



Brussels, 22 April 2004

Plan and Schedule for CARIFORUM EC Negotiation of an Economic Partnership Agreement

Introduction

1. The ACP-EU Partnership Agreement (Cotonou Agreement), signed in Cotonou in June 2000, establishes a comprehensive framework for ACP-EU relations. At the centre of the partnership are economic development, the reduction and eventual eradication of poverty, and the smooth and gradual integration of ACP States into the world economy. In order to accomplish these objectives, the Cotonou Agreement provides for the conclusion between the ACP and the EU of new World Trade Organisation (WTO) compatible trading arrangements. This is to be achieved through the conclusion of Economic Partnership Agreements to be negotiated during the period starting from September 2002 until at the latest 31 December 2007. The process began with an engagement at the All ACP-EC level. The CARIFORUM-EC negotiations are being launched on April 16, 2004.
2. For the purposes of these negotiations, the Caribbean Forum of ACP States (CARIFORUM) represents the regional configuration of the following countries – Antigua and Barbuda, The Bahamas, Barbados, Belize, Commonwealth of Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

Principles and Objectives

3. The CARIFORUM–European Community (EC) negotiation of the trade dimension of Cotonou must be both mutually reinforcing and supportive of the Partnership Agreement's political dimensions and development co-operation strategies. Pursuant to Article 37(3) of the Cotonou Agreement, the preparatory period of EPA negotiations will be used for capacity building, including measures to enhance competitiveness, strengthen regional integration and upgrade infrastructure. Consequently, a CARIFORUM-EC EPA is a new economic development and trading arrangement consistent with the objectives and principles set out in Articles 34 and 35 and the modalities and procedures agreed upon in Articles 36 and 37, respectively, of the Cotonou Agreement. An EPA should build upon and strengthen the regional integration process and complement and support national strategies, policies of adjustment and structural transformation. It should reflect differences among

Caribbean economies by levels of development and size, especially bearing in mind Haiti's status as a Least Developed Country (LDC), and the prevalence of firms within the Caribbean region that are small by global standards.

4. An EPA between CARIFORUM countries and the EC should contribute to realising the following broad objectives:
 - a. Attainment of economic development that is socially and environmentally sustainable;
 - b. Enhancement of the ability of small Caribbean states to play a more meaningful role in the international community consistent with their political and economic aspirations for self-determination;
 - c. Facilitation of Caribbean structural transformation which would allow for the reduction of that region's acute economic vulnerability and the emergence of new expressions of development; and
 - d. Adjustment of Caribbean economies in a manner and at a pace that is conducive to overall economic and social development.

5. A CARIFORUM-EC EPA is being forged within the broader political context of the ACP-EU partnership and takes into account the overall principles and objectives of the Cotonou Agreement and augmented by the specific ones recorded in the Joint Report adopted at the Second ACP-EC Joint Ministerial on EPAs on October 2, 2003. These are namely that an EPA shall promote sustained growth; increase the production and supply capacity of the ACP countries; foster the structural transformation of ACP countries and their diversification; and support regional integration. In supporting these objectives, the negotiation of a CARIFORUM-EC EPA should be guided by the following principles:
 - a. A CARIFORUM-EC EPA should support and build upon the regional integration process;
 - b. A CARIFORUM-EC EPA should equally promote the development objectives of the countries of the region and be consistent with their development strategies;
 - c. A WTO-compatible CARIFORUM-EC EPA should encompass a variety of forms of special and differential treatment, which are not limited to longer transitional periods and technical assistance. The way in which Special and Differential Treatment (SDT) is incorporated in an EPA may go beyond existing WTO measures and include provisions that effectively address the constraints of small size and vulnerability, especially as it relates to market size and scale of economic activity. Consistent with the provisions of Article 39(2) of the Cotonou Agreement, partnership requires close Caribbean-EU collaboration to achieve these ends within the WTO;
 - d. A CARIFORUM-EC EPA would be flexible within the broadly agreed framework to allow individual countries to calibrate the pattern and schedules of implementation consistent with their national circumstances, while pursuing the objective of regional integration;

- e. A CARIFORUM-EC EPA should incorporate and improve on the Lomé and Cotonou *acquis* in respect of market access for both traditional and non-traditional Caribbean exports;
- f. Within the spirit of their partnership, a CARIFORUM-EC EPA should also entail a binding commitment by the partners to engage in consultations on any matter deemed necessary in order to safeguard the benefits of the agreement.

Organisation of the Negotiations

6. The negotiating of a CARIFORUM–EC EPA will take place at three tiers, namely, Ministerial, Principal Negotiators and subject-specific negotiators. During the initial phase of negotiations, CARIFORUM and EC technical teams will work on theme-specific clusters such as market access, services and investment, trade related areas. The focus of this initial phase will be on measures required to accelerate CARIFORUM regional integration and establish the baselines for an EPA to be implemented by the latest on January 1, 2008. In the second phase of EPA negotiation that focuses on the trade liberalisation dimension with the EC, technical talks will be concentrated in technical negotiating groups that are specific in focus and scope. The results of the negotiations at the technical level will be channelled into meetings of the Principal Negotiators. These meetings will focus on shaping the general structure of the negotiations in addition to guiding the technical work. At the apex of the structure of CARIFORUM–EC EPA negotiations will be Ministerial sessions that will provide political oversight and agree on the results.

Structure of the Negotiations

CARIFORUM Negotiating Structure

7. CARIFORUM has appointed Senior Minister Dame Antoinette Miller of Barbados as its Lead Ministerial Spokesperson. A Ministerial Troika comprising representatives from the Dominican Republic, Saint. Lucia and Belize will assist the Lead Ministerial Spokesperson in dispensing her duties. The Director-General of the Caribbean Regional Negotiating Machinery (CRNM) on has been appointed CARIFORUM Principal Negotiator. At the technical level, negotiations will be conducted by members of the EPA College of Negotiators. All elements of the negotiating structure shall be open to all CARIFORUM Member States.

EC Negotiating Structure

8. The organisation of the EC follows the structures and procedures as determined by the Treaty establishing the European Community. The European Commission will negotiate on behalf of the EC, represented by the Commissioner for Trade, at Ministerial level, and a Senior Official of DG Trade at the level of Principal Negotiator. Preparations at technical level will be co-ordinated by DG Trade, with other DGs participating as appropriate.

Regional Preparatory Task Force

9. Both parties will establish a Regional Preparatory Task Force (RPTF) in order to cement the strategic link between EPA negotiations and development co-operation. The legitimacy for the creation of such a body is underpinned by the provisions of the Cotonou Agreement on the complementary of trade and economic co-operation and development support (e.g. Articles 1, 18, 20 and 35). Furthermore, the timetable for the determination of the successor to the 9th European Development Fund (EDF) makes it imperative that financial programming of EU development support is organically tied to EPA trade negotiations. In this regard, the RPTF will not comprise a formal element of the negotiating structure but for obvious reasons will be closely aligned to it.
10. The CARIFORUM core membership of the RPTF will comprise representatives of regional and national authorising officers, regional secretariats, universities and institutions and Non-State Actors and a CARIFORUM Member of the ACP Development Finance Committee. EC membership on the RPTF will include officials from DG Trade, DG Development, AIDCO and an EU Delegation based in the Caribbean.

Indicative Schedule of Negotiations

Initial Phase: Establishing the Priorities of EPA Negotiations (April 2004 –September 2004)

11. The objective of this initial phase is to establish an understanding of the fundamental concerns and interests of EPA negotiations for both CARIFORUM and the EC. Negotiations should aim to identify the main objectives, policies and tools for the CARIFORUM regional integration process and consider priority issues for in-depth discussions in the next phases. Furthermore, both sides should discuss and seek agreement on detailed timetables and phasing for the regional negotiations. This initial phase may conclude with a Ministerial session that after reviewing the progress made, should agree on priorities for the negotiations, the negotiating structure and a more fine-tuned scheduling of EPA negotiations.
12. In order to execute the task of cementing the complementarity of EPA negotiations with development support measures, the RPTF should be established during this initial phase. Once the terms of reference for this body have been established, the RPTF should be tasked with the commissioning of short-term and focussed research on CARIFORUM capacity building in priority areas of Caribbean regional integration.
13. In order to underpin the legitimacy of EPA negotiations, both parties will undertake a series of measures aimed at facilitating the consultation, and where possible, the participation of all stakeholders. In this regard, CARIFORUM and the EC should organise a series of activities, including an orientation seminar for Caribbean stakeholders shortly after the formal launch of EPA negotiations. Another of the joint planks aimed at increasing stakeholder consultation and participation revolves around facilitating the formation of a Regional Network of Non-State Actors (NSAs) that can effectively contribute to the negotiation of an EPA. Such a network of NSAs should embrace private sector umbrella groupings, trade unions, farmers and

consumer groups, NGOs, academics and parliamentarians. CARIFORUM will approach the PMU for ACP Capacity Building for EPA Negotiations for financial support of both initiatives.

14. Moreover, during the initial phase, consultations with the managers of the EC-sponsored Sustainable Impact Assessment (SIA) study on EPA should be sought. The aim of such interaction would be to feed the initial results of EPA negotiations into the SIA process while allowing for the results of the SIA to be reflected in the negotiation process itself. Finally, it would be advantageous if both parties could collaborate in fostering the development of a consultative network of regional, bilateral and multilateral entities supportive of the CARIFORUM development process. Entities to be approached in this regard include the Caribbean Development Bank, Inter-American Development Bank, World Bank, bilateral donor agencies and CGED, ECLAC, Commonwealth Secretariat and Association of Caribbean States (ACS). The aim of this consultative exercise is to encourage the integration of EPA support measures into the design of programmes and projects by the Region's development partners.

Second phase: Convergence on strategic approach to CARIFORUM regional integration (September 2004 -September 2005)

15. The aim of EPA negotiations during this second phase will be to establish a common understanding on the priorities for support of Caribbean regional integration, and the targets to be attained by the time of the commencement of implementation on January 1, 2008 and beyond. Negotiations should take into account the scheduled review in 2004 of CARICOM–Dominican Republic Free Trade Agreement, and in particular, its non-reciprocal concession on market access to CARICOM LDCs. EPA negotiations must also take into account the circumstances of Haiti and The Bahamas in relation to the CSME. This is the backdrop against which both parties will seek to identify appropriate measures required to promote CARIFORUM regional integration. This will require careful prior coordination among CARIFORUM countries.
16. In order to facilitate the in-depth examination of priority issues of the Caribbean regional integration process, two technical level sessions should be convened on market access and one each on the following two clusters - services and investment, and trade-related areas. Negotiations should cover the treatment of issues such as the joint analysis of regional production and trade data, tariffs, national fiscal revenue streams, Common External Tariff (CET) and CARICOM Single Market and Economy (CSME) implementation schedules, regulatory framework and other regional policies, etc.
17. The work of the RPTF during this second phase should focus on identifying sources of assistance required for CARIFORUM capacity building, especially with regard to the priority issues identified. Here, the RPTF could be tasked to attain early harvests as the negotiations progress by facilitating two tasks, namely, (a) identifying resources, from both bilateral and multilateral sources, for trade-related technical assistance to further support CARIFORUM regional integration and (b) accelerating the disbursement of EC development financing aid delivery.

18. In terms of stakeholder participation and outreach, both parties should seek to jointly organise meetings with members of the EPA NSA Regional Network on specific sectors and issues identified by CARIFORUM as priorities and any others proposed. Consultations should continue with the managers of the SIA process with the results of EPA negotiations being fed into the construction of a CARIFORUM-specific SIA. The SIA managers should also be encouraged to incorporate comments and suggestions of the NSA Network into the SIA itself. Both CARIFORUM and the EC should continue to liaise with the consultative network of regional, bilateral and multilateral entities supportive of the CARIFORUM development process. Entities to be approached in this regard include the Caribbean Development Bank, Inter-American Development Bank, World Bank, bilateral donor agencies and CGCED, ECLAC, Commonwealth Secretariat and ACS.
19. During this second phase, Principal Negotiators should meet at least once every six months to examine horizontal issues or address difficulties that might arise from the technical exchanges. Ministers will meet in September 2005 to review the state of negotiations on the priorities of CARIFORUM regional integration; conclude a common understanding on the measures that are necessary to accelerate the regional integration process and provide an orientation for the discussions in the third phase.

Third phase: Structuring and consolidating of EPA negotiations (September 2005 - December 2006)

20. The objective of this third phase of negotiation is to consolidate the discussions and channel the points of common understanding into elements of a draft EPA Agreement. The focus during this phase should be threefold, namely:
 - a. forging an agreement on the structure of an EPA agreement;
 - b. consolidating the outcome of discussions on the priority issues for CARIFORUM regional integration;
 - c. agreeing on an approach to trade liberalisation.
21. As part of this general exercise, both parties could identify sensitive products for CARIFORUM countries and the way in which they should be treated.
22. Principal Negotiators of both parties should meet at least once every six months during this third phase. The aim of their exchanges will be to examine horizontal issues and where necessary address hurdles that might have arisen during negotiations at the technical level. Technical experts should meet on average once every eight weeks in negotiating groups organised around specialised themes. The scope and schedule of these technical encounters will be the subject of consultations and prior agreement between the Principal Negotiators.
23. The RPTF should continue to work on finding solutions aimed at strengthening the capacity of the CARIFORUM States to effectively implement an EPA without economic, fiscal and social fall out. One major task of the RPTF should be development of projects aimed at fostering Caribbean regional integration

for submission and augmenting the Region's capacity to export goods and services under the successor arrangement to the 9th EDF.

24. During the third phase, both CARIFORUM and the EC should undertake consultations with their respective stakeholders, in order to receive the maximum possible input from all concerned interests. The dialogue with the consultative network of institutions supportive of the CARIFORUM development process should also continue.
25. A CARIFORUM-EC EPA should also include measures designed to enhance the trading relations as well as overall co-operation between CARIFORUM Member States and DOMs/OCTs located in the Caribbean.
26. In concluding the third phase, Ministers should meet in December 2006 and endorse the results of the negotiations on the structure of an EPA agreement, the approach to trade liberalisation and the treatment of CARIFORUM sensitive products.

Final phase: Finalisation (January 2007 - December 2007)

27. Negotiations during the fourth and final phase should concentrate on completing the EPA negotiations by the end of 2007. Both parties should seek to consolidate the results of the negotiations by addressing items of disagreement stemming from previous rounds of the talks. Specific attention should be paid to the treatment of each tariff line and enumerating the precise commitments in all spheres of the proposed Agreement. In order to complete the negotiations within schedule, both parties will aim to sign an agreement in the second semester of 2007 and take the measures necessary for the application of the agreement as of January 1, 2008. In heading towards the conclusion of the negotiation, CARIFORUM and the EC should agree on the institutional framework and structures of implementing the EPA along with designing a review process.
28. Principal Negotiators should once again meet at least once every four months to review the results of technical interface and address difficulties that might arise. Technical negotiating groups should meet once every eight weeks in negotiating sessions around specialised themes.
29. In the finalisation phase, the RPTF should place an accent on the re-dimensioning of EU development co-operation. The focus of this dimension should be the preparation of the Region to implement an EPA. Both CARIFORUM and the EC should develop consultative programmes aimed at obtaining the views of all stakeholders in advance of agreeing on an EPA. Furthermore, the results of the negotiations should be channelled into the SIA with a view to promoting sustainability.

Venue of Meetings

30. The venues for the negotiations at Ministerial and Principal Negotiator tiers will alternate between the CARIFORUM region and Brussels. Both sides will aim to conduct as many technical negotiating sessions as possible in the CARIFORUM region.