

Opening Address

EPA Opportunities Seminar & Workshops **6th November 2013 - Lloyd Erskine Sandiford Centre**

by
Senator, The Hon. Maxine McClean,
Minister of Foreign Affairs and Foreign Trade

*“Successful EPA Implementation & A Proactive Private Sector
go Hand-in-hand”*

Mr Chairman:

Ambassador Barfod, Head of the EU Delegation to Barbados and the Eastern Caribbean:

Mr Ullrich Kinne, Deputy Head of Mission – Embassy of Germany to Barbados:

Ladies and gentleman:

It gives me great pleasure to be here with you this morning to share a few thoughts on some of the opportunities associated with the Economic Partnership Agreement (EPA) and formally to open this “EPA Opportunities Seminar and accompanying workshop sessions. Implementation of the EPA and how to obtain maximum benefits from the Agreement remain among the main challenges facing my Ministry and forward-looking economic operators, not only in Barbados, but across our Caribbean region.

These challenges are heightened by the intractable global financial crisis, by a continuing decline in the availability of donor funding, and by the loss of trade preferences. Nevertheless, against this background, the Government is placing the promotion of Barbados’ economic interests at the centre of its foreign and trade policy.

The EPA is not some esoteric and opaque covenant stitched together in secrecy in a backroom somewhere and intended primarily to benefit the Governments

involved. It is a trade and development agreement, aimed at securing favourable market access for you, our economic operators, improving the competitiveness of your enterprises, and enhancing your capacity to take advantage of the opportunities associated with the Agreement. *The successful implementation of the EPA does not rest with Government alone. It requires strategic and mutually reinforcing cooperation between the private and public sectors.*

One of the criticisms often levelled at governments in our region is that they are unwilling or unable to implement anything. Our governments are depicted as “talkers”, who are quick to commission studies and keen to sign agreements, but totally inept when it comes to implementation.

When Barbados joined other CARIFORUM countries in signing the EPA on October 15th 2008, we were very aware that this far-reaching agreement would change fundamentally the trade and development cooperation relationship between our countries and the European Union. The Government of Barbados was not overwhelmed by that prospect and we were determined that this agreement would not be signed and then immediately forgotten. We did not intend to be complicit in reinforcing any arguments about regional governments and “implementation deficits”. *However, we were mindful from the very beginning that an engaged business community would be an indispensable element for successful implementation.*

One of the initiatives, which we have taken to facilitate the effective implementation of the Economic Partnership Agreement, is the establishment of a dedicated EPA Implementation and Coordination Unit within the Foreign Trade Division of the Ministry of Foreign affairs and Foreign Trade. The Unit has been mandated to work with both the private and public sectors to ensure that they are better informed about EPA-related opportunities and that the former, in particular, becomes better equipped to exploit the improved market access opportunities provided by the agreement.

Against that background, this Seminar is an important aspect of our outreach to the business community. However, the Seminar is not a stand-alone or

haphazard undertaking, rather, it is part of a more comprehensive project, embracing the following three core components:

- 1) A series of preparatory consultations with business persons, business support organizations and officials from relevant regulatory and business facilitating institutions. These consultations were arranged to gather information on the business community's concerns and to identify specific challenges which are inhibiting Barbadian stakeholders from taking advantage of EPA-related opportunities. The discussions with stakeholders sought to obtain information about inhibiting factors with respect to both improved access to EU markets and the availability of resources for institutional strengthening and competitiveness improvements.
- 2) The preparation, organization and presentation of this EPA opportunities seminar, with the focus on identifying *tangible* EPA-related opportunities, from which Barbadian stakeholders can benefit, and outlining in *practical steps* how best to proceed in order to take advantage of those opportunities.
- 3) The preparation of a post seminar action plan to guide individual economic operators, business support organisations, and regulatory institutions in order that they might become better placed to take advantage of EPA opportunities and more knowledgeable about how best to obtain maximum benefits from the Agreement.

It is envisaged that this three-stage project will result in Barbadian stakeholders being better informed and prepared to take advantage of EPA-related opportunities and benefits. Government is committed to obtaining maximum benefits from the Agreement, but to do this we need an engaged private sector partner.

The Seminar is timely in that it comes almost exactly five (5) years after the signing of the Agreement on 15th October 2008. There was a Joint Declaration on the Signing of the EPA, which provides that, in the context of the continued monitoring of the Agreement, “a comprehensive review of the Agreement shall be undertaken not later than five (5) years after the date of signature and at

subsequent five-yearly intervals, in order to determine the impact of the Agreement, including the costs and consequences of implementation....”.

The monitoring and review processes are particularly important, given the commitment by both sides to amend the Agreement’s provisions and adjust their application, if comprehensive reviews demonstrate that such adjustment is necessary. Unfortunately, to date, there has been little progress across the region in establishing mechanisms to monitor implementation of the EPA. In the case of Barbados, our EPA Implementation Unit has developed a basic matrix for monitoring compliance, but the major challenge is to develop a viable and sustainable mechanism to monitor the impact of the Agreement.

It is envisaged that the continuous monitoring, together with the mandatory five-yearly comprehensive review, will enable the region and individual member states to determine, based on actual experience and empirical evidence, whether or not the objectives of the EPA are being met and, if necessary, to make appropriate adjustments.

How does this need for monitoring impact on you, the business community?
There are three principal areas where your active participation is necessary in order to ensure that there is continuous and effective monitoring of the EPA and that policy makers receive requisite feedback to determine if the Agreement is ‘on track’ to meet its objectives.

- In the first place, there must be something to monitor. We need to see actual use of the Agreement by private sector operators and various facilitating institutions. We need, for example, to be able to assess the impact on trade within CARIFORUM and on exports to EU markets (in Europe or Caribbean locations, such as Guadeloupe and Martinique). It is not particularly helpful to “sit on the side lines” and complain that EPA implementation is not working. If you are not meaningfully involved, how can you determine whether or not it is working and what changes might be appropriate.
- Secondly, there must be “buy-in” from relevant public and private sector stakeholders to assist the EPA Implementation Unit in establishing a relevant set of indicators and benchmarks which can be used to monitor to what extent the EPA is meeting established objectives.
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- Thirdly, there is a dearth of reliable data, particularly with respect to trade in services. We need accurate and sustainable sources of statistics and other information in order to make an informed assessment of what is or is not happening. You can help by being cooperative in keeping institutions, such as your business support organizations and the EPA Implementation Unit informed about your EPA-related activities. We need to know what is working and what is not – what has been successful and what has not – what challenges you are facing. We can only help you if you are committed to helping yourself.

Ladies and gentlemen, we live in a world of ever increasing interdependence and interconnectivity. Trade liberalization has almost taken on a life of its own and is now the dominant theme in international trade discussions. The era of trade preferences has passed or, if you wish to be sentimental and look back wistfully, is passing. It is pointless to bemoan the changes that are taking place. There is no turning back. Trade liberalisation and globalisation are sweeping away barriers to trade and investment between countries. Capital flows can take place almost at the touch of a button and the digital revolution has led to an explosion in information technology.

This electronic instantaneous communication is eroding national borders and shrinking distance as the world becomes more and more a truly global village. The digital revolution is transforming radically how we live, work and play. It will effect relations within nations as much as relations among nations. *Perhaps, most importantly for you, gathered here this morning, the plummeting costs of communications and information technologies will open new opportunities for doing business.*

Production chains have become truly global, with companies locating various stages of the production or marketing processes in the most cost-efficient markets. The computer giant Apple might be the most striking example of this globalisation – designing products in the United States, which are assembled in China using components from several other Asian countries.

Similarly, I learned recently about a small Barbadian company, which is supplying water pipes throughout the region and is likely to do the same in a number of African countries, on behalf of an American manufacturer. I have also heard of a Jamaican company which is supplying the UK market with bananas, not only from Jamaica, but mostly from African countries, such as

Cameroon, from which it can source the bananas at a lower cost. *I have said all of this to say that you should not limit your horizons to what you think you can produce and sell in Barbados or even CARICOM. Don't confine your prospects to the 166 square miles that we call home. The world must be your oyster and you should harvest pearls wherever they can be found. Country-to-country or region-to-region agreements, such as the EPA, have been and are being negotiated to facilitate your involvement in this international trade arena.*

There are two attitudes that the private sector can take to these trade liberalizing and technology-driven developments. You can be defeatists, accepting with resignation that you can do nothing and that external forces will determine entirely the future of your business. You can throw up your hands in horror and cast your eyes fondly backward to an era that has passed and is unlikely to return, at least not in our lifetime. *Or you can adapt to and attempt to exploit the changing environment. You can ensure that your business identifies and takes advantage of the opportunities, which inevitably arise out of any significant shift in the relationship between countries or regions.*

The global economic downturn brings many challenges, but it should also motivate us, as a country, and you, as creative, innovative, entrepreneurial business persons, to explore opportunities beyond our traditional economic sectors. In the area of services, Barbados has a world class tourism product and our international business sector is equal to the competition, but these realities should inspire rather than hold us back from exploring other export possibilities in the diverse and expanding services sector.

Tough economic times often tend to bring out the best in many persons, by stimulating their creative and innovative side to craft new ideas as the country tries to strike a balance between supporting existing industries and encouraging entrepreneurship. In the manufacturing and craft sectors, Barbados can and must broaden the range of its exportable products and the markets to which our products are targeted. Barbados rum is going from strength to strength in international markets and is now easily our largest manufactured export product, but we need to do more. We must build on the recent breakthroughs in the European markets by Banks beer and tiger malt, Barbados Plantation Reserve Sugar, Earth Mother Botanicals and the like. New initiatives and growth in the area of goods export is sure to limit the impact on our foreign exchange earnings when one of our traditional exports falters. *The EPA*

provides that opportunity and the challenge of seizing that opportunity is neither unprecedented nor beyond your capacity. I urge you to step forward and meet that challenge, while benefiting from the available development support.

In the context of development support, you will wish to be aware of and be proactive in seeking support from the various agencies in the region and in Europe that provide and/or manage resources to support EPA implementation initiatives. I know that later this morning you will hear from four of those agencies – the EU Delegation, the Caribbean Development Bank, the German international development agency, usually referred to as GIZ and who is our sponsoring partner for this Seminar, and Caribbean Export, which is executing a private sector development programme worth over eighty (80) million Barbados dollars – therefore, I will leave it to the experts to tell you how you can access those resources.

While reflecting on resources for EPA-related projects, you should also be mindful of Brussels-based institutions, such as the Centre for the Development of Enterprise, Pro-invest, BizClim as well as periodic ad hoc funds announced by the European Commission and/or the ACP Secretariat.

I am advised that it is sometimes unbelievably difficult to get local institutions and business support organizations to submit project proposals to benefit from available resources – one officer remarked, perhaps somewhat over-the-top that it can be like extracting teeth from an unwilling bear. *I am saying all of this to reinforce the point that institutions and resources are available to support EPA implementation projects.* However, these resources have not been set aside specifically for Barbadian entrepreneurs and institutions – they are often operated on a first come, first served basis. *Therefore, you must be proactive in identifying your needs and coming forward with well formulated projects to benefit from the available financial support. These resources will not flow automatically like a broken pipe. You must step forward and give a persuasive reason why the tap should be opened for your project. I know that this is not beyond you.*

Earlier I spoke about Governments' poor reputation for implementation. This implementation reluctance is not limited to Governments and, in the same way that this Government is taking steps to prioritise EPA implementation, we expect that the private sector will play its part by being proactive and seizing opportunities to access available resources and to exploit accessible export markets.

The signing of the Economic Partnership Agreement in 2008 gave CARIFORUM countries and economic operators a comparative advantage with respect to EU market access and availability of Aid-for-Trade resources. However, in the international trade arena, such advantages are usually transitory. Therefore, in order to maximize the benefits of any competitive advantages, we must expedite our EPA implementation activities before other regions, ACP and non-ACP, and other entrepreneurs overtake us and harvest the available “honey” while we equivocate and look for someone else or some other government agency to take the initiative.

In this context, my attention was drawn to a recent column by one of the media’s weekly columnist in which he seemed to be making a case that the “fundamental needs” of one of our leading industries have been identified in the EPA, but that nothing is being done to address those needs. He goes on seemingly to posit that it is necessary for governments to recognise the importance of this industry and to develop a funding programme for the industry.

The columnist is correct in saying that there are specific EPA provisions directed towards this industry. However, I would have expected that, rather than sitting back and waiting for government, this industry, which has “well-funded” institutions would be taking the initiative to conceptualize, develop, and submit comprehensive and compelling project proposals to address its identified needs. Increasingly these days, national and international donor agencies are saying to us that, while it is interesting to hear governments and institutions verbally repeating their “wish lists”, they need well-developed project proposals to move the process forward.

The Head of Government of a neighbouring CARICOM country commented a few days ago on what he perceived as a dependency syndrome afflicting the region’s private sector. He expressed the view that the business community was constantly looking to see what government can do for them or give them, rather than trying to stand on their own two feet. I do not propose to go that far, but I am urging private sector operators, including all of you here this morning, to become more proactive in seeking out and taking advantage of available opportunities.

Ladies and gentlemen, the message I want to leave with you this morning and the one that I hope will influence your exchanges over the next day and a half is that: the Government can negotiate the trade agreements, secure commitments for support from development partners, and create an enabling environment for

doing business; but the onus is on you, the business community, to seek out and take advantage of available opportunities. *Remember the adage that “Governments don’t trade, companies do”. It is the private sector which must explore and exploit business opportunities. Government has laid the foundation, it is up to you to build your dreams.*

It is now my great pleasure officially to open this seminar. I trust that you will have interactive, interesting, and informative sessions.

I thank you.

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