

## EXECUTIVE SUMMARY<sup>1</sup>

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*Sustainable Development and Regional Trade Agreements – building sustainable development issues into Economic Partnership Agreements (EPA) – results of a Caribbean workshop held on 24-25 July 2006 in Montego Bay, Jamaica.*

A workshop on “Sustainable Development and Regional Trade Agreements – building sustainable development issues into Economic Partnership Agreements (EPAs)” was organized on behalf of, and with financial support from, the European Commission (EC) by a consortium led by PricewaterhouseCoopers in partnership with the European Centre for Development Policy Management (ECDPM), and with support from the Caribbean Policy Development Centre (CPDC) and Groupe de Recherche et d’Echanges Technologiques (GRET).

The workshop brought together more than thirty senior representatives of government, universities, business, trade unions and regional non-governmental organisations, selected on the basis of their expertise in the economic, environmental, labour and social aspects of Caribbean development, in particular in agricultural and tourism services sector.

The challenge of the workshop was to consider how to make use of the opportunity presented by the negotiation of the EPA between the Caribbean region and the European Union (EU) to help achieve sustainable development in the Caribbean region. The backdrop to this challenge is the clear mandate in the Cotonou Agreement to do so, and the repeated assurances that the EPAs would represent a “different kind of trade agreement” — one focused on the Cotonou Agreement’s sustainable development objectives.

Another framing consideration was the strongly delivered reminder that sustainable development represents more than just environmental concerns; it must also address development issues.

### Three areas of progress

The participants considered three modalities by which the EPA process might help achieve sustainable development:

- In the rules themselves;
- In the process of negotiation and implementation;
- Through ancillary measures.

### The Rules

One of the most direct opportunities to insert sustainable development principles into the EPA process is in the elaboration of the rules under negotiation. For example, the market access demands of the EU, which would in effect flatten the existing CARIFORUM tariff structures, was characterized as contrary to those objectives — a position that highlighted the fundamental disagreements between the Parties on development paradigms.

In another example, in the area of services liberalization, participants noted that the extent and the timing of entering into commitments should be related to the implementation capacities of the CARIFORUM Parties<sup>2</sup>. Similarly, participants noted the need for rules in the agriculture negotiations that would strive to help the region achieve sustainable development, including a focus on ending tariff escalation, and treating agriculture as a multifunctional activity. The latter consideration, it was argued, should result in moderated demands by the EU for market access and reciprocity in the agricultural negotiations.

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<sup>1</sup> *This synthesis note was prepared by workshop participant Aaron Cosbey under his own responsibility. While it was presented in plenary at the workshop, it does not necessarily represent group consensus. A text with specific recommendations agreed upon by the participants during the final session of the workshop is provided in Annex A of this report.*

<sup>2</sup> *As per Annex D paragraph 2 of the July 31 2004 WTO Doha Work Programme.*

## **The EPA Negotiation Process**

The process by which the EPAs are negotiated and implemented can also contribute to sustainable development. In that context, participants recommended specific modalities for the elaboration of the monitoring mechanism, to oversee the process. As well, participants strongly recommended improved mechanisms for dialogue between governments and non-state actors, backed up by timely access to information (for example, regular and timely public release of negotiating text, following the Free Trade Area of the Americas precedent). Without the latter, meaningful participation in the making of trade policy is a practical impossibility.

### **Accompanying Measures**

There is a widely recognized need for ancillary measures — primarily in the area of capacity building — that will be a necessary complement to the other two modes discussed above. It was repeatedly stressed that capacity building is an unavoidable prerequisite to liberalization.

Capacity is needed first to avoid the negative impacts that can result if liberalization proceeds in the absence of capacity to address its results. For example, mode 3 liberalization in the tourism services sector in the absence of adequate environmental regulatory capacity might bring further environmental degradation.

Capacity is also needed to exploit the positive opportunities offered by trade liberalization. Opportunity without the capacity to exploit it will not bring sustainable development. There may be, for example, a need to focus on building capacity to meet EU Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS) standards in order to take advantage of increased EU market access.

### **Three underlying issues**

Three fundamental recurring issues framed the workshop discussions. First, it was noted that in many cases it was not necessary to invent new institutions to pursue a sustainable development path in the EPA process. Many existing institutions are underutilized and, with support, could rise to the challenges presented. For example, the Non-State Actors (NSA) network has been established and could be used in efforts to facilitate public participation in trade policy making. Similarly, the Global Compact, widely accepted in the region, could be used in elaborating guidelines for corporate behaviour.

A second underlying issue was the question of what is and is not the proper remit of the EPAs. Most obviously, some recommendations fall within the scope of the EPA rules, while others are characterized above as ancillary measures. But more fundamentally, this issue relates to the point at which EU responsibility for sustainable development in the Caribbean ends, and the responsibility of CARIFORUM states begins. In the end, it was agreed that the achievement of sustainable development in the EPA process would need to be a partnership effort.

A final underlying issue — one that came up in a number of different contexts — was the pace of the negotiations. It was repeatedly argued that the Caribbean Parties should not undertake commitments at a pace faster than their capacity to benefit, or in sectors where the prerequisite institutions are not in place to ensure sustainable development outcomes. While this argument garnered wide agreement, it was also understood that this gave rise to an unresolved tension when placed in the context of the December 2007 deadline for completion of EPA negotiations.

### **Recommendations on ensuring Sustainable Development in Economic Partnership Agreements**

A series of specific recommendations to EPA negotiators and policy makers on ensuring sustainable development in the EPAs were agreed among the participants at the conclusion of the workshop. These recommendations relate to the following areas:

- The framework of **EPA rules**, including the pace and flexibility in liberalisation of services, linkages between EPA investment provisions and sustainable development objectives, the multi-functionality of agriculture, the right to prioritise sectors and sub-sectors for further liberalisation, as well as linkages between trade rules, the appropriate regulatory framework, the existing commitments relative to governance, environmental, gender equality, labour and social standards and the promotion of transparency in government procurement.
- The **EPA negotiation process**, in particular the participation and engagement of non-state actors (NGOs, private sector and trade unions), building upon existing networks and commitments to transparency through an official policy for the timely disclosure of information on the process and content of the negotiations.
- The **EPA implementation process**, monitoring mechanisms and technical, financial support and capacity building measures for all stakeholders.

The full text of the recommendations is provided in **Annex A**. The participants suggested that the recommendations from the workshop should build the basis for a joint communication by all members of the steering committee of the recently re-established Caribbean Non-State Actors network.