website portals, exporters consulted in the region felt this information was scattered and were therefore not yet clear on where they would go for up-to-date and accessible information on the requirements.

7.3. Case study 3: FDI in the CARIFORUM tourism sector

7.3.1. *The importance of FDI and tourism in the Caribbean region*

Tourism is ubiquitous in Caribbean countries, visible both in the number of tourist arrivals, as well as in the countries' GDP, employment and trade figures. As a sector, travel and tourism directly contributes, on average, 10% to the region's employment, and 9% to its GDP.²⁶¹ This puts CARIFORUM countries, with the exception of resource-rich Guyana and Suriname, far above the world median. In 2018, the World Travel and Tourism Council estimated a direct and indirect tourism contribution to the Caribbean economy of EUR 15.9 billion, with visitor expenditure equally over EUR 28.2 billion.

Box 14 Methodological issues

Two key issues arise when describing tourism FDI. First, FDI is defined by the OECD as "the category of international investment that reflects the objective of a resident entity in one economy to obtain a lasting interest in an enterprise resident in another economy". For example, the purchase of a hotel by a Spanish investor in the Dominican Republic would be counted as EU FDI in CARIFORUM. However, a French hotel chain franchising hotels in Barbados owned by local investors, would not be FDI, and would count as trade in services.

Second, data on tourism FDI is extremely scarce. Data on FDI is already problematic, as it is often not available, in particular for smaller countries. If it is available, FDI data is often not reflecting the real transactions that have taken place, as data is often inflated due to base erosion and profit shifting. Furthermore, tourism is not a well-defined sector, with data on tourism only rarely being available as satellite account.

The same can be said for the level of FDI concentration in the sector. The Caribbean receives some of the highest flows of FDI in the world, relative to the size of its economies. The percentage of FDI inflows as a proportion of GDP is significantly higher in the Caribbean than it is in other regions of the world — whereas the world median is 1.3%, CARIFORUM countries average 7.3% of FDI net inflow contribution to GDP. These high levels of FDI inflows are very likely not fully reflecting real physical investments on the ground. Rather, to a significant degree these FDI figures reflect transactions motivated by base erosion and profit shifting.²⁶²

With this caveat, FDI is mostly concentrated in the sectors of tourism and natural resources. Indeed, thanks to its location, natural beauty and English, Spanish or French-speaking labour force, the countries have a strong comparative advantage in attracting tourism FDI. Most of the investment in the sector comes from transnational hotel chains, either building new property or (as is often the case) remodelling existing hotels. It is also important to note that international hotel chains and hotel investors often engage in modes not relying on FDI. Often hotels are built by local investors, and are then franchised to international hotel chains and operated by the local investor. Or are franchised and operated by the international hotel chain under a long term agreement. Both business models do not count as foreign direct investment, but rather as trade in services.

The structure of the hotel sector in the EU illustrates how ownership is often separate from management & operations, and branding. While the leading hotel brands in the EU are companies such as French Accor or Spanish Meliá, the largest owners of hotels are mostly real estate and investment companies such as Pandox, Covivio or Blackstone, or banks such as German DekaBank.²⁶³ Furthermore, even Accor has separated ownership of its hotels from operations, by creating AccorInvest as an independent entity holding all hotel assets.²⁶⁴

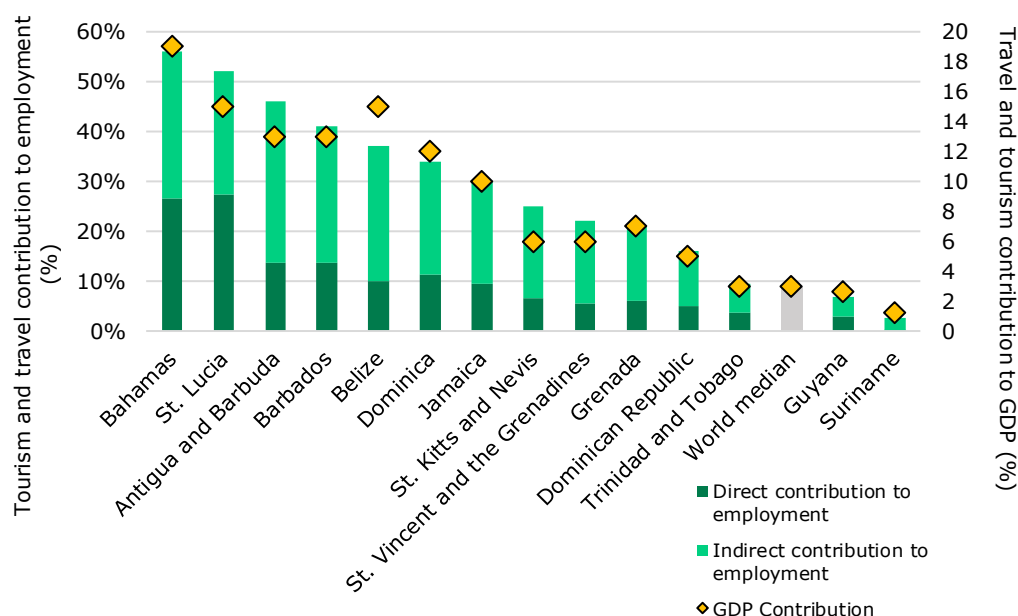
²⁶¹ Based on World Bank data for 2018, averaged across the 14 CARIFORUM countries.

²⁶² See Jannick Damgaard, Thomas Elkjaer, and Niels Johannesen (2019). *The Rise of Phantom Investments*. IMF Finance & Development 56(3).

²⁶³ See Horwath HTL (2019) *European Chains & Hotels Report*.

²⁶⁴ See <https://hospitality-on.com/en/finance/accorinvest-becoming-more-independent-accor-pursues-strong-asset-light-strategy>.

Figure 7.10 Travel and Tourism contribution to employment and GDP in CARIFORUM, 2018



Source: World Bank TCdata360 [tot.direct.emp] and [tot.direct.gdp].

Tourism is, as mentioned the Economic Impacts chapter, also the strongest sector for the region’s trade in services. Furthermore, the relative importance of tourism and business travel services in CARIFORUM service exports to the world has increased over the years. Belize, Dominica, Jamaica and the Dominican Republic have shown increases in the past decade for tourism’s contribution to GDP. Tourism and business travel services used to be approximately 58% of CARIFORUM services export in 2008 and now represent 75% of exported services.

EU relation to the Caribbean tourism sector

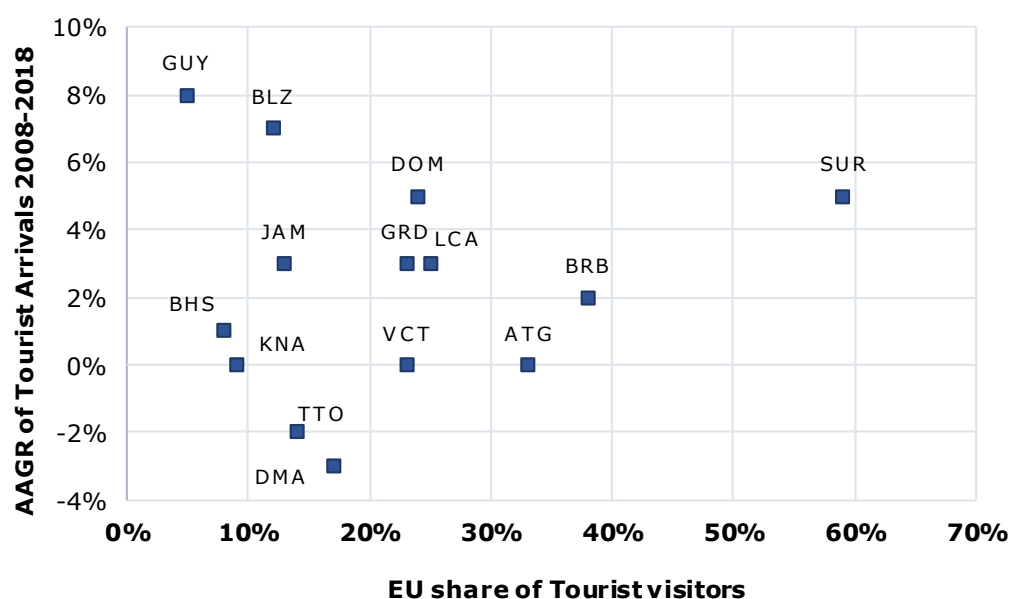
The Caribbean continues to grow as a destination for EU tourists. In 2018, CARIFORUM countries received an estimated 2.9 million European tourists, most of which went to the Dominican Republic, Jamaica and Barbados. Figure 7.11 below shows the average annual growth rate (AAGR) of tourist arrivals in the region, with most countries showing positive growth rates over the period. The Dominican Republic has had strong sustained growth, despite already being an established as an important destination at the start of the period. Guyana, Suriname and Belize, countries with traditionally fewer tourists have also shown significant growth in the number visitors, as high as 8% for Guyana. In the case of Suriname this is accompanied by a high share of European (Dutch) tourists.

A few countries had negative growth in the number of EU tourist visitors, namely Trinidad and Tobago and Dominica. This can partly be attributed to increasing crime rates over the time period and the subsequent warnings issued by EU countries, the UK for example, advising that travel to T&T should be avoided due to high crime levels and especially crimes against tourists.²⁶⁵ According to the Tobago Tourism Agency,²⁶⁶ however, declining visitors could also be attributed to the region not modernising quickly enough, an ineffective the marketing program and some fundamental changes that the destination did not adapt to quickly enough. In an interview, the CEO referred to ineffective campaigns and issues with staying on top of new quality assurance processes, digitisation and marketing strategies in the sector.

²⁶⁵ See: <https://travel.gc.ca/destinations/trinidad-and-tobago>; <https://www.looptt.com/content/terrorism-kidnapping-risk-tt-us-updates-travel-advice>; <https://www.gov.uk/foreign-travel-advice/trinidad-and-tobago/safety-and-security>; <https://www.tripsavvy.com/crime-and-safety-trinidad-and-tobago-1488733>.

²⁶⁶ The Tobago Tourism Agency Ltd. (TTA) was formed as the execution agency responsible for driving the rejuvenation and competitiveness of tourism in Tobago.

Figure 7.11 EU tourist visitors in CARIFORUM countries, 2018



Source: World Tourism Organisation at <https://www.e-unwto.org/toc/unwtotfb/current>.

In terms of the importance of tourism as a destination for European FDI, relative to its importance for CARIFORUM inflows, however, the sector ranks quite low compared to other areas of economic activity. Tourism receives FDI in hotels and restaurants, but little in other adjacent services, such as tour operations or global reservation systems.²⁶⁷ A 2007 estimation by UNCTAD found that tourism accounts for as little as 1 to 2% of total outward FDI stock in the world. This can be extrapolated to the EU. Tourism and tourism-related outward FDI of the EU falls just below 1% and has been decreasing over the past five years.²⁶⁸

While data on sectoral FDI flows from the EU to CARIFORUM are not available, several CARIFORUM countries do report FDI data at sector level, without specifying origin. The largest recipients of tourism FDI are the Dominican Republic, the Bahamas and Jamaica.

Furthermore, we can also assess the presence of European hotel chains in the Caribbean. While this ignores the potentially important role of smaller hotel investors, at least among the large chains EU companies come second, after US companies. American chains dominate the hotel industry both in terms of the number of hotels they own and the investment they commit into the Caribbean, defined to also include Cuba, Cancun and Puerto Rico. American firms own a large 72% of the hotels listed by Horwath HTL, while European chains own 21% of the hotels listed. European chains invest, with US\$ 1.4 billion approximately a third of the US\$ 4.3 billion invested by American chains.²⁶⁹

Table 7.2 Top hotel chains operating in the Caribbean region

Chain	Ownership	Hotel	Rooms	Investment million US\$
Marriot International Inc.	USA	17	3111	1468
Hilton Worldwide	USA	12	3140	1214
AM Resorts	USA	8	2232	685
Hyatt	USA	7	2021	966
Accor	EU: France	5	818	477
Blue Diamond Hotels and	Canada	4	1700	659
Melia Hotels International	EU: Spain	4	1521	569

²⁶⁷ UNCTAD, FDI in Tourism, 2007.

²⁶⁸ Taken as the air transport, travel agency and tour operator, as well accommodation and food related activities from Eurostat, BoP statistics.

²⁶⁹ Horwath HTL (2019). Market Report: The Caribbean. retrieved from https://cdn.horwathhtl.com/wp-content/uploads/sites/2/2019/09/MR_Caribbean.pdf.

Chain	Ownership	Hotel	Rooms	Investment million US\$
IHG	EU: UK*	4	641	316

Source: Horwath HTL (2019). Market Report: The Caribbean. retrieved from

https://cdn.horwathhtl.com/wp-content/uploads/sites/2/2019/09/MR_Caribbean.pdf

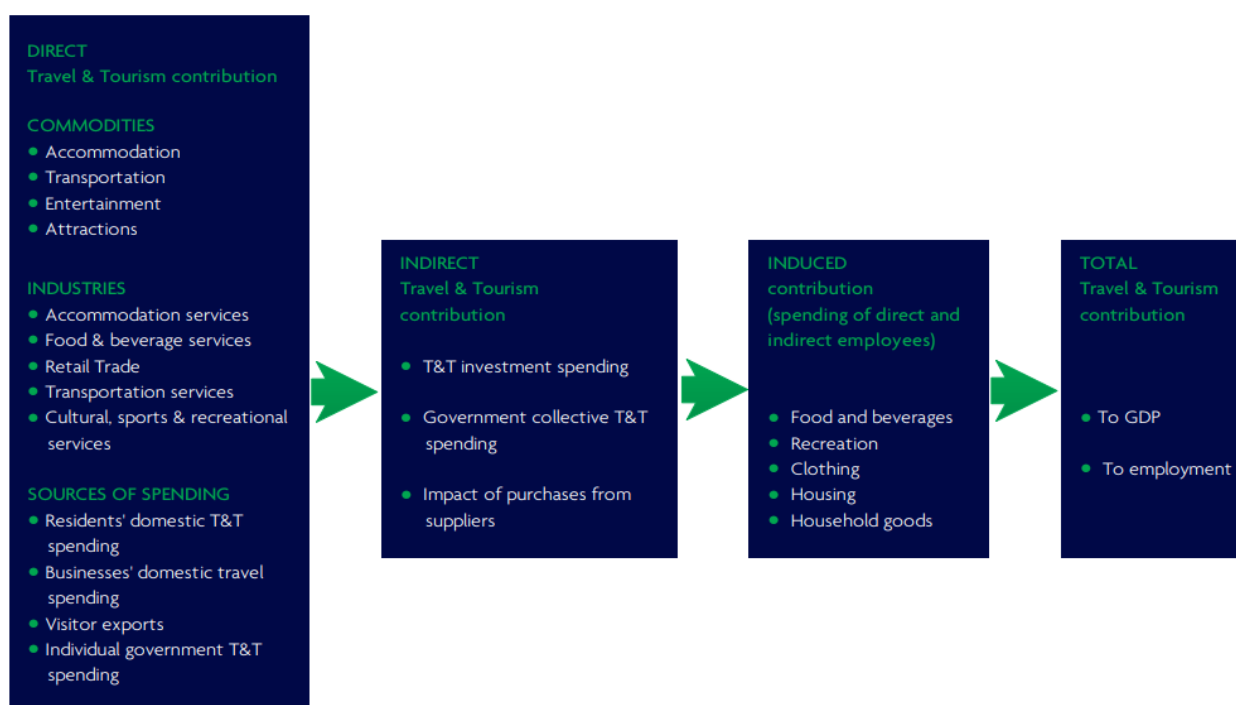
Notes: Withdrew from the EU in 2020; The Caribbean region includes, beyond CARIFORUM, Cuba, Cancun in Mexico and Puerto Rico.

7.3.2. Tourism as a driver of economic growth

Leading economic institutions²⁷⁰ support investments in tourism as a pathway to boost competitiveness, expand economic opportunity and create pathways to prosperity.²⁷¹ Empirical studies have shown a positive causal relationship between tourism development and economic growth, with investments in the tourism industry stimulating economic growth. Countries therefore organise trade fairs and promotional activities, and offer incentives to investors to attract their FDI.

While FDI in tourism is concentrated in a few activities—mostly accommodation, restaurants and car rentals—economic growth generated by this sector manifests through several channels and linkages.²⁷² As Figure 7.12 below shows, the economic activity of Travel and Tourism (T&T) covers industries of accommodation services, food and beverage services, retail trade, transportation services as well as cultural, sports and recreational services.²⁷³ The materialisation of an economic impact of investments made in travel and tourism depend on these direct and indirect channels.

Figure 7.12 Travel and tourism’s contribution to economic growth



Source: World Travel and Tourism Council.

The way this contribution manifests itself depends on the type of tourism that prevails in the country. While accommodation and food and beverages are necessities across all types of tourism, the difference lies in whether these tourists are shopping (retail trade), moving around the county (transportation services) and experiencing different attractions that would feed into

²⁷⁰ Such as the World Bank, UNCTAD and the World Economic Forum.

²⁷¹ <https://blogs.worldbank.org/psd/should-we-be-promoting-tourism-sector-investment>.

²⁷² UNCTAD, Promoting Foreign Investment in Tourism, 2010.

²⁷³ <https://www.wttc.org/-/media/files/reports/economic-impact-research/regions-2019/world2019.pdf>.

the cultural, sports and recreational services. FDI profit spill-overs into the economy for a sector that is labour-intensive, like tourism, greatly depend on the companies' links with local suppliers.²⁷⁴

So, while travel and tourism investment can directly and indirectly lead to GDP and employment growth, profits from FDI do not remain fully in the host country. Tourism FDI (particularly on larger hotel chains) falls under the FDI typology of strategic asset seeking investment,²⁷⁵ where the investor motivation is to leverage the local natural endowments which favour tourism. Contemporary literature argues that local spill overs for this type of FDI is relatively limited, investors tend to repatriate profit and the economy experiences fewer linkages. Countries have often focused more on policies to attract FDI rather than on policies to ensure this FDI benefits the local economy.

While it is in a country's interest to maximise the amount of profit that remains in the country and feeds into the economy, they must offer generous profit repatriation provisions as part of their tourism development strategy. This need for generous provisions is particularly strong in regions competing with similar products - e.g. white beaches and year-round good weather in the Caribbean. As a matter of fact, repatriation estimates for the Caribbean go up to 75% of the FDI inflows, while the average for the LATAM region is at 50%.²⁷⁶ The host country has the incentive to maximise the amount of profit that remains in the country and feeds into the economy but repatriation of profits, which happens as the money goes back to where the business making the investments is from, occurs in large shares. A balance between attractive incentives and those that affect the economy—such as too narrow a tax base or too low a tax rate. Likewise, when regulatory conditions are lax for potential investors, it is the population that struggles.

7.3.3. Sustainable Tourism

Sustainable tourism, or the concept that tourism should also have positive social and environmental impact on the host country applies to a wide variety of activities—from the infrastructure built by the accommodation sector and its energy and water conservation to the type of activities carried out by the visiting persons to the way these interact with the local population. According to the World Tourism Organisation²⁷⁷, sustainable tourism should address the needs of visitors, the industry the environment and host communities.

Sustainable tourism, or eco-tourism has been growing over the past decade and is expected to continue growing.²⁷⁸ A Booking.com²⁷⁹ survey in 2018 reported that 87% of world travellers want to do so sustainably and Responsible Travel reports²⁸⁰ that tourists are increasingly looking for experiences that reconnect them with nature or with other people.

The region has been part of this trend. The Caribbean Tourism Organisation has advocated for eco-friendly attractions across Caribbean destination, to foster tourism's role in improving the region's resilience and to align to the market demand of environmentally and culturally responsible travel. The recent (2019) Caribbean Conference on Sustainable Tourism Development organised by CTO showcases the diversity of sustainable tourism in the region, highlighting for example the use of renewable energy in St. Vincent and the Grenadines, spiritual and traditional immersion through activities with the indigenous communities in Belize or initiatives for sustainable diving.

²⁷⁴ Lim, Ewe-Ghee, (2001), Determinants of the relationship between FDI and Growth, IMF Working Papers.

²⁷⁵ World Bank definition: motivated by investor interest in acquiring strategic assets (such as human capital) that will enable a firm to compete in a given market. Takes place through mergers and acquisitions.

²⁷⁶ ECLAC (2017), Foreign Direct Investment in Latin America and the Caribbean.

²⁷⁷ *Making Tourism More Sustainable - A Guide for Policy Makers*, UNEP and UNWTO, 2005, p.11-12 <http://www.unep.fr/shared/publications/pdf/DTIx0592xPA-TourismPolicyEN.pdf>.

²⁷⁸ CBI (2020). The European market potential for nature and ecotourism. Dutch Ministry of Foreign Affairs.

²⁷⁹ Travel search engine for reservation.

²⁸⁰ Responsible Travel (2018). The Case for Responsible Travel. – Trends and Statistics.

However, barriers to sustainable tourism remain. As described by ECLAC,²⁸¹ the main constraints to social upgrading in tourism in the Caribbean are:

- The dominance of large international hotel chains and tour operators with a strong focus on maximizing profit and shareholder value, leading to relatively low wages;
- A growth in all-inclusive properties, which limit tourist spending in local communities;
- The seasonality of demand leading to work often being part-time; and
- Limited workers' rights and protection across the sector.

Furthermore, a fundamental challenge to the tourism industry is the very significant climate change impact of air travel, but also other tourism services such as food. It has been estimated that global tourism contributes to about 8% of global greenhouse gas emissions.²⁸² Given the distance of Caribbean destinations from markets, in particular the European market there is thus no conceivable way in which even the best sustainability efforts in the Caribbean can compensate for the emissions caused by air travel. However, this is not an issue unique to the Caribbean.

7.3.4. The EPA: most relevant changes for the sector

EPA Section 7 Tourism Services

- Prevention of anticompetitive practices
- Access to technology
- SME participation
- Mutual recognition
- Sustainable development
- Environmental and quality standards
- Development cooperation and technical assistance
- Exchange of information and consultation

Source: CARIFORUM-EU EPA

The EPA's recognition of the importance of the tourism sector—and its subsequent inclusion of the tourism industry under a separate chapter in the agreement, was the first time that the topic was explicitly addressed in free trade agreements around the world. With the close cooperation of the Caribbean Tourism Organization (CTO) and the Caribbean Hotels and Tourism Association (CHTA), the EPA negotiation resulted not only in multiple references to the industry, but also a separate chapter on tourism services, as well as a high level of detail in the EPA's schedules. The coverage of tourism in the EPA includes competitive safeguards, mutual recognition of tourism professionals, facilitation of SME

participation, sustainable tourism development, technical assistance as well as an exchange on best practices on tourism.²⁸³

Regarding investments, the EPA includes commitments that allow EU businesses to make direct investments or establish commercial presence in business enterprises to provide services in CARIFORUM, including those covered in all tourism and travel-related services.²⁸⁴ These Mode 3 market access commitments were included to create a supportive environment for foreign direct investment.

7.3.5. EPA-related impacts on the tourism and travel industry

As of 2018, the EPA's tourism-related services provisions have been broadly implemented.²⁸⁵ This also applies to investment, with no reports of complaints concerning barriers to investment in CARIFORUM that are inconsistent with the commitments.²⁸⁶ However, to look at the impact of the EPA on investment we must look at the determinants of investment decisions. The impact of the market access commitments of the EPA depend on the situation before its implementation.

²⁸¹ ECLAC (2018), Industrial upgrading and diversification to address competitiveness challenges in the Caribbean: The case of tourism, ECLAC Regional Headquarters for the Caribbean.

²⁸² Higham, James et al. (2016). *Climate change, tourist air travel and radical emissions reduction*. Journal of Cleaner Production 111(B), pages 336-347; Lenzen, Manfred et al. (2018). *The carbon footprint of global tourism*. Nature Climate Change 8, pages 522-528.

²⁸³ Articles 112 to 118 of the EPA.

²⁸⁴ Barbados' Opportunities for Investment under the EPA. <https://www.foreign.gov.bb/documents/about-the-ministry/92-opportunities-for-investment-under-cariforum-eu/file>.

²⁸⁵ More information in: *Ex-post evaluation of the CARIFORUM-EU Economic Partnership Agreement – Implementation Report*.

²⁸⁶ With the exception of Law 173 in the Dominican Republic, further mentioned below.

Data on EU investment in tourism in the CARIFORUM countries is largely unavailable. Regarding investment in tourism in general, some older data shows variation, with yearly flows of FDI in tourism representing between 50% of FDI in Belize to 3% in Trinidad and Tobago.²⁸⁷

An UNCTAD study on FDI in Tourism²⁸⁸ from 2006 found restrictiveness to FDI in tourism²⁸⁹ to be extremely low across the world, compared to other industries. Even in pre-EPA times, this low restrictiveness was particularly strong in the Caribbean region, as shown in the table below. For example, the Dominican Republic, Jamaica and Trinidad and Tobago (the three CARIFORUM countries included in the study) fall under the “no restrictions” category for equity restrictions in the Hotel & Restaurant sector. So while trade openness is typically a determinant in investment decision-making, when it comes to a market that is already relatively unrestricted, such as the tourism sector in the Caribbean, factors such as local market size, wages, political stability and tax rates become stronger determinants.

Figure 7.13 Tourism FDI restrictiveness indicator, 2006

Country	Restrictiveness for FDI in the tourism industry
Dominican Republic	0.15
Jamaica	0.13
<i>Average across 50 countries in the study</i>	<i>0.21</i>
Trinidad and Tobago	0.30

Source: UNCTAD (2006), Measuring restrictions on FDI in services in developing countries and transition economies.

Discussions with stakeholders also showed that the existence of the EPA did not feature specifically as factor in investment decisions. The Jamaica Hotel and Tourism Association, which counts over 200 national and international tourism-related companies amongst its members, expressed that their knowledge and usage of the EPA is very limited. Indeed, in a report commissioned by CEDA in 2019²⁹⁰, findings were that “most EU companies are not aware that there is an EPA between the Caribbean and the EU. Firms invest in a market based on a range of considerations that include market potential, start-up costs, taxation levels, availability of capital, return on investment, among other considerations.”

Other stakeholders mirrored this sentiment, often indicating that they specifically had to look up the EPA in preparation for the interview. This reflects not necessarily that the EPA is irrelevant, but rather that other factors overshadow anything the EPA or a comparable trade and investment agreement could provide. A hotel association in the Dominican Republic, for example, indicated that issues such as crime levels, or issues related to land ownership are decisive factors for investors. Similarly, the manager of a Spanish hotel group indicated that legal security is a key concern for their investment decisions. In contrast, a consultancy with a focus on the hospitality industry in the region, emphasized that while many factors influence investment decisions, the EPA is an important plus, providing an additional layer of assurance to investors.

Countries develop their own local policies to create incentives for investors, many of which pre-date the EPA by a long time. Governments offer preferential income taxes, exceptions from duties on imports, property tax exemptions, free economic zones, and other incentives.²⁹¹ Jamaica’s Hotel Incentives Act²⁹², for example, dating back to several decades before the EPA,

²⁸⁷ De Groot, O. & Pérez, M. (2014). Foreign Direct Investment in the Caribbean, ECLAC.

²⁸⁸ The study, *Measuring Restrictions on FDI in Services in Developing Countries and Transition Economies*, includes three CARIFORUM countries in its study, namely, the Dominican Republic, Jamaica and Trinidad and Tobago. It looks at Tourism as being composed of Hotels & Restaurants and Agencies.

²⁸⁹ Measured restrictions discriminating between foreign and domestic investors, namely (i) limitations on foreign ownership; (ii) screening or notification procedures; (iii) management restrictions; and (iv) operational restrictions. The indicator goes from 0 to 1, where the higher value represents a more restrictive environment.

²⁹⁰ Chaitoo, Ramesh. (2019). CARIFORUM-EU Economic Partnership Agreement: A Firm-Level Review Focused on Trade and Investment. *Caribbean Export Development Agency*.

²⁹¹ CAIPA, (2012). Invest in Niche Tourism.

²⁹² Now replaced by the Fiscal Incentives Act covering multiple sectors.

provided tax relief for a set amount of time for new hotels or hotels undertaking large scale expansions or remodelling. In the Dominican Republic, the initiative to attract investors was largely private-sector led, as explained in the box below.

A European Chamber of Commerce in the region also highlighted that in a number of Caribbean countries processes and regulations are clear and well-defined on paper. However, in practice investors cannot fully trust these, frequently encounter issues and have to deal with bureaucrats and their discretionary power. To be successful investors often need stamina, well-connected local partners or the backing from their embassies and home governments. This affects investment volumes, as not all investors are willing to accept these realities of doing business in some Caribbean countries. Furthermore, the EPA and its investment provisions can do only little to resolve these issues, as investors typically rely on their own national embassies and governments and not the EU or EU delegations to raise their issues.

Box 15 Tourism Investment in the Dominican Republic.

The Dominican Republic has had a sustained growth in tourism since the 80s, when the new incentives laws supported investment in tourism in the country. While Puerto Plata was the first tourism pole to be developed, soon La Romana, Samana and especially Punta Cana followed, the latter becoming the main tourism centre of the Dominican Republic in the proceeding decade

In 2019, Dominican Republic received 6.4 million visitors (over 25% of the total received by the Caribbean) and had 84,206 hotel rooms available. This sector contributed over 15% of direct and indirect employments. Tourism contributed 37% of the country's 2019 FDI and over 17% of direct and indirect contribution to the GDP.

The EU has been the main source of tourism for the country, both in terms of visitors but even more so in investment. While the trend started before the EPA signature in 2008, the growth in terms of investment has continued to be significant.

One of the stronger lessons learnt about EPA implementation in regard to the DR is that although it has facilitated offering a stable investment framework, other factors have been, perhaps more important in developing the sector. In the case of tourism, the development of an investment attraction strategy from the private sector occurred in parallel to the EPA implementation. The DR leading private bank decided to bet on the future of the tourism business and, in 2007, kicked-off a 30-year strategy to focus on attracting tourism investment, with the bank to act as facilitator. That year, Banco Popular Dominicano (BPD) established a Vice-presidency of Tourism Investment. Other local banks followed suit. Today, DR banks manage more than US\$1000 million in tourism generated business - of which BPD manages over 54%.

According to Juan Manuel Martin de Oliva, VP of Tourism Businesses at BPD, the idea of highlighting the tourism sector came from a joint venture between Banana from Spain (no longer existing) and BPD. Afterwards, BPD ventured on its own, partnering with the public and private sector in DR to attend the largest tourism fairs in Europe, such as ITB Berlin and Fitur in Spain. Back then, a bank was a rare presence in those trade shows at the beginning. However, developing a network with the potential investors proved important and the bank became a partner to enter or to grow within the DR market. As the largest chains continued to invest in DR through these facilities, smaller investors decided to venture and take advantage of fresh loans available in the country. Nowadays, BPD supports the expansion of their clients into other Caribbean countries such as Jamaica.

BPD was the first case in which a local bank has dedicated so much strategic efforts to the FDI and especially to the tourism sector FDI attraction in the EU market. The lessons learned from this successful exercise in quadrupling the size of the portfolio in 10 years are as follows:

- **Develop a long-term strategy. Developing expertise, branding and relationships takes time and this must be reflected in medium to longer-term efforts;**
- **Investment in improving the country / bank presence in key international events, not only the booths and events, but also publications;**
- **Understanding that trade shows are not for selling, but for getting "top of mind" in potential clients;**
- **Continue accompanying the client within the country once the relationship has started Given the growth strategy of the clients and potential clients, once the relationship is started, they continue to accompany the client in the country and beyond;**
- **BPD move the entire East Coast banking services under this vice-presidency so the clients get a more integrated services including through the branches. This has allowed the bank to handle 90% of banking operation for those hotels;**
- **As other banks enter the market, client retention through sustained and innovative services is a key.**

According to Martin de Oliva, the EPA has not been a determining factor for these investments, at least not from the financial side. The EPA however, provided a long term legal framework for the investment. Being able to count on local partners that also thinks long term has certainly facilitated the decision of entering or expanding within the DR market. Those relationships have allowed the bank to also export their financial services. It is also important to note that in 2009 another factor influenced decision-making for investment in the tourism sector. Europe was in an economic recession and crisis of financial institutions; BPD was offering an alternative for investment in other geographical areas.

Awareness raising of investment opportunities is ongoing. Reports, pamphlets and leaflets such as CEDA's *Caribbean Hotel Investment Opportunities*²⁹³ developed in conjunction with the Caribbean Association of Investment Promotion Agencies (CAIPA) describe specific opportunities for investment in the sector across all CAIPA member countries, including all CARIFORUM states. CAIPA as an organisation is focussed on niche tourism, looking to attract investments to areas outside of the typical large hotel resorts.

While awareness raising on opportunities is being carried out, it is still missing for some countries. A Guyanese company active in the tourism sector that attended the CARIFORUM-EU Business Forum²⁹⁴ expressed that *"while there is potential for tourism FDI in Guyana, awareness of the country as an FDI destination is limited, which seems to results in very limited to no interest from EU investors"*. The same goes for appealing to new markets. As was expressed by a company from Belize: *"while there are some interested investors for the tourism sector, most are from the US or the UK, and very few from other EU Member States are active in the field"*.

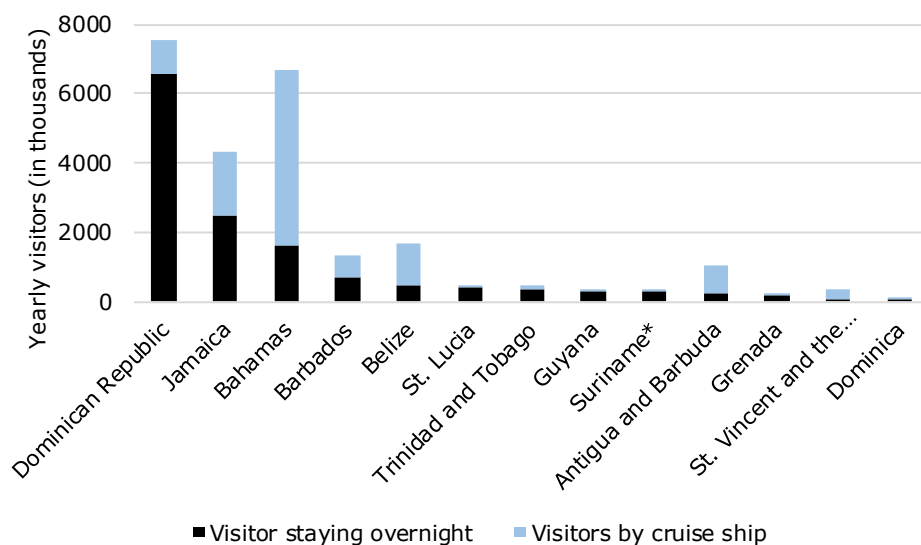
Lastly, it is also important to highlight that investment barriers and issues investors face should always be evaluated on their own merit. For example, in July 2020 the Superior Administrative Court of the Dominican Republic suspended an environmental permit granted to a Spanish hotel chain. This suspension was over concerns, also by environmental NGOs, over the environmental impact of the hotel construction in a fragile coastal zone. Without judging the merits of this case, it highlights that what is a barrier to an investor might be a necessary regulation, or in this case environmental safeguard, from a different perspective. It is thus important to see any dialogue on investment barriers as a true dialogue.

7.3.6. Maximising the economic impact of investment in tourism

While tourism was seen as critical for development long before the EPA, its potential and importance for development and growth tourism have been more widely recognized in recent years.²⁹⁵ Now, however, countries by and large recognise the sector's importance for export revenues, job creation, economic diversification and the service economy.

The economic impact of tourism on a local economy depends largely on its linkages with local sectors. As a sector with multiple forward and backward linkages, the potential impact of a sector like tourism is substantial, but depends on the model of tourism that is being employed. Historically, the Caribbean region has been marketed towards mass-tourism, with all-inclusive and cruise tourism leading the numbers in visitors to the region.

Figure 7.14 Travel and tourism's contribution to economic growth



Source: UNWTO at <https://www.e-unwto.org/toc/unwtotfb/current>.

²⁹³ Available at: <https://www.carib-export.com/publications/caribbean-hotel-investment-opportunities/>.

²⁹⁴ CARIFORUM-EU Business Forum 2019, in Frankfurt.

²⁹⁵ UNCTAD, FDI in Tourism: The Development Dimension, 2007; and The View from Europe, Caribbean Council, 2014.

In fact, 44% of visitors to the region come in through cruise ship visits, with most passing by the Bahamas. The Dominican Republic and Jamaica have many overnight visitors. Regarding over-night stays, the all-inclusive model, said to have been invented in Jamaica in the 1970s²⁹⁶ is still a dominant business model in the country and the region. In Jamaica, all-inclusives accounted for an average of 87% of all hotel room stays over the period of 2013-2018.

A Study of the Jamaican Ministry of Tourism's Linkages Hub²⁹⁷ analysed the supply chain for the tourism sector. It found that while the demand for goods and services in the tourism sector is partly satisfied by local suppliers, there are **still many opportunities for linkages with local producers**. The study found that barriers limiting tourism linkage with the domestic economy include "lack of capacity to supply in large quantities, lack of consistency of supplies, and poor quality of products in the case of the agricultural sector. For the manufacturing sector, the lack of support in promoting locally manufactured goods to foreign investors in the tourism sector is the main obstacle identified."

Another approach is to **diversify the tourism options of a country**. While other types of tourism can move visitor spending into different areas of the economy, it also brings other benefits. It can also help to reduce seasonality during the year and smoothen the arrival rate over the year.²⁹⁸ In addition, it helps countries differentiate themselves from competitors. This is especially important in a region like the Caribbean, where countries offer similar attractions.

Attempts at diversifying and upgrading the type of tourism on offer can be seen in the policy documents of the countries across the region,²⁹⁹ each with **different focus areas**. While a largely tourism-heavy region, the various CARIFORUM Member States are at different stages of development in the sector. While some have a long track-record in the industry with dominating models (e.g. all-inclusives in Jamaica), others are trying to build up the industry and attract investment to further develop.

In the case of the Bahamas, for example, the current focus is on further expanding on eco-tourism, dive, fishing and sports tourism. Belize has had a strong focus on developing cultural offers, including culinary tourism, archaeological and heritage development. Saint Kitts and Nevis has had a blue economy focus, with tourism product development on yachting, water sports and wreck diving.

As mentioned, other countries are focusing on building up tourism as a **more significant part of their economy**. In the case of Trinidad and Tobago, inward FDI has been traditionally low for tourism compared to its petroleum industry and mineral sectors. In addition, and as mentioned above, tourism arrivals have dropped in the last 5 years. However, there are ongoing efforts to modernise the sector and attract new investments. InvesTT highlighted incentives to attract investment into the tourism industry in T&T including tax exemption on profit 7 years, accelerated depreciation on depreciable equipment, capital allowance on approved capital expenditure equipment, tax exemption on profits from the initial sale of a villa or condominium, tax exemption on any dividend paid to a non-resident shareholder and carry forward of any loss arising from the operation or renting of an approved tourism project. Currently, investment facilitation is available through existing legislation and initiatives. The Tourism Development Act for example provides an overview of the benefits to be granted to the owners/operators of various types of tourism projects, on the condition that the projects have the potential to contribute substantially to the development, growth and expansion of the industry.

Tobago in particular is particularly focused on attracting EU visitors, according to the Tobago Tourism Agency (TTAL). TTAL specifically targets the EU by catering to the purpose of visit, which include participation in activities such as local cuisine, diving, soft adventure, health and wellness, and culture. These types of activities are therefore also targeted to attracting visitors and to the EU tourists in particular. Additionally, the TTAL has worked with individual travel partners. For instance, company currently has a strategic alliance with the National Geographic Traveller as they are well known internationally for travel adventure and an authentic experience as it related to culture, heritage and cuisine. Other partners include, Travel Inc.

²⁹⁶ Fernandez-Stark, K. and Bember, P. (2018) Jamaica in the Tourism Global Value Chain.

²⁹⁷ https://www.mot.gov.jm/sites/default/files/public/tourism_demand_study.pdf.

²⁹⁸ Hendrickson, M. & Skerrette, N. (2020). Industrial upgrading and diversification to address competitiveness challenges in the Caribbean – a case of tourism. ECLAC.

²⁹⁹ ECLAC (2018), Industrial upgrading and diversification to address competitiveness challenges in the Caribbean: The case of tourism, ECLAC Regional Headquarters for the Caribbean.

Corporation, local and international tour operators where the company does joint market agreements as well as advertising placements in several magazines targeted to tourists.

7.3.7. Development cooperation in the tourism sector

The EPA included sustainability and development cooperation provisions. Regarding sustainability, as of 2018 twelve CARIFORUM countries had developed their own environmental and sustainable standards in tourism that act as guidance for decision making in the country. The Implementation Report³⁰⁰ found the following.

The overarching Caribbean Sustainable Tourism Policy Framework is an output of the Caribbean Regional Sustainable Tourism Development Programme (CRSTDP), an intervention of the 8th European Development Fund (EDF) implemented from 2005 to 2008. The overall purpose of CRSTDP was to foster the sustainability and competitiveness of the Caribbean tourism sector through the establishment of a sustainable development policy framework, supplementing and strengthening of regional institutional capacities, development of skills and human resources, support to small operators through business development services, and strengthening the links among CARIFORUM/ CARICOM, the Caribbean Tourism Organization (CTO), the Caribbean Hotel Association (CHA), national tourism/hotel associations and academic institutions.³⁰¹

The Caribbean Policy Sustainable Tourism Framework provides the members of the National Tourism Organisations (NTOs) with a framework to guide the sustainable development of tourism. The European Commission, through its technical assistance activities, is providing support to the realisation of the objectives of the common policy. For instance, a project funded by the European Regional Development Fund (ERDF) "Caribbean Strategy for Sustainable Blue Tourism" was launched in February 2019 to increase the Caribbean's appeal to tourists while improving the protection and preservation of its natural environment. Development of Eco-Tourism is also integrated into the Interreg V Caribbean cooperation programme for the period 2014-2020³⁰².

The Caribbean Tourism Organization (CTO) has established a tourism promotion branch in the UK. Notwithstanding the above, there is no report of a mutual recognition agreement of requirements, qualifications, licenses or other regulations in the tourism sector, at either regional level or with the EU. Cooperation in the sector remains ad hoc.

7.3.8. Conclusions and recommendations

FDI in tourism is strong throughout the CARIFORUM region and shows no signs of diminishing. While most countries are active in the scene, with large scale investments from USA and China, Spanish hotel chain continue to play a major part, particularly in the Dominican Republic.

The region is largely characterised by sun-and-sand type tourism, often delivered in a packaged format, whether through all-inclusive or cruise visits. While this makes it a region that is naturally attractive to investors, the model is not always as beneficial to the local economies, due to a lack of local linkages.

The region has great potential to further diversify its tourism, thanks to its wide variety of cultural, natural and historical offerings. Other types of more personalised tourism further create linkages with the local economies, and also create the possibility to further develop sustainable tourism. With tourists tastes constantly developing and seeking out more "niche" or tailored experiences, there is further potential to cater to this demand and develop new attractions on the CARIFORUM side, and to invest in these ventures on the EU side. This refers specifically to "local experiences", and personalised packages.

However, the EPA does not seem to have contributed to increased tourism FDI. The limited data that is available does not point towards an increase in tourism FDI after the EPA. Stakeholder interviews furthermore indicate that the EPA is not seen as essential, and is in some cases not

³⁰⁰ CARIFORUM-EU EPA ex-post evaluation implementation report.

³⁰¹ As explained in the CARIFORUM-EU EPA Implementation Report.

³⁰² https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/france/2014tc16rftn008. An example of an approved project objective is to have the region recognized as a "Blue Destination of Excellence" in the West Indies, with the implementation of ecotourism of the historic maritime routes of the West Indies, which includes Guadeloupe, Dominica, St. Lucia and Martinique.

even known. This can be seen as an indication of two realities. First, the decision to invest in another countries is always a very significant decision that depends on many factors. And agreements comprehensively covering investment are unlikely to dominate among all these factors. Second, the EPA itself provides only a high-level regulatory framework. However, what investors are typically confronted with are very specific issues, issues that no agreement can cover. Yet, where the EPA might address this second point is by fostering a dialogue on these highly specific issues.

R1. The *CARIFORUM Member States* should continue to build on ongoing efforts into diversifying their tourism options, both across the region and within their country. Branding each country with a particular strength (e.g. gastronomy and culture or nature and sports) keeps the region from moving into a “race to the bottom” in attracting investment.

Some CARIFORUM countries still need to be put on the map for EU investors. The increasing growth in tourism in the region, and the possibilities for innovative tourism need to be communicated to potential investors, along with positioning the country at the “top of mind” of investors with a particular angle that separates it from similar countries.

The EPA does not seem to be a key determinant for attracting investments, but rather sets the framework for interaction. To attract investors, the focus needs to lie on the determinants that do define an investor’s interest in a country, namely business climate, political stability and expected profits; as well as a clear brand behind the country as tourism destination. A clear long-term tourism sector strategy both appeals to investors’ confidence and guides the type of tourism the country would like develop into.

R2. *The private sector*, and particularly banks, should be encouraged to take an active role of participating in attracting investment and, importantly, accompanying them throughout the process of making their investment on the ground.

The type of FDI that is attracted should ideally generate economic impact beyond direct employment. This can be maximised by establishing linkages and diversifying tourism offers, as previously mentioned.

R3. *CARIFORUM national governments and the private sector* should establish linkages between hotel chains and local suppliers. One model does not have to exist without the other, an all-inclusive can partner with local beverage producers to set up an “authentic Caribbean taste” corner, outside of the regular meals and drinks it serves that are sourced externally. Likewise, established hotel chains can be encouraged to offer packages that further explore other regions of the country and have local experiences.

R4. *CARIFORUM* and the *EU* should strengthen their dialogue on investment barriers in tourism, but also in other sectors. With the EPA providing already a high-level regulatory framework, this dialogue needs to be focused on the concrete issues faced by specific investors. For the EU to operate effectively it requires a stronger collaboration with member states embassies and chambers of commerce.

7.4. Case study 4: EU dairy exports to CARIFORUM

7.4.1. The European Union and dairy: a global producer and exporter

The EU is a significant dairy producer and exporter.³⁰³ All EU countries have some degree of milk production, which amounts to a significant share of total agricultural output. Germany, France, and the Netherlands are the largest producers. Together with Poland, Italy and Ireland, they account for 75% of total EU production.³⁰⁴

The average EU dairy farm milks 31 cows, and cooperatives play a significant role in the sector's organisation. These large business associations perform a variety of services for their members, including facilitating access to markets, increasing dairy farmers' bargaining power and optimising costs by a centralized purchasing of inputs.³⁰⁵ Cooperatives themselves also vary in size, from SMEs to large multinationals like Friesland Campina. The further processing of milk distributed by cooperatives or farms is carried out by dairies (around 5000 dairies across the EU), which turn the milk into either fresh product (drinking milk, yoghurt or cream) or manufactured products (such as cheese, butter or milk powder).

The EU dairy sector has for a long period been highly regulated. The Common Agricultural Policy (CAP) introduced milk quotas in 1984, as a reaction to an existing guaranteed-price mechanism that resulted in overproduction.³⁰⁶ The quotas effectively limited the amount of milk that could be delivered to dairies or sold directly on farms, charging a levy if these were not respected. While this mechanism stabilised production over the preceding decades, a decision was reached in 2003 to phase out the instrument, together with the reduction of public intervention prices, in line with the market orientation approach given to the CAP. EU milk quotas came to an end in March 2015.

Today, the EU is the leading global dairy exporter, followed by New Zealand and the US. In recent years China has emerged as the world's largest market for dairy products. In terms of production India is the world's largest milk producer, however its production is mostly used to satisfy domestic consumption. Not surprisingly given their size, CARIFORUM countries rank much lower among the importers of dairy products, and even lower as exporters.

Table 7.3 EU and CARIFORUM ranking in dairy imports and exports, 2017

Global rank	Exporters	Importers
1.	EU	China
2.	New Zealand	Russian Federation
3.	United States of America	United States of America
4.	Belarus	Hong Kong, China
5.	Australia	Saudi-Arabia
	(29) CARIFORUM	(10) EU
		(23) CARIFORUM

Source: ITC Trade Map, Eurostat [DS-016894] and own calculations.

Note: CARIFORUM exports and imports include intra-CARIFORUM trade. Measured in terms of extra-CARIFORUM trade, CARIFORUM would rank even lower. However, as data on intra-CARIFORUM trade is limited no exact position can be given.

The EU's main exported dairy products are cheese, milk powder and packed UHT milk. Over the course of the past decade the EU dairy sector has been characterised by an increase in production and exports of the manufactured, higher value-added products. Between 2010 and 2018 EU cheese production in particular increased by 16% and EU cheese exports increased by an even higher 33%.³⁰⁷ Manufactured products, such as cheese and powdered milk are more "tradeable" than fresh dairy products. Despite technological progress and improvements in

³⁰³ We define dairy products as all products between HS codes 401 and 406, including Milk and Cream, Buttermilk, Whey, Butter, Cheese and Curd.

³⁰⁴ European Parliament Briefing (2018), The EU Dairy Sector: Main Features, Challenges and Prospects.

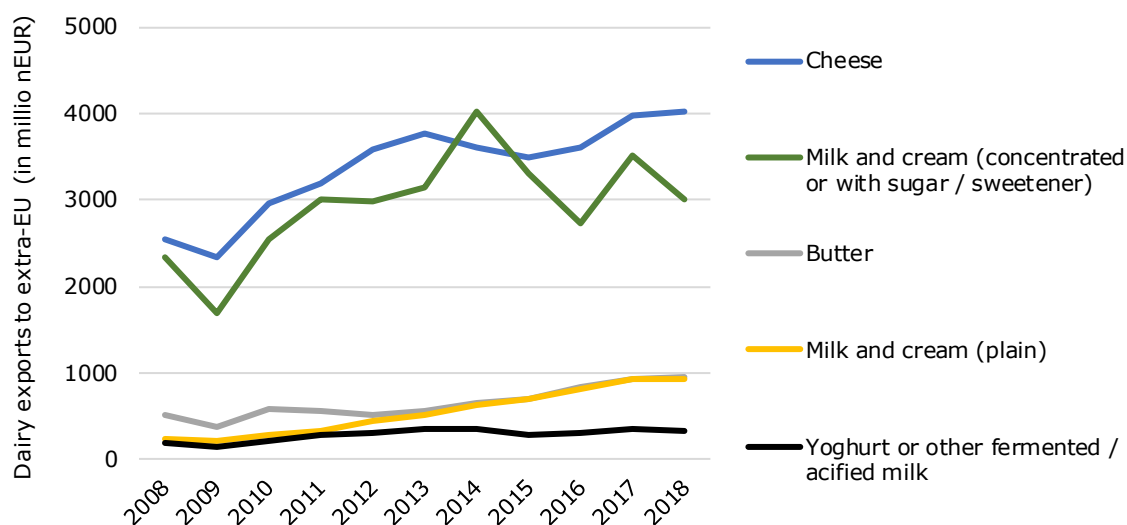
³⁰⁵ COPA-COGECA (2014), Milk Producers: Part of Sustainable Growth.

³⁰⁶ Referring to the EU agricultural surpluses of some products as a result of European Economic Community intervention mechanism in the 1980s.

³⁰⁷ Eurostat [apro_mk_pobta] and [DS-016894].

transportation facilities, liquid milk continues to be expensive to transport, making cheese and powdered milk more profitable to bring to geographically removed destination markets.

Figure 7.15 EU dairy exports to extra-EU, 2008-2018



Source: Eurostat.

In addition to this switch to manufactured (higher value) products, dairy exporters around the world have increasingly been looking at the growing and often undersupplied markets of developing countries. Demand in developed economies increased in the past decades, but this growth has slowed down. Further global growth in demand for dairy products is expected to be led by the expanding population and increasing income in developing countries, in the regions of Africa, Asia, Latin America and the Caribbean.³⁰⁸

7.4.2. CARIFORUM as a producer and market for dairy products

The CARIFORUM has never been a major milk production region. Already in the early 90s, local production accounted only for about 60% of total Caribbean milk consumption,³⁰⁹ and has since been decreasing. In Trinidad and Tobago, for example, local milk production fell from 52% of total domestic consumption in 2007 to 27% in 2010.³¹⁰ Barbados experienced a particularly drastic reduction in local milk production, with national production in 2010 half of what it was two decades earlier.³¹¹ Currently, the larger fresh milk producer in the region are the Dominican Republic, Jamaica, Barbados, Trinidad and Tobago. The Dominican Republic produces the vast majority with 47500 yearly tonnes, compared to the 4473 tonnes produced between the other countries.³¹²

The dropping production in the Caribbean has been attributed to a number of causes. This includes a lack of operational efficiency resulting in high farm level costs of production, increased prices for input and competition from imported products.³¹³ A CEPAL study describes the reasons for decreased milk production in the Dominican Republic to be low productivity, a lack of traceability and finally, the high relative prices of medicine and feed for the cattle. In addition, problems with the stock of herd, a lack of industry support service and a lack of industry-specific research compound the problems.³¹⁴

³⁰⁸ OECD-FAO (2019), OECD-FAO Agricultural Outlook 2019-2028 Special Focus: Latin America.

³⁰⁹ Aneja, Ram P, (1993). The Caribbean Dairy Industry can benefit from India's Successes.

³¹⁰ CTA Agritrade (2012), The Dairy Trade in the Caribbean: Development and Challenges.

³¹¹ Kellman, S., (2011). Spilt milk: trade liberalisation and the Barbados dairy industry.

³¹² FAOSTAT, 2014.

³¹³ Campbell, M., Devi Singh, M., Maharaj, R., (2015), An evaluation of fresh milk produces in the CARICOM: assuring quality and food security.

³¹⁴ CEPAL, (2017). Fortalecimiento de la cadena de valor de los lácteos en la República Dominicana.

The Caribbean is a medium level milk consuming region, with an average of 30 to 150 kg/capita/year³¹⁵ and dairy products are a staple in households across the region. Most countries in the region also include provide milk or fortified milk-based beverages in public school meals.³¹⁶ Powdered milk is consumed both within households as substitute to fresh milk, as well as input for the processing industry. Powdered milk is cheaper and does not require refrigeration.

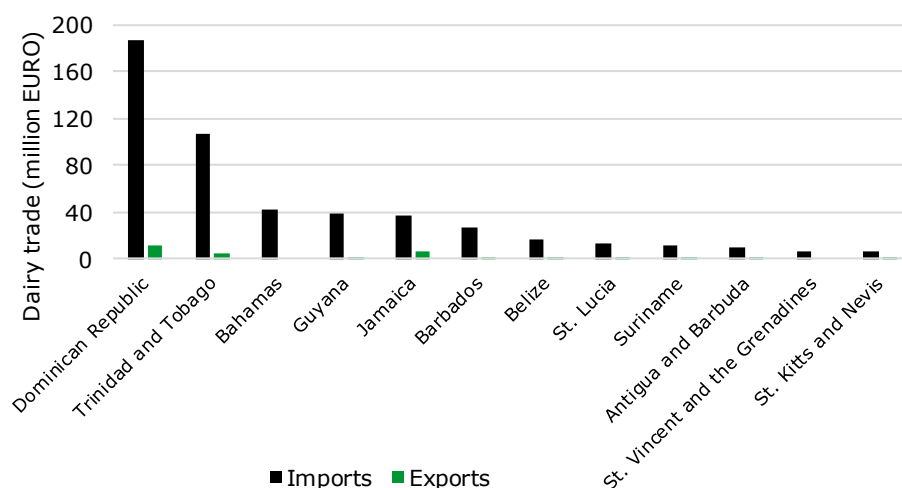
CARIFORUM countries have therefore been increasingly supplementing their dairy production and processing with imports, primarily with imports from the US (40%) New Zealand (18%), Denmark, Ireland, the Netherlands and Germany. The EU countries together accounted for 26% of CARIFORUM dairy imports in 2017. All CARIFORUM countries are net importers of dairy products, with mostly negligible export values.

Table 7.4 CARIFORUM dairy imports and exports, 2017

	Imports	Exports
Dominican Republic	€ 186,173,795	€ 11,415,746
Trinidad and Tobago	€ 106,154,886	€ 4,496,735
Bahamas	€ 42,705,273	€ 14
Guyana	€ 39,238,635	€ 110,578
Jamaica	€ 37,865,986	€ 7,045,013
Barbados	€ 27,112,361	€ 3,417
Belize	€ 17,385,737	€ 2,407
St. Lucia	€ 13,828,478	€ 1,636
Suriname	€ 12,483,538	€ 633,197
Antigua and Barbuda	€ 10,020,103	€ 12,686
St. Vincent and the Grenadines	€ 7,243,388	€ 24
St. Kitts and Nevis	€ 6,416,118	€ 22,546

Source: UN Comtrade, converted into Euro with the average annual exchange rate.

Figure 7.16 CARIFORUM dairy imports and exports, 2017



Note: No recent data available for Grenada and Dominica.

Source: UN COMTRADE.

The current situation has left governments trying to balance between policies stimulating and protecting the local industry, and policies aiming to ensure access to low-cost basic consumer goods. The regional focus has been on prioritising domestic milk production and improving manufacturing capacity for processed goods, albeit through different channels. Whereas some countries provide direct and protectionist policy support, with Trinidad and Tobago providing guaranteed prices³¹⁷ to farmers and establishing import tariffs at 40%, others like Belize have a

³¹⁵ Source: <http://www.fao.org/dairy-production-products/products/en/>.

³¹⁶ World Food Programme, (2017), Smart Meals: Nutrition-Sensitive National Programmes in Latin America and the Caribbean: A review.

³¹⁷ Result of a contractual agreement between Nestlé and the government.

more open approach to dairy imports.³¹⁸ The table below provides an overview of policies developed in the region to provide support to the dairy industry, again, often based on the objective of meeting local demand through local production.

Table 7.5 Commodity specific policies in the region

Country	Policy	Details and outcomes
Barbados	Dairy industry incentives	Fixed costs rebate for dairy: <ul style="list-style-type: none"> • 25% for the components of dairy housing, maximum of Bds\$40,000. • 40% of the cost of components for a milking parlour, maximum Bds\$60,000.
Belize	Dairy trade fairly open.	Dairy products have low protection
Dominican Republic	Production promotion	<ul style="list-style-type: none"> • Embryo import program. • Milk producers are supported by market price support and budget transfer. • The Dominican Dairy Development Board ensures quality, regulates trade, and distributes information. • Loan facility for working capital.
	Extension services	
Guyana	Objective of meeting local demand for milk and dairy products through local production.	Minister projected construction of an additional milk processing plant to produce milk, butter, cheese, and other dairy products.
Jamaica	The Jamaica Dairy Development Board ensures quality, regulates trade and distributes information.	<ul style="list-style-type: none"> • Milk producers were supported until 2012, and since then the price gap became negative. • No budget transfers to individual producers.
	Other policies: Loan facility for working capital. Investment fund for public participation in vertically integrated enterprises. Importation of embryos Training fund	
Suriname	Prices set by government and state-owned milk processing plants	
Trinidad & Tobago	Guaranteed prices: farmers supply milk to Nestlé Trinidad and Tobago Ltd, under contractual arrangements at prices set by the government.	<ul style="list-style-type: none"> • Minimum prices for milk were lower than the actual farm-gate prices received by producers. • Negative price gap for milk was set to zero as it was considered to reflect non-policy effects along the value chain.
	Other policies: <ul style="list-style-type: none"> • Research and development services. • Same-day loans for milk farmers from ADB in cooperation with Nestlé Trinidad and Tobago. • An import tariff of 40% for fresh milk imports, the tariff on milk powder imports is only 5%. • There were no budget transfers specific to milk producers during the period of study. 	

³¹⁸ IDB, (2018), Agricultural Policies in the Caribbean: A regional analysis.

Source: Summary from IDB (2018), Agricultural Policies in the Caribbean. A regional analysis.

The dairy policy landscape as well as trade flows in the region are also shaped by multinational dairy companies. Nestlé Caribbean Ltd., headquartered in the Dominican Republic, sources input from Jamaica, Guyana and Trinidad and Tobago. It has, for example, signed Memoranda of Understanding with the government in Trinidad and Guyana to improve the quality of the dairy herd, with the explicit goal of reducing import dependence.³¹⁹

7.4.3. Trade Policy and the EPA

The EPA liberalised some parts of dairy sector for EU exports to CARIFORUM. Milk (powdered and fresh) was liberalised in the Dominican Republic but is excluded for the CARICOM countries. In the case of the Dominican Republic, the tariff liberalisation schedule applies a phased-out approach, with values between 20-56% for milk products in 2009 reaching 0 around 2022 and 2023. Appendix 2 to Annex III sets a tariff rate quota for milk powder in the Dominican Republic, with an initial customs duty of 20% applied to 22,400 metric tonnes, to be reduced in the years following the 10-year anniversary of the EPA.

Table 7.6 Tariff liberalisation schedule for dairy products to the Dominican Republic

	2009	2011	2013	2015	2017	2018
Milk and cream, not concentrated	20	18	15	12	9	9
Milk and cream in solid forms	56	56	56	46	46	36
Milk and cream, concentrated	20	18	16	14	12	12
Cheese	20	18	15	12	9	9

Source: EU-CARIFORUM EPA.

Cheese was liberalised from the start for Barbados, Jamaica and St. Lucia, while the Dominican Republic follows the schedule set in the Table above.

Given that the US is the major competitor to the EU as far as dairy exports are concerned, this should be compared to the tariff liberalization under the US-Dominican Republic Free Trade Agreement. The agreements set forth duty free access to US exporters by 2017 (effective abolition of previous tariff quotas) for milk and cream, not concentrated, butter, and chesses, except cheddar and mozzarella cheese. For milk and cream in solid form, milk and cream, concentrated as well as cheddar and mozzarella cheese tariff quotas remain as of today, but are to be slowly phased out by 2027 respectively 2022 (cheddar cheese). In practice most of these quotas have been binding, with US exports being close to or above the threshold.³²⁰

The EPA has therefore not fully liberalised the dairy market in CARIFORUM but has set the framework for further cooperation and discussions between the parties. One other significant development has been the issue of lack of national treatment. As expressed by policy officers of DG AGRI, EU exporters (as well as USA exporters) used to pay double taxes in the Dominican Republic. This has since been resolved through consultations, enabling more EU exports (as well as US exports) to the country. Other exchange on trade-related issues have arisen over the years.

Several importers and a grocery store chain in the Dominican Republic reported uncertainties related to changing labelling requirements in the past years as well as discriminatory application, with imported products being required to carry labels translated into Spanish, while locally produced products often have no labelling.

Other issues reported by importers include the sanitary registration requirements, resulting in delays or higher costs. Product registration often takes a long time, in some cases up to a year, despite recent reform attempts. Furthermore, to satisfy sanitary requirements imported need to provide translated and apostilled documents from the country of origin, a challenge in particular

³¹⁹ CTA Agritrade (2013), Caribbean: Agricultural trade policy debates and developments.

³²⁰ See https://ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file750_5847.pdf. UN Comtrade for US exports in terms of weight.

as the Dominican Republic does not have diplomatic representation in all EU member states. Sanitary requirements thus impose a cost that is essentially a lump-sum on each and every product, thus mainly affecting the variety of products that are imported. It is also a challenge for importers attempting to import dairy products from smaller or non-traditional source countries in the EU, such as for example in Eastern Europe.

A key issue, highlighted by all stakeholders has been the discriminatory application of VAT on imported cheese, but not on locally produced cheese. While it is argued that this is based on imported cheese being matured whereas local cheese is fresh, de facto it poses a discriminatory measure, affecting all importers.

Lastly, importers also noted that approval is needed for the sales of dairy products (*"Autorizados para la importación de productos lácteos"*). In some cases the approval is given for specific countries and specific companies. For example, liquid milk imports are authorized for specific companies from Spain, Italy, Germany and France. While in principle importers can apply for an authorization, in practice this poses another barrier, mainly for imports from smaller or non-traditional source countries in the EU, similar to the barrier posed by sanitary requirements.

7.4.4. Impact of the EPA

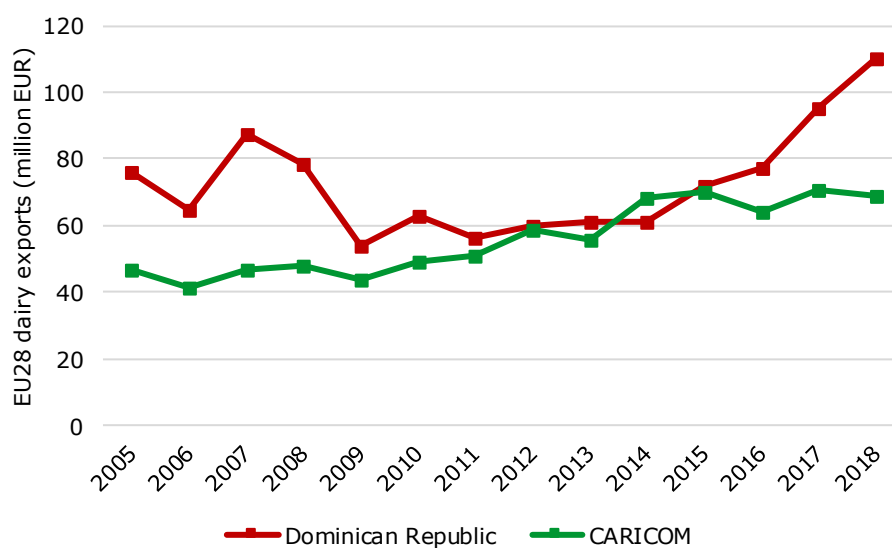
The dairy sector represents a significant share of EU agricultural exports to CARIFORUM. Valued at 20.5% of the EU's total agri-food exports to CARIFORUM, it has also undergone one of the strongest growths in EU exports to the region in the past five years. The previous five-year review³²¹ found that, despite stakeholder perception that dairy product exports from the EU had increased, this was not evident in the actual trade flows analysed at that stage. Indeed, growth has been stronger in the succeeding years. From 2013 to 2018 the dairy export sector underwent a 41.6% growth, compared to an overall growth in EU exports to CARIFORUM of 20.9%. EU dairy exports to CARIFORUM reached pre-crisis levels only after 2014.

The growth in dairy exports to CARIFORUM moved very similarly to dairy exports to other regions of the world. It is only in the past five years where exports to CARIFORUM have somewhat accelerated and have outpaced EU dairy exports to the rest of the world. This "pick-up" is strongest in the Dominican Republic. The liberalisation on the CARIFORUM side being focused on the Dominican Republic creates an interesting counterfactual. Indeed, when compared with the rest of the CARIFORUM countries, EU exports to the Dominican Republic have increased at a much faster pace, particularly after 2014. However, this cannot be entirely attributed to the EPA, as there are other possible explanations—such as the rapid economic growth of the country in the period. Furthermore, the EU share of Dominican dairy imports has increased in the past years but is now similar to pre-EPA levels, at 53%.

There are also some doubts about the extent to which the EPA has truly facilitated dairy imports, as concerns about implementation remain. A European Chamber of Commerce in the region observed that while the EPA has liberalized tariff and non-tariff barriers, at least in the Dominican Republic implementation and application is often haphazard. Importers might appeal, but even in cases where the chance of success is high they the additional cost of container storage while waiting for the outcome. According to this Chamber these doubts about the actual implementation of the EPA also show in the low rates in which the EPA is used by shipping companies.

³²¹ (2014) Monitoring the Implementation and Results of the CARIFORUM-EU EPA.

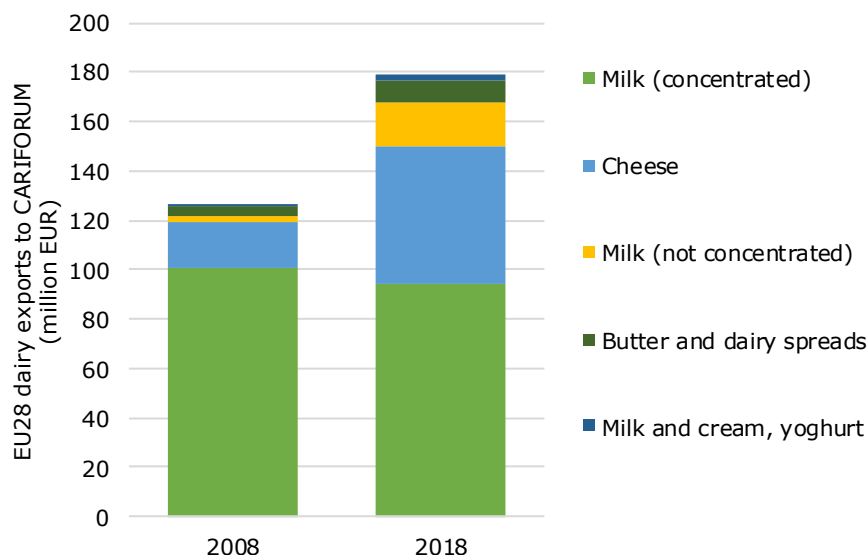
Figure 7.17 EU exports of dairy to CARIFORUM, 2005-2018



Source: Eurostat.

The composition of the dairy trade has also changed. While concentrated (powdered) milk still accounts for the majority of dairy exports, its share has decreased from 79% in 2008 to 52% in 2018, with increased exports of cheese and liquid milk accounting for most of the dairy export growth to the region. Exports of concentrated (powdered milk) have largely remained steady over the course of the decade, with increased focus on low fat powdered milk. The distribution is now more similar to the EU dairy export composition to the rest of the world, where cheese exports represent the bulk of the overall value.

Figure 7.18 EU28 dairy exports to CARIFORUM, 2008 and 2018



Source: Eurostat.

EU dairy exports to the region have increased overall. To what extent this is attributable to the EPA is difficult to say. While we do see a stronger growth in the Dominican Republic, where trade liberalisation applied to the sector, there are several other factors to consider. Demand has also increased simply as a result of growing populations and economies. Indeed, one study³²² looking into the causality between Caribbean trade liberalisation and domestic milk production, found that for Jamaica, Trinidad and Tobago and Barbados, the driving factor to

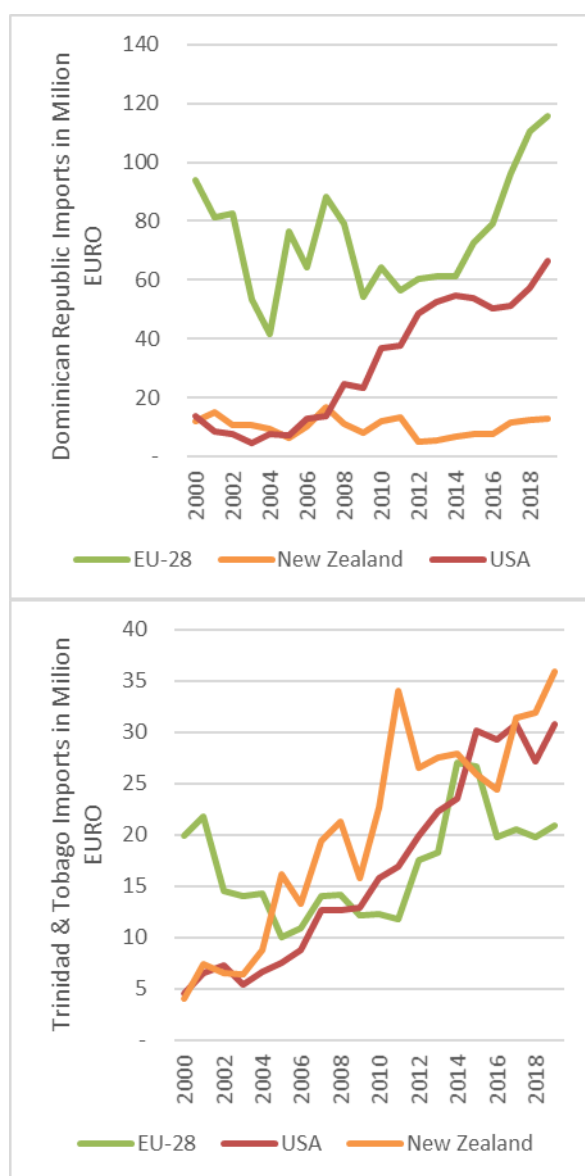
³²² Pemberton, A., Patterson-Andrews, H., & de Sormeaux, A. (2016), The Effects of Trade Liberalization on Dairy Trade and Domestic Milk Production in CARICOM.

increased imported milk products was increased household incomes. In the consultations, one stakeholder also pointed to the use of EU dairy products in the CARIFORUM tourism industry, e.g. as input for ice cream. A USDA report³²³ on opportunities in the Dominican dairy sector also highlights that the demand for products consumed in the country is further bolstered by the growing hotel and restaurant sectors.

Instructive are the examples of the Dominican Republic and Trinidad & Tobago, as the two largest importers of dairy products in CARIFORUM. While the EU is still the leading exporters of dairy products to the Dominican Republic, in recent years US exports have strongly grown. The most likely explanation is the impact of the US-Dominican Republic Free Trade Agreement, which came into force in 2007. In comparison, exports from New Zealand have stagnated, if not fallen, probably reflecting the increasing competitiveness of the US due to the free trade agreement. Costa Rica and Peru, as regional suppliers of dairy products, have increased their exports in recent years, but are far behind the EU as well as the US.

Contrast this with Trinidad & Tobago. With no trade agreement in place with the US (as well as New Zealand) exports of all three countries have very roughly grown in tandem, ignoring a slump of EU exports in the 2000s. This contrasting development highlights the important role trade agreements can play in promoting trade.

Figure 7.19 Dairy Imports by the Dominican Republic and Trinidad & Tobago



³²³ USDA (2019), Opportunities and Challenges in the Dominican Dairy Sector.

Source: UN Comtrade.

7.4.5. Competition between imports and production: variations across products

CARIFORUM producers experience varying degrees of import competition. Suriname produces and processes local raw milk for local consumption. As expressed by Melk Centrale in Suriname³²⁴, local demand for milk is satisfied in 95% through national local production of milk and milk products, and only 5% through imports. The country is however, reliant on imports for milk powder and cheese. According to the stakeholders, while dairy produce has always been widely accessible to consumers, and at a variety of prices, supermarkets have been importing more products.

While the local dairy raw milk industry does not face competition from milk imports, it has been affected by increased milk powder imports. The cost of milk prepared from milk powder is substantially lower than the milk made from local raw milk. CARIFORUM dairy processing industries have also been increasingly reliant on powdered milk as a cheaper input for their processes, where it is often combined with the more expensive locally produced milk. This disruption of the local milk-to dairy supply chain makes it difficult to simultaneously support the milk producers and the processing sector.

In the case of Suriname, as in other CARIFORUM countries, EU imports of dairy products such as some types of cheese and Greek yoghurt cannot be considered as competing with domestic production because there is no significant domestic production of these items.

³²⁴ Large dairy in Suriname selling fresh and flavoured milk.

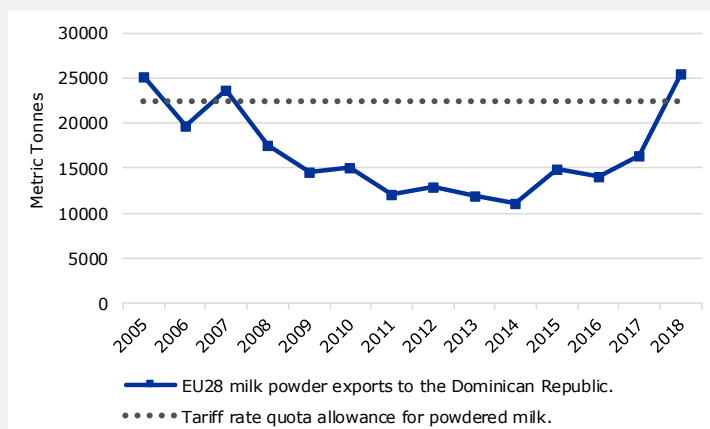
Box 16 A closer look: dairy production and imports in the Dominican Republic

Despite its strong agricultural heritage, the Dominican Republic is largely reliant on imports for its dairy produce. There have been concerns as a result of disappointing economic performance of the sector. The National Competitiveness Council of the DR describes it as a vicious circle, in which the domestic dairy processing industry is affected by imports, and imports increase due to the decreased domestic production. Furthermore, the extreme droughts of 2018 have badly affected the country's agricultural sector, making its import reliance grow across all types of agri-food products.

The Dominican Republic has 50 thousand heads of productive cattle, and had production of 700 million litres in 2016. The country has low yield, with 4 litres per day. Cows in the UK, for example, average a yield of 22 litres per day. The sector has few intermediaries, with milk going directly to either the four largest processing companies, which purchase an estimated 20% of production, or one of the 700 small artisanal cheese, butter and sweets makers, which purchase around 55% of production, typically the lower quality milk.

Estimates for 2016 show an import reliance of approximately 70%, an increase from 2008's 65%, both due to increased imports as well as decreased production. Dairy import growth from the EU has been most significant for the category of cheese. A 2016 presentation by the Competitiveness Observatory of the Dominican Republic highlights local companies, such as Natali Redondo y Compañía and Compañía Industria Lechera, as having lost significant share in the Dominican market for their cheese production.

In 2018 the volume of powdered milk exported from the EU to the Dominican Republic exceeded the tariff rate quota set in the EPA for the first time since pre-EPA, which coincides with the liberalisation of the powdered milk tariff from 46% to 36% planned for 2017-2018.



Source I: Obsevatorio Dominicano de Comercio Internacional (2017), Dairy Product Imports in the Dominican Republic under DR-CAFTA and the EPA: trends and implications. Available at: <http://www.fao.org/3/I9006ES/i9006es.pdf>

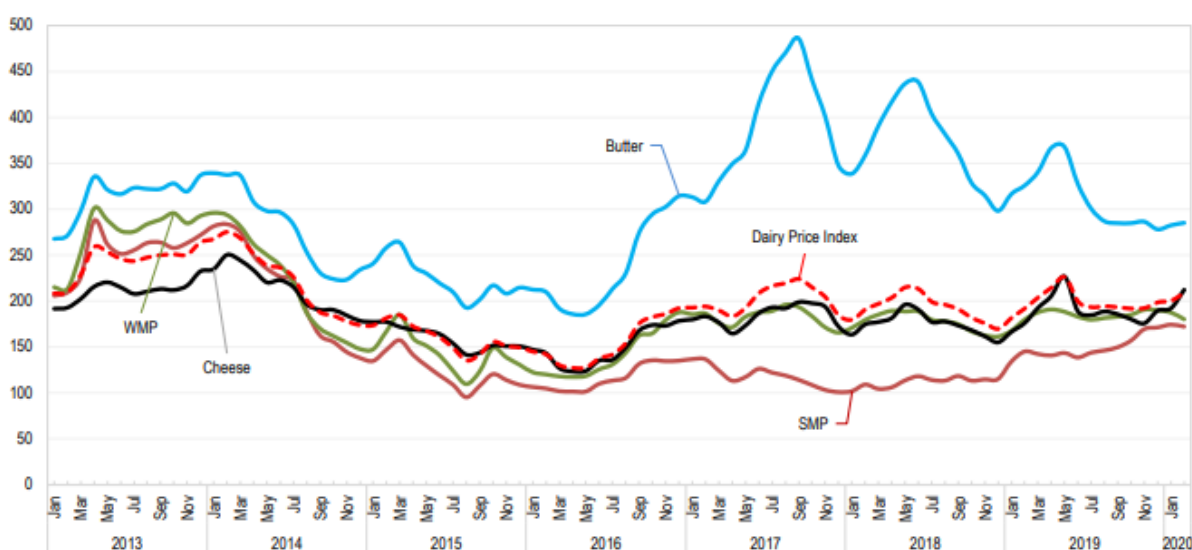
Source II: National Competitiveness Council (2016), Plan Estratégico de competitividad para clúster de transformadores lácteos.

7.4.6. Increased consumer choice

The other channel of effect is the improvement of variety and prices for consumers. EU produced products often come in at prices that cannot be matched by local production, as a result of economies of scale and modern technologies. Increased import flows have reduced the price of dairy products in the Caribbean.³²⁵ Global prices have also been reducing internationally, as can be seen in the FAO figure below. This is particularly strong for milk powder, with skimmed milk powder (SMP) and whole milk powder (WMP) decreasing after 2014.

³²⁵ IDB, (2018), Agricultural Policies in the Caribbean: A regional analysis.

Figure 7.20 FAO dairy price index (2002-2004=100), 2013-2019



Source: FAO Dairy Market Review.

An officer in the EU Delegation to Kingston made a poignant comparison by sharing that whereas Jamaica-produced yoghurt costs 191 Jamaican dollars, imported yoghurt is sold in the supermarket at 135 dollars. A product that is nearly 30% cheaper is clearly difficult to compete with for local industry, but also represents serious saving for the consumer.

In some cases, there is also a preference for EU-branded products. This applies to traditionally European products, such as some types of cheese, but also to more basic products. There is at times a marked preference for EU branded dairy products or perception that it is of higher quality. For example, Dominican paediatricians tend to promote infant formula from the EU.³²⁶ Notwithstanding this preference for EU products, there is also the view that the EU (as well as the US) tend to dump low quality products on the Dominican market, such as for example dairy products that are close to the expiration date. Likely there are economic and logistics reasons for this – low purchasing power respectively long supply chains. However, these perceptions can be very powerful in shaping public attitudes towards the EU as a trade partner and the EPA itself.³²⁷

7.4.7. Sustainability impacts

The dairy industry has a significant environmental footprint. This includes impacts on biodiversity and deforestation, related to the need for large tracts of agricultural land. Other impacts, on soil, water and air are related to production methods. The impact of the dairy sector on climate change is particularly significant, stemming from factors such as deforestation and methane emissions.³²⁸ Trade can both mitigate and exacerbate this environmental footprint. It can exacerbate, by promoting higher consumption and through emissions generated by long-distance transportation. And it can mitigate, by shifting production towards countries with a more suitable climate, water resources or other factors that imply a lower environmental footprint.

The dairy industry is a major emitter of greenhouse gas emissions, especially if seen in conjunction with the deeply intertwined meat industry. For example, the twenty largest dairy and meat companies in the world are estimated to emit more greenhouse gases than the largest EU member, Germany.³²⁹ We do not have exact data for greenhouse gas emissions by the dairy sector for the Caribbean, let alone for individual countries. However, a study by the FAO finds that the dairy industries of Western and Eastern Europe causes among the lowest emissions of

³²⁶ USDA (2019), Opportunities and Challenges in the Dominican Dairy Sector.

³²⁷ Interview with a European Chamber of Commerce in the region.

³²⁸ European Commission (2000), The Environmental Impact of Dairy Production in the EU: Practical Options for the Improvement of the Environmental Impact.

³²⁹ GRAIN & IATP (2018), Emissions Impossible: How Big Meat and Dairy are Heating up the Planet.

greenhouse gases among all regions, with 1.34 to 1.37 kg CO² per kg of fat and protein corrected milk (FPCM) in 2015. This contrasts with Central and South America (including the Caribbean), where the dairy industry emits 3.36 kg CO² per kg of fat and protein corrected milk (FPCM).³³⁰

The two key explanations of this different carbon intensity are climate and production efficiency. Mainly located in the tropics, the Caribbean is particularly unsuitable for dairy production compared to the prevailing temperate climate zones in Europe, but also other Latin American countries.³³¹ Based on this the impact of dairy trade on climate change, as a key sustainability area is thus likely positive. While dairy consumption has increased in most Caribbean countries, dairy trade, whether from the US or the EU, has contributed to reducing the associated greenhouse gas emissions. Emissions by transportation are not likely to change this assessment. It is estimated that maritime transport emits about 8.4 gram (deep sea container vessel) to 13.5 grams (small container vessel) per ton and kilometre. Generously assuming a distance of 10,000 km and using the estimate of 13.5 this would amount to 0.135 kg CO² per kg of the dairy product, not adding significantly when compared to the emissions generated by dairy production itself.³³²

7.4.8. Conclusion and recommendations

EU dairy exports to CARIFORUM have increased in the period under analysis, particularly for the categories of cheese and low-fat powdered milk. While this effect is strongest in the Dominican Republic and coincide with tariff liberalisation schedules, the increased imports cannot be entirely attributable to the EPA. Other important factors were a rising demand for dairy products in CARIFORUM. Furthermore, the EU competing with exports from the US and to a lesser extent New Zealand, the Dominican Republic-Central America FTA (CAFTA-DR) with its more rapid tariff liberalization and quota increases, benefited US exporters relative to EU exporters. Furthermore, as highlighted by a European Chamber of Commerce in the region, the US with its larger influence in the region is able to push more strongly for reductions in non-tariff barriers.

The impact on producers depends on the country. One side, in the Dominican Republic with a relatively large domestic dairy industry that is able to supply approximately 98% of domestic demand for liquid milk, the impact of imports on the domestic industry is limited.³³³ In other countries research indicates that increased imports negatively affected the domestic dairy industry, but that these imports were only one of several factors.³³⁴ Furthermore, this is a trend that was observed even long before the EPA, indicating that this is not a specific EPA impact. Furthermore, the EU is competing with imports from the US and New Zealand.

R1. The *EU* should closely monitor existing non-tariff barriers such as the discriminatory application of VAT, and work on reducing these barriers in dialogue with CARIFORUM and national governments. To this end it is important that the EU works closely with member states' embassies and Chambers of Commerce.

R2. The *EU* to provide technical assistance to support the local dairy and dairy processing industry in upgrading production and productivity. However, given the inherent comparative advantage of EU producers, mostly due to climatic conditions, this support should also carefully consider alternatives. In particular shifting agricultural production into areas more aligned with CARIFORUM's comparative advantages, or focusing on dairy processing, relying on imported dairy inputs. This should also serve as a reminder that EU export opportunities abroad also hinge on the partner country's export opportunities to the EU.

³³⁰ FAO (2019), Climate Change and the Global Dairy Cattle Sector: The Role of the Dairy Sector in a Low-Carbon Future. Page 25.

³³¹ FAO (2010). Greenhouse Gas Emissions from the Dairy Sector A Life Cycle Assessment. Page 37.

³³² ECTA (2011), Guidelines for Measuring and Managing CO₂ Emission from Freight Transport Operations.

³³³ USDA Foreign Agricultural Service (2019). Opportunities and Challenges in the Dominican Dairy Sector.

³³⁴ Pemberton, A., Patterson-Andrews, H., & de Sormeaux, A, (2016), The Effects of Trade Liberalization on Dairy Trade and Domestic Milk Production in CARICOM.

8. ANSWERS TO THE EVALUATION QUESTIONS

In this chapter, we use the results of the previous chapters to answer the evaluation questions (EQs), applying the evaluation grid developed for this purpose (see Annex B). This grid identifies for each of the EQs the relevant indicators and sources of information to answer these questions, in order to ensure consistency and transparency. The evaluation questions are grouped under four evaluation criteria: effectiveness, efficiency, relevance and coherence.

8.1. Effectiveness-EQ1: Have the EPA objectives been achieved?

The main question (EQ1) on effectiveness relates to whether the EPA objectives have been achieved, and what factors have influenced the achievement. These objectives are listed in the box below.

Box 17 Objectives of the CARIFORUM-EU EPA as cited in Article 1 of the agreement

- (a) Contributing to the reduction and eventual eradication of poverty through the establishment of a trade partnership consistent with the objective of sustainable development, the Millennium Development Goals and the Cotonou Agreement;
- (b) Promoting regional integration, economic cooperation and good governance thus establishing and implementing an effective, predictable and transparent regulatory framework for trade and investment between the Parties and in the CARIFORUM region;
- (c) Promoting the gradual integration of the CARIFORUM States into the world economy, in accordance with their political choices and development priorities;
- (d) Improving the CARIFORUM States' capacity in trade policy and trade related issues;
- (e) Supporting the conditions for increasing investment and private sector initiative and enhancing supply capacity, competitiveness and economic growth in the CARIFORUM region;
- (f) Strengthening the existing relations between the Parties on the basis of solidarity and mutual interest. To this end, considering their respective levels of development and consistent with WTO obligations, the Agreement shall enhance commercial and economic relations, support a new trading dynamic between the Parties by means of the progressive, asymmetrical liberalisation of trade between them and reinforce, broaden and deepen cooperation in all areas relevant to trade and investment.

Before we assess the extent to which these objectives have been achieved, we first note that the objectives differ from several other FTAs of the EU, as the EPA does not only focus on trade and investment but clearly has an overall development focus (see also under coherence). Second, the objectives are formulated in such a way that assessing the achievement of these objectives leaves room for interpretation, as there is no clear outcome target. In our assessment, we will therefore first identify the positive achievements for each objective and then identify remaining issues. We assess the objectives in reverse order (i.e. starting with the last one), as this allows us to start from the agreement and then to slowly move to wider impact objectives.

8.1.1. *Objective (f) Strengthening the existing relations between the Parties on the basis of solidarity and mutual interest.*

As outlined above, this objective should be achieved by (i) "progressive, asymmetrical liberalisation of trade" and by (ii) "broaden[ing] and deepen[ing] cooperation in all areas relevant to trade and investment."

(i) Progressive, asymmetrical liberalisation

In terms of asymmetrical liberalisation, the EPA indeed allows for differences in scope and implementation periods, allowing more flexibility for the CARIFORUM Member States. This allows them more time to adjust to a possible increase in EU imports in response to the opening of their markets.

Our research has found³³⁵ that with respect to trade in goods, while commitments have been largely implemented on the CARIFORUM side, several CARIFORUM countries did not implement their tariff commitments, and they maintain export duties and quantitative restrictions, and the CARIFORUM market is therefore not as open for EU exporters as foreseen by the agreement. In addition, we observed a lack of transparency on tariffs. On the EU side, duty free quota free access is provided for CARIFORUM exports. However, CARIFORUM countries express concern with the "Octroi de Mer", a type of tax imposed on products imported into the French outermost regions (ORs), which puts CARIFORUM exporters at a disadvantage vis-a-vis domestic companies in these ORs.³³⁶ It should be kept in mind that CARIFORUM members enjoyed preferential agreement to the EU before the EPA, and therefore the change in market access over time did not imply significant changes on the EU side (see further below on impacts).

With respect to trade in services, market opening was also asymmetrical in favour of the CARIFORUM Member States. Again, while progress has been made, several CARIFORUM States reported that they had not completed the implementation of their market access commitments yet. Furthermore, violations of national treatment were observed in a few CARIFORUM States.³³⁷ On the EU side, no major deviations were identified,³³⁸ except for the working of the EPA services enquiry points, which are not active and sometimes not even aware of their role.

These findings suggest that while liberalisation has been asymmetrical on paper, due to lack of implementation on the CARIFORUM side it was even more asymmetrical in practice. At the same time, we note that while the EU has largely implemented its market access commitments, in practice CARIFORUM exporters face several market access issues. For example, the EU's numerous and often changing technical regulations and sanitary and phytosanitary measures operate as *de facto* import restrictions for goods. In services, market access is complicated by demanding qualification requirements, lack of recognition of professional qualifications, lengthy and complicated authorisation and registration procedures, residency requirements in certain services sectors, restrictions on real-estate purchases, and immigration procedures.

(ii) Broadening and deepening co-operation in all areas relevant to trade and investment

In terms of broadening and deepening co-operation in all areas relevant to trade and investment, also substantial progress has been achieved. First, there are the joint institutions provided in the EPA in which co-operation takes place. These are the Joint CARIFORUM-EU Council, the CARIFORUM-EU Trade and Development Committee, the CARIFORUM-EU Parliamentary Committee, the CARIFORUM-EU Consultative Committee, and the Special Committee on Customs Cooperation and Trade Facilitation. All Committees have been established during the evaluation period, and meet on average once per year or per two years – although it should be noted that some Committees have only been established several years after implementation (e.g. the Consultative Committee only had its first meeting in 2014). Next to these Committees foreseen in the Agreement, the Technical Sub-Committee on Development Cooperation and the Special Committee on Agriculture and Fisheries have been created and have held their first meetings. In 2017, the Joint CARIFORUM-EU Council agreed to establish a Special Committee on Trade in Services to address all trade matters related to services, but the establishment of this Committee is still in progress. **We do note that while these institutions have been established, they do not seem to be able to address regulatory issues between the parties other than through development co-operation. Based on available information on the meetings, concrete actions as a result of these meetings often seem to be lacking.**³³⁹

A rather important institutional shortcoming under EPA concerns the establishment of a joint mechanism for EPA monitoring, "with the objective of having it in place in time to

³³⁵ For more details, see chapter 3.

³³⁶ The tax is also for products produced domestically, but France can apply exemptions or reductions to these taxes for locally manufactured products.

³³⁷ In particular in Grenada and Trinidad & Tobago.

³³⁸ Please note that this is based on research in the four selected EU Member States; the services enquiry points have been approached in all EU Member States.

³³⁹ For example, several trade irritants have not been solved. Also the plans for more monitoring by the Consultative Committee lack concrete implementation plans and budgets.

inform the second five-year review of the EPA, scheduled for 2020"³⁴⁰, which is still not in place. The absence of such mechanism means there are no formal benchmarks or indicators to assess the effectiveness of the EPA against. This affected the extent to which the Parties could utilise objective data to make decisions regarding the operation of the EPA.

Another type of co-operation foreseen in the EPA is development co-operation.³⁴¹ **Development co-operation has indeed been provided under the agreement. Under the 10th EDF (2008-2014), some EUR 140 million was allocated to the two objectives of supporting 'regional economic integration and EPA implementation' (this was equivalent to 85% of the total Caribbean Regional Indicative Programme (CRIP) of EUR 165 million).**

Under the 11th EDF (2014-2020), out of the EUR 346 million allocated to the CRIP, some EUR 102 million is allocated for regional economic cooperation and integration. The sub-category of support to EPA implementation is included in this amount. The choice of priority sectors for intervention under the CRIP, as well as the adoption of specific programmes, is the result of a joint decision-making process between the EU and CARIFORUM. As development co-operation projects and programs are not separately labelled as part of EPA or not, it is not possible to identify what development co-operation has actually been provided. In addition, only a limited number of evaluations of individual development co-operation programmes and projects are available. While these show some positive results, the availability of information is too limited to draw strong conclusions on development co-operation's effectiveness and impact.

There are other types of co-operation foreseen in the EPA, in nearly all parts of the agreement, e.g. in regulatory fields (customs, SPS, etc.), but also in broader fields like innovation, and social and environmental policy. The EPA Protocol III on Cultural Cooperation aims at implementing Article 16 of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions (UNESCO Convention). Several CARIFORUM Member States indicated they engaged with the EU or its Member States on cooperation to facilitate exchanges of cultural activities, goods and services, including inter alia, in the audio-visual sector, or the protection of sites and historical monuments. However, a recent study issued by UNESCO³⁴² finds that "*no dedicated funding or cultural cooperation programmes have been put in place to implement the EPA's cultural provisions.*" It also points to limited awareness among artists and operators of the cultural industry of these provisions, and to the burdensome visa requirements as some of the factors that still limit co-operation in this area.

In our study, we have observed several initiatives for co-operation, in different fields, that can be linked to the agreement. For example, in the last Consultative Committee, co-operation on education has been discussed and there are now plans for the establishment of the CARIFORUM-EU Centre, in which the University of the West Indies would partner with the European University Institute (EUI). This would facilitate collaborative research activities as well exchange of staff and students, among other things.³⁴³ Another example of co-operation is that at the CARIFORUM-EU Business Forum held in Germany in September 2019, Caribbean Export has signed a Memorandum of Understanding with the BVMW (Der Bundesverband mittelständische Wirtschaft), among others, to facilitate collaboration between the two regions and their strategic sectors.³⁴⁴

Enhance commercial and economic relations between the parties

The liberalisation and increased co-operation as described above should "enhance commercial and economic relations, [and] support a new trading dynamic between the Parties." The analysis of trade data shows that total trade in goods between the

³⁴⁰ Source: Joint communiqué following the fourth meeting of CARIFORUM-EU Council of 17 November 2017 – Consilium: <https://www.consilium.europa.eu/en/press/press-releases/2017/11/17/fourth-meeting-of-the-joint-cariforum-eu-council/#>.

³⁴¹ For more details on development co-operation, see chapter 4.

³⁴² UNESCO (2019), Culture in the CARIFORUM – European Union Economic Partnership Agreement - Rebalancing trade flows between Europe and the Caribbean? Policy and Research, Mira Burri and Keith Nurse.

³⁴³ Source: https://www.eesc.europa.eu/sites/default/files/files/2019_joint_statement_cariforum-eu_cc_final_appendix.pdf.

³⁴⁴ <https://www.carib-export.com/news/caribbean-export-signs-three-mous-with-strategic-partners-to-support-the-caribbeans-export-growth/>.

two parties has not expanded since 2008. In terms of goods trade,³⁴⁵ the EU and CARIFORUM traded EUR 9.0 billion in 2018, with EUR 3.9 billion exported from CARIFORUM to the EU and EUR 5.1 billion exported from the EU to CARIFORUM. The total value of goods traded in 2018 was slightly lower than total goods trade in 2008, when it stood at EUR 9.5 billion. This decrease can be largely attributed to a decrease in CARIFORUM exports to the EU, for which the average annual growth rate was minus 2% over the evaluation period, while EU exports to CARIFORUM increased, with an average annual growth rate of 4%. As a result, the EU now has a trade surplus of EUR 1.2 billion, while it had a negative trade balance with CARIFORUM at the start of the agreement of EUR 280 million.

The fact that exports from the EU to CARIFORUM increased more than the other way around is not surprising, as CARIFORUM was also enjoying preferential access to the EU market, while on the CARIFORUM side, no such access was available for EU exporters prior to the agreement. It should be noted that looking at trends would underestimate the value of the EPA, as the preferential access provided before the EPA was no longer possible due to WTO rules. Therefore, without the agreement, most CARIFORUM countries would face MFN rates when exporting products to the EU. The European Commission carried out a modelling exercise for four CARIFORUM countries for which data were available (the Dominican Republic, Grenada, Jamaica and St. Lucia), to estimate the impact of the EPA on trade in goods as compared to a situation without the agreement in place. **Based on this model, the estimated increases in EU exports due to the tariff preferences under EPA would be 8 to 20%, while EU imports would increase by 9 to 119%, depending on the country.**³⁴⁶

It should also be noted that the aggregate figures for trade in goods hide differences between countries and sectors. While most countries had similar export levels in 2018 as they did pre-crisis, some have seen encouraging growth in the past five years. This is the case for Belize, Dominica, Dominican Republic and Guyana. There are also interesting developments at sectoral levels to be observed. **CARIFORUM exports appear to have diversified,** relying less on mineral fuels and more on food and manufactured items. Products such as food preparations, essential oils, beverages and spirits have had strong growth in several CARIFORUM Member States. Analysis of more disaggregated data also shows that the decrease in exports from CARIFORUM countries to the EU can partially be explained by decreases in oil prices.

CARIFORUM services exports³⁴⁷ to the EU have strongly increased in the period under study, reaching a total value of EUR 13.1 billion in 2018. EU service exports to CARIFORUM have also increased significantly, albeit at a much slower pace. In 2018, the EU exported EUR 6.0 billion in services to CARIFORUM, with total services trade between the two partners amounting to EUR 19.1 billion for that year. Data presented by Eurostat show that this increase is largely due to very drastic increases after 2014 for Bahamas and after 2017 for Barbados, with Bahamas in particular accounting for 87% of CARIFORUM trade in services in 2015. These increases resulted in a services trade balance surplus for CARIFORUM of EUR 7 billion in 2018. For the other countries a decline is observed. Tourism continues to be the most important service sector.

These results show that the enhancement of commercial and economic relations has been very modest at the aggregate level and in absolute terms. In addition, we observe that both for trade in goods and trade in services EU market shares in CARIFORUM exports and imports have decreased over time, as CARIFORUM trade with the rest of the world has increased at a higher rate. The share of the EU in total CARIFORUM exports has decreased from 22% in 2007 to 18% in 2018. In terms of exports, the share of the EU in total CARIFORUM imports decreased from 18 to 12%.

8.1.2. Objective (e) Supporting the conditions for increasing investment and private sector initiative and enhancing supply capacity, competitiveness and economic growth in the CARIFORUM region

The changes in market access and the regulatory environment could help to stimulate investment and private sector initiative. In addition, development co-operation

³⁴⁵ For more details, see section 5.1.

³⁴⁶ EU export would increase by 8% for St. Lucia, 9% for Jamaica, 12% for Grenada and 20% for DR. EU imports would increase by 9% for Grenada, 42% for Jamaica, 45% for DR and 119% for St. Lucia.

³⁴⁷ For more details, see section 5.2.

provided as part of EPA supporting the business environment and private sector could have a similar effect. This in turn could lead to enhanced supply capacity, competitiveness and economic growth in the CARIFORUM region. It should be noted that these impact areas are only to a limited extent affected by the EPA, as there are many other factors influencing such developments.

In terms of the contribution of the EPA, our analysis has shown that progress has been made in the implementation of the EPA, both in terms of market access commitments and regulatory commitments. However, it is also clear that implementation is less advanced than foreseen. Important trade irritants not related to lack of implementation also remain. In terms of development co-operation focused on private sector development, it is also clear that while some progress has been made and at least some companies have been able to increase their trade and production capacity, the funds are dispersed over many countries and stakeholders, and are not likely to have made significant changes in terms of supply capacity and competitiveness at the macro level in these countries.

In addition, our research shows that the CARIFORUM Member States face many issues in their business environment. This is illustrated by their low scores and ranking for most CARIFORUM countries on the doing business indicators: the ranking in 2018 ranges from 70st (Jamaica) to 165 (Suriname). Only three countries (Jamaica, DR and Suriname) have improved their score over the last five years.

Countries in the region are suffering from structural impediments in their business environment, which affects their competitiveness. First, because of their locations and limited resources companies face relatively high costs in terms of energy and infrastructure. The small size of the countries also implies that relatively more intermediate inputs have to be sourced from abroad, further increasing costs. Because production is often in small quantities, the quantities shipped typically amount to a pallet and not a container, which increases costs. In addition to higher costs, many states, especially the smaller ones, have slow and infrequent connections to foreign markets. Due to consolidation in the shipping industry, shipping times seem to have even increased in some locations, based on stakeholder consultations. This, in combination with the small size of the consumer markets, makes that the countries are not seen as very attractive as production locations. **Business associations in the EU have also indicated that the small size of the market has limited the interest of EU business for investing in and exporting to these markets. This is further aggravated by the level of regional integration,** which is considered as not advanced enough to overcome the limited market size.

In terms of investment, we observe that EU FDI stocks have significantly increased over the evaluation period, but in 2017 over 85% of total EU FDI is accounted for by only two countries, Barbados (39%) and the Bahamas (47%). These likely do not concern productive investments, as both countries were known for their attractive tax policies and were previously on the EU's blacklist of tax haven countries. In the stakeholder consultations no specific cases or champions were identified, other than in tourism, but these investors were already present before the EPA.

In terms of economic growth, there is a large variation between CARIFORUM Member States. Some countries have been able to record significant increases in GDP per capita levels, while others have not been able to recover from the global financial crisis in 2009. For example, some resource-endowed countries have not been able to reach pre-crisis level, due to developments in world prices of their key resources (e.g. Trinidad and Tobago). Several CARIFORUM countries have initially suffered from decrease in tourism and a number of them were hit by natural disasters, but have benefitted from the recovery of tourism in recent years, which has increased their GDP per capita. The Dominican Republic even was the fastest-growing Latin American and Caribbean (LAC) economy between 2013 and 2018, as it did not only benefit from the recovery of the tourism sector, but also from an increase in remittances and exports.

Summarising, the CARIFORUM countries face structural challenges in the business climate and the EPA has had only a minor impact with respect to creating the conditions for increasing investment and private sector initiative and enhancing supply capacity, competitiveness and economic growth.

8.1.3. Objective (d) Improving the CARIFORUM States' capacity in trade policy and trade related issues

The capacity in trade policy and trade related issues is likely to have increased, if only as a result of the implementation of the EPA and the various types of co-operation in this field. For example, the CARIFORUM Directorate has been set up with the support of EU funds. In addition, various development co-operation projects have provided capacity building and institutional support. In each of the CARIFORUM countries, the creation of a system of national EPA coordinators also ensures communication and coordination between the various stakeholders in their respective countries and facilitates exchange between countries.

Nevertheless, in our analysis of implementation of the agreement, we identified that there is still an overall lack of capacity. Consultations with CARIFORUM institutions, business associations and investment stakeholders confirm the strong remaining capacity-building needs in the CARIFORUM countries, a point also confirmed by independent sources. Budget constraints continue to be an issue. National EPA Units complain they often lack resources to operate effectively. However, as already indicated in the 2014 Review, the resources vary depending on the country and their governments' willingness to dedicate funds to the EPA implementation. While there is political will to implement the EPA, the implementation is not always considered a priority, hence appropriate resources are not allocated to the process.

The evaluation reports that are available for the development co-operation projects provided also confirm that while on the one hand progress has been made, on the other hand, important capacity constraints remain and the sustainability of some institutions (e.g. CARIFORUM Directorate, CEDA) is uncertain as they still depend on donor funding. In addition, based on feedback obtained on the ground, there is a concern that technical assistance is concentrated at the regional level in the CARIFORUM, generating a sense that the needs of individual CARIFORUM countries are always adequately addressed. However, this seems to differ by country as some countries (e.g. Bahamas, Belize, Trinidad & Tobago) have reported multiple examples of assistance received related to the implementation of the EPA in their country.

Concluding, the EPA has contributed to improved capacity of CARIFORUM States in trade policy, mainly through its development co-operation activities. However, the contribution seems relatively small as important capacity gaps remain.

8.1.4. Objective (c) Promoting the gradual integration of the CARIFORUM States into the world economy, in accordance with their political choices and development priorities

The fact that the market opening in the CARIFORUM States have been gradual, has allowed them to gradually adjust. As shown above under objective f, trade with the EU on the aggregate level has not increased and exports to the EU have even declined. In contrast, in terms of trade with other partners, we observe an increase in total CARIFORUM imports and exports. This suggests that the CARIFORUM States have been able to integrate further in the world economy.

In terms of exports, the US and Canada are the main partners and more important than the EU, but over the last years trade with other countries has shown the largest increase. This includes regional partners from Latin America, driven by exports from the Dominican Republic to partners like Panama and Mexico. In terms of imports, the US has become more important over the evaluation period, and is now even more than four times as important as the EU, based on shares in imports. China has also increased its share.

It should be noted that these figures can still hide the importance of CARIFORUM-EU trade. For trade in goods, several of the companies consulted indicated that they import from the EU *through* the US, which is often cheaper than importing directly from the EU, due the US' efficiency in logistics. On the one hand this implies that CARIFORUM-EU trade could be underestimated, on the other hand it implies that these trade flows do not benefit from the preferences granted under EPA.

One other way in which EPA may have contributed to gradual integration in the world economy is through support to export promotion. While these export promotion activities often intend to increase exports to the EU and the region, it will also help

them to export to other countries. Some stakeholders consulted who received the support even indicated that they did not intend to export to the EU. There is limited information on the additional exports generated through the provided support. Given the overall scale of the projects and the spread over different countries and sectors, at aggregate level this support is unlikely to have played a significant role though.

The regional integration process is also helping the gradual integration of the Caribbean countries into the rest of the world. A positive development to highlight is that the CARICOM Private Sector Organisation has been set up by large firms in the region to promote intra-Caribbean trade and to and private sector co-operation across the Caribbean region. This also helps to alleviate some of the constraints in the business environment linked to the small-scale limitations that were mentioned earlier.

Concluding, while CARIFORUM have been able to increase their trade and investment flows over the evaluation period, the contribution of EPA to this seems limited.

8.1.5. *Objective (b) Promoting regional integration, economic cooperation and good governance thus establishing and implementing an effective, predictable and transparent regulatory framework for trade and investment between the Parties and in the CARIFORUM region*

The EPA can promote regional integration, economic co-operation and good governance through its market access and regulatory commitments. As discussed before, progress has been made in the implementation of these.

With respect to regional integration, Article 238 of the EPA provides for the extension to all CARIFORUM countries of any favourable treatment granted by one CARIFORUM country to the EU. Based on our analysis, progress has been made as now seven CARIFORUM States have indeed extended this preferential treatment, three have not done this (yet) or only partially, and for the others no information was obtained. In addition to extension of the preferences, a common regulatory framework can help to promote regional integration. For example, some progress was observed in the field of intellectual property, as regards patent administration, harmonisation of regional trademark legislation and a regional Trademark Manual.

The regulatory commitments can also help to improve good governance. While in some areas progress has been made (e.g. establishment of the telecommunications authority in all CARIFORUM countries, adoption of legislation on public procurement) there are clearly also some areas where shortcomings can be observed (e.g. in the field of IPR, protection of personal data, and public procurement).³⁴⁸ An important cross-cutting element in terms of good governance is transparency. The EPA includes transparency requirements throughout the text, related to trade in goods, trade in services, sanitary and phytosanitary measures, technical barriers to trade, public procurement and other trade-related areas. Shortfalls concerning transparency were detected with respect to EPA implementation by both Parties: CARIFORUM and the EU. All EPA Parties complain about the availability and quality of the information of the other Parties.

Several business stakeholders, both on the EU and CARIFORUM side, have indicated that this lack of transparency affects the level of economic co-operation. EU Business stakeholders pointed out that the lack of regional integration also affects economic co-operation, as a higher level of regional integration would help to partly address the constraints of the small markets of individual CARIFORUM States.

8.1.6. *Objective (a) Contributing to the reduction and eventual eradication of poverty through the establishment of a trade partnership consistent with the objective of sustainable development, the Millennium Development Goals and the Cotonou Agreement*

There are no inconsistencies between the EPA, the Millennium Development Goals and the Cotonou agreement. However, based on the findings presented under the other objectives, overall economic impact seems limited. In the analysis of social and human rights

³⁴⁸ For a full overview, see the separate Implementation Report.

impacts we found that despite some fluctuations, there has been no significant increase or decrease in employment levels since the start of the EPA. The EPA also does not seem to have had a significant impact on labour standards, as most core labour standard conventions were signed before the agreement and there is no evidence that the chapters dedicated to sustainable development and social aspects have led to improvements in labour standards governance. As social expenditures have been quite stable over the evaluation period, no negative or positive impacts are expected in this regard (e.g. on housing, education, health care, etc.). In terms of environment, we observe that nine CARIFORUM States made improvements in environmental performance. In addition, most countries had taken specific initiatives and legislation to conserve, protect and improve their natural environment and prioritise sustainable development. However, the link between these developments and the EPA seems limited.

This is also the feedback received in stakeholder consultations: in the absence of clear economic impacts, either positive or negative, stakeholders were often not able to make a link between the EPA and sustainability impacts. The links between EPA and poverty reduction is therefore also likely to be weak, but statistics on poverty are hardly available for the region and do not allow for a systematic analysis by country over time.³⁴⁹ Only for the Dominican Republic data are consistently available over time, which show a clear decrease in poverty over the evaluation period. It should be noted that this decrease already started before the EPA entered into force.³⁵⁰

8.1.7. Has the CARIFORUM-EU EPA given rise to unintended consequences?

A sub-question of EQ1 is whether the EPA has given rise to unintended consequences.

Although not all stakeholders are affected equally (see also under efficiency), this evaluation has not identified unintended (negative) consequences of the CARIFORUM-EU EPA. This is with respect to the economic, social, human/labour rights and environmental dimensions.

8.2. Efficiency- EQ2: To what extent has the EPA been efficient with respect to achieving its objectives?

Based on economic theory, trade liberalisation leads to efficiency gains for the economy. However, in the short run, there can be adjustment costs. First, because it involves costs for implementation, both for government (e.g. adjusting legislation, setting up institutional structures) as well as for business (costs related to marketing, compliance with requirements of export markets, etc.). In addition, as not all sectors and countries are affected in the same manner, some sectors will be affected negatively, while other sectors gain from the agreement. This requires a structural adjustment of the economy, where capital and labour need to be reallocated across sectors. After these adjustments, the efficiency gains from trade liberalisation are expected to lead to increased welfare. In assessing efficiency, we have tried to identify costs and benefits related to the EPA.

We have not been able to identify the level of costs associated with the implementation and use of the agreement. This is due to several factors. First, the costs are spread over many different stakeholders. Second, often no separate budgets are created for the adjustments, but these costs are absorbed into the overall costs of the relevant organisation (e.g. relevant ministry that has to adjust legislation, companies that do not distinguish costs of exporting between EPA and non-EPA related parts). In addition, even if specific budgets would have been created, they cannot always be fully linked to the EPA. For instance, the EPA has some provisions which require that the countries respect their WTO commitments. Also, for companies, some investments are not exclusively helping them to expand in the EU market, but in other markets as well. It is also important to note that some of the costs mentioned here have been covered by the development co-operation provided under the EPA.

³⁴⁹ The same conclusion was drawn in the 2014 Review (section 8.1, p. 103). While the Caribbean Development Bank has provided support in this area, it has not led to better availability of data yet.

³⁵⁰ Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population) decreased from 4.3 % in 2007 to 1.6% in 2016 according to the WB development indicators. See also: https://databank.worldbank.org/data/download/poverty/33EF03BB-9722-4AE2-ABC7-AA2972D68AFE/Global_POVEQ_DOM.pdf.

In terms of benefits, we note that in other evaluations of trade agreements, CGE models were applied to provide more details on the long-run gains from the agreement. Due to lack of data, a similar exercise could not be carried out for this study. In our analysis, we have found limited impacts at the macro level, and the majority of stakeholders confirm this. However, it is clear that there are some sectors and countries that seem to have been able to take better advantage of the EPA than others. Stakeholders in the sectors that gained are therefore more positive on the benefits. While other sectors may have suffered from increased competition from the EU, it does not seem to have led to major problems at the national level. For example, we have not identified significant changes in employment levels. Also, we have not identified major impacts for vulnerable groups.

It is therefore difficult to conclude whether the costs outweigh the benefits of the agreement. The perception of limited benefits may also have contributed to the observed delays in implementation of the agreement, as other policy issues in the CARIFORUM States with more clear benefits are given higher priority. However, there are several other factors (e.g. lack of capacity and in some cases protectionist tendencies) which affect the speed of implementation, and therefore it is difficult to draw strong conclusions.

Efficiency in terms of keeping to agreed timelines is insufficient given the lack of implementation on various parts of the agreement.

8.3. Efficiency- EQ3: What are the main inefficiencies and unnecessary regulatory costs (including administrative burden)?

It is clear that there are still regulatory issues between the two Parties that prevent them from taking advantage of the agreement. An important cross-cutting regulatory issue is related to transparency. This includes transparency of information on the relevant rules and regulations, as well as on the responsible authorities. The lack of easy access to information, which is relevant both for the EU and CARIFORUM, currently causes high costs for business, which could quite easily be avoided. There are also other inefficiencies/regulatory costs that stem from non-implementation of the agreement, such as the fact that in various CARIFORUM countries, tariff cuts have not been implemented according to the schedules. Next to non-implementation, remaining trade barriers outside the agreement also cause additional costs for traders.

8.4. Relevance -EQ4: To what extent are the provisions of the EPA relevant for addressing current trade and development issues faced by the EU and CARIFORUM?

The provisions of the EPA are to a large extent relevant for addressing current issues with respect to bilateral trade and investment between the EU and CARIFORUM. This is first of all the case because of the wide coverage of the agreement: most products traded between the two regions (will) benefit from tariff preferences, and also services and investment are covered by the agreement. We also observe a relatively high level of preference utilisation of the agreement, and exporters to the EU consulted generally did not complain about this.

Nevertheless, we observe that bilateral trade and investment is still impeded by factors outside the agreement. For example, the problems encountered with obtaining visa in the EU limit mode 4 services trade, the high perceived EU standards and requirements limit CARIFORUM exports and the relatively poor business environment in CARIFORUM countries limits overall CARIFORUM-EU trade. These examples demonstrate that there are also clear limits to the relevance of the agreement in addressing the *actual* barriers to trade between the two Parties.

In terms of development co-operation, we note that based on the consultations and information available, EU support has contributed to trade and development, e.g. by providing support to government agencies for the implementation of the agreement, or by providing support to export promotion. Given that there is joint decision-making on the allocation of spending of development co-operation, one could also assume that it corresponds to the needs of the CARIFORUM States. Nevertheless, it is also clear that

challenges remain, both in terms of capacity in the public and private sector, as well as in terms of economic, social, human rights and environmental challenges in the CARIFORUM countries. The absence of a clear inventory of the needs for support, as well as the absence of an overview of which support has been provided under the EPA and its results, do not allow to draw strong conclusion on the relevance of the aid relative to the existing trade and development issues.

Finally, while not specifically relating to the provisions of the agreement, we note that the EPA has become less relevant in the sense that the share of the EU in CARIFORUM trade has reduced over the evaluation period.

8.5. Coherence- EQ5: To what extent has the EPA been coherent with other policy instruments of the EU affecting the Caribbean?

Next to the EPA, the EU has several other policy instruments in place relevant for the region. This includes the Cotonou agreement that governs EU-ACP relations and the Joint Caribbean-EU Partnership Strategy, which is relevant for the political dialogue between the EU and Caribbean region. In addition, individual CARIFORUM countries have National Indicative Programs that cover bilateral development assistance from the EU. We have not identified any inconsistencies between the EPA and these other policies towards the region through document analysis and stakeholder consultations. Several elements and objectives of the EPA stem from existing policies and agreements, and EPA elements and objectives are in turn reflected in strategies and policies developed after the EPA was concluded.

The aim of the Cotonou Agreement, signed in 2000,³⁵¹ is to “reduce poverty towards its eradication, to support the sustainable economic, cultural and social development of the partner countries and to help the progressive integration of their respective economies into the world economy.” This is in line with the objectives of the EPA. The agreement includes explicit attention for regional integration, as well as trade and economic issues. The conclusion of an EPA is foreseen in the agreement (chapter 2, article 36): “the Parties agree to conclude new World Trade Organisation (WTO) compatible trading arrangements, removing progressively barriers to trade between them and enhancing cooperation in all areas relevant to trade.” Many of the considerations mentioned in the Cotonou Agreement are reflected in the objectives and/or specific provisions of the EPA (e.g. building on existing regional integration efforts, considering the respective levels of development of the parties, etc.).

The Joint Caribbean-EU Partnership Strategy as agreed in 2012 helps to establish “a structured framework for broader and deeper political dialogue between the regions”, and is said to “provide for effective implementation and monitoring mechanisms.”³⁵²

The strategy aims to intensify co-operation on five topics: regional integration, reconstruction of Haiti, climate change and natural disasters, crime and security and joint action in multilateral fora. The focus on regional integration is coherent with the CARIFORUM-EU EPA, and the EPA is also explicitly referred to in this strategy. It covers a wide range of issues on which joint action is foreseen, including EPA implementation, but also other elements which may help to increase the benefits from the EPA (e.g. the development of export strategies, sector strategies, the promotion of innovation, etc.).

Development co-operation is an integral part of EPA, but not all development co-operation support of the EU is related to the EPA. The Caribbean Regional Indicative Program for 2014-2020 provides the framework for support to the region. Regional economic cooperation and integration is one of the three strategic objectives, and the specific objectives are fully aligned with the EPA. In addition to Regional Indicative Programs, there are also National Indicative Programs (NIPs), relating to the bilateral EU support under the EDF. These are decided on in co-operation with the recipient countries and do not necessarily include a focus on trade, regional integration and private sector development. To give some examples: in Jamaica, Belize and Barbados these are not among the choice of sectors, while in other countries, there is at least a link to the economy that can help to take advantage of the EPA. For

³⁵¹ For full text, see: [https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:22000A1215\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:22000A1215(01)&from=EN).

³⁵² Council Conclusions on the Joint Caribbean-EU Partnership Strategy, 19 November 2012, available at: https://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/133566.pdf.

instance, in Trinidad & Tobago there is a focus on building a competitive and innovative economy, in Suriname on diversification and sustainable agriculture, and in the Dominican Republic on the inclusive economic growth, with attention for employment and SMEs.

9. CONCLUSIONS AND RECOMMENDATIONS

While the previous chapter provided answers to the evaluation questions, this chapter summarises the main findings regarding implementation and impact and provides policy recommendations.

9.1. Conclusions

Implementation- progress

Since the last review, we have identified a number of areas where progress has been made in terms of implementation of the EPA since the last review in 2014. This is the case for the following areas:

- **Ratification:** In May 2014, around 50% of the CARIFORUM countries and of the EU Member States ratified the EPA. As of October 2019, 25 out of 28 EU countries and 10 out of 15 CARIFORUM countries had ratified the Agreement;
- **Tariffs:** our analysis, based on available data, shows that the analysed countries largely apply the EPA tariff liberalisation commitments, and sometimes even lower rates are observed;
- **Customs and trade facilitation:** Progress has been made on cooperation on trade facilitation as well as ratification of the WTO Agreement on Trade Facilitation. In addition, some progress was also achieved with respect to the simplification and harmonisation of customs laws and procedures;
- **TBT and SPS commitments:** Progress is observed in the implementation of the TBT and SPS transparency commitments, as all CARIFORUM countries now have a TBT enquiry point and most have SPS enquiry points;³⁵³
- **Mutual Recognition of professional qualifications in services sectors:** Drafts intra CARICOM and CARICOM-DR Mutual Recognition Agreements (MRAs) for architects have been prepared and work is ongoing on that front, which can form the basis of for a CARIFORUM-EU MRA for architects;
- **Telecommunication services:** All CARIFORUM countries established a Telecommunication Authority, whereas in 2014 only six countries had done so;
- **Tourism services:** With regard to the countries' environmental and sustainable standards in tourism, twelve out of fourteen CARIFORUM countries developed their own standards in this sector.
- **Cultural co-operation:** some progress is observed since six CARIFORUM countries indicated they have engaged with the EU or its Member States to facilitate exchanges of cultural activities, goods and services. Several joint events have been organised;
- **Intellectual Property Rights:** There have been new initiatives to strengthen the protection of IP rights including new intellectual property legislation (the Bahamas) or revisions of intellectual property legislation and drafting process (Jamaica, Suriname, Trinidad and Tobago). Some progress was observed in the field of regional integration as regards patent administration, harmonisation of regional trademark legislation and regional Trademark Manual. In addition, several CARIFORUM countries acceded to relevant international treaties during the review period;
- **Public procurement:** During the current review period, several laws were adopted in the area of public procurement in Barbados (2018), Grenada (2015), Jamaica (2015 and 2018), Saint Lucia (2015), Suriname (2017), Dominican Republic (2017), Saint Vincent and the Grenadines (2018) and Trinidad and Tobago (2015);
- **Sustainable Development and Environment:** Based on consultations, governments are still committed to respect their international commitments regarding the environment, the right to collective bargaining, freedom of association, the prohibition of child labour and the prohibition of forced labour. Governments reported several initiatives to improve performance in these areas, notably related to the environment and climate change.

³⁵³ St. Lucia is in the progress of establishing one, and Dominica did not provide any information in this respect. The other CARIFORUM countries have established the SPS enquiry points.

Despite this progress, the implementation of the CARIFORUM-EU EPA is far from being complete. Implementation issues arise throughout all topics of the Agreement, including its basic elements. Most of the commitments enumerated in the EPA are only partially implemented.

Regarding **EU's market access to the CARIFORUM countries**, critical shortcomings, which limit the EU's expected benefits under the EPA, concern the following issues:

- uncomplete implementation of tariffs commitments by some CF States;
- Lack of transparency on applicable rates and uncompleted HS tariffs transposition process from HS 2002 to 2017;
- Export duties in certain countries;
- Quantitative restrictions in certain countries;
- Insufficient transparency of applied tariffs;
- Partial implementation of services liberalisation commitments;
- Non-application of national treatment in service sectors in a number of countries;
- deficiencies in implementation of the regulatory commitments in trade facilitation;
- Possible maintenance of export subsidies in a few countries;
- Serious shortcomings concerning the transparency requirements of the EPA, especially the countries' SPS measures;
- Insufficient regulation in several CARIFORUM countries to prevent abusive or anti-competitive practices in the services sectors, particularly courier services, telecommunications services and financial services;
- Insufficient protection of personal data in the financial services sector;
- Customs duties on electronic deliveries affecting electronic commerce;
- Restrictions on international payments are observed in the Bahamas. Several countries did not provide information in this regard;
- Gaps in the protection of intellectual property rights, which affect the transfer of technology;
- Several shortcomings in public procurement, despite the limited commitments made in this area;
- Shortcomings regarding the adoption of a domestic competition legal framework, including for State-owned trading enterprises, which may cause distortive behaviour favouring the incumbent operators.

Another shortcoming on the CARIFORUM side that affects notably regional economic operators relates to regional preference, where several CARIFORUM countries either indicated that they do not extend to all CARIFORUM countries the more favourable treatment they granted to the EU or did not provide information in this regard.

Regarding the **CARIFORUM's market access to the EU**, the key trade irritants, which can limit the CARIFORUM countries' expected benefits under the EPA, concern the following issues:

- National rules implementing the EU Customs Code that are scattered in different documents, complicating practical interactions with national customs authorities;
- Burdensome and often changing technical regulations, standards and SPS requirements. Insufficient cooperation and TA at the national level does not lead to effective solutions to systemic problems;
- Non-discriminatory domestic regulations in services, such as qualification requirements, lack of recognition of professional qualifications, lengthy and complicated authorisation and registration procedures, residency requirements in certain services sectors, restrictions on real estate purchases, and immigration procedures;
- Insufficient cooperation in cultural matters, negatively affecting the Caribbean cultural industry, due to the EU's complex immigration policies, burdensome administrative requirements, lack of dedicated funding and insufficient cooperation of all EPA parties;
- Insufficient dialogue on electronic commerce, despite the fact that electronic commerce can be used to avoid classical distribution networks in the EU and the difficulties producers from the CARIFORUM countries have in gaining access to these networks;
- A lack of sustained dialogue and cooperation with CARIFORUM countries on technology transfer and technical innovations, cooperation among research teams and technical centres, exchanges of scholars, and joint research networks;
- Potential impact of "Octroi de Mer" in French Caribbean Overseas countries on regional trade.

Implementation gaps that are common to both Parties include:

- An overall insufficient targeted dialogue on the EPA regulatory issues among the EPA parties, other than technical assistance activities. The existing dialogue within the EPA institutions is not detailed enough to address complex TBT, SPS or professional qualification issues and existing capacity gaps;
- Lack of establishment of a joint mechanism for EPA monitoring, although at the time of the final report it was in preparation;
- Lack of clarity/information on the amount and results of development cooperation provided under the EPA.

Implementation: Good practices and lessons learned on EPA implementation

As indicated above, good practices relate to the progress achieved in the implementation of the EPA by the CARIFORUM countries in relation to the ratification of the EPA, substantial reduction of tariffs, substantial progress in trade facilitation and the alleviation of trade irritants related to the lack of transparency of SPS measures and technical regulations and standards (TBT). Other improved practices in CARIFORUM countries are found in the services sectors with more mature regulation in the sectors of telecommunications, which has led to the establishment of independent regulatory authorities, and tourism services, which have integrated environmental and sustainable standards in several countries. Worth of note is also the overall improvement of the protection of intellectual property rights and the adoption of more sophisticated regulatory frameworks in public procurement, as well as better regulation in the area of labour rights and employment discrimination. There are also notable improvements in the area of competition law. In the European Union, although the EPA has not generated changes in the EU's regulatory framework and practices, worth of note are the cooperation efforts of the EU institutions and the EU Member States, which have materialised through regulatory dialogue and technical assistance activities.

Key lessons learned are that implementation of such an agreement is not straightforward. Countries face challenges in terms of resources (capacity, budgets) but also the political priorities can be such that the implementation of the EPA is not prioritised. For example, the adverse economic situation in a country like Trinidad & Tobago, caused by a decline in oil prices, reduces the priority of EPA implementation. In addition, it is clear that remaining trade barriers limit the opportunities created by the agreement. Overall, the limited perceived economic benefits and protectionist tendencies seem to have further contributed to reduced political priorities. While development co-operation can be able to address part of these constraints (mostly budget and capacity), the analysis has shown that the support provided did not always match with the (absorption) capacity available and could therefore not be used to its full potential. In addition, several projects have had more focus on the regional level, while at the national level constraints remain.

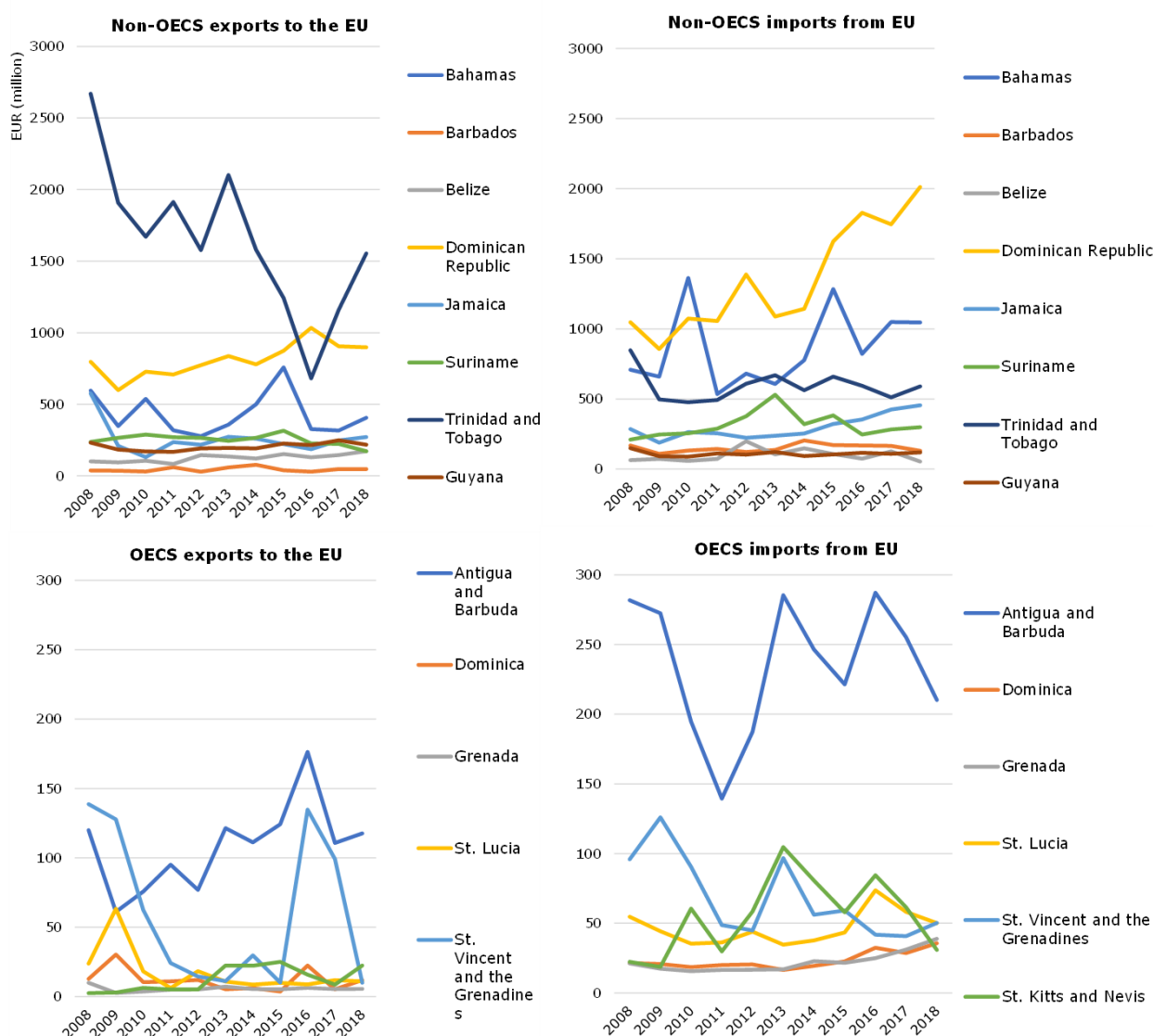
While in some cases implementation seemed to have helped to improve governance (e.g. some countries have improved their performance related to trade facilitation, and trading across borders), to what extent the implementation leads to better economic performance is not easy to assess. First, there are differences between countries on what commitments have been implemented or not. Secondly, economic literature does not provide much information on the benefits of specific provisions of trade agreements, but focus on the impacts of the reduction of all tariff and non-tariff measures as one package. Finally, stakeholders often do not have detailed knowledge of the agreement, and are not able to specify which elements matter most to them. They often pointed to factors not covered by the agreement (e.g. for CARIFORUM countries exporting to the EU this included for example difficulties in obtaining visa, high standards, etc.).

Impacts

The changes in trade and investment between CARIFORUM and the EU are small. Overall levels of trade are only slightly different than those before the implementation of the EPA. EU exports in both trade and goods have increased but CARIFORUM exports are nearly the same as they were in 2007. EU market shares in CARIFORUM trade have decreased over time, both in CARIFORUM imports as in exports, as CARIFORUM trade with the rest of the world has increased at a higher rate. In terms of investment, we observe an increase of EU FDI levels to the CARIFORUM region, but it is not clear to what extent these are productive investments as they are concentrated in the Bahamas and to a lesser extent Barbados.

Despite the limited benefits at aggregate level, there are of course differences between countries and sectors. As Figure 9.1 below shows, the developments of trade in goods varies considerably across countries, and several countries experienced large fluctuations in their exports to the EU. Clearly the decrease in exports from Trinidad & Tobago has a significant influence on the total CARIFORUM exports to the EU, which is to a large extent reflects a decline in fuel exports as world prices dropped. On the other hand, the Dominican Republic has experienced sustained growth in its exports to the EU. Belize and Antigua and Barbuda are other countries which show clear export growth to the EU. In terms of imports from the EU, it is also the Dominican Republic which experienced the highest growth. In services (not included in Figure 9.1), less details are available, but in terms of exports to the EU, the Bahamas and Barbados account for the largest increase.

Figure 9.1 CARIFORUM goods trade with the EU (OECS & non-OECS countries), 2008-2018



Source: Eurostat.

The aggregate figures also hide interesting developments at sectoral levels. CARIFORUM exports appear to have diversified, relying less on mineral fuels and more on food and manufactured items. Growth has been the largest in export of chemicals and related products and food and live animals. Looking more closely at these categories, growth in chemical exports has been driven by growth in organic chemicals from Trinidad and Tobago. Regarding food and live animals, there has been a strong increase in fish and crustaceans (driven by Belize, Jamaica and Suriname), fruits and nuts (driven mostly by the Dominican Republic) and cocoa and cocoa preparations (driven by the Dominican Republic). An analysis of export potential shows that agri-food products that have shown growth in market share in recent years also have potential for further development. This includes traditional products like

sugar and bananas, but also other products like juices (e.g. for Jamaica) or organic produce (e.g. in the Dominican Republic). Some investment promotion agencies in the region also see opportunities for niche, high-value added manufacturing such as medical devices or electronics. Box 18 provides some further examples of export successes in the Dominican Republic and Jamaica.

Box 18 The Dominican Republic and Jamaica: exports growth bolstered by non-traditional products

The Dominican Republic is one of the CARIFORUM countries whose exports to the EU have experience **sustained growth**, increasing from **EUR 797 million in 2008 to EUR 898 million in 2018**, which represents a 13% increase. While significant, this is very much in line with the country's total exports growth for the same period, which grew an even larger 83%. A trade-oriented administration in the early 2000s resulted in the signing of the CAFTA-DR with the US in 2004 and of the EPA with the EU in 2008. As explained by one of the EU Member States Chambers of Commerce in Santo Domingo, it was this **impulse of two simultaneously implemented Free Trade Agreements that helped drive the export-oriented reforms seen in the country over the following decade**. Specifically, stakeholders highlighted improvements in customs proceedings and transparency, as well as the IPR enforcement.

Stakeholders also highlighted a government vision towards **diversification and investment attraction**. The country's numerous Special Economic Zones have diversified and created niche conditions for specific industries, which have slowly replaced the textiles sector in the country. The sectors of **medical and dental apparatus and instruments** have grown and show potential, along with other segments of light manufacturing. **Organic agricultural produce**, of which the country is a top global supplier, is increasingly demanded by European consumers, who are willing to pay a premium for more sustainable products.

It is also important to keep in mind that, while Dominican exports to the EU increased by 13%, EU exports to the country nearly doubled. A similar situation can be seen in Jamaica. Exports from Jamaica to the EU grew steadily after a drop from 2008 to 2009, **rising from EUR 209 million in 2009 to EUR 272 million in 2018**. While the country's exports of its traditional products, such as fish, fruit and vegetables and coffee has continued moderate growth, there is an even stronger growth in some lightly processed products. This includes **preparations of food and beverages and some manufactured items such as medical apparatus and instruments**.

One **non-traditional export product** that grew with an average annual growth rate of 18% over the period, is that of plants or parts of plants used in pharmacy. These products, which include medicinal plants, botanical drug products and raw material, are referred to as nutraceuticals. Nutraceuticals are natural products which historically appear to have health or medical benefits and in the case of Jamaica, include some endemic plants, unique to its regions.

EU demand for this category of products has grown significantly and while Jamaica has increased its market share of EU imports of nutraceuticals over the period, there is potential to keep increasing the absolute value. Importantly, nutraceuticals can also be seen as the building blocks to build up a stronger pharmaceutical sector.

Despite the fact that the aggregate figures hide some interesting country and sector-specific developments, the lack of impact at aggregate level was confirmed in the stakeholder consultations. Before looking at the reasons behind this apparent lack of impact, it should be noted that an analysis of trends alone underestimates the benefits. As the CARIFORUM countries enjoyed preferential market access to the EU before the EPA, the market access situation did not significantly change after the EPA entered into force. However, from methodological perspective, this comparison over time is not entirely correct, as an evaluation ideally compares the situation with EPA and without the EPA. The preferences granted to CARIFORUM by the EU before the EPA were not compatible with the WTO rules, and therefore the counterfactual scenario would be that CARIFORUM would have access based on MFN. Economic modelling performed by DG trade for some countries to compare the situation with and without the EPA shows that both CARIFORUM imports from and exports to the EU would be significantly higher in these countries than without the agreement, with estimated changes in imports and export varying from 8 to 119%, depending on the country. Due to the fact that applied tariffs on EU imports into CARIFORUM countries was not available for all countries this exercise could only be done for four CARIFORUM countries.³⁵⁴

³⁵⁴ Dominican Republic, Jamaica, Grenada and St. Lucia.

To some extent, the limited changes in actual trade and investment flows and the resulting lack of perceived benefits can be explained by structural problems in the CARIFORUM countries (e.g. relatively weak business environments, lack of scale, capacity of SMEs), which makes it difficult for companies to benefit from the EPA. The lack of implementation could be another possible explanation. However, we note that at the same time trade with other partners has increased. An important reason seems to be the distance (geographical but also in other respects) between the EU and CARIFORUM markets. **Business associations and companies indicate that they find it easier to export to nearby markets, and if they invest into exporting, the EU is often not the priority.** The Caribbean diaspora, which can facilitate trade, is nowadays primarily located in the US. Despite all efforts to increase awareness of the EPA, we found that there remains a lack of awareness of the EPA in the business community, in some cases even among companies that had been involved in trade with the EU before the agreement. Moreover, the EU is perceived as a complicated market, with strict technical rules and SPS requirements as well as differences in national regulations. In the consultations, logistics were also highlighted as complicating trade with the EU. Inefficiencies in logistics in the CARIFORUM region (e.g. port handling times, frequency of shipping) often make it cheaper to trade with the EU through the US and some noted that shipping times to the EU have increased over the past decade.

In the absence of strong economic impacts, impacts in other areas (social, human rights, consumers, environmental) also appear to be limited based on our research.

Impact as seen in the case studies

The case studies showcase the different degrees of impact of the EPA at the sectoral level. In the case of **creative and cultural services**, there is a potential, in particular for the music, film and audio-visual industry from the larger CARIFORUM countries. With the Protocol on Cultural Cooperation (PCC) the EPA laid out an ambitious framework, a lack of operationalisation and concrete applications have limited its impact. Furthermore, creative industries face a range of other, more fundamental domestic challenges. While an effort has been made to address these domestic challenges through technical assistance, challenges as well as barriers remain. These difficulties can also be traced to the complexity of creative industries, a complexity that often requires policy instruments targeted at very specific issues or sub-sectors. This includes, for example, co-production agreements as an important consideration for the film and animation industry.

EU investment in the CARIFORUM tourism sector is similar in that the direct impact of the EPA was found to be low. FDI inflows into the region are driven by a large number of factors, with the EPA rarely if ever being among the most decisive ones. While investors do face barriers, these are typically idiosyncratic in nature and are not easily resolved by the high-level regulatory framework provided by the EPA. Furthermore, the level of awareness of the EPA is very low, with even large investors often being unaware of the EPA. There is a strong potential for tourism FDI given the inherent competitive advantages of the region. These advantages vary by country, also because different countries are at different stages of tourism development. This includes the ways in which tourism contributes to sustainable development, for example, by creating linkages with the domestic economy, or through sustainable business practices. However, these opportunities and challenges are not specific to the EPA.

The liberalisation of trade barriers to **EU dairy exports to CARIFORUM**, had a positive impact on EU dairy exports. EU exporters face competition from the US or New Zealand. This competition is particularly intense in the largest market, the Dominican Republic, due to the US-Dominican Republic FTA having more rapidly reduced tariffs and quotas than the EPA. EU exporters also face non-tariff barriers in CARIFORUM countries, related to sanitary requirements or, in the case of the Dominican Republic, the application of VAT on imported vs. domestically produced dairy products. The impact of EU dairy exports on local industries is relatively small, with little evidence that EU exports had any significant impact in the largest market, the Dominican Republic. In other countries imports had an impact, however, imports were one of only many other contributing factors. The impact of the EPA is thus mainly limited to the EU and her exporters, as in the absence of the EPA exporters from the US or New Zealand would likely have filled the gap.

CARIFORUM exports in beverages, on the other hand, have fluctuated since the implementation of the EPA. The sector can be divided into three tiers, such as: large scale companies comfortable with exporting but facing competition from other regions (i.e. established rum brands), medium size companies that are occasionally exporting but still struggle with some technical barriers in the EU market (i.e. some fruit juice producers) and

smaller artisanal or cottage-industry brewers that mostly position their products within gift shops and have trouble appealing to a mass market. Each of these exporters or potential exporters faces their own type of challenges in taking full advantage of the EPA. These key challenges are mainly related to issues such as market intelligence, finding a distributor in the EU or logistics, and are best addressed through technical assistance as well as export promotion efforts by national authorities.

Impact of Brexit

The UK has always been a major trading partner of CARIFORUM due to historical ties: 11 out of the 14 CARIFORUM countries are Member States of the Commonwealth of Nations and the UK is one of the more significant countries with Caribbean diaspora concentration. This translates into significant amounts traded with the UK.

In 2018 the UK ranked third among the EU Member States with the highest value of trade with CARIFORUM and total imports and exports amounting to EUR 1.6 billion. It is important, however, to note that due to the Rotterdam-Antwerp effect, actual trade to the UK may be underestimated, as some trade may be destined for the UK but reported as trade to the Netherlands or Belgium.

The share of CARIFORUM-UK trade has fluctuated between 20% and 10% of total CARIFORUM-EU trade through the time period. The share has decreased after the financial crisis and is now below the pre-EPA level, with the UK accounting for 11% of EU goods exports to CARIFORUM and for 13% of EU goods imports from CARIFORUM.

The importance of the UK varies by CARIFORUM country: in 2018 it was the largest EU export destination for Belize and Saint Lucia and second or third-largest for Barbados, Dominica, Dominican Republic, Grenada, Guyana and Jamaica. It was also the number one EU source of imports for five CARIFORUM countries (Barbados, Dominica, Grenada, Saint Lucia and Trinidad and Tobago) and the second destination for five others (Antigua and Barbuda, Belize, Guyana, Saint Vincent and the Grenadines and Saint Kitts and Nevis). The UK is also important for certain sectors of CARIFORUM exports. Food and live animals, which has been one of the faster growing export sectors in CARIFORUM, has a UK share of 33% in total CARIFORUM goods exports to the EU. This includes products such as bananas, fruits, sugar, fish products, prepared foodstuffs and spirits.³⁵⁵

In summary, the UK is an important Member State in CARIFORUM-EU trade relations, but its share has decreased over the past decade. Given that the EU's share in CARIFORUM trade has also decreased, the UK's share of total CARIFORUM trade with the world is relatively small (below 3%). Therefore, the overall impact of Brexit on the CARIFORUM economies is likely to be modest. In addition, to avoid a potential negative effect, the CARIFORUM and the UK signed a CARIFORUM-UK Economic Partnership Agreement in March 2019 to take effect if and when the UK leaves the EU with no deal. It allows traders in CARIFORUM to trade in the manner they do now, without any additional barriers or tariffs.

It should be noted that there could also be indirect effects, depending on the economic impact of Brexit on the British economy. However, an analysis of these indirect effects goes beyond the scope of this study.

Finally, while the economic impacts may be small, we note that Brexit would reduce the relevance and value of the EU-EPA agreement, as more than 10% of trade is affected by it, and maybe even more if re-exports from the Netherlands and Belgium to the UK are considered as well. Other EU countries that are important for CARIFORUM-EU trade, such as the Netherlands and Spain, import mainly chemical and related materials as well as fuel and lubricants. As such there could therefore be an effect on the level of diversification achieved in CARIFORUM exports to the EU. The reduced relevance of the agreement could also affect the priority for implementation in CARIFORUM countries.

³⁵⁵ The UK's Department for International Trade highlighted the sectors bananas from Saint Lucia, Belize and the Dominican Republic, sugar cane from the Republic of Guyana and Jamaica and rum from Jamaica in its 2019 publication "Continuing the United Kingdom's trade relationship with the CARIFORUM States."

9.2. Key recommendations

Implementation

The evaluation noted various gaps in relation to implementation on the CARIFORUM side. Partially, this lack of implementation seems to be driven by a low political interest for implementation. However, the lack of implementation is also clearly caused by a lack of available resources i.e. budget and internal capacity constraints. Several challenges exist for example in relation to the capacity to administer important regulatory commitments such as competition, intellectual property, public procurement, technical regulations or SPS requirements. While there have been support programmes to help implement the implementation of the agreement during the evaluation period, it is clear that not all countries are able to formulate their needs and therefore, make use of the related support interventions.

While on the EU side, the evaluation did not note any major gaps in implementation, there are trade irritants that can limit the opportunities for CARIFORUM business stemming from the agreement. These relate to, for example, high standards, or changing standards, difficulties in acquiring visa which hinders market access, amongst others.

Two cross-cutting issues related to implementation were identified to be key issues for both sides. These include the lack of a monitoring mechanism and lack of transparency. While there have been efforts to set up a monitoring mechanism, after ten years this was still not in place. With respect to transparency, it is clear that it is difficult to find information on the relevant rules and regulations, and on the CARIFORUM side also on tariffs. In addition, contacts of relevant authorities or other information providers do either not exist or are difficult to find.

In terms of institutional coordination, joint institutions have been created along with specific committees, which meet on a regular basis. However, based on consultations, it appears that there are frustrations around the quality, depth, diversity and effectiveness of the dialogues. This concerns both the formal dialogue in the Joint Institutions, and the informal dialogue through informal meetings. The existing dialogue within the EPA institutions is not detailed enough to address complex TBT, SPS or professional qualification issues and existing capacity gaps

These findings lead to the following recommendations:

R1. Based on the gap identified in this evaluation, *CARIFORUM countries* can define the areas in which they need support for implementation of the EPA. Starting the analysis from a national level, *the CARIFORUM Directorate* can group the **identified needs at regional level** to identify key common needs across the member states. This could be developed through a set of engagement sessions to build consensus among member states around (i) identifying key areas of need (ii) specifying the type of support along with required resources (iii) commitment and realistic timeline required to implement these areas.

R2. While the results of this evaluation may help to identify the *CARIFORUM countries'* needs, it is also clear from past experience that some countries require support in identifying key bottlenecks in implementation, for example, in the capacity of relevant agencies. Based on the above prioritisation exercise, it is recommended that the **capacity of related agencies is assessed** (from the perspective of human resource and organizational capacity) so that the actions and interventions are in light of the absorption capacity of the agencies. For example, while SPS related standards have been introduced, a next step could focus on a selection of agencies that require additional support structures to implement the commitments.

R3. We suggest *the EU and CARIFORUM Directorate* to accelerate the preparations for and adoption of a **proper monitoring mechanism for the implementation of the EPA**, to keep track of the progress made. After ten years, this mechanism is not yet in place, although there are currently steps made on this. This mechanism should define a clear process for monitoring, with clear instructions on the type of information (indicators), the format, the frequency and the responsibilities of different actors in the collection process. Next to market access and regulatory commitments, it could also cover development co-operation to increase accountability in this area, although the monitoring of development could also take place separately.

R4. We recommend *the EU and its Member States and CARIFORUM countries* to advance on the **implementation of transparency obligations under the EPA**. It would help to increase the

benefits of the agreement, since business stakeholders on both sides struggle with finding the relevant information for trading with the other party. This could be in the form of a dedicated website in each EPA country, containing links in a single page giving access to all relevant information for traders and investors in at least English, French, and Spanish, in addition to the national languages of the countries concerned.

R5. *On both the EU and CARIFORUM side we would recommend to develop **capacity for better political and technical dialogue, at all levels.*** This relates to the identification of key areas, the preparation for dialogues, the depth of dialogues and follow-up activities. As seen around the world, dialogues are complex, and it is critical that each party has a strong understanding of public diplomacy and political economies, as to better integrate the interests, realities, and the business and popular demands of the other parties into these dialogues. In addition, the use of policy briefs, technical notes, and clarity on specific areas can ease the nature of the dialogues. Defining common objectives of these dialogues as well as related actions and responsibilities can also help to make the dialogues more solution-oriented.

Development co-operation

One of the key challenges in relation to assessing development co-operation is that there is no clear metric against which the obligation of development co-operation in the EPA can be measured. In addition, the EPA does not incorporate any financial targets or outcome targets (other than the more impact-related objectives of the agreement). This is coupled with a lack of a clear overview of the support provided as part of EPA.

For some of the projects and programmes assessed, we identified the lack of a clear theory of change, and appropriate performance indicators (e.g. outcomes were defined as output level), making it difficult to assess the impact in a logical manner i.e. review of activities which contribute to outputs, outcomes and finally, impact. In a number of cases outlined in the analysis, project design was often ambitious reflecting ambitious targets and sometimes, not connected to the absorption capacities of the relevant agencies to either respond to the intended interventions or achieve the intended results. Finally, while all projects assessed had completed activities, there was no activities or interventions linked to exit strategies or sustainability of the efforts.

Based on the above findings, the following is recommended:

R6. *The EU and CARIFORUM should develop **a joint understanding on development co-operation obligations under the EPA and corresponding metrics*** that can measure the degree to which these obligations have been honoured. This will support expectation management on development co-operation from both sides as well as its appropriate monitoring. Such metrics/indicators should be firstly, be linked in the broader level i.e. linked explicitly to the Development Cooperation goals and how the programme interventions align with the goals. Secondly, the metrics could be linked to programme level. To facilitate the subsequent monitoring, all support provided by the EU and its Member States should be clearly labelled as being part of EPA or not.

R7. *The EU should provide more attention to the **design of the interventions.*** This includes firstly, setting realistic targets and objectives based on the absorption capacity of the related agencies, countries or groups. As outlined in the analysis of development cooperation projects, often projects and programmes had set ambitious targets, which did not necessarily align with the context and the absorption capacity of the related agencies to realise these outcomes. Therefore, project designs should consider carrying out diagnostic assessments especially when targeted towards specific institutions or support to organizations (calls for proposals for various types of organizations) in order to better understand the absorption capacities and best modalities for interventions (e.g. simplified procedures to develop proposals, hands on advisory support to carry out complex activities, amongst others). In addition, the design of the projects should also place sufficient attention to communication and visibility which are critical for effective stakeholder engagement, awareness, outreach and therefore, enable effectiveness of EPA related interventions. The design of the interventions should also include a sustainability/exit strategy from the start.

R8. *Linked to the above, project designs should consider **a stronger theory of change and intervention logic in line with the objectives.*** This would provide clarity in intervention logic for the related interventions (how activities clearly link to specific outputs, outcomes and impact) and allow for effective monitoring and learning of the impact and outcomes. These

theories of change in the interventions, should consider of underlying assumptions (refer to the intervention logic for this evaluation). These underlying assumptions need to be made explicit, to ensure that the project is tailored to the context (e.g. considering of the business enabling environment or the absorption capacity of a specific agency or groups).

Economic and sustainability impact

While the limited impact of the agreement is to some extent related to the lack of implementation of the agreement, the evaluation suggests that other factors that hinder impact may be more important. These mainly relate to the contextual and structural challenges that CARIFORUM countries face. They concern notably the size of the markets and the characteristics of the business environment. For example, majority of the SMEs across the CF member states face several business enabling environment challenges such as access to markets, finance, logistics, low production capacities and the need to source inputs from abroad, which impact private sector competitiveness. Even though there has been some improvement in the business environment, these have been limited to only three of the fourteen countries. In addition, the closer connections to large and nearby markets (notably the US) make the EU relatively less attractive as a trade partner.

With respect to sustainability and human rights, the main channels through which the EPA affects these impact areas are (development) co-operation and indirect impacts stemming from the economic impact of the EPA. In this evaluation, we have not found indications of a significant impact related to sustainability and human rights.

Based on these findings, we have the following recommendations:

R9. Both the *CARIFORUM countries* (through their national/regional policies) and *the EU* (through co-operation) should put **more emphasis on addressing the structural challenges** faced by the CARIFORUM countries. While some constraints cannot be solved (e.g. size and location), there are areas in which Improvements are possible. This concerns for example, programmes and interventions which focus on improving the business environment by addressing (i) regulatory barriers in doing business in sectors that show export potential (ii) Investment climate issues that hinder growth and transformation of businesses. Also stimulating co-operation in the region to address these constraints to create more scale and efficiency. This could involve co-operation in the private sector (for example through organising B2B activities) or co-operation on specific constraints (e.g. joint investments in the field of transport/logistics).

R10. Related to Recommendation R9, *CARIFORUM countries* should **enhance regional integration** between them. This includes further implementation of the Caribbean Single Market and Economy (CSME) and implementation of the regional preference clause contained in Article 238 EPA. This will not only help to create scale, but also create a level-playing field in the region. This will make the region also more attractive for EU business (as well as for business from other countries).

R11. With respect to promoting the private sector, we recommend *CARIFORUM countries* (through their national/regional policies) and *the EU* (through co-operation) to take a **more focused approach when it concerns private sector support**. Support should focus on those sectors and companies where success in terms of trade with the EU is more likely. This can be linked to the export potential of certain sectors to the EU, but also the level of export readiness of specific companies. It is important to have some visible success from EPA (success stories) to attract interest from a broader group of companies. For smaller or less competitive companies, exporting to the EU might be too ambitious and intermediate steps should be considered, taking a development perspective instead of a trade perspective (e.g. focusing on sales in the domestic or nearby markets). As noted under development co-operation, sustainability of the interventions is important to consider and requires an integrated approach, avoiding one-off activities, and considering/addressing business environment challenges.

R12. With respect to sustainability and human rights-related impacts, we recommend *the EU and CARIFORUM* to **make the objectives and activities linked to these areas as part of the EPA more transparent**. Clear indicators should be developed for this and monitored, in relation to trade and investment with the EU.

Sectoral impacts

The impact of the EPA is felt strongly but unevenly at the sectoral level. Given the small size of most CARIFORUM countries, exports as well as future export opportunities are often concentrated in specific sectors. These sectors are often unique in their needs, a fact the EPA acknowledged by including sectoral disciplines. This also leads to sector-specific recommendations, as follows.

R13. Creative Industries. To inform evidence-based policymaking the availability of data on creative industries should be improved, for example by creating satellite accounts or making available aggregated data from business surveys. To formalize and professionalize the sector, as well as to address an existing financing gap, the sector should be included in the upcoming programming period by referring to the sector in the NIP and CRIP, thereby facilitating the provision of TA. Given limited awareness about business opportunities and the specific provision of the EPA, awareness raising activities involving business and trade promotion organisations are recommended. Furthermore, *CARIFORUM Member state agencies* and *EU Member State agencies* should consider twinning and matching local creative business with EU creative business mutually beneficial way as well as to provide some support to entering the EU with fewer procedures, visa and financial requirements. Lastly, and specifically to the music industry feasibility studies should explore the potential for the industry to integrate into specific international music value chains, such as for example music for advertisement, sound mixing, among others.

R14. Beverage industry. Building on the success of the Rum Programme, the already developed ACR Marque should be merged with further marketing efforts. Further marketing efforts should also include smaller, independent distilleries, and provide them assistance through, for example, trade fairs and in business match-making. *CEDA and national export agencies* should differentiate between products that appeal to European customers in their home country versus those that are more attractive as souvenir or for consumption “on the ground” when visiting. With regards to the latter links with the tourism industry should be created, to ensure hotels and agencies are showcasing national liquors and beverages. Despite existing efforts, exporters are often still uncertain about EU market requirements, such as SPS requirements, or labelling or packaging standards. *CARIFORUM* should raise awareness by publishing more easy-to-read guide that are product specific. Furthermore, training must be provided on a consistent basis, rather than on one-off cases.

R15. Tourism FDI. More regional coordination and cooperation is needed, to provide coherent branding across all countries of the region. Awareness of tourism opportunities in some, hitherto underexplored, countries should be raised among potential EU investors. *The private sector*, and particularly banks, should be encouraged to take an active role of participating in attracting investment and, importantly, accompanying them throughout the process of making their investment on the ground. *CARIFORUM national governments* and the private sector should facilitate linkages between hotel chains and local suppliers, such as for example partnership between hotel operators and rum producers, or hotel chains and tour operators in other parts of the country or region. Also of relevance for FDI in sectors other than tourism, *CARIFORUM and the EU* should strengthen their dialogue on investment barriers in tourism, but also in other sectors. With the EPA providing already a high-level regulatory framework, this dialogue needs to be focused on the concrete issues faced by specific investors. For the EU to operate effectively it requires a stronger collaboration with member states embassies and chambers of commerce.

R16. Dairy imports. The *EU* should closely monitor existing non-tariff barriers such as the discriminatory application of VAT, and work on reducing these barriers in dialogue with *CARIFORUM* and national governments. To this end it is important that the *EU* works closely with member states’ embassies and Chambers of Commerce. The *EU* should also provide technical assistance to support the local dairy and dairy processing industry in upgrading production and productivity. However, given the inherent comparative advantage of *EU* producers, mostly due to climatic conditions, this support should also carefully consider alternatives. In particular shifting agricultural production into areas more aligned with *CARIFORUM*’s comparative advantages, or focusing on dairy processing, relying on imported dairy inputs.

ANNEX A THE CARIFORUM-EU EPA

This Annex summarises the main elements of the agreement. The full text of the agreement is available at:

<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:289:0003:1955:EN:PDF>

a) Objectives of the EPA

The stated objectives of the CARIFORUM-EU EPA are (1) the reduction and eventual eradication of poverty; (2) the promotion of regional economic integration and cooperation; (3) the strengthening of the region's integration in the world economy; (4) the improvement of the region's capacities in terms of trade policy and trade-related issues; (5) the establishment and implementation of an effective, predictable and transparent regulatory framework for trade and investment in the region, (6) the improvement of the role of the private-sector; and (7) the reinforcement of the relations between the Parties (the CARIFORUM countries concerned and the EU Member States) on the basis of solidarity and mutual interest.

The European Commission reiterated several times during the negotiations that the EPA agreement is focused on the development of the CARIFORUM countries, and is based on the two main pillars of regional integration and economic and institutional cooperation.

b) Progressive elimination of Customs Duties

The EPA provides for immediate duty free, quota free access of products originating in the CARIFORUM States exported to the EU including, as from 1st January 2010. This excludes products of Chapter 93 (Arms and Ammunition). For sugar and rice, which are considered in the EU as sensitive products, a longer period for the phasing out of tariffs had been provided and have since expired.

Cariforum States committed to gradually eliminate customs duties on their exports and imports, in various phases. Pursuant to Article 16.3 of the EPA, for a period of ten years following the signature of the Agreement, the CARIFORUM States could continue to apply customs duties other than those listed in Annex III to any imports originating in the EU under two conditions: that these duties were applicable to the product on the date of signature of the Agreement and were imposed on the like product imported from all other countries. Pursuant to Article 16.4 of the EPA, the CARIFORUM States were not required to begin a phased elimination of customs duties other than those listed in Annex III in the seven years after the signature of the Agreement (until 2015). The process of liberalisation will take place over a period of 25 years.

At the end of the progressive liberalization, the percentage of tariff lines of the CARIFORUM countries for which customs duties will be authorized should vary between 8.6 % (Dominican Republic) and 13.5 % (Antigua and Barbuda, Grenada and Saint Vincent and the Grenadines).³⁵⁶

The tables below show the tariff liberalization schedule of the CARIFORUM countries. Each following year indicates the additional percentage of tariff liberalized. The "MFN" indicates the percentage of country's tariff lines on an applied duty free rate between 2009 and 2011 (depending on the country and data availability).

Duty phase-out period	% of total lines in tariff schedule						
	Antigua and Barbuda	Bahamas	Barbados	Belize	Dominica	Dominican Republic	Grenada
MFN	5.3 ³⁵⁷	11.2	5.6 ³⁵⁸	10.0	6.0 ³⁵⁹	53.5	5.5

³⁵⁶ WTO, Committee on Regional Trade Agreements, Report by the Secretariat, "Factual Presentation – Economic Partnership Agreement between the Cariforum States and the European Union (Goods and Services)", WT/REG255/1, 31 May 2018.

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Duty phase-out period	% of total lines in tariff schedule						
	Antigua and Barbuda	Bahamas	Barbados	Belize	Dominica	Dominican Republic	Grenada
2009	4.5	3.7	57.6	0.0	16.4	12.6	0.1
2013	10.9	11.4	0.5	9.1	1.3	1.5	11.6
2018	35.8	37.1	1.5	38.6	34.6	8.1	39.2
2023	24.0	20.6	18.8	23.2	23.5	0.0	24.1
2028	3.6	3.2	2.7	3.2	3.2	0.1	3.6
2033	2.4	2.1	1.9	2.4	2.4	10.9	2.4
Percentage of tariff lines for which a duty is authorized at the end of the period	13.5	10.8	11.3	13.4	12.5	0.2	13.5

Duty phase-out period	% of total lines in tariff schedule						
	Guyana	Jamaica	Saint Kitts and Nevis	St. Lucia	St. Vincent and the Grenadines	Suriname	Trinidad and Tobago
MFN	9.3	60.2 ³⁶⁰	5.6 ³⁶¹	39.3 ³⁶²	8.5 ³⁶³	5.1 ³⁶⁴	61.5 ³⁶⁵
2009	42.7	1.1	17.5	6.3	0.0	5.6	0.2
2013	1.7	0.3	4.3	0.2	9.6	11.1	0.3
2018	8.5	2.4	30.5	18.5	38.6	36.2	2.0
2023	19.1	19.3	23.3	20.0	24.0	23.2	19.2
2028	3.1	2.8	3.3	2.6	3.3	3.2	2.8
2033	2.3	1.9	2.2	2.0	2.4	2.4	1.9
Percentage of tariff lines for which a duty is authorized at the end of the period	13.4	12.0	13.4	11.1	13.5	13.3	12.1

The time of the schedule as well as the level of the customs duties specified in Annex III may be modified under some conditions.³⁶⁶

At the end of the process, the number of the remaining dutiable tariff lines range between 604 (Dominican Republic) and 870 (Grenada). The average final dutiable tariffs range between 20 % (Dominican Republic) and 31.6 % (Bahamas).³⁶⁷

The CARIFORUM States excluded from the liberalisation commitments so-called sensitive products up to 13.1% of the value of their imports, thus collectively liberalising their trade with the EU for at least 86.9% of it. The main sensitive products excluded from tariff liberalization on

³⁵⁷ 2010 MFN figure.

³⁵⁸ 2010 MFN figure.

³⁵⁹ 2010 MFN figure.

³⁶⁰ 2007/2008 MNF figure.

³⁶¹ 2010 MFN figure.

³⁶² 2007/2008 MFN figure.

³⁶³ 2007/2008 MFN figure.

³⁶⁴ 2011 MFN figure.

³⁶⁵ 2007/2008 MFN figure.

³⁶⁶ Articles 16.6 and 17 of the Agreement. The level of the duties may be modified only in case of several countries: Antigua and Barbuda, Grenada, Dominica, Guyana, Saint Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

³⁶⁷ WTO, Committee on Regional Trade Agreements, Report by the Secretariat, "Factual Presentation – Economic Partnership Agreement between the Cariforum States and the European Union (Goods and Services)", WT/REG255/1, 31 May 2018.

the Caribbean side are in the sectors of spirits, alcoholic beverages, agricultural and processed agricultural products; chemicals, furniture and some other industrial products.

Groups of sensitive products excluded from liberalisation commitments are indicated in the table below. It must be noted that HS CHAPTER 93 (arms and ammunition; parts and accessories thereof) is out of the scope of the Agreement. Details of this list at 6 digits level are included in the Appendix to Annex 4 of the Implementation Report. A comprehensive summary of tariff liberalisation commitments of CARIFORUM States is provided in a Factual Report of the WTO Secretariat on the EPA between the Cariforum States and the European Union, to which reference is hereby made.³⁶⁸

HS code 2-digit	Description
01	LIVE ANIMALS
02	MEAT AND EDIBLE MEAT OFFAL
03	FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES
04	DAIRY PRODUCE; BIRDS' EGGS; NATURAL HONEY; EDIBLE PRODUCTS OF ANIMAL ORIGIN, NOT ELSEWHERE SPECIFIED OR INCLUDED
07	EDIBLE VEGETABLES AND CERTAIN ROOTS AND TUBERS
08	EDIBLE FRUIT AND NUTS; PEEL OF CITRUS FRUITS OR MELONS
09	COFFEE, TEA, MATÁ AND SPICES
10	CEREALS
15	ANIMAL OR VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PREPARED EDIBLE FATS; ANIMAL OR VEGETABLE WAXES
16	PREPARATIONS OF MEAT, OF FISH OR OF CRUSTACEANS, MOLLUSCS OR OTHER AQUATIC INVERTEBRATES
17	SUGARS AND SUGAR CONFECTIONERY
18	COCOA AND COCOA PREPARATIONS
19	PREPARATIONS OF CEREALS, FLOUR, STARCH OR MILK; PASTRYCOOKS' PRODUCTS
20	PREPARATIONS OF VEGETABLES, FRUIT, NUTS OR OTHER PARTS OF PLANTS
21	MISCELLANEOUS EDIBLE PREPARATIONS
22	BEVERAGES, SPIRITS AND VINEGAR
23	RESIDUES AND WASTE FROM THE FOOD INDUSTRIES; PREPARED ANIMAL FODDER
24	TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES
28	INORGANIC CHEMICALS; ORGANIC OR INORGANIC COMPOUNDS OF PRECIOUS METALS, OF RARE-EARTH METALS, OF RADIOACTIVE ELEMENTS OR OF ISOTOPES
29	ORGANIC CHEMICALS
30	PHARMACEUTICAL PRODUCTS
32	TANNING OR DYEING EXTRACTS; TANNINS AND THEIR DERIVATIVES; DYES, PIGMENTS AND OTHER COLOURING MATTER; PAINTS AND VARNISHES; PUTTY AND OTHER MASTICS; INKS
33	ESSENTIAL OILS AND RESINOIDS; PERFUMERY, COSMETIC OR TOILET PREPARATIONS
34	SOAP, ORGANIC SURFACE-ACTIVE AGENTS, WASHING PREPARATIONS, LUBRICATING PREPARATIONS, ARTIFICIAL WAXES, PREPARED WAXES, POLISHING OR SCOURING PREPARATIONS, CANDLES AND SIMILAR ARTICLES, MODELLING PASTES, 'DENTAL WAXES' AND DENTAL PREPARATIONS WITH A BASIS OF PLASTER
36	EXPLOSIVES; PYROTECHNIC PRODUCTS; MATCHES; PYROPHORIC ALLOYS; CERTAIN COMBUSTIBLE PREPARATIONS
38	MISCELLANEOUS CHEMICAL PRODUCTS
39	PLASTICS AND ARTICLES THEREOF
40	RUBBER AND ARTICLES THEREOF
44	WOOD AND ARTICLES OF WOOD; WOOD CHARCOAL
46	MANUFACTURES OF STRAW, OF ESPARTO OR OF OTHER PLAITING MATERIALS; BASKETWARE AND WICKERWORK
48	PAPER AND PAPERBOARD; ARTICLES OF PAPER PULP, OF PAPER OR OF PAPERBOARD
56	WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF

³⁶⁸ WTO, Committee on Regional Trade Agreements, Report by the Secretariat, "Factual Presentation – Economic Partnership Agreement between the Cariforum States and the European Union (Goods and Services)", WT/REG255/1, 31 May 2018, pages 21 and following.

HS code 2-digit	Description
61	ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED
62	ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED
63	OTHER MADE-UP TEXTILE ARTICLES; SETS; WORN CLOTHING AND WORN TEXTILE ARTICLES; RAGS
69	CERAMIC PRODUCTS
71	NATURAL OR CULTURED PEARLS, PRECIOUS OR SEMI-PRECIOUS STONES, PRECIOUS METALS, METALS CLAD WITH PRECIOUS METAL, AND ARTICLES THEREOF; IMITATION JEWELLERY; COIN
72	IRON AND STEEL
73	ARTICLES OF IRON OR STEEL
76	ALUMINIUM AND ARTICLES THEREOF
84	NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF
85	ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS AND ACCESSORIES OF SUCH ARTICLES
94	FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHINGS; LAMPS AND LIGHTING FITTINGS, NOT ELSEWHERE SPECIFIED OR INCLUDED; ILLUMINATED SIGNS, ILLUMINATED NAME-PLATES AND THE LIKE; PREFABRICATED BUILDINGS
96	MISCELLANEOUS MANUFACTURED ARTICLES

The total amount of trade flows (imports and exports) which will be liberalized between the CARIFORUM and EU by the end of the transition period (2033) will be 92%. The parties believe this is sufficient to meet the requirements of Article XXIV of the GATT, which accepts a deviation from the most favoured nation principle for free trade agreements to the extent they cover “substantially all trade” among the parties.

The EPA also requires the elimination of duties and charges, which were applied in a discriminatory manner at the signature of the agreement, over ten years, with full application over seven years and removal in the succeeding three years. These duties and charges now must be entirely removed. All other taxes (for example, value added tax) which are applied equally on imports and domestic production may continue to be applied and be autonomously determined.

Another feature of the EPA is that it provides for the most favourable treatment among the parties, i.e. the immediate extension to them of the higher benefits that one or several parties may grant to third parties through separate free trade or cooperation agreements. The MFN clause is tempered in favour of the CARIFORUM States: it applies with respect to the more favourable treatment they would grant to “any major trading economy” only. Furthermore, the Clause does not include the preferential treatment Caribbean countries are granting and will grant to each other in the context of their regional integration.

The EPA also provides for the total prohibition of export duties, with immediate effect on EU side, and progressively, on the CARIFORUM side, on the basis of a schedule annexed to the Agreements.

Finally, in the event that tariff liberalisation causes significant difficulty to a CARIFORUM State, the tariff liberalisation schedule may be modified provided that the date for tariff elimination is maintained and the level of liberalised trade is achieved. Moreover, safeguard measures may be applied in the event that trade liberalisation leads to large unexpected import surges (see below on trade defence measures).

c) Rules of origin

Only goods which meet the rules of origin will benefit from EPA preferential market access. Rules of origin determine the origin of imported goods.

The determination of the origin of a product is easy when it is wholly obtained in one country: the product originates in that country. This determination becomes more complicated when the products are made of parts and components manufactured in more than one country or when

they are subject to various processing operations in several countries, including the importing country itself. This situation is not so uncommon in CARIFORUM countries, considering the multiplication of transnational operations on certain specific products such as consumer appliances, textiles and clothing or food. The typical rule of origin is: when a product is made of parts or components originating in different countries, it acquires the origin of the country where it underwent its last **substantial transformation**. Three tests may be applied to determine which is the country of the last substantial transformation: a change in tariff classification, i.e. the finished product acquires the origin of the country where it acquires its final tariff classification³⁶⁹, a value added test, i.e. the finished product acquires the origin of the country where a certain percentage of its value is obtained³⁷⁰, and a specified working or processing i.e. the finished good acquires the origin of the country where such specified working or processing, defined in advance, takes place³⁷¹.

Under the Cotonou Agreement, the European Commission could apply "preferential" rules of origin with respect to imports from CARIFORUM countries, rendering in practice a determination of CARIFORUM origin for these imports more difficult than under the regular rules of origin³⁷². The Cotonou agreements, however, provided for **diagonal cumulation**, i.e. all elements obtained in an ACP State could be taken into consideration for the acquisition of the preferential origin, even if they were obtained in more than one country. Cumulation presents the advantage that it fosters intra-regional trade and regional sourcing for inputs. This may provide interesting opportunities for cross-regional synergies in a number of sectors.

Under the rules of origin in the CARIFORUM-EU EPA it is easier for certain goods from CARIFORUM to qualify for preferential treatment under the EPA than under the Cotonou Agreement. The goods concerned are particularly flour, biscuits and other bakery products; jams and jellies; chocolate confectionery; juices and drinks; garments, of both knit and non-knit fabric; and air conditioning units. The rules of origin are contained in Protocol I of the EPA and the same rules of origin apply to trade in both directions - from the EU to CARIFORUM and from CARIFORUM to the EU. The List in Annex II of Protocol I specify the necessary working or processing which must be carried out on non-originating materials if the final product is to be considered as originating.

Finally, in relation to **cumulation**, this is possible across the CARIFORUM, with the European Community, with the other ACP States, with the OCTs, with South Africa and even with non-CARIFORUM neighbouring developing countries under certain conditions. The products originating in the countries that are not parties to the agreement may participate to cumulation only if, firstly, the rules of origin applicable to them are identical to those provided in the agreement and, secondly, all the countries participating in the scheme concluded an agreement on administrative cooperation with the EU and between themselves.

d) Trade Defence Instruments

The EU - CARIFORUM EPA regulates the adoption of *anti-dumping or countervailing measures* in accordance with the relevant WTO Agreements. It enables the parties to adopt such measures as and when necessary. It also enables the parties to apply multilateral safeguard measures in accordance with the relevant WTO rules. Consistently with the WTO, the EU may exclude the CARIFORUM States from the scope of the application of its multilateral safeguard measures. The application of this exclusion was to be reviewed 5 years after the entry into force of the Agreement.

Furthermore, all parties maintain the possibility to impose bilateral safeguard measures in relation to the benefits granted to each other under the agreement (1) should serious injury to the domestic industry producing like or directly competitive products occurs; or (2) should there

³⁶⁹ This test presents the advantage of simplicity, but does not always distinguish complex transformations from lighter ones. It may discourage value added operations abroad or in countries which are not tied by a preferential trade agreement.

³⁷⁰ This test, while it is subtler than the change in tariff classification, is also more difficult to implement, since it requires an objective and independent assessment of the value of the raw material and of the processing carried out on it. Such test, like the change in tariff classification, may discourage outward processing of complex operations in countries not parties to a preferential trade agreement.

³⁷¹ This test is from far the more precise, but cannot be implemented in a general way. It is typically applied to a limited number of commodities representing important commercial interests.

³⁷² Article 7 of the Cotonou Agreement. See Article 174 of the Fourth CARIFORUM-EC Convention.

be disturbances in a sector of the economy, or (3) disturbances in the markets of like or directly competitive agricultural products or in the mechanisms regulating those markets. The idea is to enable a party to protect itself when difficulties cause major social problems, or serious economic difficulties for the importing party. This is an important element of flexibility for the CARIFORUM States. The bilateral safeguard measures are of course limited to the level of the WTO bound duty rate for the products concerned.

The agreement provides also for specific safeguard measures in favour of the outermost regions, considering the vulnerability of these regions underlined in article 349 of the TFEU.

e) Non-tariff measures and technical barriers to trade

The EU - CARIFORUM EPA emphasizes the importance of the prohibition of quantitative restrictions and measures having equivalent effect. This is without prejudice to the parties' capacity to implement technical regulations, standards and SPS measures which are necessary to protect human health or life, natural resources, public morality, etc.

The EPA provides for the principle of **National Treatment (NT)** under which imports are treated in exactly the same manner as like goods produced domestically, not only in terms of taxation but also in terms of access to channels of distribution and sale.

The provisions pertaining to **Technical Barriers to Trade in the EPA** provide that parties must inform each other of proposals for technical regulations and standards that are especially relevant to trade between them. There are also commitments to inform and consult each other on specific issues as they arise, inform on the preclusion of imports for reasons of safety and the environment; and identify priority products in order to collaborate so that these products meet requirements for access to each other's markets. A key feature of this chapter is its regional dimension and the cooperation between national and relevant regional authorities. Finally, the EPA also includes a commitment to cooperate in international standard setting bodies, facilitating the participation of CARIFORUM countries' representatives in their meetings. As usual in this type of trade Agreement, the definitions used are based on the WTO TBT Agreement.

The chapter on **Sanitary and Phytosanitary** measures tends to be focused on: (a) the designation of competent authorities on SPS measures by both parties and the creation of a regional body to represent the CARIFORUM Competent Authorities; (b) collaboration and integration in the region aimed at establishing harmonised SPS measures; (c) abidance by multilateral obligations (WTO SPS Agreement, International Plant Protection Convention (IPPC), the CODEX Alimentarius, and the World Organization for Animal Health (OIE)); and (d) transparency provisions.

f) Customs and Trade Facilitation

Customs law and procedures provide for the rules and procedures specifying the conditions upon which customs duties are due. Customs facilitation addresses all measures aimed at reducing trade transaction costs related with the passage of borders. The EPA acknowledges the importance of customs and trade facilitation in trade. It provides for enhanced cooperation among the parties for the:

- a) exchange of information concerning customs legislation, regulations and procedures;
- b) cooperation to combat irregularities and fraud in customs and related matters;
- c) development of joint initiatives to improve import, export and transit procedures; and
- d) cooperation in the relevant international organizations such as the WTO and the World Customs Organization (WCO).

Several measures are proposed which aim to simplify and harmonise procedures, provide for publication (including by way of the internet) of customs laws and procedures and standardise forms and data used by customs. The provisions of the WTO Agreement on Customs Valuation are incorporated by reference in the EPA.

The parties also agree that in case of "*failure to provide administrative cooperation and/or of irregularities or fraud*", the benefits of the preferential treatment can be suspended towards the failing party. This provision is of course essential to discourage circumvention of rules of origin or of trade remedies.

Furthermore, there is a general recognition that joint efforts and initiatives must be conducted to foster regional harmonisation of customs laws and procedures within the CARIFORUM States.

The EPA contains a rather detailed Protocol on Mutual Administrative Assistance in Customs Matters (Protocol II).

g) Special treatment for agriculture and fisheries products

The CARIFORUM-EU agreement provides that no party may introduce any new subsidy programme, or increase any existing subsidy that is contingent on export, in relation to *agricultural* products. Furthermore, the EU commits to phase out all existing export subsidies in relation to agricultural products for which the CARIFORUM States concerned have committed to the elimination of customs duties.

In the EPA special treatment is granted to fisheries, living marine resources and agriculture. Indeed, the Parties "*acknowledge the economic and social importance*" of activities relating to these sectors and of the utilisation of the natural resources in the CARIFORUM States. A higher level of tolerance, therefore, can be granted in favour of domestic measures aiming at ensuring food security, employment, poverty alleviation, foreign exchange earnings, effective conservation of resources and social stability of local communities.

Furthermore, special safeguard provisions are available when "*availability of, or access to, foodstuffs or other products essential to ensure food security of a Signatory [CARIFORUM] State*" is problematic and when "*this situation gives rise or is likely to give rise to major difficulties for such a State*".

Finally, the agreement provides for specific measures in favour of the outermost regions for what is related to elimination of duties on products of tariff heading 08030019 (bananas) and 1701 (sugar).

h) Services, investment and capital movement

The CARIFORUM-EU EPA contains a chapter pertaining to services trade liberalisation, investment and capital movement. The provisions of the chapter are based on the rules of the General Agreement on Trade in Services (GATS), but go beyond the commitments made at the WTO.

The services chapter of the EPA is characterized by the principle that extensive market access for CARIFORUM countries is granted into the EU, while the CARIFORUM countries will open their markets gradually and progressively, with transition periods and safeguards. EU commitments cover on the whole 94 % of its services sectors. The extent of CARIFORUM countries' commitments is on average 75% of the services sectors. Liberalization commitments are specified for each party, service sector and mode of supply in a schedule of commitments.

The EU has opened more than 90% of the services sectors. The sectors for which the EU has taken commitments include: business services, communications, construction, distribution, environmental, financial, transport, tourism and recreation. Commitments are taken for the four modes of supply.

Market access and national treatment commitments of CARIFORUM States in the four modes of supply of services are contained in Annex IV f of the EPA. In general, CARIFORUM states have liberalized in the EPA the following sectors: business services (accounting, architecture, engineering, etc.), computer and related services, research and development, environmental services, management consultancy, maritime transport, entertainment, tourism. Some of the commitments are to be phased in over time in some countries.

HORIZONTAL COMMITMENTS

All CARIFORUM States retains the right to reserve national treatment in subsidies and grants. The remaining horizontal commitments are listed by country in Annex IV E. They consist mostly of mode 3 restrictions on incorporation or criteria applying to establishment. The CARIFORUM States' horizontal commitments on mode 4 include key personnel (business visitors, managers and specialists) and graduate trainees not available locally. Commitments on Contractual Services Suppliers (CSS) and Independent Professionals (IP) are generally subject to an economic needs test and apply to country-specific sub-sectors.

Sector-specific commitments: modes 1-3

The table below shows the number of sectors of the Services Sectoral Classification List covered by CARIFORUM countries commitments. There are 11 sectors based on the classification list.

Country	Number of sectors covered in the EPA
Antigua and Barbuda	10
Bahamas	11
Barbados	10
Belize	11
Dominica	10
Dominican Republic	11
Grenada	10
Guyana	11
Jamaica	10
Saint Kitts and Nevis	9
Saint Lucia	10
St Vincent and the Grenadines	9
Suriname	11
Trinidad and Tobago	

Overall, each CARIFORUM country has significantly extended the sector coverage and the level of commitments under the EPA as compared to GATS.

Each party maintains the right to regulate its market and the Agreement provides for **regulatory cooperation** in several sectors, including tourism, maritime transport, finance and telecommunications, on the basis of agreed regulatory principles. One of the most positive negotiated outcomes of the Agreement in the eyes of the CARIFORUM States is the inclusion by the EU of several commitments on **Mode 4 (movement of natural persons)**, including contractual services providers, short-term business visitors, sellers of goods, investors, graduate trainees, and, to a lesser extent, independent professionals. Under the EPA, the European Union grants market access in 29 sectors for professional employees of CARIFORUM enterprises (intra-corporate transferees) and contractual service suppliers³⁷³. It grants market access in 11 sectors for independent professionals³⁷⁴. These persons must be able to enter the EU to supply services for up to six months in a calendar year.

Furthermore, business sellers and business visitors for establishment purposes are allowed to enter the EU for service provision for a short period of time, up to 90 days (in any 12-month period).

CARIFORUM States also took commitments for all categories of Mode 4, especially contractual services suppliers and independent professionals.

In relation to **investment**, the parties also agreed to liberalize foreign direct investment (i.e. through the establishment of a **commercial presence** in the country) on an asymmetric basis,

³⁷³ Article 83.2 of the EPA. Sectors concerned are: 1) Legal advisory services in respect of international public law and foreign law (i.e. non-EU law) 2) Accounting and bookkeeping services 3) Taxation advisory services 4) Architectural services 5) Urban planning and landscape architecture services 6) Engineering services 7) Integrated Engineering services 8) Medical and dental services 9) Veterinary services 10) Midwives services 11) Services provided by nurses, physiotherapists and paramedical personnel 12) Computer and related services 13) Research and development services 14) Advertising services 15) Market Research and Opinion Polling 16) Management consulting services 17) Services related to management consulting 18) Technical testing and analysis services 19) Related scientific and technical consulting services 20) Maintenance and repair of equipment, including transportation equipment, notably in the context of an after-sales or after-lease services contract 21) Chef de cuisine services 22) Fashion model services 23) Translation and interpretation services 24) Site investigation work 25) Higher education services (only privately-funded services) 26) Environmental services 27) Travel agencies and tour operators' services 28) Tourist guides services 29) Entertainment services other than audiovisual services.

³⁷⁴ Article 83.3 of the EPA. Sectors concerned are: 1) Legal advisory services in respect of international public law and foreign law (i.e. non-EU law) 2) Architectural services 3) Urban planning and landscape architecture services 4) Engineering services 5) Integrated Engineering services 6) Computer and related services 7) Research and development services 8) Market Research and Opinion Polling 9) Management consulting services 10) Services related to management consulting 11) Translation and interpretation services.

whereby the EU would make more commitments than the CARIFORUM countries. The parties also maintain their regulatory autonomy with respect to investment. The Agreement however contains prescriptions pertaining to the behaviour of investors, to prevent abuses, such as corruption, or circumvention of core labour standards or environmental obligations to which the hosting country is tied under public international law.

In relation to **capital movement**, the CARIFORUM-EU EPA provides for its complete liberalisation as well as that of current payments, subject to the usual safeguards to protect the monetary system, where necessary.

Under the EPA schedules of services liberalisation, the following main sectors are now liberalised across the parties: **computer services, courier services, telecommunications services, financial services, international maritime transportation services, and tourism services**. For all these services, the EPA provides for the adoption by the parties of specific regulatory principles and for regulatory cooperation and dialogue. Several other services sectors are subject to important liberalisation commitments in the parties' schedules of commitments.

Furthermore, the EPA guarantees **National Treatment** which consists in treating the other parties' operators or investors no less favourably than their own like services and service suppliers. The Agreement also provides for **Most-Favoured-Nation Treatment** by guaranteeing at least the same treatment for EPA signatory States as that provided to third party countries. By contrast with the obligation on the EU, the most favourable treatment that must be extended in the CARIFORUM States to the EU services and services suppliers is not the one granted to any country, but the one granted to any "major trading economy" with whom an economic integration agreement has been concluded.

The EPA also contains measures concerning the **mutual recognition** between the Parties of qualifications and/or professional experiences. While the Parties retain their right to require that natural persons of the other Party possess the qualifications needed to supply a service inside the Party's territory, the Agreement encourages the Parties and their relevant professional bodies to develop recommendations on mutual recognition of qualifications. No such agreement seems to have been signed yet.

The EPA promotes **transparency** and commits the Parties to promptly respond to all requests by the other Party and to establish enquiry points to provide information, if requested, to investors and service suppliers of the other Party.

It also establishes general procedures on how the Parties should deal with **submissions of applications** for the authorization of commercial presences or supply of services. The Parties commit themselves to respond to these applications in a timely manner and, at the request of the applicant, to provide information regarding the status of the application. Furthermore, investors and service suppliers can ask for **judicial, administrative and/or arbitral reviews of decisions** regarding their applications and the Parties need to ensure that these reviews are objective and impartial.

Finally, the EPA sets a five years period from the EPA's entry into force, during which the Parties are to negotiate the further liberalisation of the investment and the trade in services sectors.

i) Electronic Commerce

As electronic commerce increases trade opportunities, the Parties agree to promote development of this type of commerce between them in a way that is compatible with the highest international standards of data protection. An important aspect is that the Parties agree that deliveries by electronic means cannot be subject to custom duties, as their delivery is considered a provision of services which falls under the liberalisation measures of cross-border trade in services.

Furthermore, the Parties commit themselves to maintain a **dialogue on regulatory issues** raised by electronic commerce and to exchange information on legislation regarding the electronic commerce and the implementation of such legislation.

j) Competition, Public Procurement and Protection of Personal Data

The CARIFORUM-EU EPA addresses competition, public procurement and protection of personal data.

In relation to competition, the CARIFORUM-EU EPA prohibits anti-competitive conduct that affects trade between the Parties. This mainly concerns cartels and abuses of a dominant position (Article 126). The EPA parties must adopt laws to prevent such anti-competitive practices and a mechanism of cooperation among the parties' competition authorities for the enforcement of such rules. The EPA also requires the parties to ensure **that State trading enterprises**, i.e. those enterprises granted with special or exclusive rights, act in a non-discriminatory basis in the sales or purchase of goods or services from the other parties. **Mergers and state aid** are not covered by EPA. As to enforcement, the EPA provides for **cooperation** among the parties' competition authorities. It is important to note that while the EPA contains a distinctive chapter on competition, other elements of competition policy can be found throughout the Agreement referring to the specifics of **individual sectors**.

In relation to **Public Procurement**, the EPA sets out rules to promote transparency and wider accountability in the public procurement practices of the EPA signatories without requiring an opening of the public procurement market. The public procurement chapter establishes some principles and rules that need to be considered during the tendering process. These rules are intended for **contracts larger than €200,000** and tendered by **central authorities**. This severely limits the number of tenders that these rules can be applied to as most of the public expenditure in the CARIFORUM States do not meet these two conditions. The rules provide for the **transparency and accountability of the awarding steps** of tenders, such as the negotiation process, the opening of tenders and awarding of contracts, information to be provided on the award of contracts, timing issues and bid challenges.

Finally, in relation to the **Protection of Personal Data**, the agreement recognises the importance of regulation in this area, as well as the need for coherence with international instruments providing for cooperation and exchange of information. Key regulatory principles the parties are expected to observe include the **promotion of transparency** in the processing operation, a **security principle** aimed at stopping data leaks and a principle guaranteeing the right of the individual to obtain a copy of all information relating to him/her, to rectify this data and to object to the processing of certain information. Where sensitive information is concerned (for example racial/ethnic origins or religious beliefs), the data processing operation can only be done if domestic legislation provides additional safeguards. The implementation of these principles must be ensured by appropriate administrative bodies, including independent supervisory authorities that must be governed by legal and regulatory frameworks that respect the international standard regarding the protection of personal data.

k) Innovation and Intellectual property

The CARIFORUM-EU EPA also contains an extensive chapter pertaining to the protection of intellectual property and the promotion of innovation and technological development. Not only it requires the parties to abide by **existing international convention** protecting IP rights, but it also provides for extended cooperation among the parties to **facilitate technology transfer and technical innovations**, with the view, among others to "*foster competitiveness of enterprises*". The EPA provides for extended cooperation among the parties to facilitate technology transfer and technical innovations, with the view, among others, to "*foster competitiveness of enterprises*". Cooperation among research teams and technical centres is required as well as exchanges of scholars, joint research networks, etc. Special sectors for which research cooperation is provided include the information society, information and communication technologies and eco-innovation and renewable energy.

In relation to the protection of intellectual property rights themselves, the provisions tend to go beyond what is provided by the WTO TRIPs agreement. They are more precise also. The EPA provides for the enhanced protection of **geographical indications**, and it requires the parties to "*respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles*" and to work "*towards internationally agreed sui generis models for the legal protection of traditional knowledge*". The Convention on biological diversity is also mentioned in this regard. However, there is no recognised protection for the genetic and traditional resources. The parties merely agreed to "*working towards the development of internationally agreed sui generis models for the legal protection of traditional knowledge*". Furthermore, there is no provision for the sharing of profits arising from the exploitation of genetic resources, traditional knowledge and folklore by patent holders.

Finally, like in most other subjects, the EPA encourages **regional harmonization of IP** rules as well as "*further progress towards regional management and enforcement of national intellectual property rights*".

l) Sustainable development and social aspects

The CARIFORUM-EU EPA contains chapters dedicated to Sustainable development and social aspects. In general, these provisions recognise the right of all parties to regulate their markets to pursue these objectives, while requesting them to keep each other informed, avoid unnecessary obstacles to trade and work towards regional harmonisation of these policies in the CARIFORUM States.

Regarding sustainable development, the Agreement aims to ensure that any trade activity does not cause environmental degradation but instead leads to sustainable development. It seeks to promote a sound and sustainable management of the environment. The EPA reaffirms the Parties' commitment to conserve, protect and improve their natural environment and to prioritise sustainable development.

The sustainable development chapter recognises the rights of the CARIFORUM states and of the EU countries to issue laws which protect the environment through regulation. The Parties agree that the development needs of each state need to be considered when deciding to protect the environment but stress the importance of maintaining a high level of environmental and public health protection. However, the protection of the environment cannot be used as a reason to suspend the trade concessions described in the EPA or to discriminate against another Party. The EPA also encourages the signatories to cooperate in the development of their legal framework regarding the environment at a regional level using international environmental standards.

Any measure that is aimed at protecting the environment and public health and that affects trade between the EPA signatories is to be introduced in a transparent manner in order to promote cooperation and foster confidence-building.

As to social rights, the parties commit to respect core labour standards in the 1998 International Labour Organisation Declaration on Fundamental Principles and Rights of Work and the United Nations declaration on Full Employment and Decent Work. The text specifically mentions the freedom of association and the right to collective bargaining, the abolition of forced labour, the elimination of the worst forms of child labour and non-discrimination in respect to employment as basic social rights that are to be respected by the signatories of the Agreement.

The "social aspects" chapter of the EPA emphasises the importance of policies that ensure social cohesion and of measures that promote decent work. The EPA encourages the development of such measures at a regional level in order to promote regional integration to the benefit of ordinary workers.

The EU and the CARIFORUM states agree to support each other in the implementation of the provisions of the chapter by cooperating in the formulation of national legislation. The introduction of programmes aimed at raising the awareness of the public regarding their rights in the labour market and the strengthening of the mechanisms for social dialogue are some of the areas in which the Parties agree to cooperate and to facilitate support.

However, the chapter prevents the introduction of labour standards intended to be used for protectionist reasons and does not permit the suspension of trade concessions to enforce the provisions related to social issues. Furthermore, the EPA commits signatories not to lower the level of protection conferred to the workers by national legislation in order to promote trade or foreign investment.

m) Development Cooperation

Every individual chapter of the EPA provides for cooperation and technical assistance in the subject addressed. Moreover, the provisions of the Cotonou Agreement still apply in relation to development financial cooperation and the financial instruments provided for in this regard (European Development Fund). The objectives of development cooperation, including a financial target, are reiterated in the CF-EU EPA Joint Declaration on Development Cooperation.

n) Dispute Avoidance and Settlement

The EPA contains a specific chapter providing for a mandatory **dispute settlement mechanism** in relation to all matters arising under the agreement. The EPA, however, excludes from the scope of the mechanism the provisions pertaining to development finance cooperation, which remain subject to the procedures established under the Cotonou Agreement. Forum shopping is possible with the WTO Dispute Settlement Procedure. However, the two procedures cannot be initiated at the same time.

o) General Exceptions

The EPA contains general **exception clauses** mirroring those of Articles XII, XVII, XX and XXI of GATT and XII, XIV and XIV bis of GATS, pertaining to national security, public morality, the protection of human, animal or plant life or health, the conservation of exhaustible natural resources, balance of payment, etc.

p) Institutional provisions

The EPA provides for several joint institutions for the monitoring and management of the Agreement. These are the Joint CARIFORUM-EU Council, the CARIFORUM-EU Trade and Development Committee, the CARIFORUM-EU Parliamentary Committee, the CARIFORUM-EU Consultative Committee, and the Special Committee on Customs Cooperation and Trade Facilitation.

ANNEX B ANALYTICAL FRAMEWORK AND RESEARCH METHODS

Analytical Framework & methodology

Our approach consists of two main elements. The analytical framework and the methodology. Both elements are explained in more detail in this Annex.

Analytical framework

The analytical framework helps to evaluate the CARIFORUM-EU EPA in a structured and transparent way. The analytical framework consists of two main elements: the intervention logic and the evaluation grid.

The intervention logic describes how the policy instrument will contribute to its long-term objectives, based on linkages between outputs, outcomes and impact (see figure on the next page). Identifying the relations between these different result levels helps to identify how the EPA can theoretically contribute to certain changes on the impact indicators.

The intervention logic presented in the roadmap was taken as a starting point and has been further refined. In addition, we have made a number of assumptions underlying these relationships more explicit (orange circles at the bottom of the figure). They help to explain why certain results have been achieved (or not). The linkages and underlying assumptions have been tested during the evaluation.

A second element of the analytical framework is the evaluation grid (see table after the intervention logic). In this grid, we identify for each of the evaluation questions what indicators are relevant to assess the question, and what sources of information are likely to provide inputs to compile these indicators.

Figure B.1 Intervention logic of the CARIFORUM-EU EPA

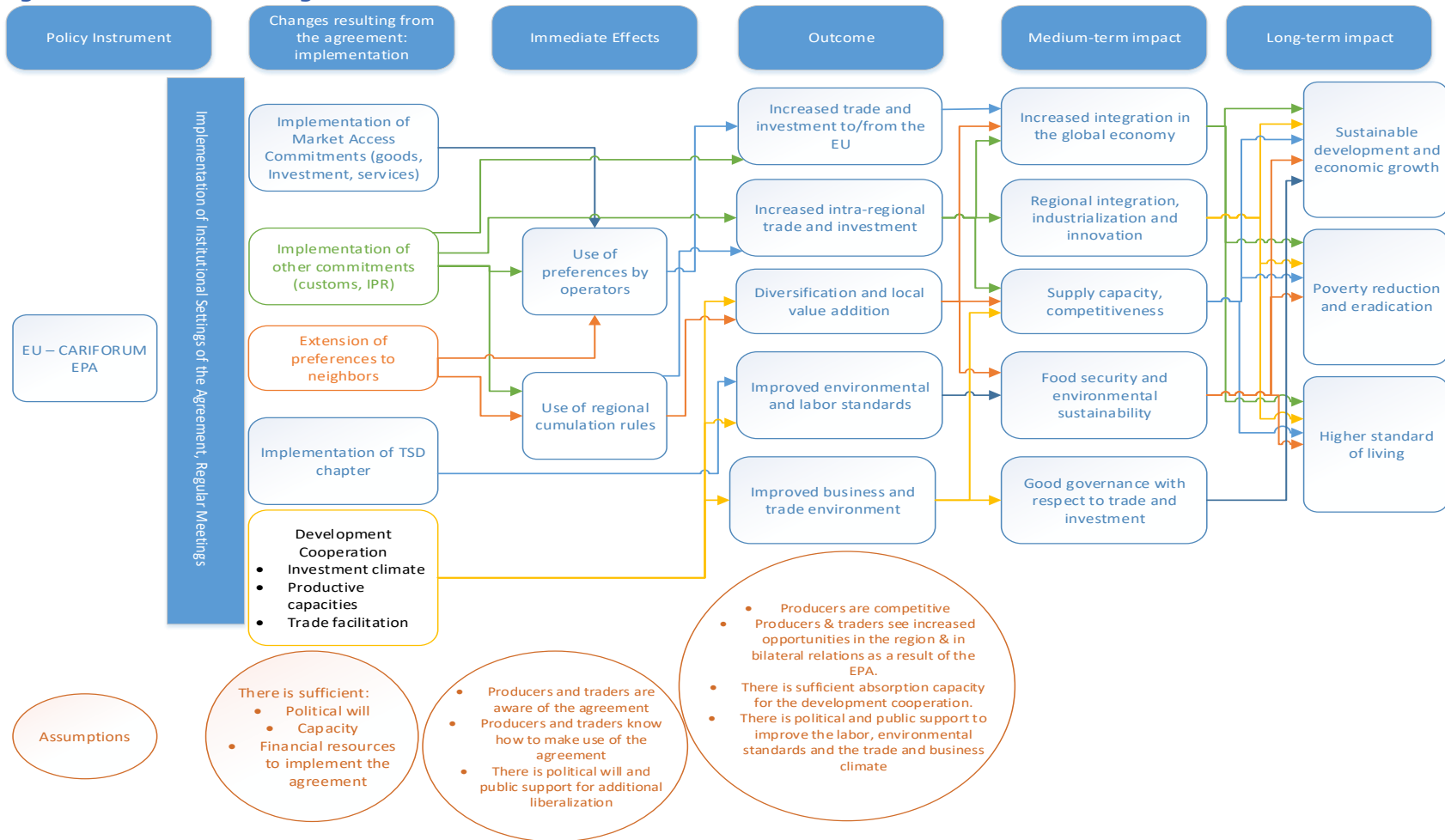


Table B.1 Evaluation grid for the evaluation of the CARIFORUM-EU EPA

Evaluation questions	Judgement criteria	Example of indicators/information needs	Sources
<p>Effectiveness</p> <p>EQ1: To what extent have the objectives of the EPA been achieved? What are the factors influencing (either positively or negatively) the achievement of those objectives? Has the CARIFORUM-EU EPA given rise to unintended consequences?</p>	<ul style="list-style-type: none"> • The extent to which poverty has been reduced as a result of EPA; • The extent to which regional integration, economic co-operation and good governance have been promoted by EPA, contributing to an effective, predictable and transparent regulatory framework for trade and investment; • The extent to which EPA has supported conditions for increasing investment and private sector initiative and enhancing supply capacity, competitiveness and economic growth; • The extent to which CARIFORUM states have integrated into the world economy; • The extent to which CARIFORUM States have increased capacity in trade policy and trade related issues; • The extent to which relations between CARIFORUM and the EU have improved in all areas relevant to trade and investment (e.g. increased trade and investment between the two parties, increased policy co-operation, extent to which relations are based on 	<ul style="list-style-type: none"> • Development of poverty indicators (people living below the poverty line, GDP per capita); • Change in bilateral trade flows (goods and services), in total and by sector between EU and CARIFORUM, and total export/imports of CARIFORUM; • Change in bilateral investment, in total and by sector between EU and CARIFORUM; and total outward/inward investment in CARIFORUM); • Trends in introduction/removal of barriers, and status investment climate/enabling environment; • Extent to which institutional structures and other co-operation types (e.g. joint council, sub committees) have been able to address trade and development issues; • Change in the degree of diversification of trade and investment flows of CARIFORUM countries; • Identification of unintended economic impacts in EU and/or CARIFORUM countries; • Identification of unintended social impacts in EU and/or CARIFORUM countries; • Identification of unintended environmental impacts in EU and/or CARIFORUM countries; • Identification of unintended human rights impacts in EU and/or CARIFORUM countries; • Identification of unintended economic, social, environmental and human rights impacts in third countries, 	<ul style="list-style-type: none"> • Trade and investment flow analysis; • Poverty indicator analysis; • Economic modelling; • Desk study (e.g. MADB, WTO notifications, WB doing business reports); • Interviews; • Survey; • CSD/ roundtables; • Case studies. <p>Links to Task 10-15.</p>

Evaluation questions	Judgement criteria	Example of indicators/information needs	Sources
	solidarity and mutual interest).	including OCTs.	
Efficiency			
EQ2: To what extent has the EPA been efficient with respect to achieving its objectives? To what extent are the costs associated with the EPA proportionate to the benefits it has generated? How proportionate were those costs borne by different stakeholder groups, considering the distribution of benefits?	<ul style="list-style-type: none"> Extent to which benefits outweigh the cost, overall and for specific groups 	<ul style="list-style-type: none"> Costs related to the implementation of the agreement (authorities); Costs related to the use of the EPA (tariff preferences, quota) of companies; Positive impacts and negative impacts compared (cost-benefit analysis); Distribution of benefits and costs; The time needed to realise the objectives compared to original plan. 	<ul style="list-style-type: none"> Desk study (e.g. TRTA, ministerial budgets) Survey Sectoral studies Interviews (e.g. national EPA coordinators, business, civil society) <p>Links to tasks 10, 11-15</p>
EQ3: What are the main inefficiencies and unnecessary regulatory costs (Including administrative burden)? What is the potential for simplification?	<ul style="list-style-type: none"> Extent to which remaining barriers could be reduced 	<ul style="list-style-type: none"> Remaining inefficiencies and regulatory costs. The costs of the promotion of trade and cooperation in relation to the progress made in intra-regional integration both within the region and between the region and the EU 	<ul style="list-style-type: none"> Desk study on NTBs; Interviews (customs, companies, freight forwarders); Sectoral case studies; Survey.
Relevance			
EQ4: To what extent are the provisions of the EPA relevant for addressing current trade and development issues faced by the EU and CARIFORUM?	<ul style="list-style-type: none"> Extent to which current trade and development issues can be addressed on the basis of the current agreement; Extent to which new or more ambitious provisions are needed to address current trade and development issues; Extent to which development co-operation can be used to address current trade and development issues. 	<ul style="list-style-type: none"> Identification of current trade barriers (not arising from non-implementation), by sector and type of barrier; Extent to which tariff preferences or quota are used and problems encountered in their use. 	<ul style="list-style-type: none"> Desk study (e.g. MADB, MAP); Sectoral analysis; Stakeholder consultations. <p>Links to task 10.</p>
Coherence			
EQ5: To what extent has the EPA been coherent with other policy instruments of the EU affecting the Caribbean?	<ul style="list-style-type: none"> Extent to which objectives of EPA align with those other EU policy instruments affecting the Caribbean; Extent to which there are 	<ul style="list-style-type: none"> Number and type (and possibly extent) of contradictions; Number and type (and possibly extent) of synergies. 	<ul style="list-style-type: none"> Desk study or relevant documents; Survey; Interviews with EU (e.g. delegation, DG DEVCO, DG

Evaluation questions	Judgement criteria	Example of indicators/information needs	Sources
	<p>contradictions between EPA and other EU policy instruments affecting the Caribbean;</p> <ul style="list-style-type: none"> • Extent to which synergies between EPA and other EU policy instruments affecting the Caribbean have been created and taken advantage of. 		<p>Trade and national administration);</p> <ul style="list-style-type: none"> • Other stakeholder consultations. <p>Links to Task 10, 13.</p>

Research methods

Different methods were used to collect and analyse the required information, to serve as input for the evaluation grid. The main methods are presented in the table below.

Overview of methods

Method	Description
Literature review	<p>We collected and analysed the existing literature on the implementation and impact of the CARIFORUM EPA. This review also covered the analysis of legal documents, evaluation studies of development co-operation projects, and background information on economic, social, human rights and environmental issues relevant for the CARIFORUM-EU EPA. An overview of the literature and other relevant documents is available in the bibliography (Annex H). For an overview of the legal documents, we refer to the separate implementation report.</p>
Data collection and analysis	<p>We have collected and analysed quantitative data on a range of indicators, notably in the field of goods trade, services trade and investment. In line with the ToR, we provided separate figures for EU27 and the UK, to allow for an assessment of the importance of EU27 relations with CARIFORUM in comparison with the UK. This enables us to draw some preliminary conclusions for the post-Brexit period. In addition, we have gathered quantitative data on relevant indicators for the sustainability analysis. We have used as much as possible data from international sources to ensure consistency and allow for comparability.</p> <p>The analysis is based on the use of commonly used indicators. For the specific sources, we refer to the sources mentioned with the relevant tables and figures (mainly in chapters 5 and 6).</p>
Economic modelling	<p>To complement the analysis of trends from the data observations, a partial equilibrium modelling exercise was conducted (by DG Trade) for four of the CARIFORUM members. The model estimated the impact of EPA by comparing the current situation to a situation where the EPA would not be in place.</p> <p>The methodology and results of this modelling exercise are described in more detail in Annex F.</p>
Stakeholder consultations	<p>Due to paucity of data in the region, stakeholder engagement and consultations were at the heart of this evaluation. The consultation approach (outlined further below) aimed to provide data, concrete examples, evidence and experiences that could complement and underpin the findings from the literature review, data analysis and economic modelling.</p> <p>Section 1.3 in the main report provides more detail on the methods and outreach of the consultations. Annex C provides more detail on the results of the consultations as well as the challenges encountered.</p>

Method	Description
Case studies	<p>We conducted four case studies to allow for a deeper understanding of the challenges and opportunities that have arisen from EPA and their impact. Case studies were conducted for the following sectors: Beverages, Creative industries, Dairy and FDI in tourism. They use a mix of the above-mentioned methods.</p> <p>The results of the case studies are presented in Annex G.</p>

ANNEX C CONSULTATION STRATEGY AND FINDINGS

This annex summarises the consultation strategy, its process and the end results.

Stakeholder consultations are a key aspect of evaluations, more so when other forms of information are scarce. Stakeholders are able to provide data, concrete examples, evidence and experiences that can complement and underpin the evaluation methods of literature review, data analysis and economic modelling.

The consultation approach for this evaluation was designed in three phases. The first was to gather information related to the implementation of the agreement, through an analysis of legal documents and implementation-related questions to the stakeholders. The second was to gather information and insights to illustrate the particular opportunities and challenges brought about by the EPA and gauge its impact, while the third was focused on consultations in the Dominican Republic and Jamaica in the sectors of the case studies.

This Annex specifies the approach to outreach and engagement of stakeholders, the targeted consultation activities that took place during the course of this evaluation and the summarised findings. The key challenges encountered in the process, as well as how these challenges were addressed, are included at the end.

Phases and stakeholder groups

At the start of the evaluation we were aware of the complexity of this assignment given that the EPA includes various stakeholder groups, with varied levels of interest, engagement and influence. We were also aware of the information needs at the various phases of the assignment, which focussed on the implementation of the EPA at the start and on its impact in the second stage. These aspects have therefore been considered when developing the consultation strategy.

For the purpose of this evaluation, the focus was on five different types of stakeholders for the capture the key information and data required. These include:

1. Public administration;
2. Business associations;
3. Private business including SMEs;
4. Civil society organisations and other interested stakeholders (e.g. academia, think tanks); and
5. Freight forwarders and importers.

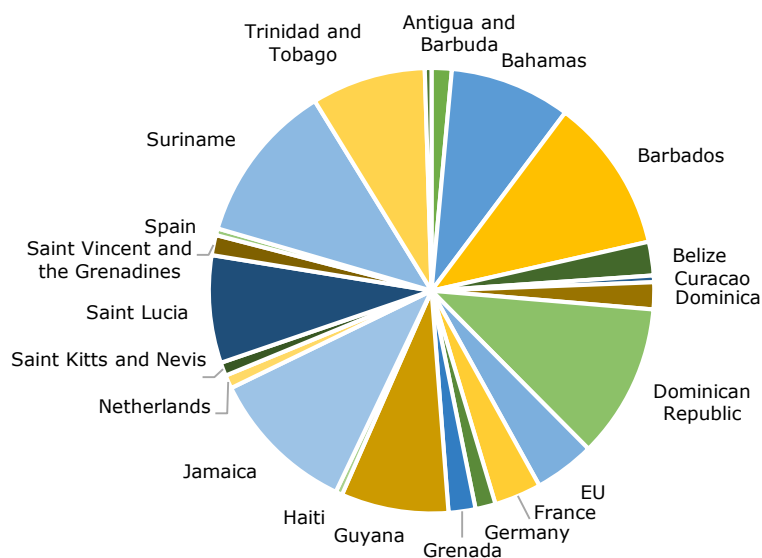
While stakeholders across each category were involved, the focus was placed on those stakeholders that have a high interest in EPA or are to a large extent involved in/affected by EPA. Our scoping mission to the region at the end of the inception phase confirmed this approach, as overall public awareness of the EPA is low and therefore stakeholders which are less directly involved with the EPA find it more difficult to provide inputs and feedback. The exception was the category of freight forwarders and importers, whom we had very limited success with. More on this is described in the challenges section.

Approach to stakeholder consultation

Geographical coverage for consultations

The consultations were directed primarily at the stakeholder groups outlined in the above section. Given the geographical distribution of CARIFORUM, it was not possible to carry out physical (in-country) consultations across all countries for the purpose of the evaluation. However, we recognized the need to engage all states and ensure similar coverage in the analysis. For this purpose, we designed approaches to engage stakeholders across other states via alternative tools.

The figure below provides an outline of the geographical spread of the stakeholders directly consulted. In the CARIFORUM countries for remote consultations³⁷⁵, the focus was on establishing contacts with the EPA coordinators, customs and the key business associations, to the extent possible. Online tools such as Skype, phone calls and conferencing methods were used to conduct these remote consultations.



Similarly, for the EU, we carried out physical consultations in Brussels and remote consultations with stakeholder from France, Germany the Netherlands and Spain. These Member States were selected based on their importance in bilateral trade and investment flows with the region, along with their political ties and cooperation efforts.³⁷⁶ Similar online tools such as Skype, phone calls and conferencing methods were used. In the analysis for these countries, we focused on elements relevant for the specific country (e.g. France relevant for outermost regions and Germany for development co-operation).

Tools

The tools applied for consultation (see section 1.3 of the report) each focussed on different topics and therefore, different stakeholder groups. The table below gives an overview of the focus of each of the tools.

The primary tools were the Implementation and Impact consultations, along with the scheduled interviews held during the Business Forum in September 2019 in Frankfurt and the team missions. In addition to this, we received feedback through an Open Public Consultation, a Service Enquiry Point mini-survey and several meetings.

The topics explored under each tool were:

- Implementation consultations (conducted through interviews, focus group discussions and written questionnaires): the progress of the implementation of the EPA in CARIFORUM and EU member states;
- Impact consultations (conducted through interviews and focus group discussions): the economic, social, environmental and labour impacts of the EPA's implementation;
- Open Public Consultation: covering various aspects of the agreement;
- Service enquiry points conducted through mini survey): the type of enquiries received by the EPA service enquiry points in the EU Member States;
- CARIFORUM-EU Business Forum: the challenges encountered by SMEs and larger companies when starting to export to the EU;
- Civil Society Dialogue: feedback to the interim findings and discussion on issues raised by attendees.

³⁷⁵ Remote consultation were carried out for Antigua and Barbuda, the Bahamas, Belize, Dominica, Grenada, St. Vincent and the Grenadines, St. Kitts and Nevis, as well as the EU Member States.

³⁷⁶ More details on the selection are available in the inception report.

	Implementation Questionnaire (including mission)	Impact consultations (including mission)	CARIFORUM-EU Business Forum	Open Public Consultation	Service Enquiry Points mini-survey	Civil Society Dialogue	Consultative Committee	Trade and Development Committee
Public administration;	✓✓	✓		✓	✓✓	✓		✓✓
Business associations / Business Support Organisation	✓	✓✓		✓		✓✓	✓✓	
Private business including SMEs;		✓✓	✓✓	✓		✓		
Civil society organisations and other interested stakeholders	✓	✓		✓		✓✓	✓✓	

Findings and results

A total of 185 stakeholder were consulted under the primary tools, including government agencies, business associations, SMEs, NGOs, EU and Member State-level organisation. The list of organisations consulted is included in Annex D. The results of these tools are presented in this section.

Interviews, FGDs and written questionnaires

Most interviews were structured, following guidelines and questionnaires developed depending on the type of stakeholder and the specific theme and reason for consulting them. The findings have fed into the overall analysis and are summarised, by theme, below.

Awareness of the EPA

While public administration and exporters were all generally aware of the EPA, other stakeholders such as Chambers of Commerce and Business Associations reported **low to moderate awareness** across their members, particularly in terms of awareness of its provisions and opportunities. Larger scale associations, such as ADOPRON (Dominica Association of Rum Producers) were involved with EPA consultations from the design phase, and felt adequately informed on the subject.

In Bahamas, one Ministry official explained that the EPA is a “relatively new undertaking”, and that low awareness can be explained by the subject not being on the forefront of the national governments’ agenda.

In some countries, such as Belize and Jamaica, organisations explained that while some members are more aware, it is **particularly the SMEs that are not as familiar** with the agreement. An organisation in Belize explained that members are generally aware of the broad strokes, but are not aware of the finer details and **opportunities that exist**, especially as it pertains to the services sector. Likewise, in Jamaica a BSO explained that smaller members have less **research capacity** and therefore more likely to deal with what they are most familiar with, such as the North American market.

Other stakeholders explained that many of their members are not interested in the EPA because of the **small size of their companies**, rendering them unable to compete in the European market. It was often described as not a priority.

Awareness and interest on the EU side were also reported as low. The Caribbean Export Development Agency (CEDA) noted that more **awareness raising could also be done on the**

EU side, as with the activities carried out in CARIFORUM. BusinessEurope reported never having received a query on the EPA, pointing out that it is not a priority market for the large majority of their constituents. The European Services Forum pointed to the CARIFORUM as not being a priority, due its size and lack of regional integration.

A medium-sized manufacturing company in the Dominican Republic expressed that meeting the right partner on the EU side continue to be the largest challenge. The stakeholder explained that more information on the EPA also needs to be spread on the EU side.

Information on the EPA or how to use it

There is a proliferation of well-equipped and professional Business Support Organisations across the CARIFORUM region that provide occasional trade-related information and assistance. However, businesses seemed to be unable to find and use the information, either because it is too scattered or they lack the capacity to process it. While several organisations provided examples of **the work carried out to inform and train members on the EPA**, this appears to have lost momentum over time as other topics have come on the agenda of national governments. While trade assistance and SME support structures exist in most CARIFORUM countries, these are rarely targeted specifically towards the EPA.

Lack of information on procedures was also mentioned multiple times. Stakeholders mentioned that there is no Help Desk on the EU side for services. An export agency in Jamaica shared how they have circulated the EPA service inquiry contact points across interested businesses, only for the businesses to receive no response. The same was pointed out by an independent consultant who had attempted to reach them for research purposes.

One Chamber of Commerce explained that “while technical information of what the EPA is, as well as the agreement itself is indeed publicly available (...) given the intricate language and structure of the agreement and its associated documents, it is necessary for there to be increased public awareness efforts that can augment the level of awareness. It is for these reasons, that it is believed that there is not sufficient information”. An Employment Federation from a smaller OECS state explained that the EPA is difficult for members to understand and **requires great time and effort**.

CEDA was mentioned multiple times as a useful avenue for interested person to become aware of opportunities under the EPA, but stakeholders felt that the information provided tends to stay on a general level.

The information portals hosted by the European Commission such as the Trade Help Desk were mentioned as providing excellent information. One Rum Association mentioned that its members often make use of EU websites when looking for further information for the exports to the EU. On the other hand, business stakeholders expressed that it was more difficult to find the relevant contacts and information of regulations at EU Member State level.

Information on regional integration or trade opportunities was considered largely unavailable or incomplete.

Implementation

Degrees of implementation vary across the countries.³⁷⁷ Concerns were raised particularly in a **limited implementation of the regional preference clause**, where several countries noted a lack of a “level playing field”. The limited implementation of the CARICOM-DR FTA was also mentioned as impeding parties’ ability to implement the EPA regional preference clause. One Department of Commerce in an OECS Member State noted that the roll out of the EPA should be more coordinated both at the CARIFORUM and local levels.

Several EPA coordinators said their units are understaffed. Their departments do not have a specific budget line to carry out the unit’s work and although some funding has been provided to assist with non-tariff and SPS issues, the process has been slow. **Obligations under the EPA are costly for small island states** and financial assistance is therefore required. One

³⁷⁷ A more thorough analysis of stakeholder input on implementation issues is integrated in the separate Implementation Report of this CARIFORUM-EU EPA ex-post evaluation.

coordinator from a an OECS explained their country does not have the human capacity to undertake the work required for the implementation of the EPA.

The low level of implementation in Trinidad and Tobago was specifically pointed to by one Business Association as impeding European business. The reduction of tariff rates in the country have not begun and customs was not yet considered to be fully efficient and transparent. Also, the EU Delegation in Jamaica indicated to have received complaints of EU businesses operating in Jamaica about high import duties on food items from Europe.

Economic impact of the EPA

General consensus was that the direct economic impact of the EPA has been low. Most stakeholders pointed to low awareness, lacking implementation—making it difficult to attribute perceived changes to the EPA or low export capacity on the CARIFORUM side and low levels of interest on the EU side. As one Business Association in Jamaica put it, “the membership does not perceive the EU as an opportunity”.

Another factor mentioned was that tariff changes for exports into the EU were not significant for many sectors in CARIFORUM. For example, the Association of Rum Producers of the Dominican Republic explained that the benefits have been neutral because tariffs were not high before the EPA given that there was another preferential regime in place, but this would need to be phased out. Several Chambers of Commerce expressed being unsure as to whether the EPA has helped facilitate trade between the two parties. Another company based in the Dominican Republic that was already actively engaged in business with the EU prior to the EPA did not see specific changes brought about the agreement, and was not aware how it could benefit the company.

Some stakeholders were more positive. When asked for specific sectors that have benefitted from the EPA, stakeholders pointed generally to the seafood sector, high-end specialty retail sectors, and **food and beverage wholesalers/distributors/retailers**. Other sectors mentioned, due to their increased exports, were honey from Grenada to the UK, bananas from various countries to the UK, regional trade through Baron Food³⁷⁸ or Trinidad Cement going into Martinique through the EPA. The Caribbean fashion and music industries were also mentioned multiple times, and further explored in the case studies.

Others mentioned that while the EPA did not lead to major changes for CARIFORUM exporters in terms of access, it has **created the framework for cooperation** and discussions between the two parties.

Investment, while covered in the EPA, was said to depend on other factors rather than the EPA’s provisions. As expressed by one Investment Agency from St. Lucia, “**the EPA was not a deciding factor during discussions with potential European investors.** (...) the EPA does not add any value to their decision-making process for investing in St. Lucia.”

A stakeholder from Belize explained that EU investors have not been as forthcoming as was expected from the EPA. Interest in the region comes mainly from the USA and Canada. Another stakeholder described EU investments as “negligible” compared to North American and Caribbean investments. Similar sentiments were expressed on CARIFORUM’s interest in the EU as an export market. One Chamber of Commerce from Guyana explained that the main export market is CARICOM, followed by the US. The **EU is not generally considered a viable market option.**

Feedback from European Business Associations and Chambers of Commerce also pointed towards limited economic impact. While the EPA is **seen as important and is welcomed**, it is and can be only one of several factors impacting trade and investment. The associations in CARIFORUM member states pointed to delayed implementation as a reason for why changes in trade flows cannot necessarily be attributed to the EPA. Regulatory issues on the ground (explained in the Doing Business challenges section below) were described as the key factor in limiting EU business potential in the region.

³⁷⁸ Agro-processing firm with distributors across CARIFORUM and in some EU countries.

Remaining trade challenges and barriers

Most stakeholders acknowledged that there were remaining trade challenges and barriers. Most of those mentioned barriers fall out of the scope of the EPA. This includes the **shipping and logistics challenges**. Shipping is not only costly when sending across the ocean to the EU, but also in the context of regional trade and distribution. **Limited air travel** and costly transport could be improved by distribution channels that small players can feed into, as explained by a Small Business Bureau in Guyana. Stakeholders also noted that due to recent consolidation trends in shipping lines products needs to go to larger transshipments **hubs** to get on the lines to Europe, resulting in longer journeys.

The **regulatory environment on the EU side** was highlighted multiple times as being too complex. Sanitary and Phyto-Sanitary conditions, packaging requirement, labelling and product standards create "moving goalposts" (as they regularly change) that are difficult for companies to meet, particularly SMEs. Several Business Associations and Chambers of Commerce expressed that their members hold the view that the **expected quality, standards and requirements needed to access the EU market are not readily achievable**.

An SME company providing training in quality standards across several CARIFORUM countries was of the opinion that many CARIFORUM companies *are* able to comply with EU standards but view the market as a "fortress that cannot be penetrated" and therefore do not try. Other stakeholders described exporting to the EU as daunting, both in agricultural sectors as in manufactured goods.

For service suppliers the main barrier is the **difficulty of movement of persons for business purposes**. Even companies that recognise the EPA as creating a framework that facilitated trade, such as a company in the Dominican Republic, explained that there needs to be more ease in visas for business, or general mobility. An export promotion agency suggested the creation of a visa category for the EPA.

Various business associations also noted that the differences in regulations, languages and authorities across EU Member States make the market less attractive as compared for example to the US.

Another challenge is firm readiness to access the market, with limited capacity and small scale firms, which leads to a limited ability to **take advantage of links** created to the other ACP regions.

Doing business challenges

Stakeholders also highlighted local regulatory challenges for doing business. Most mentioned was the limited access to finance for SMEs. Other mentioned issues were lacking infrastructure for local entrepreneurs, high cost of electricity, high taxes.

One Small Business Bureau mentioned the issue of a business culture that is reluctant to form partnerships, which prevents small businesses from evolving. Several other stakeholders (e.g. an EU Delegation, an Export Promotion Agency) mentioned these partnerships and consortia between smaller exporters as the only way to overcome some natural barriers like limited supply capacity.

Reluctance and wariness towards external investment was also mentioned as part of the business culture in the region, by several stakeholders. A Small Business Bureau called for further entrepreneurship education and training to overcome this.

Business climate for EU investors or exporters varies per country, but is not always conducive to business either. As a matter of fact, the European Business Chamber in Trinidad and Tobago expressed that the regulatory environment has been worsening over the last years for European business and trade, in terms of work permits, customs operations and VAT. Progress was identified in eGovernment procedures, with all regulations, procedures and forms being online. The same was expressed by the Chamber of Commerce of one of the EU Member States in the Dominican Republic, where issues with discrimination towards non-national companies were highlighted in judicial and contractual procedures. Furthermore, the Ley 173 of the Dominican Republic, which aims to protect importing agents, is seen as highly stifling by EU exporters. The law prevents operators from terminations of their distribution and importation contracts with their local counterpart, unless fees are paid or a just cause is put forward.

Development cooperation and assistance

Most stakeholders consulted recognised the assistance provided under development cooperation. However, the support was at times described as “limited, scattered or slow”. As explained by a Business Association from Guyana, development cooperation has not always addressed specific weaknesses. There was also a feeling that support has been scattered, in the sense that companies to receive support are chosen at random and not in a targeted manner and due to their export-readiness. One NGO noted that some companies that received support are too small to be able to export. **Support should be more “tangible and practical”**, was the opinion of an export agency in Jamaica. Scoping missions to Europe should concretely identify entities that can support CARIFORUM businesses.

On the public administration side, the Ministry of Agriculture of Barbados found that the most useful future technical assistance would be to help officials stay abreast of development in the EU related to **SPS measures and standards**.

The **Rum Programme** was often mentioned as a thorough programme offering varied support and allowing for collaboration between the private and public sector.

SME beneficiaries that had accessed CEDA-provided and EU-sponsored support held varying opinions. Trade missions, such as the **Business Forum** were well appreciated, as were marketing and consultancy services provided by CEDA. Direct Assistance Grants, while recognised as a way to scale up businesses, were also considered burdensome and time-consuming, particularly given SME capacity constraints.

At institutional level, some stakeholders from public administration in Jamaica considered that the focus of development cooperation (e.g. in the case of TBT) is primarily on the regional level, and there is insufficient attention to remaining constraints at the national levels.

CARIFORUM regional integration

Competition within the region was not looked on favourably by stakeholders from several countries, who pointed out that certain countries subsidise exports, others have a 100% tax rebate and there is generally “no level playing field”. One company indicated to have problems with IPR in the region, which were difficult to address in the current framework.

However, there seems to be some new momentum in regional integration, evidenced in the 2019 creation of two new important institutions. The setting up of a **regional chamber of commerce (CARICHAM)** to share lessons learned and good practices, as well as a regional private sector organisation (CARICOM Private Sector Organisation) set up by large important firms to promote intra-Caribbean trade and to coordinate production across the region were mentioned by stakeholders as positive developments.

The importance of cementing the Caribbean Single Market Economy (CSME), while long ongoing, seems to be back on the agenda. It was mentioned multiple times by both Chambers of Commerce and Ministries of Foreign Affairs in several countries. As a Ministry of Industry put it, the CSME is also considered an easier start, with lower thresholds, before fully engaging in trade with the EU.

The importance of **building regional value chains** was highlighted by different stakeholders as the only way to overcome the supply capacity issues of the smaller countries.

Case study consultations

The four case studies included in the main report were developed on the basis of data analysis, literature review and consultations. The case studies took information both from targeted consultations, where the main topic of discussion was the sector under study, and from general consultations, where the sector was one of the topics of the consultations if it was particularly relevant. Below we provide the list of targeted consultations. However, the case studies also benefited from findings from other stakeholders, e.g. those at the Business Forum.

Case study	Country	Organisation
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Case study	Country	Organisation
Beverage exports	Trinidad and Tobago	Samba Brewing Company and Winery Ltd
	Suriname	SAB Distribution n.v (Alcoholic beverages distribution)
	Barbados	West Indies Rum Producers Association (WIRSPA)
	Jamaica	Wisynco Group
Cultural and creative services	Jamaica	Free People Entertainment Company
	Suriname	Track Drip
	Jamaica	Jamaica Trade and Invest (JAMPRO) - Film Commissioner
	France	MEDIACOM Reggae music agency
	Jamaica	Ministry of Culture
	International	UNESCO
Dairy exports	Jamaica	Free People Entertainment Company
	Dominican Republic	Supermercado Bravo
	Dominican Republic	Petroantillana
	Dominican Republic	Centro Cuesta Nacional
FDI in Tourism	Suriname	Melkcentrale NV
	Dominican Republic	National Hotel Association
	Dominican Republic	Grupo GRUMASA
	Dominican Republic	Pellerano & Herrera
	Dominican Republic	Horwath HTL
	Trinidad and Tobago	Tourism Trinidad Ltd
	Trinidad and Tobago	Tobago Tourism Agency Ltd
Dominican Republic	Banco Popular	

Open Public Consultation

The European Commission prepared the survey questionnaire for the 12-weeks Online Public Consultations, which provided the opportunity for all CARIFORUM and EU stakeholders to provide their inputs on various aspects of the agreement. The questionnaire was available in English, French, German and Spanish. Although the development and implementation of this survey was managed by the EC, the results aimed to feed into this study as well.

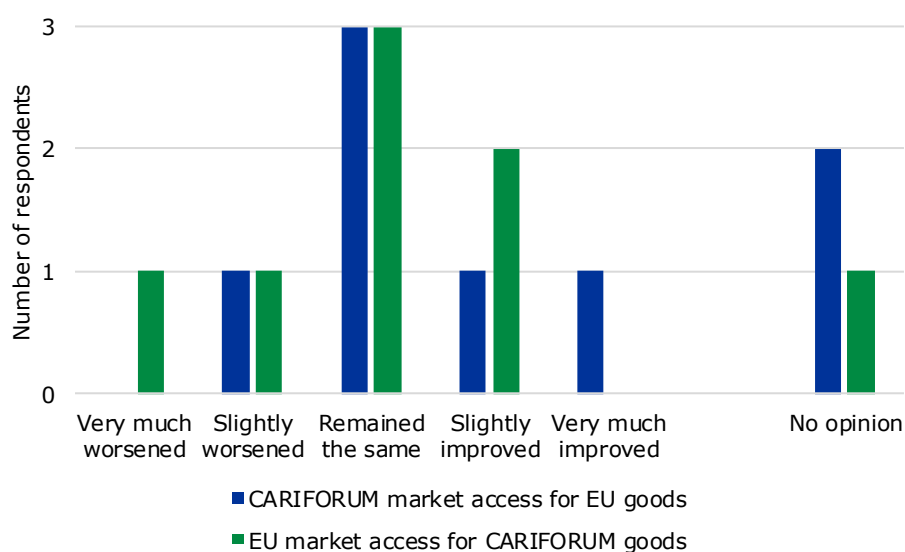
There were only **11 respondents to the OPC**, despite the fact that the consultation period was eventually extended from 12 weeks to 20 weeks. The distribution of responded types was as follows:

Type of stakeholder	Number of respondents
Company / Business organisation	6
Non-governmental organisation (NGO)	2
EU citizen	2
Public authority	1

All of the respondents were aware of the EPA. The sources of information varied, with news, government and business associations all cited as channels through which they became aware of the EPA. Half of the respondents (6) are currently engaged in CARIFORUM-EU trade relations, whereas the others expressed interest to do so in the future, or having done so in the past. Three respondents mentioned information sources that helped them become aware of opportunities, namely, DG AGRI, DG TRADE, and the Europe trade help desk.

Respondents generally did not see large improvements in market access to the EU for CARIFORUM exports, not vice versa.

Figure C.1 How has access to the market developed in the past five years?



Source: OPC.

Half of the respondents (5) currently make use of the tariff preferences. Those that do not attributed this to tariff preferences not being relevant or not applying to their business, while one explained that there is too much administrative burden involved in using tariff preferences.

On social issues, one respondent answered that the EPA has led to the occurrence of forced / compulsory / child labour whilst another answered that it has led to the decrease of these issues. No further information was provided.

The survey also allowed for open answers, as summarised below:

On the opportunities offered by the EPA:

- "Information was made available on the opportunities the EPA offers and the awareness is there but I have not seen any real initiatives from the business sector or government to expand exports;"
- "SMEs, in particular, require better access to information and training towards identifying the opportunities of trading with CARIFORUM countries;"
- "Significant non-tariff barriers to EU-CARIFORUM trade continue due to the limited market size and production power of the CARIFORUM countries relative to the costs and transport time involved."

On trade with Outermost Regions:

- "Islands further away have more difficulty in exporting directly to the Caribbean EU than say to mainland USA. Complaints of Non-Tariff-Barriers also pop up so often;"
- We recommend to integrate the ORs from the outset in the negotiations and provide for their participation in the Advisory Committee and improve communication on EPAs within the ORs to better involve stakeholders "

Service enquiry points mini-survey

A mini-survey of six questions was sent to the list of emails provided by DG TRADE for every EPA service Enquiry Point in the EU Member States. **We received six responses**, of which:

- Four acknowledged being the EU-CARIFORUM services enquiry point;
- Five responded never having receiving any questions or requests on market access issues for CARIFORUM service exporters to the EU;
- Two responded being in a position to facilitate CARIFORUM service exports to the EU.

Civil society dialogue, meeting of the Consultative Committee and meeting of the Trade and Development Committee

A Civil Society Dialogue was held in Brussels on January 29, 2020. A meeting of the Consultative Committee and the Trade and Development Committees were held on November 26th and November 29th, respectively. The objective in each of these meetings was to present the interim findings of the evaluation and have a space to receive feedback from the participants. The presentation covered:

- The findings on the implementation progress of the EPA;
- The statistical trends;
- The findings on economic / social/ labour and environmental impacts.

During the Q&A, the focus of the attendees of the CSD was on sustainable trade (particularly sustainable tourism), labour rights and the difficulty for CARIFORUM citizens to obtain visas to EU MS. The latter point was also brought up in the other two meetings. In these two meetings, further feedback and inputs were provided on implementation as well as on remaining market access challenges.

CARIFORUM-EU Business Forum

The CARIFORUM-EU Business Forum was organised in Germany during 26-28 September 2019 and allowed over 150 CARIFORUM businesses to showcase their products and services. We received the list of attendees prior to the event and were able to schedule in interviews, as well as conduct ad-hoc interviews with stakeholders during those days. 30 stakeholders were interviewed from a variety of sectors and countries, including CARIFORUM and EU private sector.

While the information collected from the attending companies has fed into the main report, the overall findings are summarised as follows:

- Most products at the fair were **niche products**. The focus is often on high quality, uniqueness, environmental and social sustainability;
- Given the typically small size of the countries, the absence of a large manufacturing sector and suppliers of intermediate inputs, as well as poor trade logistics, **production costs in all CARIFORUM countries are high**. There is also no capacity to produce for a mass market. With very few exceptions (Bacardi, Baron Foods) all producers are small and focused on their niche;
- Intermediate inputs are often sourced from outside the Caribbean, given the lack of suppliers/industry in most countries;
- **Trade logistics is a major issue** for all producers. With most producers working in a niche, quantities shipped typically amount to a pallet and not a container. Hence the absence of groupage services is a concern;
- A key issue for all producers is the **difficulty of finding strong partners and distributors in the EU**. For key industries an EU presence or a strong EU partner is critical;
- Brexit is a major concern. Many producers use the UK as an entry point into the EU market;
- For most producers the US market is more important than the EU. There is also a perception that the US market is more open (e.g. DR-US FTA). For some producers the Canadian market is also important.

Consultation process and challenges

During the inception phase, we commenced the initial engagement with some of the key stakeholder groups. With the support of the CARIFORUM Directorate and the EC/EUDs we started approaching the national EPA coordinators and customs authorities in the CARIFORUM countries, the main regional organisations (e.g. CEDA, Caribbean Development Bank), and the first national stakeholders (Investment Agencies, Ministries of Foreign Affairs, some key business associations). The Consultations Team consolidated the list of stakeholders further through the support of the national EPA coordinators. Equally relevant to this assessment were the general business associations as well as a number of sector-specific ones, as they play a key role in identifying other relevant organisations and especially private businesses. For identifying those businesses that trade with the EU, CEDA was contacted. Given that it was clear that awareness of the EPA among stakeholders was relatively low, social media channels were used to spread information about the EPA and the evaluation, to increase the outreach of the consultations.

The evaluation set out to complete the first phase of the consultations (focused on implementation) in the course of one month. This took much longer. Several challenges were faced in the course of the implementation phase:

- Slow response and delays;
- Lack of awareness which required numerous follow-ups;
- Lack of information which meant that the consultants had to carry out additional research from numerous sources;
- Some members states of CARIFORUM were impacted by Hurricane Irma and experienced loss of data which meant that information was just not available;
- Information for implementation were scattered across various agencies which meant that the local consultants had to use their time to continuously follow up across many entities to get the information;
- Collection of tariff schedules was time consuming and cumbersome, requiring several follow-ups;
- Freight forwarders were contacted to validate these schedules but were not responsive. Despite the efforts to contact them and follow up, there was simply no response either by email or phone.

For the consultations focused on assessing impact, consultations were rolled out with associations, private companies and NGOs however, several challenges were faced. These are outlined below:

- Slow response and delays; lack of response;
- Business associations were often not able to refer us to relevant companies, or organise FGDs with some of their members;
- NGOs active in social, human rights and environmental fields were difficult to identify and reach, as many are focusing on national issues and no or only limited knowledge of the EPA;
- Lack of awareness which meant consultants needed to engage with the stakeholders extensively;
- Many of the responses did not offer detailed examples and depth.

Based on the above, the approach had to be adapted significantly. This included a set of key actions:

- **Conducting more interviews than foreseen.** As the originally foreseen number of interviews was not sufficient to gain the required information, it was decided to cancel the originally foreseen workshop, and instead conduct additional interviews. Although the workshop was foreseen to validate some of the findings, this was now done in the other meetings (with civil society, the Consultative Committee and the Trade and Development Committee);
- **Investing more time to identify specific private sector entities and stakeholders in the field of sustainability:** The support of CEDA and the EUDs has been sought and while useful, some challenges remained. It caused delays as e.g. CEDA was only able to provide a consolidated list of private sector entities at a much later stage of the study. While this list has been useful, the majority of contacts were not

relevant to the sectors selected. Several lists of private sector entities have been received from the delegations but they were the same successful businesses rather than a mix of businesses who faced both challenges and opportunities. This meant that further research had to be carried out to identify relevant companies. This has been a time-consuming exercise;

- **A third round of consultations** was rolled out to capture additional insights for the case studies.

Despite the challenges, important information on the impact of EPA were captured through some of the initial interviews and other consultation tools and further expanded based on the above adjustments in the consultation process.

ANNEX D STAKEHOLDER LIST

Antigua and Barbuda

Antigua Distillery Limited
Customs
Ministry of Foreign Affairs, Trade and Immigration (+EPA coordinator)

Bahamas

777 Studio (Recording studio)
Anex Distribution (Cigars and cigarettes)
Bahamas Chamber of Commerce and Employers Confederation
Bahamas Customs
Bahamas Financial Services Board
BahamasSpa (Tourism)
Barbados Light Industry Development Council
Caribbean Congress of Labour
Cari-BNB (Tourism)
Coca-Cola
Consulate of the Kingdom of Belgium in Nassau
International Culture Ltd. "The Bahamas Translators"
Manings Bahamas
Ministry of Financial Services, Trade & Industry and Immigration
Precision Bookkeeping
Royan Dean Consulting
Small Business Development Centre
TIFF Gallery (Art)

Barbados

1688 Orchestra and Collective (Music)
Barbados Chamber of Commerce
Barbados Coalition of Service Industries
Barbados Customs and Excise Department
Barbados Investment and Development Cooperation – BIDC
Barbados National Standards Institute -BNSI
Caribbean Export Development Agency
Caribbean Youth Environment Network
CARICOM Secretariat, Office of Trade Negotiations
Corporate Affairs and Intellectual Property Office – CAIPO
Delegation of the European Union to Barbados, the Eastern Caribbean States, the OECS and
CARICOM/CARIFORUM
EU Delegation – DEVCO
Fair Trading Commission – FTC
Jay's Enterprises (Condiments, seasonings, spices, sauces)
Ministry of Agriculture and Food Security
Ministry of Foreign Affairs and Foreign Trade (+national EPA coordinator)
Ministry of Small Business, Entrepreneurship and Commerce
Parachute Film (Film and Animation)
Regional Organisation for Standards and Quality (CROSQ)
Small Business Office
T.A.L.E.N.T. (Film and Animation)
West Indies Rum Producers Association (WIRSPA)

Belize

Belize Chamber of Commerce and Industry (BCCI)
Customs Authority

Export Belize
Ministry of Investment, Trade and Commerce (+EPA coordinator)
Travellers Liquors

Dominica

Benjo's Seamoss & Agri processing
Customs Authority
Dominica Association of Industry & Commerce
Ministry of Trade, Energy and Employment (+EPA coordinator)

Dominican Republic

Agribusiness Board – JAD
Asociación Dominicana de Productores de Ron
Asociación Dominicana de Zonas Francas
Banco Popular
Business Commission for International Negotiations – CENI
Centro Cuesta Nacional (CCN) (supermarket chain)
Directorate General Customs -DGA
Export and Investment Promotion Center – CEIRD
Grupo GRUMASA Dominicana (Hotel Chain)
Horwath HTL - Santo Domingo office (Hotel, Tourism & Leisure Consulting)
Intellectual Property Authority – ONAPI
J&J Spirits
Ministry of Agriculture- OCTA
Ministry of Foreign Affairs
Ministry of Industry, Trade and SMEs – DICOEX (+EPA coordinator)
National Hotel Association
Pellerano & Herrera
Petroantillana (dairy importer)
Private Enterprise Council – CONEP
Supermercado Bravo
Ron Barceló
Ron Veleiro
Vinicola del Norte (Liquor distributor)

Grenada

Customs Authority
Grenada Distillers Limited
Grenada Industrial Development Corporation – GIDC
Ministry of Trade, Industry, Cooperatives and CARICOM Affairs (+EPA coordinator)

Guyana

Berbice Chamber of Commerce and Development Association
CARICOM Directorate of Trade and Economic Integration – TEI
CARIFORUM Directorate - CARIFORUM-EU EPA Implementation Unit
Central Corentyne Chamber of Commerce
Customs Authority
Georgetown Chamber of Commerce
Guyana Manufacturers and Service Association
Guyana Office of Investment - Go Invest
Guyana Trade & Investment
Guyana Revenue Authority
Guyana Small Business Bureau
Private Sector Commission of Guyana
Tourism and Hospitality Association of Guyana
Guyana Bureau of Statistics
Linden Chamber of Commerce
Ministry of Foreign Affairs (+EPA coordinator)

Jamaica

Attorney General's Chambers
Caribbean Development & Management Company / Free People Entertainment Company
Coffee Roasters
Coffee Solutions Limited
Customs Agency
European Delegation to Jamaica
Grace Kennedy Group of Companies (Food services)
Headline Entertainment
Jamaica Business Development Corporation
Jamaica Chamber of Commerce
Jamaica Manufacturers and Exporters Association
Jamaica Trade and Invest – JAMPRO
Liquid Light Digital (Video production company)
Ministry of Culture
Ministry of Finance
Ministry of Foreign Affairs and Foreign Trade
Ministry of Industry, Commerce, Agriculture and Fisheries
Trade Agreements Implementation Coordination Unit - CSME and EPA Focal Point
Quality Systems Solutions & Initiatives
Wisynco Group (Beverages)
Wray & Nephew - Campari Group (Jamaica brandy)
Touch by VLS – (Beneficiary, creative sector)

St. Kitts and Nevis

Customs Authority
Ministry of International Trade, Industry, Commerce and Consumer Affairs

St. Lucia

Baron Foods (Food supplier)
Bureau of Standards
Business Associations
Civil Service Association
Customs Authority
Department of Commerce, International Trade, Investment, Enterprise Development and
Consumer Affairs
Employers Federation
Export St. Lucia
Invest St. Lucia
Malfinis Film & Animation
Ministry of Agriculture, Fisheries, Natural Resources and Co-operatives
Ministry of Economic Development
Ministry of Tourism, Information & Broadcasting, Culture & Creative Industry
Natmed Limited (Health and beauty products)
Ministry of Commerce Customs Department

St. Vincent and the Grenadines

Customs Authority
Ministry of Foreign Affairs, Trade and Commerce
Vincyfresh – Winfresh (Juice and sauces)

Suriname

Association of Economists in Suriname
Anco Multi Services (Arts and entertainment)
Bureau Forum (NGO)
Bureau Intellectuele Eigendom (Intellectual Property Office)

Caribbean Agricultural Health and Food Safety Agency
Caribbean Investment Group NV
CARICOM Competition Commissions

Customs Authority
Investsur (Investment agency)
Manufacturers Association Suriname – ASFA
Melkcentrale NV (Dairy)
Ministry of Agriculture and Fisheries
Ministry of Culture
Ministry of Finance, Customs
Ministry of Trade and Industry
Orde van Raadgevende Ingenieurs in Suriname
Readytex Art Gallery
Suriname Standaarden Bureau
Trade Union Progressieve Werknemers Organisatie (PWO)
SAB Distribution n.v (Alcoholic beverages distribution)
Track Drip (Music)
Trade and Industry Association – STIA
Vereniging Surinaams Bedrijfsleven (Organisation for young entrepreneurs)
Willemsberg NV (Food importer and exporter)

Trinidad and Tobago

American Chamber of Commerce
Animate in Sunshine (Animation studio)
Central Bank of Trinidad and Tobago
Confederation of Chambers
Couva Business Association
Customs Authority
ExporTT
European Business Chamber in Trinidad and Tobago (EUROCHAMTT)
Intellectual Property Office
Invest TT
Ministry of Finance
Ministry of Trade and Industry
Samba Brewing Company and Winery Ltd.
Tobago Tourism Agency Ltd (TTAL)
Tourism Trinidad Ltd (TTL)
Trinidad and Tobago Bureau of Standards
Trinidad and Tobago Manufacturing Association

EU, Member States and other

BusinessEurope (EU)
BVMW SME association (DE)
Cámara de Comercio Industrial Franco Dominicana (FR)
Curaloe (Curaçao)
European Centre for Development Policy Management (ECDPM)
Eurocámara de Comercio de la República Dominicana (EU)
Directorate-General for International Cooperation and Development (EU)
Directorate-General for Agriculture and Rural Development (EU)
Handzup Group (Haïti)
Jugz Records (DE)
GIZ (DE)
Ministry of Foreign Affairs (FR)
Ministry of Foreign Affairs (NL)
MEDIACOM Reggae music agency (FR)
Ministry of Overseas (FR)
RVO – Netherlands Enterprise Agency (NL)
Secretariat General for European Affairs (FR)
Ministry of Economy and Finance (FR)
Spanish Embassy in Santo Domingo (ES)
The Voice (UK)
UNESCO

ANNEX E TRADE STATISTICS

This Annex present more detailed trade statistics to complement the information in the main report. It includes, per CARIFORUM country:

- The Top 15 exports to the EU28 over the period 2013-2018, on an HS6 level;
- The change in goods exports composition to the EU28 over the period 2005-2018, categorist by SITC.

Further topics covered at the end of this annex are:

- New HS6 export categories to the EU;
- LDC and CARIFORUM exports to the EU;
- Import regime and preference utilisation.

Antigua and Barbuda

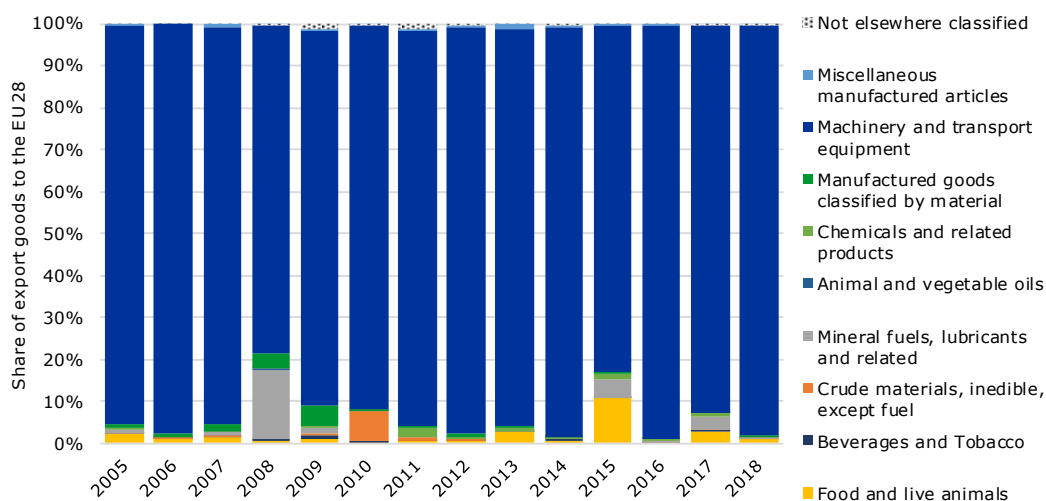
Antigua and Barbuda's main recorded exports to the EU are a variety of ships and vessels, which however do not represent products produced in the country. Outside of these products, the main imports over the past five years were oil (from oil refineries), some food types products and liquors.

Table E.1 Top 15 exports to the European Union (HS6), 2013-2018 average

Antigua and Barbuda	Share of total exports
Vessels For The Transport Of Goods And Vessels For The Transport of Both Persons And Goods (Excl. Refrigerated Vessels, Tankers, Ferry-Boats And Vessels Principally Designed For The Transport Of Persons)	84.3%
Sailboats And Yachts, With Or Without Auxiliary Motor, For Pleasure Or Sports	5.7%
Tankers	2.4%
Oilcake And Other Solid Residues, Whether Or Not Ground Or In The Form Of Pellets, Resulting From The Extraction Of Soya-Bean Oil	1.9%
Medium Oils And Preparations, Of Petroleum Or Bituminous Minerals, Not Containing Biodiesel, N.E.S.	0.9%
Cruise Ships, Excursion Boats And Similar Vessels Principally Designed For The Transport Of Persons; Ferry-Boats Of All Kinds	0.7%
Acorns, Horse-Chestnuts, Marc And Other Vegetable Materials And Vegetable Waste, Vegetable Residues And By-Products Of A Kind Used In Animal Feeding, Whether Or Not In The Form Of Pellets, N.E.S.	0.6%
Ethylene, Propylene, Butylene And Butadiene, Liquefied (Excl. Ethylene Of A Purity Of >= % And Propylene, Butylene And Butadiene Of A Purity Of >= %)	0.5%
Tugs And Pusher Craft	0.4%
Urea, Whether Or Not In Aqueous Solution (Excl. That In Pellet Or Similar Forms, Or In Packages With A Gross Weight Of <= Kg)	0.2%
Gelatin, Whether Or Not In Square Or Rectangular Sheets, Whether Or Not Surface-Worked Or Coloured, And Gelatin Derivatives; Isinglass; Other Glues Of Animal Origin (Excl. Those Packaged As Glue For Retail Sale And Weighing Net <= Kg, And Casein Glues Of Heading)	0.1%
Beet-Pulp, Bagasse And Other Waste Of Sugar Manufacture	0.1%
Coffee (Excl. Roasted And Decaffeinated)	0.1%
Rrr Returned Goods, Not Elsewhere Classified	0.1%
Rock Lobster And Other Sea Crawfish "Palinurus Spp., Panulirus Spp. And Jasus Spp.", Whether In Shell Or Not, Live, Fresh Or Chilled	

Source: Eurostat.

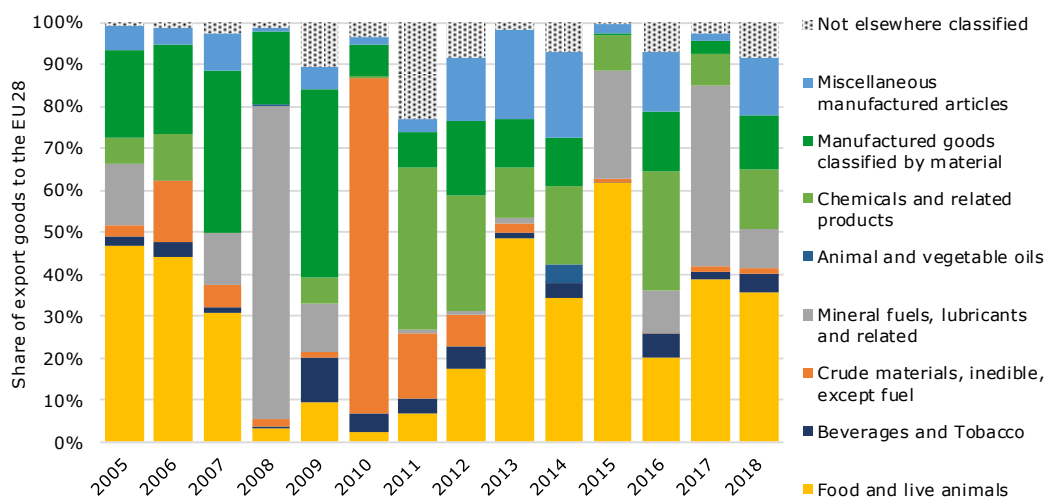
Figure E.1 Antigua and Barbuda change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

Excluding the machinery sector, Antigua and Barbuda has a highly fluctuating export composition. The categories of food and live animals, the most significant through the year, is mainly driven by spirits. Exports of mineral fuels also experienced some peaks, particularly in 2008 and 2015.

Figure E.2 Antigua and Barbuda change in goods export composition (excluding transport equipment) to the EU28, 2005-2018



Source: Eurostat.

Barbados

Barbados's main exports to the EU, excluding the vessels and boats that figure quite prominently, are rum, ethyl alcohol, sugar, and liqueurs and cordials.

Table E.2 Top 15 exports to the European Union (HS6), 2013-2018 average

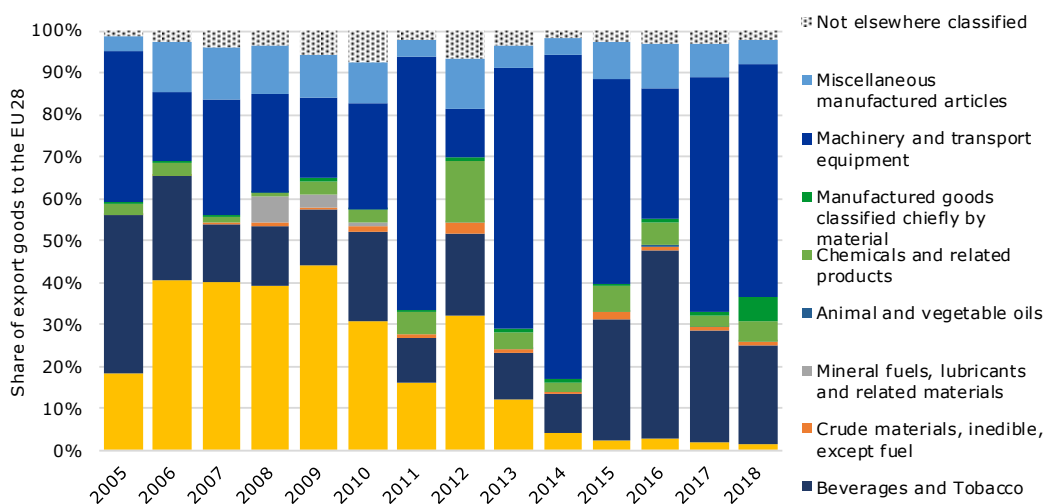
Barbados	Share of total exports
Vessels For The Transport Of Goods And Vessels For The Transport Of Both Persons And Goods (Excl. Refrigerated Vessels, Tankers, Ferry-Boats And Vessels Principally Designed For The Transport Of Persons)	38.5%

Barbados	Share of total exports
Rum And Other Spirits Obtained By Distilling Fermented Sugar-Cane Products	21.4%
Tankers	10.4%
Motor Boats And Motor Yachts, For Pleasure Or Sports (Other Than Outboard Motor Boats)	3.6%
Artificial Parts Of The Body (Excl. Artificial Teeth And Dental Fittings And Artificial Joints)	3.2%
Undenatured Ethyl Alcohol, Of Actual Alcoholic Strength Of >= %	3.2%
Raw Cane Sugar, In Solid Form, Not Containing Added Flavouring Or Colouring Matter (Excl. Cane Sugar)	1.6%
Wirewound Variable Electrical Resistors, Incl. Rheostats And Potentiometers, For A Power Handling Capacity > W (Excl. Heating Resistors)	1.6%
Ppp Goods Carried By Post, Not Elsewhere Classified	1.4%
Liqueurs And Cordials	1.3%
Fixed Carbon Resistors, Composition Or Film Types (Excl. Heating Resistors)	1.2%
Paper Or Paperboard Labels Of All Kinds, Printed	0.8%
Rrr Returned Goods, Not Elsewhere Classified	0.8%
Fixed Electrical Resistors For A Power Handling Capacity <= W (Excl. Heating Resistors)	0.8%
Cotton, Neither Carded Nor Combed	0.7%

Source: Eurostat.

Barbados' export categories have experienced large volatility among most categories, without a clear trend. It appears that "Crude materials" tended to have a declining share (now minimal in the last few years) whereas "Beverages and Tobacco" have grown in the past years.

Figure E.3 Barbados change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

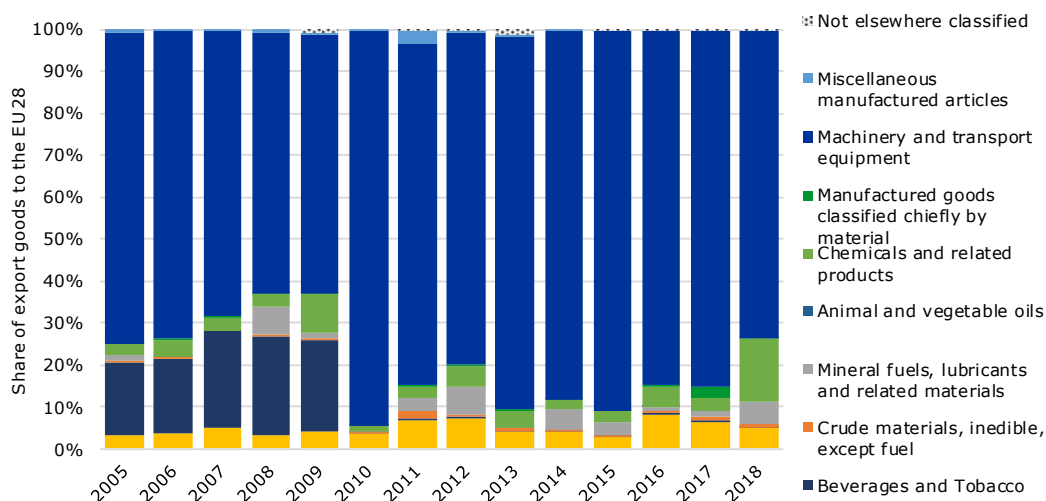
Bahamas

Table E.3 Top 15 exports to the European Union (HS6), 2013-2018 average

Bahamas	Share of total exports
vessels for the transport of goods and vessels for the transport of both persons and goods (excl. refrigerated vessels, tankers, ferry-boats and vessels principally designed for the transport of persons)	50.8%
tankers	19.8%

Bahamas	Share of total exports
cruise ships, excursion boats and similar vessels principally designed for the transport of persons; ferry-boats of all kinds	11.6%
frozen rock lobster and other sea crawfish "palinurus spp.", "panulirus spp." and "jasus spp.", even smoked, whether in shell or not, incl. rock lobster and other sea crawfish in shell, cooked by steaming or by boiling in water	4.5%
heterocyclic compounds with nitrogen hetero-atom[s] only, containing a pyrimidine ring, whether or not hydrogenated, or piperazine ring in the structure (excl. malonylurea "barbituric acid" and its derivatives, allobarbital "inn", amobarbital "inn", barbital "inn", butalbital "inn", butobarbital "inn", cyclobarbital "inn", methylphenobarbital "inn", pentobarbital "inn", phenobarbital "inn", secbutobarbital "inn", secobarbital "inn", vinylbital "inn", loprazolam "inn", mecloqualone "inn", methaqualone "inn" and zipeprol "inn", and salts thereof)	4.0%
light oils and preparations, of petroleum or bituminous minerals which $\geq 90\%$ by volume "incl. losses" distil at 210°C "astm d 86 method" (excl. containing biodiesel)	2.6%
expandible polystyrene, in primary forms	1.1%
medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	0.7%
gears and gearing for machinery (excl. toothed wheels, chain sprockets and other transmission elements presented separately); ball or roller screws; gear boxes and other speed changers, incl. torque converters	0.6%
sailboats and yachts, with or without auxiliary motor, for pleasure or sports	0.4%
aeroplanes and other powered aircraft of an of an unladen weight > 15.000 kg (excl. helicopters and dirigibles)	0.3%
motor boats and motor yachts, for pleasure or sports (other than outboard motor boats)	0.3%
parts suitable for use solely or principally with compression-ignition internal combustion piston engine, n.e.s.	0.3%
compressors for refrigerating equipment	0.3%
rum and other spirits obtained by distilling fermented sugar-cane products	0.2%

Figure E. 4 Bahamas change in goods export composition to the EU28, 2005-2018

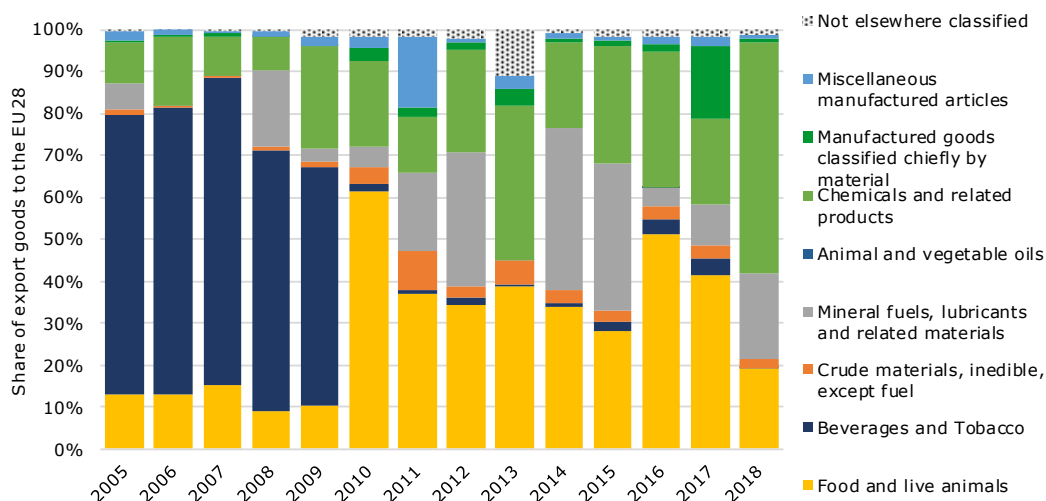


Source: Eurostat.

Bahamas' exports are mainly focused around machinery and transport equipment, mainly made up by ships and optical equipment. Beverage exports dropped drastically after the Bacardi Nassau's distillery's closing in 2009. The category of "Food and Live Animals", however, has seen a relative increases in exports, mostly driven by fish and crustacean exports. The country furthermore has a small pharmaceutical industry, which accounts for the share of "Chemical and related products". The main export under this category is that of heterocyclic compound, which are used in nearly half of pharmaceutical drugs.

Without shipping

Figure E. 5 Bahamas change in goods export composition (excluding machinery and transport equipment) to the EU28, 2005-2018



Source: Eurostat.

Belize

Table E.4 Top 15 exports to the European Union (HS6), 2013-2018 average

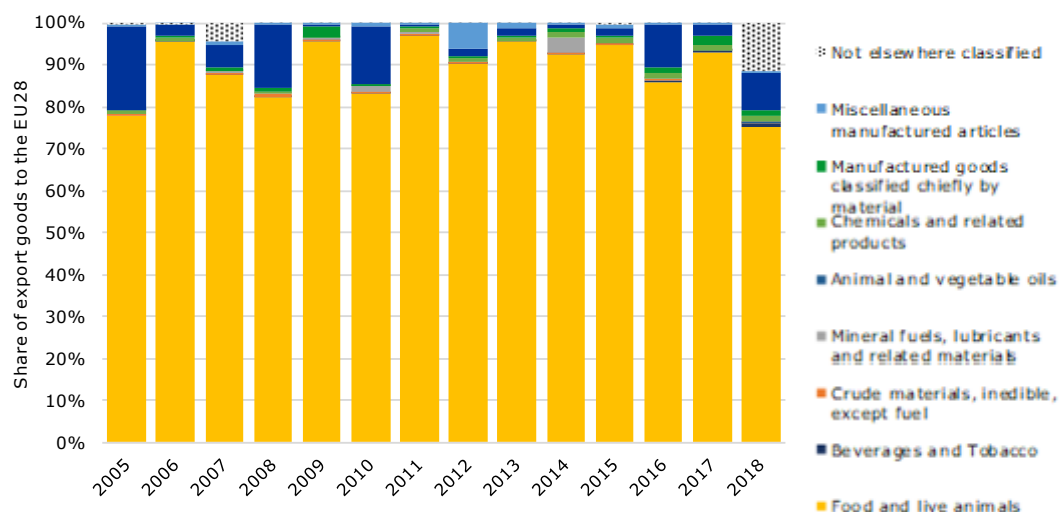
Belize	Share of total exports
Fresh Or Dried Bananas (Excl. Plantains)	39%
Raw Cane Sugar, In Solid Form, Not Containing Added Flavouring Or Colouring Matter (Excl. Cane Sugar Of)	34%
Frozen Yellowfin Tunas "Thunnus Albacares"	4%
Gold, Incl. Gold Plated With Platinum, In Semi-Manufactured Forms, For Non-Monetary Purposes	3%
Orange Juice, Unfermented, Whether Or Not Containing Added Sugar Or Other Sweetening Matter (Excl. Containing Spirit, Frozen, And Of A Brix Value <= At °C)	2%
Frozen Shrimps And Prawns, Even Smoked, Whether In Shell Or Not, Incl. Shrimps And Prawns In Shell, Cooked By Steaming Or By Boiling In Water (Excl. Cold-Water Shrimps And Prawns)	2%
Fishing Vessels; Factory Ships And Other Vessels For Processing Or Preserving Fishery Products (Excl. Fishing Boats For Sport)	2%
Frozen Skipjack Or Stripe-Bellied Bonito "Euthynnus -Katsuwonus- Pelamis"	1%
Vessels For The Transport Of Goods And Vessels For The Transport Of Both Persons And Goods (Excl. Refrigerated Vessels, Tankers, Ferry-Boats And Vessels Principally Designed For The Transport Of Persons)	1%
Frozen Orange Juice, Unfermented, Whether Or Not Containing Added Sugar Or Other Sweetening Matter (Excl. Containing Spirit)	1%
Grapefruit Juice, Unfermented, Brix Value > At °C, Whether Or Not Containing Added Sugar Or Other Sweetening Matter (Excl. Containing Spirit)	1%

Oils Of Sweet And Bitter Orange, Whether Or Not Terpeneless, Incl. Concretes And Absolutes (Excl. Orange-Flower Oil)	1%
Motor Boats And Motor Yachts, For Pleasure Or Sports (Other Than Outboard Motor Boats)	1%
Petroleum Oils And Oils Obtained From Bituminous Minerals, Crude Tankers	1%

Source: Eurostat.

Food and live animals are the main exporting sector in Belize, driven mainly by sugar, fruits (bananas), vegetables and fish (tuna). A noticeable sector other than this is machinery and transport equipment, although to a much smaller scale.

Figure E.6 Belize change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

Dominica

Dominica’s exports to the EU include cocoa beans, bananas and tobacco, in the agricultural sector. It also has a light manufacturing sector, which includes for example, the processing of coconut oil into soaps (see hereunder as chemical products including those consisting of mixtures of natural products) as well as essential oils mixes.

Table E.5 Top 15 exports to the European Union (HS6), 2013-2018 average

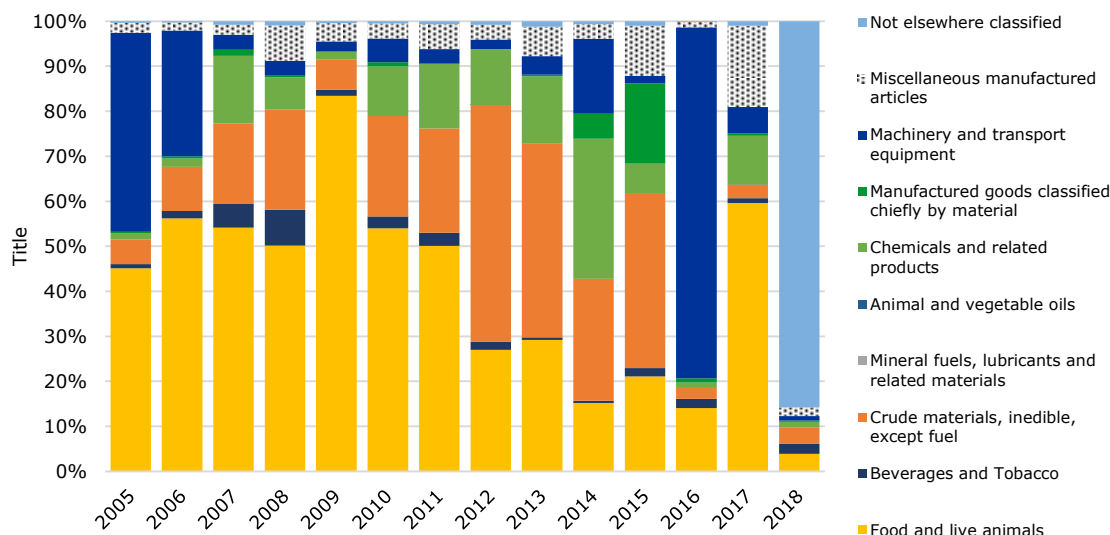
Dominica	Share of exports
Vessels For The Transport Of Goods And Vessels For The Transport Of Both Persons And Goods (Excl. Refrigerated Vessels, Tankers, Ferry-Boats And Vessels Principally Designed For The Transport Of Persons)	35.8%
Sss Confidential Trade Of Chapter And Sitc Group	20.6%
Cocoa Beans, Whole Or Broken, Raw Or Roasted	10.9%
Silica Sands And Quartz Sands, Whether Or Not Coloured	3.5%
Chemical Products And Preparations Of The Chemical Or Allied Industries, Incl. Those Consisting Of Mixtures Of Natural Products, N.E.S.	3.3%
Pebbles, Gravel, Broken Or Crushed Stone, For Concrete Aggregates, For Road Metalling Or For Railway Or Other Ballast, Shingle And Flint, Whether Or Not Heat-Treated	2.8%
Essential Oils, Whether Or Not Terpeneless, Incl. Concretes And Absolutes (Excl. Those Of Citrus Fruit And Mint)	2.3%
New Pneumatic Tyres, Of Rubber, Of A Kind Used For Motor Cars, Incl. Station Wagons And Racing Cars	2.2%
Input Or Output Units For Automatic Data-Processing Machines, Whether Or Not Containing Storage Units In The Same Housing	1.3%
Natural Sands Of All Kinds, Whether Or Not Coloured (Excl. Silica Sands, Quartz Sands, Gold- And Platinum-Bearing Sands, Zircon, Rutile And Ilmenite Sands, Monazite Sands, And Tar Or Asphalt Sands)	1.2%

Dominica	Share of exports
Instruments And Appliances Used In Medical, Surgical Or Veterinary Sciences, N.E.S.	1.1%
Fresh Or Dried Bananas (Excl. Plantains)	1.0%
Waste And Scrap, Of Copper (Excl. Ingots Or Other Similar Unwrought Shapes, Of Remelted Copper Waste And Scrap, Ashes And Residues Containing Copper, And Waste And Scrap Of Primary Cells, Primary Batteries And Electric Accumulators)	0.9%
Footwear With Outer Soles Of Rubber, Plastics Or Composition Leather, With Uppers Of Leather (Excl. Covering The Ankle, Incorporating A Protective Metal Toecap, Sports Footwear, Orthopaedic Footwear And Toy Footwear)	0.8%
Tobacco, Partly Or Wholly Stemmed Or Stripped, Otherwise Unmanufactured	0.8%

Source: Eurostat.

The Dominican exports fluctuated over the past 10 years. The export share in “Food and Live Animals” decreased over time, as has the share of crude materials. Chemical and manufactures goods have somewhat increased.

Figure E. 7 Dominica change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

Dominican Republic

The Dominican Republic’s main exports to the EU over the past five years have been bananas, cocoa beans, medical / surgical instruments and rum.

Table E.6 Top 15 exports to the European Union (HS6), 2013-2018 average

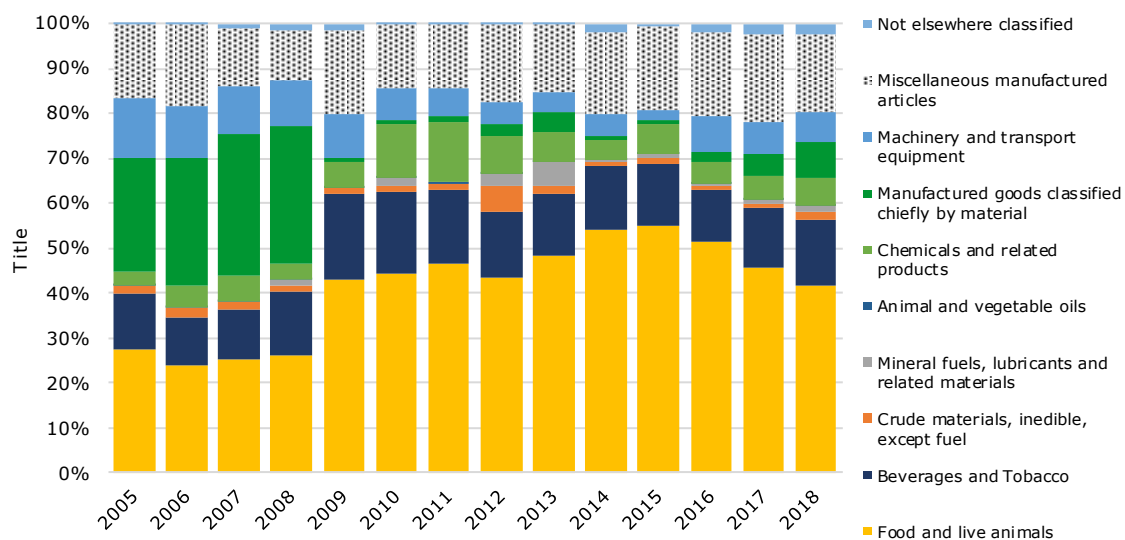
Dominican Republic	Share of exports
Fresh Or Dried Bananas (Excl. Plantains)	29%
Cocoa Beans, Whole Or Broken, Raw Or Roasted	12%
Instruments And Appliances Used In Medical, Surgical Or Veterinary Sciences, N.E.S.	8%
Rum And Other Spirits Obtained By Distilling Fermented Sugar-Cane Products	8%
Sterile Surgical Catgut, Similar Sterile Suture Materials, Incl. Sterile Absorbable Surgical Or Dental Yarns, And Sterile Tissue Adhesives For Surgical Wound Closure; Sterile Laminaria And Sterile Laminaria Tents; Sterile Absorbable Surgical Or Dental Haemostatics; Sterile Surgical Or Dental Adhesion Barriers, Whether Or Not Absorbable	4%
Cigars, Cheroots And Cigarillos Containing Tobacco	3%
Electro-Diagnostic Apparatus, Incl. Apparatus For Functional Exploratory	3%

Dominican Republic	Share of exports
Examination Or For Checking Physiological Parameters (Excl. Electro-Cardiographs, Ultrasonic Scanning Apparatus, Magnetic Resonance Imaging Apparatus And Scintigraphic Apparatus)	
Ferro-Nickel	3%
Fresh Or Dried Guavas, Mangoes And Mangosteens	2%
Footwear With Outer Soles Of Rubber, Plastics Or Composition Leather, With Uppers Of Leather (Excl. Covering The Ankle, Incorporating A Protective Metal Toecap, Sports Footwear, Orthopaedic Footwear And Toy Footwear)	2%
Tobacco, Partly Or Wholly Stemmed Or Stripped, Otherwise Unmanufactured	2%
Footwear With Outer Soles Of Rubber, Plastics Or Composition Leather, With Uppers Of Leather, Covering The Ankle (Excl. Incorporating A Protective Metal Toecap, Sports Footwear, Orthopaedic Footwear And Toy Footwear)	2%
Needles, Catheters, Cannulae And The Like, Used In Medical, Surgical, Dental Or Veterinary Sciences (Excl. Syringes, Tubular Metal Needles And Needles For Sutures)	1%
Appliances Identifiable For Ostomy Use	1%
Fresh Or Dried Avocados	1%

Source: Eurostat.

The Dominican Republic mainly exports food and beverages, in particular fruits, vegetables and spirits, as well as tobacco. The share of these sectors have also increased over time, with a sharp increase in "Food and Live Animals" and "Beverages and Tobacco" after 2008. The share of manufactured goods has decreased over time, whilst other sectors have maintained a relatively constant share.

Figure E. 8 Dominican Republic change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

Grenada

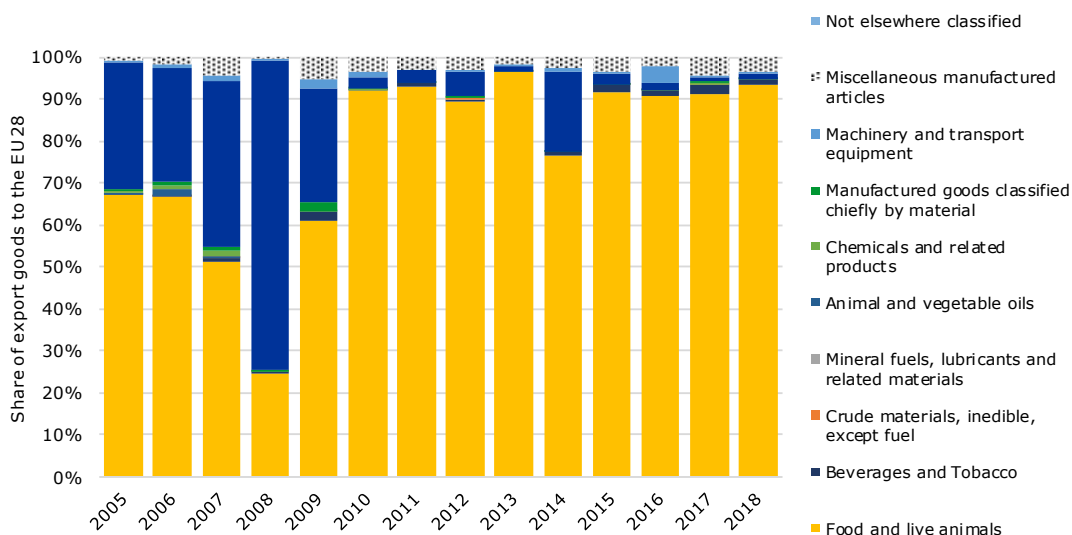
Grenada exports mainly food produce

Table E.7 Top 15 exports to the European Union (HS6), 2013-2018 average

Grenada	Share of exports
Nutmeg, Neither Crushed Nor Ground	46.0%
Cocoa Beans, Whole Or Broken, Raw Or Roasted	22.0%
Fresh Or Chilled Fish Of The Families Bregmacerotidae, Euclichthyidae, Gadidae, Macrouridae, Melanonidae, Merlucciidae, Moridae And Muraenolepididae (Excl. Cod, Haddock, Coalfish, Hake, Alaska Pollack And Blue Whittings)	7.3%
Nutmeg, Crushed Or Ground	5.4%
Vessels For The Transport Of Goods And Vessels For The Transport Of Both Persons And Goods (Excl. Refrigerated Vessels, Tankers, Ferry-Boats And Vessels Principally Designed For The Transport Of Persons)	3.6%
Mace, Neither Crushed Nor Ground	3.2%
Ppp Goods Carried By Post, Not Elsewhere Classified	2.5%
Rum And Other Spirits Obtained By Distilling Fermented Sugar-Cane Products	1.2%
Fresh Or Dried Guavas, Mangoes And Mangosteens	1.2%
Fresh Tamarinds, Cashew Apples, Jackfruit, Lychees, Sapodillo Plums, Passion Fruit, Carambola, Pitahaya And Other Edible Fruit (Excl. Nuts, Bananas, Dates, Figs, Pineapples, Avocados, Guavas, Mangoes, Mangosteens, Papaws "Papayas", Citrus Fruit, Grapes, Melons, Apples, Pears Quinces, Apricots, Cherries, Peaches, Plums, Sloes, Strawberries, Raspberries, Mulberries, Blackberries, Loganberries, Cranberries, Fruits Of The Genus Vaccinium, Kiwifruit, Durians, Persimmons, Black-, White- And Redcurrants And Gooseberries)	0.8%
Instruments And Apparatus For Physical Or Chemical Analysis, Or For Measuring Or Checking Viscosity, Porosity, Expansion, Surface Tension Or The Like, Or For Measuring Or Checking Quantities Of Heat, Sound Or Light, N.E.S.	0.8%
Chocolate And Other Preparations Containing Cocoa, In Blocks, Slabs Or Bars Of <= Kg (Excl. Filled)	0.5%
Chocolate And Other Preparations Containing Cocoa, In Containers Or Immediate Packings Of <= Kg (Excl. In Blocks, Slabs Or Bars And Cocoa Powder)	0.5%
Arrowroot, Salep, Jerusalem Artichokes And Similar Roots And Tubers With High Starch Or Inulin Content, Fresh, Chilled, Frozen Or Dried, Whether Or Not Sliced Or In The Form Of Pellets, And Sago Pith (Excl. Manioc "Cassava", Sweet Potatoes, Yams, Taro And Yautia)	0.5%
Rrr Returned Goods, Not Elsewhere Classified	0.5%

Source: Eurostat.

Figure E.9 Grenada change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

Guyana

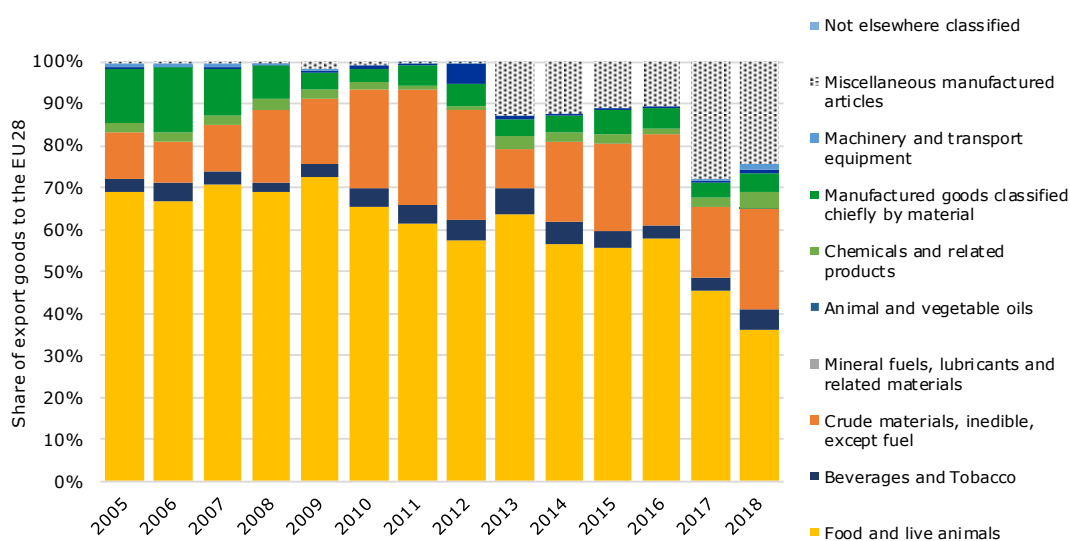
Table E.8 Top 15 exports to the European Union (HS6), 2013-2018 average

Guyana	Guyana
Raw Cane Sugar, In Solid Form, Not Containing Added Flavouring Or Colouring Matter (Excl. Cane Sugar Of)	21.0%
Aluminium Ores And Concentrates	19.1%
Gold, Incl. Gold Plated With Platinum, In Semi-Manufactured Forms, For Non-Monetary Purposes	17.3%
Husked Or Brown Rice	14.1%
Rice In The Husk, "Paddy" Or Rough	6.4%
Rum And Other Spirits Obtained By Distilling Fermented Sugar-Cane Products	4.0%
Broken Rice	3.6%
Non-Industrial Diamonds Unworked Or Simply Sawed, Cleaved Or Bruted (Excl. Industrial Diamonds)	2.8%
Frozen Shrimps And Prawns, Even Smoked, Whether In Shell Or Not, Incl. Shrimps And Prawns In Shell, Cooked By Steaming Or By Boiling In Water (Excl. Cold-Water Shrimps And Prawns)	2.3%
Undenatured Ethyl Alcohol, Of Actual Alcoholic Strength Of \geq %	2.1%
Diamonds, Unsorted	1.5%
Palm Hearts, Prepared Or Preserved, Whether Or Not Containing Added Sugar Or Other Sweetening Matter Or Spirit (Excl. Prepared Or Preserved With Vinegar)	1.2%
Cane Molasses Resulting From The Extraction Or Refining Of Sugar	0.9%
Wood, Sawed Or Chipped Lengthwise, Sliced Or Peeled, Whether Or Not Planed, Sanded Or End-Jointed, Of A Thickness Of $>$ Mm (Excl. Tropical Wood Specified In Subheading Note To This Chapter, Coniferous Wood, Oak "Quercus Spp.", Beech "Fagus Spp.", Maple "Acer Spp.", Cherry "Prunus Spp." And Ash "Fraxinus Spp.")	0.8%
Frozen Fish, N.E.S.	0.2%

Source: Eurostat.

The main exports of Guyana to the EU are in food, particularly sugars, cereals and fish. The share of this sector in the overall exports, however, has been slightly decreasing. This corresponds to a slight increase in crude materials.

Figure E.10 Guyana change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

Jamaica

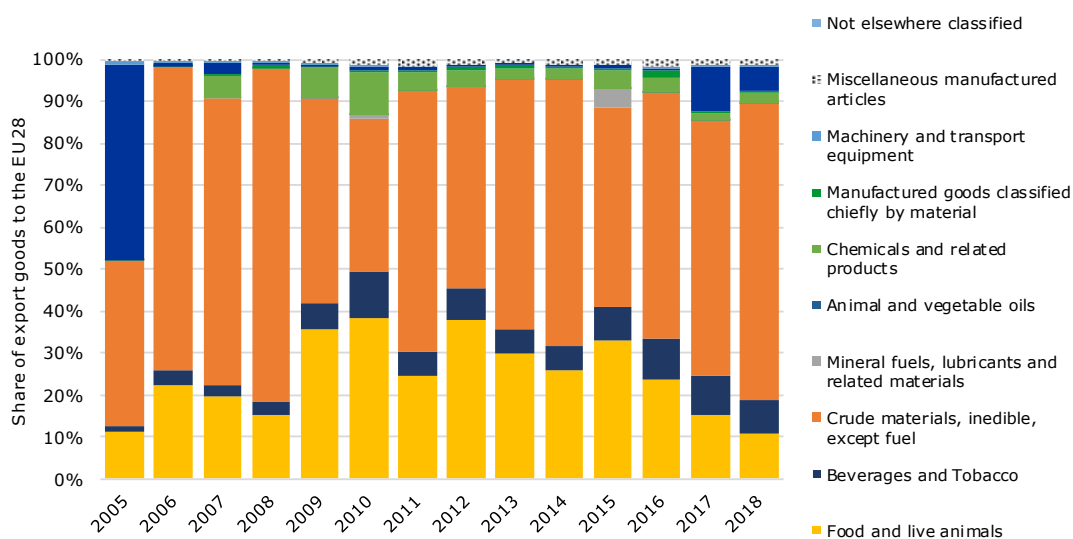
Table E.9 Top 15 exports to the European Union (HS6), 2013-2018 average

Jamaica	Share of total imports
Aluminium Oxide (Excl. Artificial Corundum)	60%
Raw Cane Sugar, In Solid Form, Not Containing Added Flavouring Or Colouring Matter (Excl. Cane Sugar)	9%
Rum And Other Spirits Obtained By Distilling Fermented Sugar-Cane Products	4%
Undenatured Ethyl Alcohol, Of Actual Alcoholic Strength Of >= %	2%
Turbojets Of A Thrust > Kn	2%
Coffee (Excl. Roasted And Decaffeinated)	2%
Molluscs, Fit For Human Consumption, Even In Shell, Smoked, Frozen, Dried, Salted Or In Brine (Excl. Oysters, Scallops Of The Genera Pecten, Chlamys Or Placopecten, Mussels "Mytilus Spp., Perna Spp.", Cuttle Fish "Sepia Officinalis, Rossia Macrosoma, Sepiola Spp.", Squid "Ommastrephes Spp., Loligo Spp., Nototodarus Spp., Sepioteuthis Spp.", Octopus "Octopus Spp.", Snails Other Than Sea Snails, Clams, Cockles And Ark Shells And Abalone); Frozen, Dried, Salted Or In Brine, Flours, Meals And Pellets Of Molluscs, Fit For Human Consumption	1%
Frozen Rock Lobster And Other Sea Crawfish "Palinurus Spp.", "Panulirus Spp." And "Jasus Spp.", Even Smoked, Whether In Shell Or Not, Incl. Rock Lobster And Other Sea Crawfish In Shell, Cooked By Steaming Or By Boiling In Water	1%
Vegetables And Mixtures Of Vegetables, Prepared Or Preserved Otherwise Than By Vinegar, Non-Frozen (Excl. Preserved By Sugar, Homogenised Vegetables Of Subheading., And Tomatoes, Mushrooms, Truffles, Potatoes, Peas "Pisum Sativum", Beans "Vigna, Phaseolus", Asparagus, Olives, Sweetcorn "Zea Mays Var. Saccharata" And Bamboo Shoots, Unmixed)	1%
Motor Boats And Motor Yachts, For Pleasure Or Sports (Other Than Outboard Motor Boats)	1%
Ppp Goods Carried By Post, Not Elsewhere Classified	1%
Beer Made From Malt	1%
Bread, Pastry, Cakes, Biscuits And Other Bakers' Wares, Whether Or Not Containing Cocoa; Communion Wafers, Empty Cachets Of A Kind Suitable For Pharmaceutical Use, Sealing Wafers, Rice Paper And Similar Products (Excl. Crispbread, Gingerbread And The Like, Sweet Biscuits, Waffles, Wafers Not Mentioned, Rusks, Toasted Bread And Similar Toasted Products)	1%
Vermouth And Other Wine Of Fresh Grapes, Flavoured With Plants Or Aromatic Substances, In Containers Of <= L	1%
Preparations For Sauces And Prepared Sauces; Mixed Condiments And Seasonings (Excl. Soya Sauce, Tomato Ketchup And Other Tomato Sauces, Mustard, And Mustard Flour And Meal)	

Source: Eurostat.

The highest share of Jamaican exports to the EU is in crude materials, mainly aluminum oxide. The nation also exports a significant share of raw cane sugar, although the share of food has been slightly decreasing over the latest years. Rum and ethyl alcohol, other significant exports, have increased their share over the total period.

Figure E.11 Jamaica change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

St Kitts and Nevis

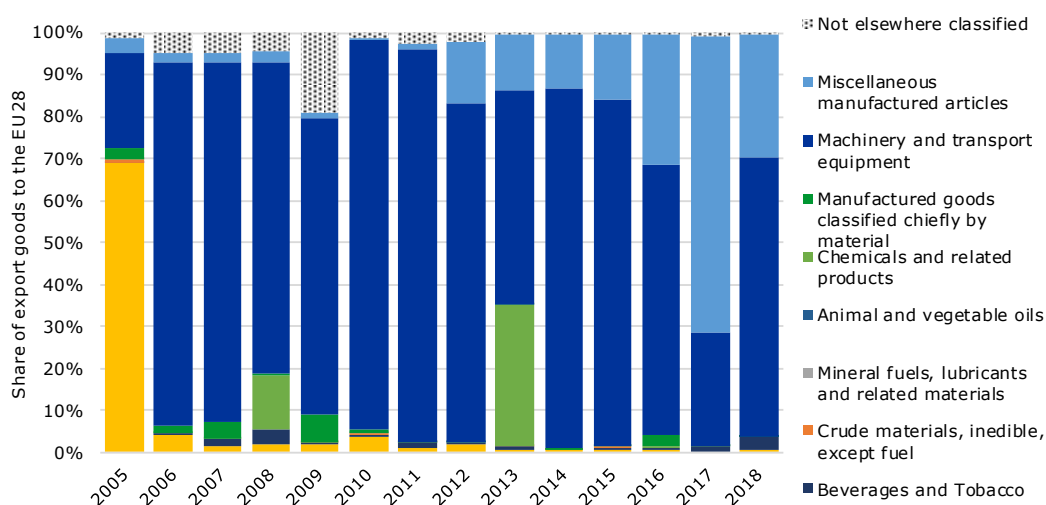
Table E.10 Top 15 exports to the European Union (HS6), 2013-2018 average

St. Kitts and Nevis	Share of exports
Vessels For The Transport Of Goods And Vessels For The Transport Of Both Persons And Goods (Excl. Refrigerated Vessels, Tankers, Ferry-Boats And Vessels Principally Designed For The Transport Of Persons)	40.8%
Instruments, Appliances And Machines For Measuring Or Checking, Not Elsewhere Specified In Chapter (Excl. Optical)	24.3%
Motor Boats And Motor Yachts, For Pleasure Or Sports (Other Than Outboard Motor Boats)	10.6%
Refrigerated Vessels (Excl. Tankers)	9.0%
Aerials And Aerial Reflectors Of All Kinds; Parts Suitable For Use Therewith, N.E.S.	4.1%
Parts Suitable For Use Solely Or Principally With Electric Motors And Generators, Electric Generating Sets And Rotary Converters, N.E.S.	3.0%
Parts And Accessories For Instruments, Appliances And Machines For Measuring And Checking, N.E.S.	1.2%
Electrical Variable Resistors, Incl. Rheostats And Potentiometers (Excl. Wirewound Variable Resistors And Heating Resistors)	0.9%
Liqueurs And Cordials	0.8%
Transmission Apparatus For Radio-Broadcasting Or Television, Not Incorporating Reception Apparatus	0.4%
Dc Motors Of An Output >, W But <= W And Dc Generators Of An Output <= W	0.4%
Ppp Goods Carried By Post, Not Elsewhere Classified	0.3%
Live Primates	0.3%
Parts Of Telephone Sets, Telephones For Cellular Networks Or For Other Wireless Networks And Of Other Apparatus For The Transmission Or Reception Of Voice, Images Or Other Data, N.E.S.	0.2%
Inductors (Excl. Inductors For Discharge Lamps Or Tubes)	0.2%

Source: Eurostat.

St. Kitts and Nevis mostly exports machinery and transport equipment, although over the last years manufactured articles have been taking over a notable part of the total share. These refer particularly to electric parts, as well as as a variety of instruments.

Figure E.12 Saint Kitts and Nevis change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

St. Lucia

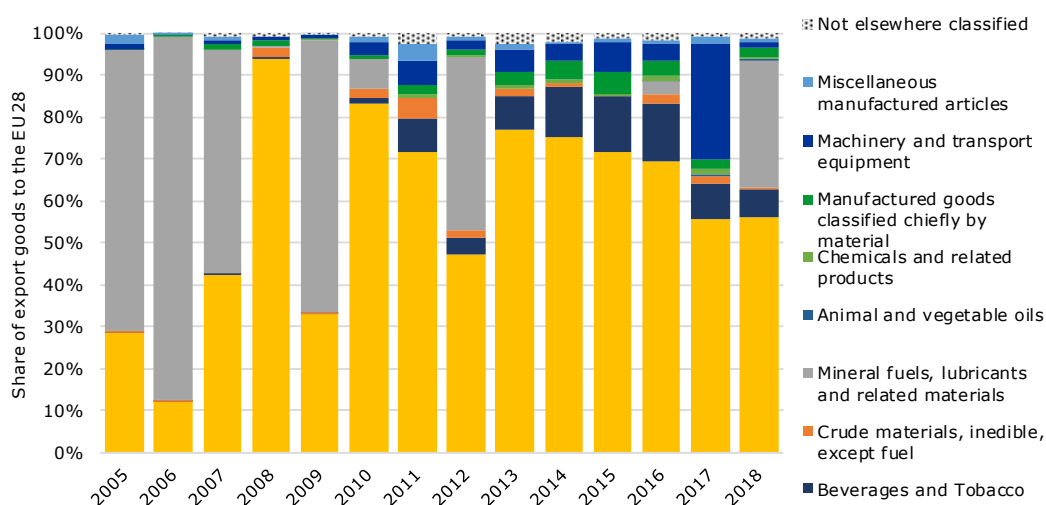
Table E.11 Top 15 exports to the European Union (HS6), 2013-2018 average

St. Lucia	Share of exports
Fresh Or Dried Bananas (Excl. Plantains)	55.9%
Medium Oils And Preparations, Of Petroleum Or Bituminous Minerals, Not Containing Biodiesel, N.E.S.	7.2%
Rum And Other Spirits Obtained By Distilling Fermented Sugar-Cane Products	6.3%
Waters, Incl. Mineral And Aerated, With Added Sugar, Sweetener Or Flavour, For Direct Consumption As A Beverage	4.1%
Parts For Boring Or Sinking Machinery Of Subheading. Or., N.E.S.	2.6%
Preparations For Sauces And Prepared Sauces; Mixed Condiments And Seasonings (Excl. Soya Sauce, Tomato Ketchup And Other Tomato Sauces, Mustard, And Mustard Flour And Meal)	2.4%
Folding Cartons, Boxes And Cases, Of Non-Corrugated Paper Or Paperboard	1.6%
Parts Of Machinery Of Heading, And, N.E.S.	1.6%
Motor Vehicles For The Transport Of Goods, With Compression-Ignition Internal Combustion Piston Engine "Diesel Or Semi-Diesel Engine" Of A Gross Vehicle Weight <= T (Excl. Dumpers For Off-Highway Use Of Subheading. And Special Purpose Motor Vehicles Of Heading)	1.5%
Fresh Persimmons	1.4%
Fresh Tamarinds, Cashew Apples, Jackfruit, Lychees, Sapodillo Plums, Passion Fruit, Carambola, Pitahaya And Other Edible Fruit (Excl. Nuts, Bananas, Dates, Figs, Pineapples, Avocados, Guavas, Mangoes, Mangosteens, Papaws "Papayas", Citrus Fruit, Grapes, Melons, Apples, Pears Quinces, Apricots, Cherries, Peaches, Plums, Sloes, Strawberries, Raspberries, Mulberries, Blackberries, Loganberries, Cranberries, Fruits Of The Genus Vaccinium, Kiwifruit, Durians, Persimmons, Black-, White- And Redcurrants And Gooseberries)	1.3%
Ppp Goods Carried By Post, Not Elsewhere Classified	1.1%
Boards, Cabinets And Similar Combinations Of Apparatus For Electric Control Or The Distribution Of Electricity, For A Voltage > . V	1.0%
Machines For The Reception, Conversion And Transmission Or Regeneration Of Voice, Images Or Other Data, Incl. Switching And Routing Apparatus (Excl. Base Stations, Telephone Sets, Telephones For Cellular Networks Or For Other Wireless Networks)	1.0%
Cocoa Beans, Whole Or Broken, Raw Or Roasted	0.9%

Source: Eurostat.

St. Lucia mostly exports food, which is taking over an increasing share of the national exports to the EU. Of this, the main products are fruits. Another notable sector is mineral fuels, although it is very volatile, with high peaks in only some years.

Figure E.13 Saint Lucia change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

Suriname

Table E.12 Top 15 exports to the European Union (HS6), 2013-2018 average

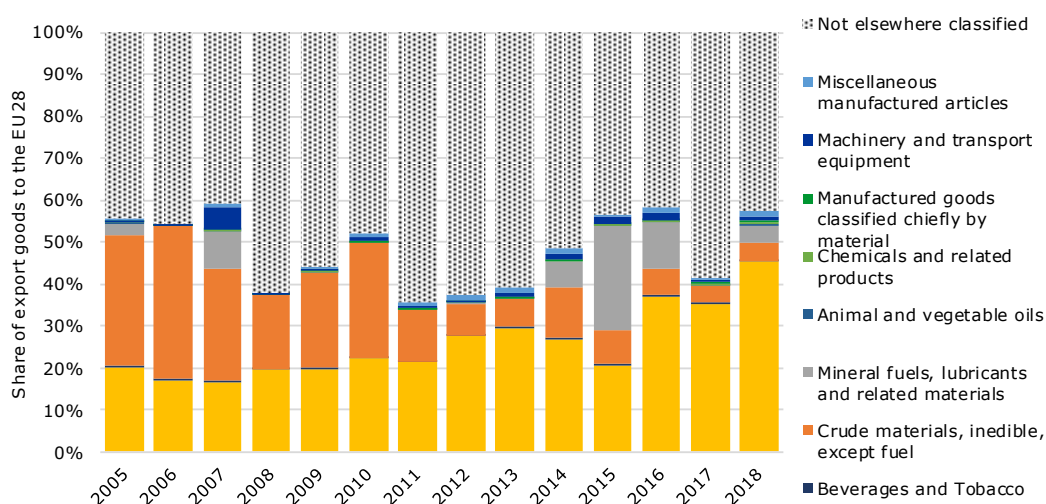
Suriname	Share of exports
Gold, Incl. Gold Plated With Platinum, In Semi-Manufactured Forms, For Non-Monetary Purposes	47.1%
Fresh Or Dried Bananas (Excl. Plantains)	15.5%
Medium Oils And Preparations, Of Petroleum Or Bituminous Minerals, Not Containing Biodiesel, N.E.S.	10.5%
Frozen Shrimps And Prawns, Even Smoked, Whether In Shell Or Not, Incl. Shrimps And Prawns In Shell, Cooked By Steaming Or By Boiling In Water (Excl. Cold-Water Shrimps And Prawns)	5.6%
Aluminium Oxide (Excl. Artificial Corundum)	2.3%
Frozen Fish, N.E.S.	2.1%
Husked Or Brown Rice	2.0%
Wood, Sawn Or Chipped Lengthwise, Sliced Or Peeled, Whether Or Not Planed, Sanded Or End-Jointed, Of A Thickness Of > Mm (Excl. Tropical Wood Specified In Subheading Note To This Chapter, Coniferous Wood, Oak "Quercus Spp.", Beech "Fagus Spp.", Maple "Acer Spp.", Cherry "Prunus Spp." And Ash "Fraxinus Spp.")	1.6%
Tropical Wood Specified In Subheading Note To This Chapter, Sawn Or Chipped Lengthwise, Sliced Or Peeled, Whether Or Not Planed, Sanded Or End-Jointed, Of A Thickness Of > Mm (Excl. Virola, Mahogany "Swietenia Spp.", Imbuia, Balsa, Dark Red Meranti, Light Red Meranti, Meranti Bakau, White Lauan, White Meranti, White Seraya, Yellow Meranti, Alan, Sapelli Or Iroko)	1.3%
Fresh Or Chilled Vegetables N.E.S.	1.1%
Fresh Or Chilled Fillets Of Fish, N.E.S.	0.8%
Fresh Or Chilled Yellowfin Tunas "Thunnus Albacares"	0.8%
Building Elements For The Manufacture Of Floors, Walls, Partition Walls, Ceilings, Roofs, Etc., Of Plastics; Gutters And Accessories Of Plastics; Railings, Fences And Similar Barriers, Of Plastics; Large Shelves, For Assembly And Permanent Installation In Shops, Workshops, Etc., Of Plastics; Architectural Ornaments, E.G. Friezes, Of Plastics; Fittings And Similar Products For Permanent Mounting On Buildings, Of Plastics	0.6%
Semi-Milled Or Wholly Milled Rice, Whether Or Not Polished Or Glazed	0.5%

Suriname	Share of exports
Frozen Yellowfin Tunas "Thunnus Albacares"	0.5%

Source: Eurostat.

Most of the Surinamese exports to the EU are not classified in any of the main categories. Of the classifiable products, food represents the highest and increasing share of the exports, mainly due to fish and cereals. Crude materials have been declining over time.

Figure E.14 Suriname change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

Trinidad and Tobago

Table E.13 Top 15 exports to the European Union (HS6), 2013-2018 average

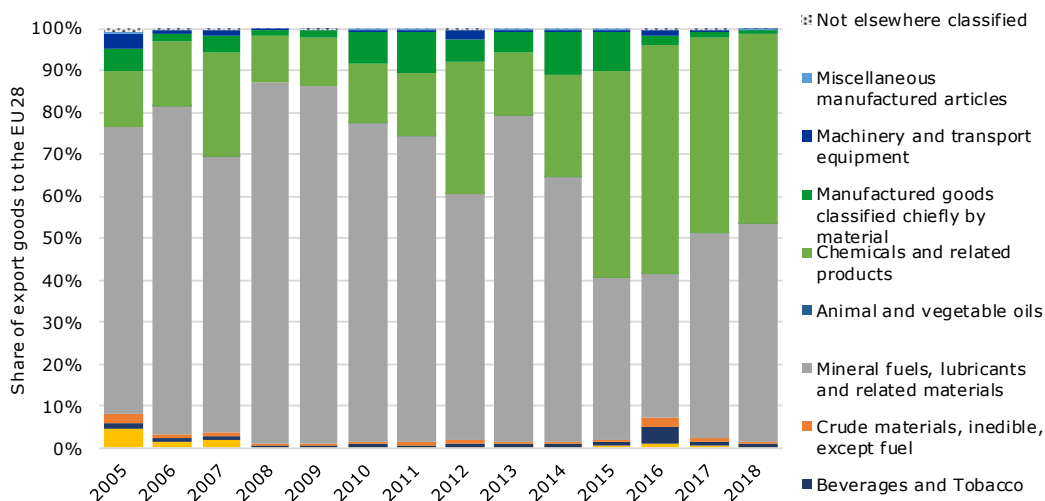
Trinidad and Tobago	Share of exports
Natural Gas, Liquefied	36.8%
Methanol 'Methyl Alcohol'	28.4%
Petroleum Oils And Oils Obtained From Bituminous Minerals, Crude	6.8%
Mixtures Of Urea And Ammonium Nitrate In Aqueous Or Ammoniacal Solution (Excl. Those In Packages With A Gross Weight Of <= Kg)	6.6%
Anhydrous Ammonia	5.8%
Ferrous Products Obtained By Direct Reduction Of Iron Ore, In Lumps, Pellets Or Similar Forms	4.9%
Medium Oils And Preparations, Of Petroleum Or Bituminous Minerals, Not Containing Biodiesel, N.E.S.	3.8%
Light Oils And Preparations, Of Petroleum Or Bituminous Minerals Which >= % By Volume "Incl. Losses" Distil At °C "Astm D Method" (Excl. Containing Biodiesel)	1.4%
Rum And Other Spirits Obtained By Distilling Fermented Sugar-Cane Products	0.9%
Butanes, Liquefied (Excl. Of A Purity Of >= % Of N-Butane Or Isobutane)	0.7%
Melamine	0.6%
Urea, Whether Or Not In Aqueous Solution (Excl. That In Pellet Or Similar Forms, Or In Packages With A Gross Weight Of <= Kg)	0.4%
Preparations For Sauces And Prepared Sauces; Mixed Condiments And Seasonings (Excl. Soya Sauce, Tomato Ketchup And Other Tomato Sauces, Mustard, And Mustard Flour And Meal)	0.3%
Bars And Rods, Hot-Rolled, In Irregularly Wound Coils, Of Iron Or Non-Alloy Steel, Of Circular Cross-Section Measuring < Mm In Diameter (Excl. Bars And Rods Of Free-Cutting Steel, And Bars And Rods With Indentations, Ribs, Grooves Or Other Deformations Produced During The Rolling Process)	0.2%

Beer Made From Malt 0.2%

Source: Eurostat.

Mineral fuels dominate the exports of Trinidad and Tobago to the EU. Over the last years, we can see some diversification towards organic chemicals.

Figure E.15 Trinidad and Tobago change in goods export composition to the EU28, 2005-2018



Source: Eurostat.

Saint Vincent and the Grenadines

Table E.14 Top 15 exports to the European Union (HS6), 2013-2018 average

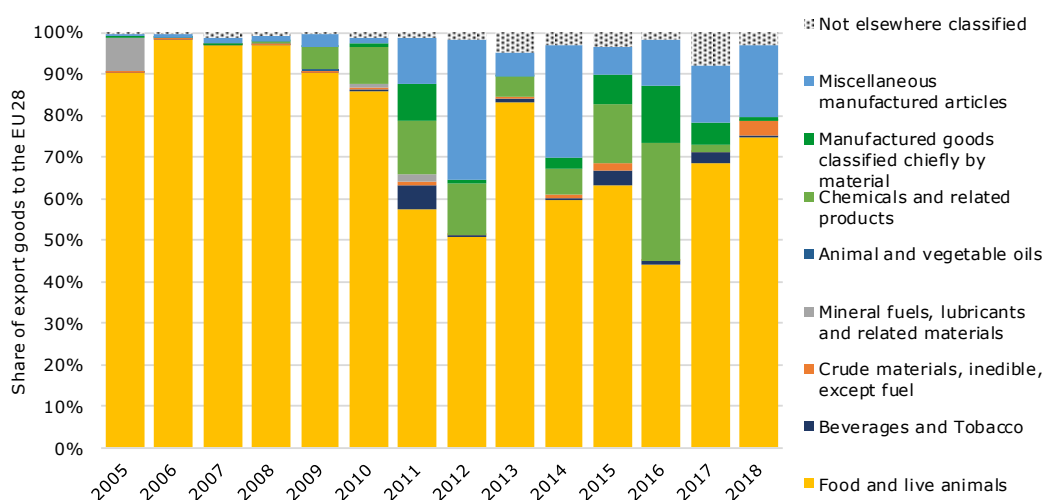
St. Vincent and the Grenadines	Share of exports
Light-Vessels, Fire-Floats, Floating Cranes And Other Vessels, The Navigability Of Which Is Subsidiary To Their Main Function (Excl. Dredgers, Floating Or Submersible Drilling Or Production Platforms; Fishing Vessels And Warships)	63.8%
Motor Boats And Motor Yachts, For Pleasure Or Sports (Other Than Outboard Motor Boats)	14.4%
Vessels For The Transport Of Goods And Vessels For The Transport Of Both Persons And Goods (Excl. Refrigerated Vessels, Tankers, Ferry-Boats And Vessels Principally Designed For The Transport Of Persons)	12.9%
Tugs And Pusher Craft	2.0%
Tankers	1.9%
Vessels, Incl. Lifeboats (Excl. Warships, Rowing Boats And Other Vessels Of Heading To And Vessels For Breaking Up)	1.5%
Arrowroot, Salep, Jerusalem Artichokes And Similar Roots And Tubers With High Starch Or Inulin Content, Fresh, Chilled, Frozen Or Dried, Whether Or Not Sliced Or In The Form Of Pellets, And Sago Pith (Excl. Manioc "Cassava", Sweet Potatoes, Yams, Taro And Yautia)	1.0%
Sailboats And Yachts, With Or Without Auxiliary Motor, For Pleasure Or Sports	0.7%
Parts Of Machines And Mechanical Appliances, N.E.S.	0.2%
Mixtures Of Odoriferous Substances And Mixtures, Incl. Alcoholic Solutions, Based On One Or More Of These Substances, Of A Kind Used As Raw Materials In Industry (Excl. Food Or Drink Industries)	0.2%
Machines For The Reception, Conversion And Transmission Or Regeneration Of Voice, Images Or Other Data, Incl. Switching And Routing Apparatus (Excl. Base Stations, Telephone Sets, Telephones For Cellular Networks Or For Other Wireless Networks)	0.1%
Taro "Colocasia Spp.", Fresh, Chilled, Frozen Or Dried, Whether Or Not Sliced Or In The Form Of Pellets	0.1%
Dredgers	0.1%

<p>Tubes, Pipes And Hollow Profiles, Seamless, Of Circular Cross-Section, Of Alloy Steel Other Than Stainless, Cold-Drawn Or Cold-Rolled "Cold-Reduced" (Excl. Line Pipe Of A Kind Used For Oil Or Gas Pipelines, Casing And Tubing Of A Kind Used For Drilling For Oil)</p>	0.1%
<p>Dictionaries And Encyclopaedias, And Serial Instalments Thereof</p>	0.1%

Source: Eurostat.

St. Vincent and the Grenadines mostly exports fruits and vegetables to the EU, when vessels and boats are removed from the total.. Other notable sectors are miscellaneous manufactured articles and chemicals.

Figure E. 16 St. Vincent and the Grenadines change in goods export composition (excluding machinery and transport equipment) to the EU28, 2005-2018



Source: Eurostat.

New HS6 export categories to the EU

The Main Report present the number of export categories for the larger CARIFORUM countries. The table below does so for all 14 countries, showing progression from 2005 to the first half and second half of the time period of the evaluation. New product lines are not clustered under one particular sector or product type. Rather, we see more short-term (two or three consecutive years showing export values) export lines under a category for which there were no previously recorded exports. Where we see new sustained categories (e.g., started in 2014 and continued in the following years) these are often not exports of entirely new product types but rather variations. For example, new fish types exported from Suriname, some new types of bags from Trinidad and Tobago, non-alcoholic beverage from Dominica.

Table E.15 Number of HS6 export categories to the EU28, 2005 and averages

Country	2005	Average 2008-2012	Average 2013-2018
Dominican Republic	733	939	1116
Suriname	338	416	492
Trinidad and Tobago	389	460	452
Jamaica	382	381	398
Bahamas	275	266	367
Antigua and Barbuda	200	157	191
Barbados	250	214	283
Guyana	127	156	190
Belize	126	113	167
Dominica	107	156	145
St. Vincent	66	83	101
St. Lucia	148	108	113
St. Kitts	83	74	91

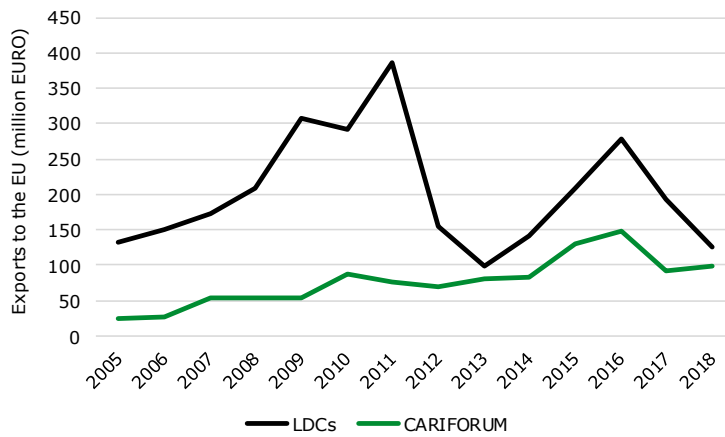
Grenada	46	61	62
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Source: Easy Comext.

LDC and CARIFORUM exports to the EU

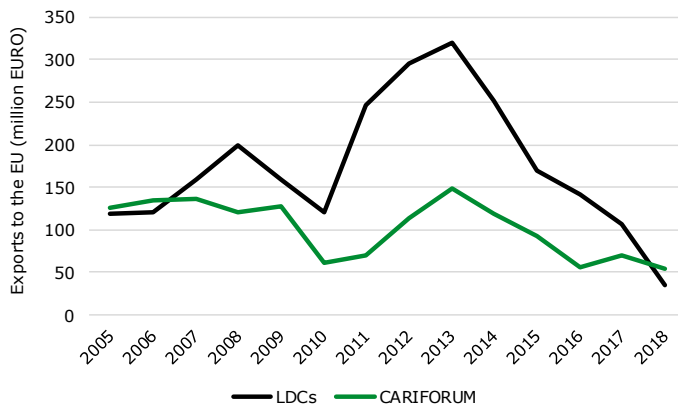
The following figures compare export trend developments between CARIFORUM and the LDC countries for three select product of particular significant to both export baskets. In the case of cocoa, the main change after 2011 is driven by the drop in exports of Togo as well as the price fluctuations of the global market. Likewise, sugar prices have been steadily decreasing since 2010.

Figure E.17 Exports of cocoa and cocoa preparations to the EU28, 2005-2018



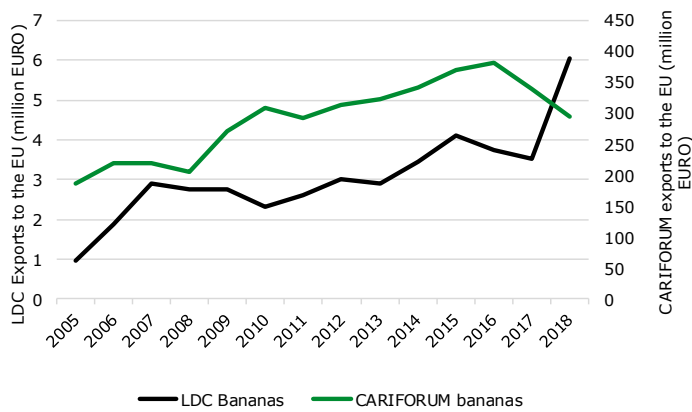
Source: Eurostat.

Figure E.18 Exports of sugar to the EU28, 2005-2018



Source: Eurostat.

Figure E.19 Exports of bananas to the EU28, 2005-2018



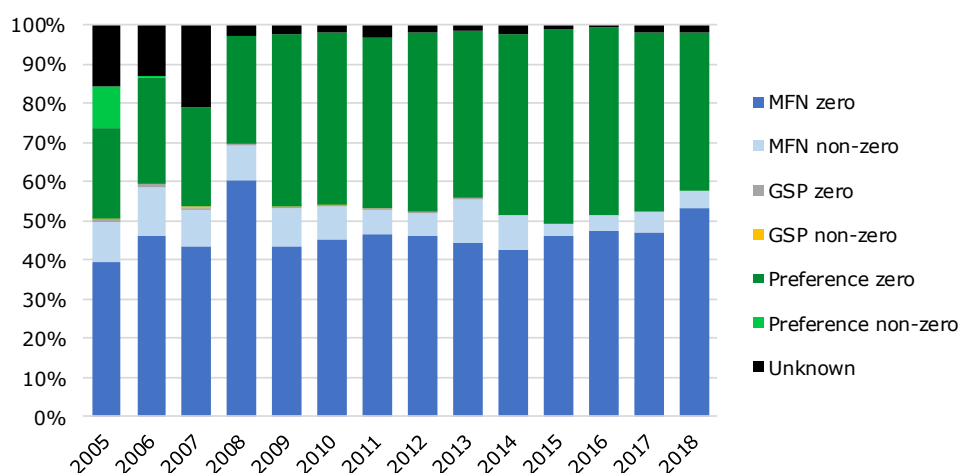
Import regime and preference utilisation

Eurostat provides data on EU28 imports from extra-EU28 countries by import regime utilised and eligibility. Our research found that CARIFORUM countries have relatively high levels of preference utilisation, on par with regional counterparts.

This section shows the share of imports per regime, as well as the eligibility, for two representative economies. The Dominican Republic and Trinidad and Tobago are two of the larger EU trade partners of the region, with different export baskets. While the Dominican Republic has a relatively diverse export composition, Trinidad and Tobago's is more commodity dependent.

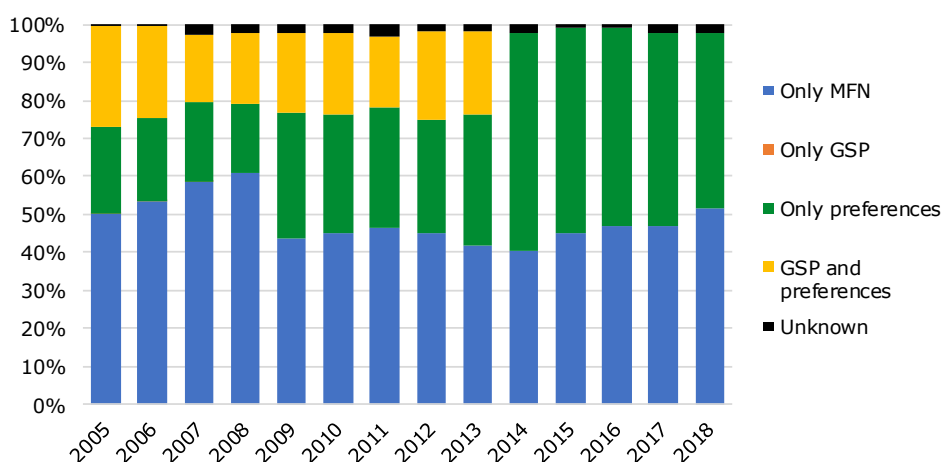
Figure E.20 shows the import regime for DR exports into the EU28. In 2018, 57% utilised MFN rates (either zero or non-zero), while 40% used the preference zero regime. Eligibility, shown in Figure E.21 has a similar distribution, with the only MFN share for 2018 being 51% and the only preferences eligibility at 46%. Imports from Trinidad and Tobago came in primarily (85%) through the MFN regime, closely reflecting the eligibility of said imports.

Figure E.20 Import regime utilised for EU28 imports from the Dominican Republic, 2005-2018



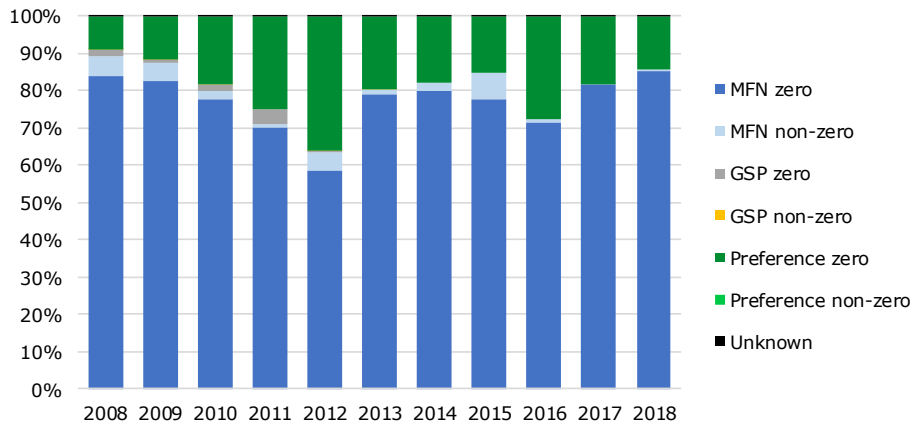
Source: Eurostat.

Figure E.21 Import regime eligibility for EU28 imports from the Dominican Republic, 2005-2018



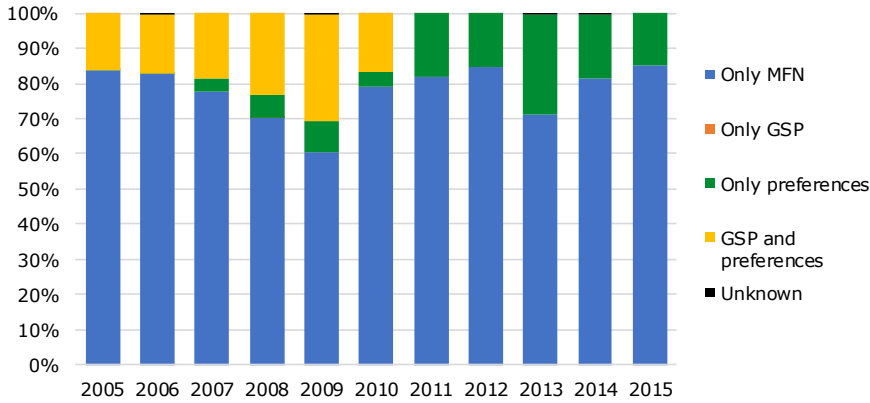
Source: Eurostat.

Figure E.22 Import regime utilised for EU28 imports from Trinidad and Tobago, 2008-2018



Source: Eurostat.

Figure E.23 Import regime eligibility for EU28 imports from Trinidad and Tobago, 2008-2018



Source: Eurostat.

ANNEX F TRADE MODELLING

This section below in italic font has been provided by DG TRADE's Chief Economist Team which has conducted the modelling for this project, in line with the Terms of Reference for this project:

"DG TRADE in-house modelling results of the economic impact of the EU-CARIFORUM EPA - ex-post evaluation for four partner countries

Introduction

This section summarises the modelling results of the implementation of the EU's Economic Partnership Agreement (EPA) with four CARIFORUM states - the Dominican Republic, Grenada, Jamaica and St. Lucia carried out by DG Trade. These will feed into an ongoing study, which will later serve as the basis for an ex-post evaluation of these EPAs.

The simulations are carried out with DG Trade's partial equilibrium (PE) model. Most of the partner countries concerned are small island economies, hence their coverage in the Global Trade Analysis Project (GTAP) database (usually used for Computable General Equilibrium (CGE) models, DG Trade's tool of choice when analysing EPAs) is low. For that reason, the CGE method is not feasible.

1. Ex post evaluation of the EU-CARIFORUM Economic Partnership Agreement – state of play

The Economic Partnership Agreement (EPA) between the EU and 14 CARIFORUM states has been implemented for 10 years now. The EPA follows a decade long period in which the EU granted unilateral preferences to the CARIFORUM members. The EU-CARIFORUM EPA is 'comprehensive' both in the geographic and thematic sense, covering the whole region and including not only market access provisions on trade in goods, but also on trade in services and provisions on trade-related rules (including competition, innovation and intellectual property, transparency in public procurement and trade and sustainable development). Furthermore, like all EPAs, the EU-CARIFORUM EPA is a development-oriented trade agreement, geared towards fostering long-term sustainable economic growth in the Caribbean.

The EU has commissioned (for the second time in the history of implementation of this EPA) an external ex-post evaluation (which will be the basis of a staff working document) to assess the extent of implementation of the Agreement on both EU and CARIFORUM side. The study will measure the impact of the Agreement with regard to its core objectives, namely increased trade, investment, economic development and poverty reduction in the CARIFORUM states.

While the study is being conducted by an external contractor, the Commission has performed the economic modelling in-house. The external contractor was charged with **obtaining the current tariff schedules** for all CARIFORUM countries (with the exception of Haiti), to use it as a basis of the modelling.

For **four out of fourteen** countries, the study succeeded in acquiring data on implementation of the tariff schedules for their **imports from** the EU. These four countries, the Dominican Republic, Jamaica, Granada and Saint Lucia together account for 67% of GDP and 40% of the CARIFORUM trade with the EU. This selection is also appropriate in political terms because it covers both two of the larger economies (the Dominican Republic and Jamaica) as well as two of the small economies of the Organisation of Eastern Caribbean States (OECS).

The counterfactual on both sides are MFN tariffs (as all CARIFORUM countries with the exception of Haiti are upper-middle-income or high-income countries and hence not eligible for GSP preferences anymore).

2. Partial equilibrium analysis as the basis for an ex-post EPA evaluation

2.1. Parameters of the model

The partial equilibrium (PE) model is an adaptation and extension of the basic four equations perfect competition framework of Balistreri and Rutherford (2013).³⁷⁹ The model being partial means that no macroeconomic effects, i.e. on GDP, factor markets, aggregate price level, etc., are produced and their possible interaction with what happens in single product markets are ignored. Furthermore, no cross-price effects are considered. The model is specified with trade and tariff data only, meaning that domestic effects can only be analysed implicitly. Despite being partial, the model closes the world market for each product under analysis by including a rest-of-the-world aggregate. The model is run in General Algebraic Modelling System (GAMS). Its equations are specified in Annex 1.

The PE model is providing a snapshot in 2018 by comparing the observed trade flows with a situation in which MFN tariffs would be levied by both sides. It is therefore not strictly a backward looking exercise. The possibility of a gravity model, which is a truly backward looking exercise, has been examined. However, due to the unilateral preferences preceding the EPAs, there would be no way to observe a situation in which the part of the Agreement covering EU imports has not been in place, which would render the analysis impossible.

The PE model is run at the Harmonized System nomenclature - HS 6 level rather than at the aggregated sector level used for the CGE. We summarize the results by broad sector, though, to allow for some conclusions on sectoral concentration of the EPA effects.

The model is run on United Nations COMTRADE data for 2018. For most countries, importer notifications are used. However, this was not possible for Grenada having not supplied data to the UN after 2009. We therefore took exporter notifications to fill the cells on Grenada's imports from the EU, the other CARIFORUM countries and the rest of the world.

The model is run for goods only, as equivalent data for services trade flows is hard to come by, which is even more difficult for barriers.

The various parameters of the model (e.g. own-price, Ermington supply elasticities³⁸⁰) are based on a World Bank database and on values found in the specialised economic literature.³⁸¹

In order to identify the necessary tariff shocks, ad valorem equivalents of the applied MFN and EPA tariffs have been retrieved from TAXUD-Customs Duty Calculator (CDC) for the EU. For the CARIFORUM countries, there is little clarity regarding the degree of implementing the tariff schedules agreed upon under the EPA. For this very reason, implementation analysis has been one of the major focuses of the early work of the external contractors. The four countries that are now being modelled are those for which the data collection efforts have been successful. As implementation of the tariff schedules is still ongoing, 2019 has been chosen as the year in which tariff preferences are to be analysed.

2.2. Results of the PE modelling

Results in terms of changes in bilateral trade flows as a consequence of the EU-CARIFORUM Agreement are displayed in Table 1. As expected, the reduction of tariffs has contributed to an increase in bilateral trade between the EU and the partners. This increase ranges from 9% to 119% on the EU import side and from 8% to 20% where EU exports are concerned. The results scale reasonably with economic size of the partners, the Dominican Republic accounting for the largest gains, while also being the largest of the four partner economies.

³⁷⁹ Balistreri, E. and Rutherford, T. (2013): Computing general equilibrium theories of monopolistic competition and heterogeneous firms. In Dixon, P.B. and Jorgenson, D.W. (ed.): Handbook of Computable General Equilibrium Modeling. Chapter 23, pp. 1513–1570. Oxford (UK), Elsevier.

³⁸⁰ Armington elasticities specify the degrees of substitution in demand between similar products produced in different countries. They are critical parameters, which, along with model structure, data and other parameters, determine the results of policy experiments.

³⁸¹ Kee et al (2008), Laborde and Lakatos (2012).

Table F.2 Effect of the EU-CARIFORUM EPAs on EU bilateral trade flows

Partner country	EU Exports		EU imports	
	million EUR	%	million EUR	%
Dominican Republic	323	20	326	45
Jamaica	35	9	76	42
Grenada	4	12	1	9
St. Lucia	5	8	7	119

Source: DG TRADE simulations.

Tables 2 and 3 break down the results by broad sector. They show that the growth of CARIFORUM exports to the EU mainly happened in the agricultural sectors (94%), whereas for the EU this was only 28% and the main gains in exports have occurred in manufacturing sectors.³⁸²

Table F.3 Effect of the EU-CARIFORUM EPA on EU bilateral trade flows in agricultural goods

Partner country	EU Exports		EU imports	
	million EUR	%	million EUR	%
Dominican Republic	100	37	308	96
Jamaica	3	4	39	66
Grenada	0	0	0	5
St. Lucia	1	4	7	578

Source: DG TRADE simulations.

Table F.4: Effect of the EU-CARIFORUM EPAs on EU bilateral trade flows in manufactured goods

Partner country	EU Exports		EU imports	
	million EUR	%	million EUR	%
Dominican Republic	224	17	18	5
Jamaica	32	10	37	31
Grenada	4	16	1	27
St. Lucia	5	10	0	4

Source: DG TRADE simulations.

³⁸² As results have produced at the HS6 level a finer sectoral breakdown is possible if desired. The consultants carrying out the study will thus have the possibility to take the modelling results into account in their sectoral case studies.

Background information: Partial Equilibrium Model Equations in General Algebraic Modelling System (GAMS) notation

$$Q(j,r) - \exp(\log(q0(j,r)) + \text{eta}(j,r) * (\log(p0(j,r)/P(j,r)))) = g = 0;$$

$$\text{alpha}(j,s) * \text{sum}(r\$(\text{zeta}(j,r,s)), \text{zeta}(j,r,s)**(\text{sig}) * \exp((1-\text{sig})*\log(P_CIF(j,r,s))))**(1/(1-\text{sig})) - P(j,s) = g = 0;$$

$$Y(j,r) - \text{sum}(s\$(\text{zeta}(j,r,s) \text{ and } q0(j,s)), \text{tau}(j,r,s)*Q(j,s) * (\text{zeta}(j,r,s)**(\text{sig})*\exp((\text{sig})*\log(P(j,s))))/[\exp(\text{sig} * \log(P_CIF(j,r,s))])) = g = 0;$$

$$\exp(\log(y0(j,r))+ \text{mu} * (\log(C(j,r)) - \log(c0(j,r)))) - Y(j,r) = g = 0;$$

$$P_CIF(j,r,s) = E = \text{tau}(j,r,s) * C(j,r) * (1+\text{tar}(j,r,s));$$

REMARK: Variables are put in UPPERCASE and parameters are put in lowercase characters.

with:

r,s Countries or regions

j Goods

Parameters

sig Elasticity of substitution

eta(j,r) Demand elasticity

mu Supply elasticity

q0(j,r) Benchmark demand,

p0(j,r) Benchmark import price index,

c0(j,r) Benchmark export cost,

y0(j,r) Benchmark export supply,

alpha(j,s) Scale parameter for dual utility function

tau(j,r,s) Iceberg transport cost factor (always 1 here)

zeta(j,r,s) Bilateral preference weights

tar(j,r,s) ad valorem tariff

Variables

Q(j,r) Import demand

P(j,r) Import price index

C(j,r) Export cost (fob price)

Y(j,r) Export supply

P_CIF(j,r,s) Cif price"

ANNEX G FURTHER INFORMATION ON SUSTAINABILITY

This Annex contains more detailed information related to chapter 6 on sustainability impacts in the main report. It covers the following three topics:

- Observations on ILO’s core labour standards;
- Countries’ score on the Environmental Performance Index (EPI);
- Ratification of selected Multilateral Environmental Agreements (MEAs).

Observations on ILO’s core labour standards

The following table presents main observations on implementation of ILO’s core labour standards, by country and convention, based on reports of the Committee of Experts on the Application of Conventions and Recommendations (CEACR).

Table G.1 ILO observations

Country	Convention	Reporting year	Observation
Antigua & Barbuda	C100	2018	Observation on the application of convention 100 in regard to Article 1(a) and (b) of the Convention. Work of equal value. Observation refer to the national labour code which should, in a reversed version clearly set out the principle of equal remuneration for men and women for work of equal value – which should not only provide for equal remuneration for men and women working in the same occupations, but also for equal remuneration for work carried out by men and women that is different in nature but nevertheless of equal value – and will ensure that the principle of the Convention can be applied even where there is no sufficient comparator group employed by the employer. Also, a clear definition of remuneration is required.
Antigua Barbuda	C100	2018	Direct request on the application of convention 100 in regard to Article 2 of the Convention. Promoting application of the principle, Article 3. Objective job evaluation, Article 4. Cooperation with workers’ and employers’ organizations. The Committee requests further information of progress in regard to determining wage rates in collective agreements, especially in regard to gender equality. Additionally, the Committee requests information concerning civil service, such as classification of posts under the different grades and the determination of the corresponding earnings. It also refers to the 'Labour Matters' programme and its success in regard to equal remuneration for men and women.
Antigua Barbuda	C111	2018	Observation on the application of convention 111 in regard to Article 1(1)(a) of the Convention. Grounds of discrimination – National extraction and social origin, Article 2. Equality between men and women. Access to

Country	Convention	Reporting year	Observation
			<p>employment, vocational training and education. The Committee notes with regret the persistent lack of information in the Government's latest report on the concrete steps taken to ensure and promote protection of workers against discrimination. For a number of years, the Committee has been noting the absence of an explicit prohibition of discrimination in the national Constitution (article 14(3)) or the Labour Code (section C4(1)) on the basis of national extraction and social origin.</p> <p>The Committee furthermore notices the absent of information on progress made in ensuring the equality of opportunity and treatment between men and women.</p>
Antigua Barbuda	C111	2018	<p>Direct request on the application of convention 111 in regard to Article 1 of the Convention. Scope of protection, Articles 1 and 2. Non-nationals. The Committee urges Government to indicate in detail the specific measures taken to ensure that established employees of the Government, persons in the naval, military or air force, and in the police force obtain effective protection against discrimination in law and in practice.</p> <p>The Committee urges the Committee to provide insight into its measures in regard to the protection of migrant workers.</p>
Bahamas	C105	2018	<p>Direct request on the application of the convention in regard to Article 1(c) of the Convention. Disciplinary measures applicable to seafarers, Article 1(d). Punishment for having participated in strike. The committee requests the government to amend the Merchant Shipping Act 1976 in order to ensure no sanctions for breaches of labour discipline involving compulsory labour are applicable to seafarers. Additionally, the Committee requests the government to amend the Industrial Relations Act so that persons organizing or peacefully participating in a strike are not liable to imprisonment involving an obligation to work.</p>
Bahamas	C111	2018	<p>Observation on the application of the convention C111. The committee states that the Employment Act of 2001 had not been amended to include 'colour', 'national extraction' and 'social origin' as prohibited grounds of discrimination. Concerns of application refer to Article 1(1)(a) of the Convention. Discrimination grounds. Legislation, Articles 2 and 3. Equality of opportunity</p>

Country	Convention	Reporting year	Observation
			<p>and treatment between men and women.</p> <p>Direct request on the application of C11 concerning Article 1(1)(b). Additional discrimination grounds., Article 2 of the Convention. National policy and measures to promote equality of opportunity and treatment between men and women. The committee asks the government to take concrete actions against discrimination, especially in regard to gender equality.</p>
Bahamas	C138	2018	<p>Observation concerning application of C138, concerning Article 2(2) and (3) of the Convention. Raising the minimum age for admission to employment or work and the age of completion of compulsory schooling, Article 3(2). Determination of types of hazardous work, Article 7(1) and (3). Minimum age for admission to light work and determination of types of light work activities. The committee welcomes the decision of the government to raise the minimum age for admission for employment from 14 to 16. The Committee once again expresses the firm hope that the Government will take the necessary measures, to ensure that the draft regulations on the list of types of hazardous work prohibited for persons under the age of 18 years, will be adopted in the near future. The Committee once again urges the Government to take the necessary measures without delay to bring the national legislation in line with the Convention by determining the light work activities that may be permitted to children of 12 or 13 years and above, subject to raising of the minimum age, and the conditions in which such employment or work may be undertaken by them.</p> <p>Direct request concerning application of C138, concerning Article 1 of the Convention. National policy, Article 2(1). Scope of application and labour inspection. The Committees asks the government to provide progress information on specific measures against child labour.</p>
Bahamas	C182	2018	<p>Direct request on the application of the convention in regard to Articles 3(a) and 5 of the Convention. Sale and trafficking of children. Monitoring mechanisms., Clause (c). Use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs., Article 4(1). Determination of hazardous work. Article 6. Programmes</p>

Country	Convention	Reporting year	Observation
			<p>of action. National action plan to combat trafficking in persons, Article 7(2). Effective and time-bound measures. Clause (a). Preventing the engagement of children in the worst forms of child labour. Access to free basic education, Clause (d). Children at special risk. Child sex tourism. The Committee once again requests the Government to provide information on the application in practice of the provisions of the Trafficking in Persons Act prohibiting the trafficking of children under the age of 18 years for sexual and labour exploitation.</p> <p>The Committee also refers to the case of Haitian Migrant Children. It requests information on the specific measures taken by the government to ensure the protection of Haitian migrant children from the worst forms of child labour.</p>
Barbados	C100	2018	<p>Observation in regard to implementation of Articles 1 and 2 of the Convention; Equal remuneration for work of equal value. The Committee requests information on the progress of equal remuneration for work of equal value and gender earning gaps.</p> <p>Direct request for action in regard to minimum wages and collective agreements and objective job evaluation as stated in the convention.</p>
Barbados	C105	2018	<p>Direct request on action concerning: Article 1(c) of the Convention; Disciplinary measures applicable to seafarers: The Committee trusts that the Government will take the necessary measures as soon as possible to bring the legislation into conformity with the Convention and the indicated practice.</p>
Barbados	C111	2018	<p>Observation in regard to implementation of: Articles 1–3 of the Convention, Article 1(1)(a). Discrimination on the grounds of sex; Sexual harassment: The Committee urges the Government to address protection gaps in the legislation in Employment Bill (2016) in regard to the protection of all workers against discrimination. Additionally, the Committee urges to take steps to ensure that the draft on Sexual harassment in the Workplace Bill is adopted speedily to prohibit sexual harassment.</p> <p>Direct request on action concerning the implementation of Articles 2 and 3 of the Convention; Equality of opportunity and treatment between men and women; National gender policy, and Article 3(e); Access to education,</p>

Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States

Country	Convention	Reporting year	Observation
			vocational training and guidance: The latter specifically referring to direct implementation of the National Policy on Gender.
Belize	C29	2018	Direct request: Due to cases of trafficking often being dismissed, the Committee requests the Government to provide information on the practical application of the anti-trafficking legislation, including on court decisions and penalties imposed on perpetrators.
Belize	C87	2018	Observation of Application: The Committee requests the Government to amend the Schedule to the SDESA so as to permit compulsory arbitration or a prohibition on strikes only in services that are essential in the strict sense of the term, and to provide information on all progress made in this regard.
Belize	C182	2018	Direct request: The Committee accordingly urges the Government to take the necessary measures to ensure that, in practice, thorough investigations and robust prosecutions are carried out for persons who engage in the trafficking of children, and that sufficiently effective and dissuasive sanctions are imposed.
Dominica	C29	2018	It requests the Government to provide information on the implementation of the Act, indicating the measures taken to prevent trafficking in persons, sanction the perpetrators and protect victims. The Committee trusts that measures will be taken, with the technical assistance of the ILO, to bring section 61(2) of the Prison Ordinance into conformity with Article 2(2)(c) of the Convention and the indicated practice, and that the Government will soon be able to report the measures taken to this end.
Dominican Republic			No comments by CEACR found
Grenada	C87	2018	The Committee hopes that the Government will revise the Labour Relations Act and will fully take fully into account the issues raised concerning the minimum membership requirements for employers' and workers' organizations as well as the measure to ensure that prison officers benefit from the rights and guarantees provided for in the Convention. Additionally, it requests information on developments in regard to compulsory arbitration in Article 3 of the convention.
Grenada	C105	2018	Direct request of action: The Committee hopes that the Government will take necessary steps to amend the provisions of the Shipping Act in regard to

Country	Convention	Reporting year	Observation
			disciplinary measures applicable to seafarers. The Committee hopes that the amendments will either repeal sanction involving compulsory labour or restrict their application to situation where the ship or the life or health of persons are endangered.
Grenada	C182	2018	<p>Direct request of action: Article 3 of the Convention: Worst forms of child labour; Clause (a). All forms of slavery or practices similar to slavery; Sale and trafficking of children: The Committee expresses the firm hope that amendments to section 188 of the Criminal Code prohibiting the sale and trafficking of all children under 18 years for labour exploitation, as well as of boys for sexual exploitation, will be finalized and adopted soon.</p> <p>Clause (b). Use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances: The Committee expresses the firm hope that amendments to the Criminal Code will prohibit the use of children under the age of 18 years for sexual exploitation as well as the use, procuring or offering of boys for sexual exploitation, and will be adopted soon.</p> <p>Article 7(2). Effective and time-bound measures. Clause (a). Preventing the engagement of children in the worst forms of child labour. Access to free basic education: The Committee requests the Government to continue to take measures to reduce school drop-out rates at primary and secondary level.</p> <p>The Committee furthermore notices the absence of reported cases of trafficking of children.</p>
Guyana	C29	2018	<p>Direct request: The Committee encourages the Government to pursue its efforts to ensure that investigations and prosecutions are carried out against perpetrators of trafficking in persons. Furthermore, the Committee therefore requests the Government to strengthen the measures to ensure that migrant workers, including migrant domestic workers, are fully protected from abusive practices and conditions that amount to forced labour and to provide information in the regard.</p>
Guyana	C182	2018	<p>Direct request: The Committee once again requests the Government to indicate the measures taken or envisaged to prohibit the use, procuring or offering of a child under 18</p>

Country	Convention	Reporting year	Observation
			<p>years of age for illicit activities such as the production or trafficking of drugs, pursuant to Article 3(c) of the Convention.</p> <p>It requests information on measures to ensure application of Article 6 (Programmes of action for the elimination of the worst forms of child labour. National Plan of Action to Combat Trafficking in Persons) and 7 (Penalties)</p>
Jamaica	C29	2018	The Committee urges the Government to foster legal application in trafficking.
Jamaica	C87	2018	<p>Observation on the application of the convention of:</p> <p>Article 2 of the Convention; Right of workers to establish and join organizations: The Committee hopes that the Government will amend section 6(4) of the Trade Union Act that workers are not punished with penalties if they are members or participate in unregistered trade unions.</p> <p>Article 3; Interference in the financial administration of a trade union: The Committee hopes to be informed by the Government about its measures taken to amend to the control of public authorities over the financial administration of trade unions.</p> <p>Direct request on the application of the convention:</p> <p>Article 3; Picketing: the Committee urges the Government to ensure that peaceful picketing in the context of sympathy and solidarity strikes is not subject to the Government's intervention and sanctions.</p>
Jamaica	C98	2018	<p>Observation on the application of the convention:</p> <p>It is urged that the existing law should be amended to promote collective bargaining.</p>
Jamaica	C105	2018	Observation on the application of the convention: The Committee urges the Government to take the necessary measures to ensure the amendments of the Shipping Act are adopted so as to bring the legislation into line with the Convention and the indicated practice.
Jamaica	C138	2018	<p>The committee urges the government to the Committee urges the Government to take the necessary measures to ensure that the list of types of hazardous work prohibited for persons under 18 years of age is adopted and included in the regulations of the OSH Act in the near future.</p> <p>the Committee urges the Government to take the necessary measures to ensure that the OSH Act, and its</p>

Country	Convention	Reporting year	Observation
			<p>regulations containing the list of light work permitted for children, are adopted in the very near future.</p> <p>The Committee urges the Government to ensure the adoption of the provisions of the draft OSH Act which will enable labour inspectors to enforce appropriate sanctions.</p> <p>The Committee therefore requests the Government to take the necessary measures in the near future to ensure that the CCPA is amended to include provisions prescribing registers to be kept by employers hiring children under 18,</p>
Jamaica	C182	2018	<p>The Committee, therefore, requests the Government to take the necessary measures to ensure that its legislation contains a prohibition on the use of a child under 18 years of age for the purpose of prostitution.</p> <p>The Committee urges the Government to take the necessary measures to ensure the adoption of the provisions prohibiting the involvement of children in illicit activities and the drug industry, in the near future.</p> <p>With regard to the adoption of the list of hazardous types of work prohibited to children under 18 years of age, the Committee requests the Government to refer to its detailed comments under the Minimum Age Convention, 1973 (No. 138).</p> <p>The Committee, therefore, requests the Government to continue to take measures to ensure, in practice, the protection of children from trafficking and commercial sexual exploitation. Also, the Committee encourages the Government to increase its support to children which have been affected by trafficking.</p>
St. Kitts and Nevis	C29	2018	<p>Observation of the application: Article 2(2)(c) of the Convention. Work exacted as a consequence of a conviction in a court of law: the Committee requests the Government to amend the Prisons Act to ensure that any work or service by prisoners for private persons is performed voluntarily, which necessarily requires the formal, freely given and informed consent of the prisoners concerned, such consent being authenticated by conditions of work approximating a free labour relationship.</p> <p>Article 25. Penal sanctions for the</p>

Country	Convention	Reporting year	Observation
			exaction of forced or compulsory labour: The Committee therefore requests the Government to take the necessary measures to ensure that the exaction of forced or compulsory labour is punishable as a penal offence, and that the penalties imposed are adequate and strictly enforced
St. Kitts and Nevis	C105	2018	Direct request: Article 1(a) of the Convention. Penal sanctions involving compulsory labour as a punishment for expressing political views: the Committee requests the Government to consider amending its provisions to ensure that no sanctions involving compulsory labour, can be imposed as a punishment for the peaceful expression of political views or views ideologically opposed to the established political, social or economic system.
St. Kitts and Nevis	C138	2018	Direct request: Article 3 (Worst form of child labour; Hazardous work), 4 (Exclusion from the application of the Convention of limited categories of employment or work) 7 (Light work from the age of 13 years), 9 (Penalties): The Committee urges the Government to facilitate the application of mentioned provisions of the Convention).
St. Kitts and Nevis	C182	2018	Direct request: Article 3 (Worst form of child labour; Hazardous work), Article 7(2) (Effective and time-bound measures): the Committee requests the Government to take necessary steps to ensure application of provisions of Convention.
St. Lucia	C29	2018	Direct request: Articles 1(1), 2(1) and 25 of the Convention. Trafficking in person: More information on the application of this provision is requested, including the number of prosecutions and convictions, as well as penalties imposed. Article 2(2)(c) of the Convention. Work of prisoners for the benefit of private persons: the Committee hopes that measures will be taken in order to prevent that prisoners are hired to or placed at the disposal of private individuals, companies or association.
St. Lucia	C87	2018	Observation of the application: Article 2 of the Convention. Right of workers and employers, without distinction whatsoever, to establish and to join organizations: The Committee raises issues in regards to the right of fire service personnel and prison staff to organize and requests the Government to provide information on measures taken in this regard. Direct request:

Country	Convention	Reporting year	Observation
			The Committee requests the Government to provide information on national legislation which ensures that public servants benefit from the rights recognized in the convention.
St. Lucia	C98	2018	Observation of the application: Articles 1, 2, 4 and 6 of the Convention: the Committee requests the Government to take measures to expressly grant the right to collective bargaining to fire service personnel and correctional staff.
St. Lucia	C100	2018	Observation of the application: Article 1(a) of the Convention: Definition of remuneration: the Committee asks the Government to take necessary steps in amending the Labour code to ensure that the concept of remuneration covers not only the basic wages, but also any additional benefit or allowance arising out of the worker's employment. Additionally, the Government should take immediate action to ensure that all laws and regulations are repealed which contain differential wages for men and women. Direct request: The Committee hopes that the new Minimum Wage Commission will ensure and promote the application of the Convention in regards to minimum wages. Additionally, the Committee asks the Government to provide further details on the criteria used in the context of the job evaluation exercises in the town and village council, including the measures taken to ensure that the methods used are free from gender bias. It also stresses the importance of measures to increase awareness and capacity of labour inspection services for men and women as well as measures to ensure that the criteria used and weighing of factors to determine wages in the agricultural sector are non-discriminatory and free from gender bias.
St. Lucia	C111	2018	Direct request: The Committee asks the Government to take measures that laws and regulations that contain provisions excluding women from entering certain jobs are repealed. It also requests information in regard to measures taken to promote equality of opportunity and treatment in private and public sector.
St. Lucia	C182	2018	Direct request: Article 3 of the Convention: The Committee accordingly urges the Government to take the necessary measures to ensure that the use, procuring or offering of a child under 18

Country	Convention	Reporting year	Observation
			<p>years of age for illicit activities, in particular for the production and trafficking of drugs, is prohibited.</p> <p>Article 5. Monitoring mechanisms and application of the Convention in practice: the Committee requests the Government to take the necessary measures to ensure that statistics on the incidence of the worst forms of child labour, including the trafficking and commercial sexual exploitation of children, are made available.</p> <p>Article 6. Programmes of action for the elimination of the worst forms of child labour. Trafficking: Measures taken in this regard shall be forwarded to Committee.</p> <p>Article 7(2): The Committee, therefore, once again requests the Government to take the necessary measures to assess the number of children engaged in commercial sexual exploitation in order for it to be able to adopt appropriate measures thereafter to remove children from this worst form of child labour and to provide for their rehabilitation and social integration.</p>
St. Vincent and the Grenadines	C87	2018	<p>Observation of the application: Articles 2 and 3 of the Convention: the Committee hopes that the Labour Relations Bill will be amended in order to give full effect to the Convention in regards to mentioned Articles.</p>
St. Vincent and the Grenadines	C98	2018	<p>Observation of the application: The Committee hopes that the Labour Relations Bill will be amended in order to give full effect to the Convention in regard to protection against acts of anti-union discrimination and interference by the employer and employers' organizations in workers' organizations.</p>
St. Vincent and the Grenadines	C100	2018	<p>Observation of the application: The Committee requests amending the Equal Pay Act in order to ensure that legislation provides for equal remuneration for men and women for work of equal value.</p> <p>Direct request: Information on measures taken that promote the principle of equal remuneration as well as the concept of equal value are requested. The Committee reiterates its request that the Government adopt measures to ensure objective job evaluation in the public sector and promote it in the private sector.</p>
St. Vincent and the Grenadines	C111	2018	<p>Direct request: The Committee continues to urge the Government to put in place an effective</p>

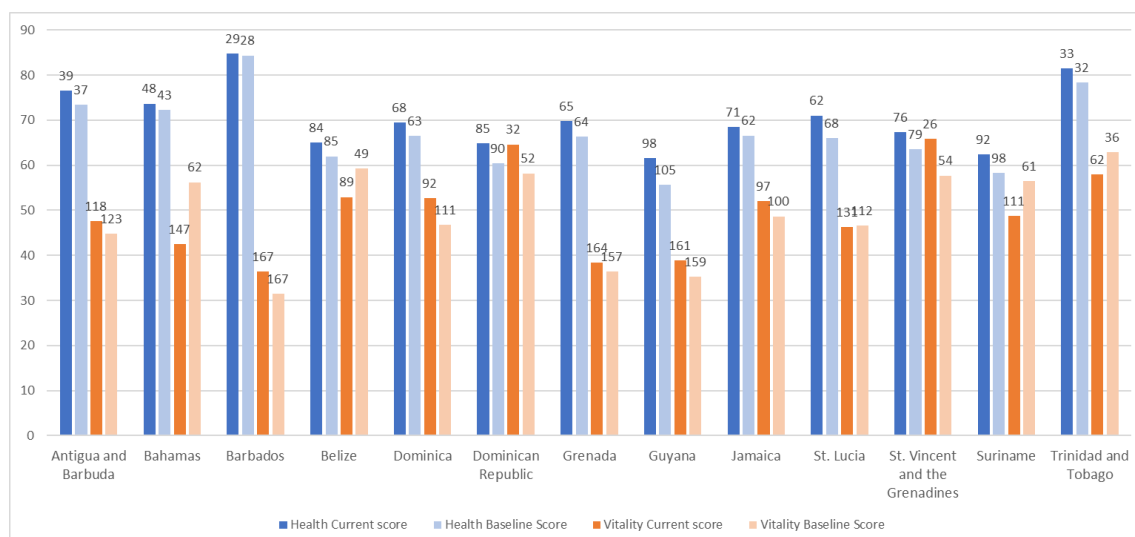
Country	Convention	Reporting year	Observation
St. Vincent and the Grenadines	C138	2018	<p>legislative framework to protect workers against discrimination. Additionally, more information on measures taken to ensure access of women to education and vocational training. Lastly, the Committee notes a lack of a national equality policy and requests the Government to report on measures taken in regard to the promotion of equality of opportunity and treatment.</p> <p>Direct request: The Government is asked to extend its legislative measures to ensure the application of minimum age provisions to children working in all sectors. In addition, the Committee hopes that the Government will take, without delay, the necessary measures to raise the minimum age for employment or work to 16 years, in order to link it with the age of completion of compulsory schooling. Concerns have also been raised in regard to the application of Article 3 (Hazardous work) and 6 (Vocational training and apprenticeship).</p>
St. Vincent and the Grenadines	C182	2018	<p>Direct request: Article 7: The Committee requests the Government to take the necessary measures to ensure that sufficient data on the situation of children involved in the worst forms of child labour are made available.</p>
Suriname	C87	2018	<p>Direct request: The Committee requests the Government to provide a copy of the Act so that it can examine its conformity with the Convention.</p>
Suriname	C98	2018	<p>Direct request: Article 1 and 2. Adequate protection against acts of anti-union discrimination and interference: further elaborations on its application are requested.</p> <p>Article 4. Representativeness for the purposes of collective bargaining. Promotion of collective bargaining: The Committee requests the Government to take the necessary measures in order to ensure that if there is no union representing the majority of employees, collective bargaining rights are granted to the existing unions, jointly or separately, at least on behalf of their own members.</p> <p>Article 6. Public servants not engaged in the administration of the State: The Committee requests the Government to indicate whether the rights and guarantees of the Convention apply to public servants who are not engaged in the administration of the State and requests the Government to transmit</p>

Country	Convention	Reporting year	Observation
Trinidad and Tobago	C87	2018	the relevant legislative provisions. Direct request: Articles 2 to 4 (Trade Unions Act), Article 3 (Right of organizations to organize their activities freely and to formulate their programmes): the Committee requests the Government to take necessary measure to ensure application of Convention in this regard.
Trinidad and Tobago	C98	2018	Direct request: The Committee expresses the firm hope that section 24(3) of the Civil Service Act will be modified in the near future so as to bring it into conformity with the Convention in regard to Article 4 of the Convention.
Trinidad and Tobago	C100	2018	Observation of the application: The Committee requests information on the progress made in regard to addressing the gender pay gap as well as the equal remuneration for work of equal value and the objective job evaluation.
Trinidad and Tobago	C111	2018	Direct request: The Government is asked to provide information on measures taken in regard to preventing sexual harassment, promoting equality of opportunity and treatment of men and women. It also stresses the persistence of occupational segregation between men and women.
Trinidad and Tobago	C138	2018	Direct request on implementation concerning: Article 1 of the Convention; National Policy: The Committee once again requests the Government to provide information on the measures taken, within the framework of the Roadmap 2016, to combat child labour, and on the results achieved. Article 3(2); Determination of hazardous work: Noting with concern that the Committee has been referring to the list since 2006, the Committee urges the Government to take the necessary measures to ensure that the determination of types of hazardous work prohibited for persons under the age of 18 is included in national legislation, after consultation with the organizations of employers and workers concerned.
Trinidad and Tobago	C182		Direct request on implementation concerning: Article 5 of the Convention; Monitoring mechanisms; Collaboration between inspection services and law enforcement officials: The Committee therefore requests the Government to take the necessary measures to improve the cooperation between different national agencies in this regard.

Country	Convention	Reporting year	Observation
			<p>The Committee furthermore refers to the lack of data concerning forms of child labour.</p> <p>The Committee additionally request information on the implementation/application of sections of the Trafficking in Persons Prevention Act 2016-9, particularly regarding any child victims of trafficking who have received restitution from perpetrators and assistance for their rehabilitation and social integration.</p>

Countries' score on the Environmental Performance Index (EPI)

Figure G.1 Current and baseline scores on EPI sub-elements of Environmental Health and Environmental Vitality, CARIFORUM countries



Note: The numbers above the bar refer to the international ranking of the countries.

Table G.2 EPI scores, current, baseline and by sub-indicator, CARIFORUM countries

Country	EPI Current Score	EPI Baseline Score	Environmental Health Current Score	Environmental Health Baseline Score	Ecosystem Vitality Current Score	Ecosystem Vitality Baseline Score
Antigua and Barbuda	59,18	56,26	76,53	73,37	47,61	44,85
Bahamas	54,99	62,67	73,68	72,33	42,52	56,23
Barbados	55,76	52,66	84,73	84,38	36,45	31,52
Belize	57,79	60,34	65,09	61,99	52,93	59,24
Dominica	59,38	54,69	69,45	66,56	52,67	46,78
Dominican Republic	64,71	59,12	64,86	60,47	64,61	58,22
Grenada	50,93	48,36	69,82	66,32	38,34	36,38
Guyana	47,93	43,42	61,55	55,59	38,86	35,3
Jamaica	58,58	55,84	68,48	66,61	51,98	48,66
St. Lucia	56,18	54,38	71,03	65,98	46,28	46,65
St. Vincent and the Grenadines	66,48	60,05	67,38	63,56	65,88	57,71

Country	EPI Current Score	EPI Baseline Score	Environmental Health Current Score	Environmental Health Baseline Score	Ecosystem Vitality Current Score	Ecosystem Vitality Baseline Score
Suriname	54,2	57,21	62,46	58,29	48,68	56,49
Trinidad and Tobago	67,36	69,1	81,44	78,37	57,96	62,92

Table G.3 EPI scores at detailed sub-indicator level, CARIFORUM countries, 2018

Current Score	Antigua and Barbuda	Bahamas	Barbados	Belize	Dominica
Air Quality	89,13	84,19	100	74,73	80,39
Water & Sanitation	53,33	55,4	55,64	46,74	50,64
Heavy Metals	52,04	46,81	60,69	49,86	40,18
Biodiversity & Habitat	88,49	86,22	27,14	93,47	79,21
Forests		16,44		5,11	54,93
Fisheries	58,51	58,04	46,76	44,27	51,06
Climate & Energy	11,26	18,76	34,57	45,03	51,78
Air Pollution	46,94	10,6	40,21	39,57	31,59
Water Resources	64,44	64,44	64,44	59	35,78
Agriculture	7,26	7,72	10,23	25,14	0
Household Solid Fuels	72,82	60,47	100	36,82	50,97
PM2.5 Exposure	100	100	100	100	100
PM2.5 Exceedance	100	100	100	100	100
Sanitation	54,69	57,13	56,35	48,06	51,03
Drinking Water	51,96	53,67	54,93	45,42	50,25
Lead Exposure	52,04	46,81	60,69	49,86	40,18
Marine Protected Areas	70,01	78,71	45,6	100	58,92
Biome Protection (National)	100	99,41	6,08	100	81,31
Biome Protection (Global)	100	99,42	6,08	100	86,99
Species Protection Index		65,69		99,88	
Representativeness Index	79,39	76,36	74,46	100	100
Species Habitat Index		99,39		34,99	
Tree Cover Loss		16,44		5,11	54,93
Fish Stock Status	57,88	67,96	42,52	58,91	58,27
Regional Marine Trophic Index	59,13	48,12	51	29,64	43,84
CO2 Emissions – Total	0	0	32,8	52,03	51,23
CO2 Emissions – Power					
Methane Emissions	22,94	63,15	30,46	20,65	50,22
N2O Emissions	85,88	98,53	58,11	39,87	63,77
Black Carbon Emissions	47,5	24,02	52,2	49,77	53,59
SO2 Emissions	46,86	16,38	43,66	38,4	39,35
NOX Emissions	47,03	4,82	36,77	40,74	23,82
Wastewater Treatment	64,44	64,44	64,44	59	35,78
Sustainable Nitrogen Management	7,26	7,72	10,23	25,14	0

Table G.4 EPI scores at detailed sub-indicator level, CARIFORUM countries, 2018 (continued)

Current Score	Saint Vincent and the Grenadines	Suriname	Trinidad and Tobago
Air Quality	79,96	75,24	93,91
Water & Sanitation	47,25	40,14	56,29
Heavy Metals	24,52	30,29	70,35
Biodiversity & Habitat	85,1	70,23	88,93
Forests	100	42,84	26,89
Fisheries	79,13	68,18	59,23
Climate & Energy	55,95	35,74	50,02
Air Pollution	32,99	68,9	50,27
Water Resources	64,44	7,53	70,83

Current Score	Saint Vincent and the Grenadines	Suriname	Trinidad and Tobago
Agriculture	3,22	33,22	0
Household Solid Fuels	49,91	38,11	84,77
PM2.5 Exposure	100	100	100
PM2.5 Exceedance	100	100	100
Sanitation	47,65	43,36	58,48
Drinking Water	46,85	36,91	54,11
Lead Exposure	24,52	30,29	70,35
Marine Protected Areas	72,24	86,41	61,59
Biome Protection (National)	80,73	42,48	99,14
Biome Protection (Global)	94,88	42,46	97,69
Species Protection Index		83,9	100
Representativeness Index	100	100	100
Species Habitat Index		91,82	72,42
Tree Cover Loss	100	42,84	26,89
Fish Stock Status	58,27	67,06	65,39
Regional Marine Trophic Index	100	69,3	53,08
CO2 Emissions – Total	52,5	32,86	29,99
CO2 Emissions – Power		19,84	44,49
Methane Emissions	61,72	38,74	98,85
N2O Emissions	75,58	70,44	75,46
Black Carbon Emissions	61,42	81,44	51,8
SO2 Emissions	35,55	64,45	84,28
NOX Emissions	30,44	73,35	16,26
Wastewater Treatment	64,44	7,53	70,83
Sustainable Nitrogen Management	3,22	33,22	0

Table G.5 EPI scores at detailed sub-indicator level, CARIFORUM countries, 2018 (continued)

Current Score	Dominican Republic	Grenada	Guyana	Jamaica	Saint Lucia
Air Quality	77,96	82,88	75,49	78,74	84,2
Water & Sanitation	42,4	48,26	38,67	51,04	47,79
Heavy Metals	29,34	29,37	17,58	39,72	39,36
Biodiversity & Habitat	87,06	56,78	54,32	83,12	62,71
Forests	10,42	36,44	48,62	24,03	43,36
Fisheries	74,5	44,76	52,86	29,07	47,63
Climate & Energy	61,27	21,61	34,82	52,26	40,29
Air Pollution	65,46	30,55	32,14	21,03	29,76
Water Resources	90,17	64,44	0	76,99	64,44
Agriculture	8,11	0,76	29,4	8,32	0
Household Solid Fuels	44,9	57,2	38,71	46,85	60,49
PM2.5 Exposure	100	100	100	100	100
PM2.5 Exceedance	100	100	100	100	100
Sanitation	45,1	48,77	40,6	49,67	49,29
Drinking Water	39,7	47,74	36,74	52,4	46,28
Lead Exposure	29,34	29,37	17,58	39,72	39,36
Marine Protected Areas	97,28	61,02	33,89	80,28	72,77
Biome Protection (National)	82,81	52,9	50,45	84,71	61,46
Biome Protection	97,55	35,2	51,06	95,27	36,02

Ex-post evaluation of the EPA between the EU and its Member States and the
CARIFORUM Member States

Current Score	Dominican Republic	Grenada	Guyana	Jamaica	Saint Lucia
(Global)					
Species Protection Index	96,45		39,01	99,94	
Representativeness Index	58,36	99,19	100	57,89	98,48
Species Habitat Index	64,08		94,39	52,87	
Tree Cover Loss	10,42	36,44	48,62	24,03	43,36
Fish Stock Status	95,65	58,27	61,32	18,48	58,27
Regional Marine Trophic Index	53,35	31,25	44,4	39,66	36,99
CO2 Emissions – Total	67,64	15,3	31,63	62	39,34
CO2 Emissions – Power	42,08			25,08	
Methane Emissions	62,15	27,03	37,25	65,73	30,68
N2O Emissions	66,09	86,54	43,99	45,78	63,82
Black Carbon Emissions	65,89	23,42	60,54	16,16	68,47
SO2 Emissions	66,52	35,16	32,86	14,69	33,23
NOX Emissions	64,39	25,94	31,42	27,38	26,29
Wastewater Treatment	90,17	64,44	0	76,99	64,44
Sustainable Nitrogen Management	8,11	0,76	29,4	8,32	0

Ratification year of selected Multinational Environmental Agreements (MEAs)

Table G.6 Ratification year of selected Multinational Environmental agreements, CARIFORUM countries

Agreement	Year	Antigua and Barbuda	Bahamas	Barbados	Belize	Dominica	Dominican Republic	Grenada
United Nations Framework Convention on Climate Change (UNFCCC)	1992	1993	1994	1994	1994	1993	1998	1994
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	1973	1997	1979	1993	1981	1995	1987	1999
Convention on Biological Diversity (CBD)	1992	1993	1993	1993	1993	1994	1996	1994
Cartagena Protocol on Biosafety to the CBD	2000	2003	2004	2003	2004	2004	2006	2004
Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the CBD	2010	2016	-	-	-	-	2014	-
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal	1989	1993	1992	1995	1997	1998	2000	-
Stockholm Convention on Persistent Organic Pollutants	2001	2003	2005	2004	2002	2003	2007	-
Minamata Convention on	2013	2016	2020	-	-	-	2018	-

Agreement	Year	Antigua and Barbuda	Bahamas	Barbados	Belize	Dominica	Dominican Republic	Grenada
Mercury Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Convention)	1972	1989	-	1994	-	-	1973	-
Paris agreement	2015	2016	2016	2016	2016	2016	2017	2016
United Nations Fish Stocks Agreement ³⁸³	2001	-	1997	2000	2005	-	-	-

Table G.7 Ratification year of selected Multinational Environmental agreements, CARIFORUM countries (continued)

Agreement	Year	Guyana	Jamaica	St. Kitts and Nevis	St. Lucia	St. Vincent and the Grenadines	Suriname	Trinidad and Tobago
United Nations Framework Convention on Climate Change (UNFCCC)	1992	1994	1995	1993	1993	1996	1997	1994
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	1973	1977	1997	1994	1983	1989	1981	1984
Convention on Biological Diversity (CBD)	1992	1994	1995	1993	1993	1996	1996	1996
Cartagena Protocol on Biosafety to the CBD	2000	2008	2012	2003	2005	2003	2009	2003

³⁸³ Agreement for the implementation of the provisions of the UN Convention on the Law of the Sea, relating to the conservation and management of straddling fish stocks and highly migratory fish stocks.

Agreement	Year	Guyana	Jamaica	St. Kitts and Nevis	St. Lucia	St. Vincent and the Grenadines	Suriname	Trinidad and Tobago
Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the CBD	2010	2014	-	2018	-	-	-	-
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal	1989	2001	2003	1994	1993	1996	2011	1994
Stockholm Convention on Persistent Organic Pollutants	2001	2007	2007	2004	2002	2005	2002	2002
Minamata Convention on Mercury	2013	2014	2017	2017	2019	-	2018	-
Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Convention)	1972	-	1991	-	-	-	1980	-
Paris agreement	2015	2016	2017	2016	2016	2016	2019	2018
United Nations Fish Stocks Agreement ³⁸⁴	2001	-	(signed 1995)	2018	1996	2010	-	1996

³⁸⁴ Agreement for the implementation of the provisions of the UN Convention on the Law of the Sea, relating to the conservation and management of straddling fish stocks and highly migratory fish stocks.

ANNEX H BIBLIOGRAPHY

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