



EU-CARIFORUM Economic Partnership Agreement Creating opportunities for EU and Caribbean businesses

1. Introduction

The EU-CARIFORUM Economic Partnership Agreement (EPA) between the EU and **14 Caribbean countries**¹ entered into provisional application on 29 December 2008. The Caribbean is a diverse region of small-island developing states and bigger, more developed partners. The **Dominican Republic** is the most significant player in the region followed by **Trinidad and Tobago, The Bahamas and Jamaica**.

The EPA is a development-oriented trade agreement which provides duty-free, quota-free access for all CARIFORUM's exports to the EU from the first day of application of the EPA. For their part, CARIFORUM countries will progressively reduce their tariffs to zero for 87% of EU products by 2033.

The EU-CARIFORUM includes provisions on trade in:

- goods
- services
- competition
- innovation
- intellectual property
- transparency in public procurement
- trade and sustainable development

The Partners are currently negotiating the recognition of Geographical Indications (registered names of traditional regional food and drink products) that will create additional opportunities for EU exporters.

2. Opportunities created by the EPA for EU and Caribbean exporters and investors



¹ Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Suriname, Trinidad and Tobago, and the Dominican Republic.

3. Opening up CARIFORUM's markets to EU exports (tariff-liberalisation schedule)

Under the EPA, CARIFORUM countries will progressively open up their markets to EU exports more slowly than the EU opens its market to theirs. CARIFORUM countries will remove their import duties on **at least 87% of EU exports by 2033**, in line with the individual schedules annexed to the [EPA](#).

This liberalisation process started in 2011, creating significant new export opportunities for EU businesses in sectors such as:

- industrial goods
- important sectors of services
- investment and public procurement.

The **Dominican Republic** accounts for approximately 20% of the EU's trade with CARIFORUM. The following table shows the timeline for tariff cuts on the EU's most important exports to Dominican Republic by value:

Dominican Republic: Timeline for tariff cuts for selected products exported by the EU (by value in 2019)						
HS Code	Product	Export value in 2019 in €m	MFN	Duty rate in 2019	Start of liberalisation process	End of liberalisation
271012	light oils and preparations, of petroleum or bituminous minerals	135.3	0	0	2009	2009
711319	articles of jewellery and parts	130	20	0	2009	2009
870323	motor cars and other motor vehicles principally designed for the transport of persons	49.7	8	0	2013	2013
40221	milk and cream in solid forms	36	56	26	2015	2022
40690	cheese	25.8	20	10	2011	2028
40210	milk and cream in solid forms	25.4	56	26	2015	2022
690721	ceramic flags and paving	22.8	20	9	2011	2033
190110	food preparations for infant use	20.8	0	0	2009	2009
220421	wine of fresh grapes	18.1	20	0	2009	2009
392690	Article of plastics	17.2	0	0	2009	2009

To protect certain sensitive agricultural markets and industries and to maintain tax revenues, CARIFORUM excluded about 17% of goods and services from these tariff cuts.² The excluded products include:

- fresh fruits and vegetables
- most alcoholic beverages
- some garments
- some processed agricultural products
- fish
- chemicals
- furniture

But in general, tariff cuts under the EPA cover 25% of CARIFORUM's agricultural and fisheries products and the EU remains an important exporter of processed food to CARIFORUM.

² CARIFORUM states submitted individual market access schedules rather than a unified regional offer.

4. Supporting CARIFORUM's economic and sustainable development

The EPA's main objective is to promote **sustainable development and reduce poverty** in the Caribbean countries. The following features play an important role in ensuring this:

- Duty-free, quota-free market access to the EU is crucial for developing the Caribbean countries' export potential.
- Removing tariffs on intermediary goods and machinery from the EU makes Caribbean countries more competitive and supports both their industrial development and CARIFORUM countries' integration into global value chains.
- Under the EPA, Caribbean countries can **protect their emerging and infant industries** by
 - excluding products from market opening
 - using safeguard measures to block a sudden surge in EU imports if needed
 - taking additional measures to protect food security.

Several EU **development cooperation** programmes in the Caribbean are linked to the EPA. The EU supports Regional Economic Cooperation and Integration in the Caribbean, including EPA implementation, trade-related capacity building and private sector development with €326 million allocated to the Regional Programme (CRIP) during 2014-2020:

- Under the Regional Programme (CRIP), 33% of total allocations (€102 million) is dedicated to the **Regional Economic Cooperation and Integration in the Caribbean**, including:
 - EPA implementation
 - trade-related capacity building
 - private sector development.
- The **Regional Private Sector Development Programme** implemented by the **Caribbean Export Development Agency** (CEDA) (€27.2 million, 2017-2022) remains the flagship regional programme in support to the Caribbean private sector, focusing on small and medium enterprises' (SMEs) support, development and business-to-business (B2B) activities. Activities include market intelligence support and training workshops as well as providing technical assistance to participation in regional trade shows or EU business missions. These events present also business opportunities for EU SMEs and therefore general awareness and participation by EU business should be promoted.
- The EU provides capacity-building to help Caribbean producers and farmers meet EU standards through the Fit for Market programme (€20 million) launched in 2016.

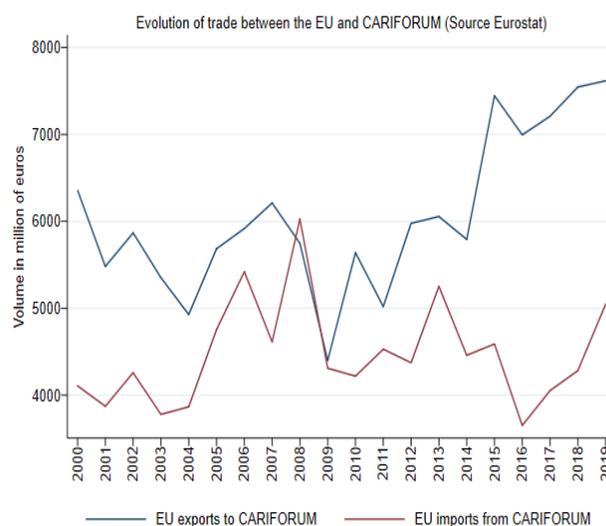
5. The EU- CARIFORUM EPA in a regional perspective

There is an ongoing regional economic and political integration process in the CARIFORUM region. The EPA makes the region more attractive and boosts its economic potential. For example, cumulation under the **rules of origin** offers opportunities to create regional value chains.

The **Dominican Republic** is the regional hub and the biggest player in the region with strong links to Europe. With impressive economic growth of 6.5% in recent years, it is a real champion for the whole Latin American region. It offers numerous incentives in **free zones** ('zonas francas') with attractive conditions for investors and producers. The Dominican Republic-Central America Free Trade Agreement connects the country to **Central America and the US**, thereby providing important opportunities for investors and traders.

6. EU - CARIFORUM bilateral trade in figures

- The EU (10.1%) is the third largest exporter to the region after the US (46.5%) and China (11.2%).
- Total trade between the EU and the Caribbean countries increased by 28% over the last 10 years, to €12 billion in 2019.
- In 2019, the EU imported €5 billion worth of goods from the Caribbean region, a €764 million (18%) increase compared to 2018. During the same period, EU exports to the Caribbean states rose by €71 million.
- CARIFORUM exports to the EU show little **diversification**. The share of the top ten products in total exports is above 90% for most countries, except for the Dominican Republic. The top 10 products' share is 67.5% and exports are diversified beyond natural resources (almost 40% of exports are manufactured goods).
- **Preference utilisation rates** are high (above 90%) for the larger CARIFORUM countries with significant exports to the EU.



CARIFORUM's exports to the world in 2019: US 38.5%, **EU 14.2%**

CARIFORUM's imports from the world in 2019: US 46.5%, China 11.2%, **EU 10.1%**

Main EU markets for CARIFORUM's imports:

- Spain
- The Netherlands
- Italy
- Germany

Main CARIFORUM markets for EU exports (2019):

- Dominican Republic (€3.1 billion)
- Trinidad and Tobago (€2.7 billion)
- Bahamas (€1.4 billion)
- Jamaica (€708 million)

Main EU exports of goods to the CARIFORUM States (2019):

- mineral fuels (€687 million)
- ships and boats (€445 million)
- motor vehicles (€196 million)
- milk (€138 million)
- wheat and meslin (€138 million)

CARIFORUM states have liberalised the following services and investment sectors:

- business services (accounting, architecture and engineering)
- computer and related services
- research and development, environmental services
- management consultancy
- maritime transport
- courier and telecommunications
- financial services, tourism
- electronic commerce.

These commitments have national exceptions in various countries and some of the commitments are to be phased in over time. **Tourism and renewable energy** are the sectors with a big potential in the region. In 2017 **EU services exports** to CARIFORUM countries rose by €42 million (+2%).

EU Foreign Direct Investment in the Caribbean region:

- €112 billion in stocks in 2017, up from €85 billion in 2016 (+32%).
- The lion's share of these stocks is held in The Bahamas (€54.5 billion), Barbados (€41 billion), which have large financial sectors, Trinidad and Tobago (€7.2 billion) and the Dominican Republic (€6.5 billion).
- **EU investment** is found in:
 - fuel import and distribution (e.g. French company RUBIS),
 - the rum industry (e.g. Italian Gruppo Campari recently acquired the Jamaican rum maker Lascelles de Mercado, whose brands include Appleton Estate and Wray and Nephew; the rum production of Appleton Estate has increased to over 2 million bottles a year and 500 new jobs have been added).
 - in the **Dominican Republic** mostly in:
 - tourism,
 - manufacturing and services for exports in the so-called 'zonas francas' (manufacture of medical disposables – German company Fresenius Kabi),
 - renewable energy sector (French Akuo Energy, Spanish investment in a wind park INVERAVANTE)
 - infrastructure (French Vinci Airports).

7. [EPA Success stories](#)

SAINT VINCENT AND THE GRENADINES – Swimwear from the Caribbean, thanks to EU support for female entrepreneurs



Vincentian-born, Trinidadian-raised and a citizen of the Caribbean, Kimya Glasgow, the CEO and head designer of her self-named clothing and lifestyle brand, aims to bring a modern version of classic Caribbean style to the world. She produces high-quality resort and swimwear pieces and focuses on building a sustainable production model to gain a foothold in overseas markets such as the EU, where she has captured the attention of buyers.

'We have exceptional talent in Saint Vincent that often does not go beyond our shores. So I'm working on raising the capital to enable me to partner with local artisans,' she says.

The 2009 Caribbean Fashion Awards winner has shown her work at fashion weeks in Miami, Jamaica, Trinidad and Tobago, Barbados, Saint Kitts and Nevis and Saint Vincent and the Grenadines. Mustique, Bequia, Grenada and New York have also featured her collections. As she gears up to export more, Kimya Glasgow's brand is shaping up to be one to keep an eye out for.

BARBADOS – The EPA helps to target niche markets in the EU



The EU is one of the world’s largest beer markets, and brewers all around the world know it. Barbados, home to two beer producers, has seen its exports to the EU more than triple in the past decade.

One of these producers is Banks Holding Ltd (BHL). With an output of 10 000 cases of Banks Premium Lager a day, BHL has been exporting to the North American market for over 10 years. With funding from the EU’s Direct Assistance Grant Scheme under the CARIFORUM–EU EPA, it was able to ensure its products and packaging met European standards and to start exporting to the EU.

The story of the 10 Saints Brewery shows how EPAs can help companies target niche markets. Capitalising on the rising demand for craft beer, 10 Saints Brewery was set up as an export brand specialised in handcrafted beer aged in rum casks. Among 10 Saints Brewery’s main export destinations are Denmark, Germany, France, Italy and Poland. In 2013 and 2015, the EU supported 10 Saints Brewery in participating in the world’s leading food fair, Anuga, under ‘Caribbean kitchen’, a programme aimed at connecting Caribbean specialty foods and drinks with European markets.

8. Need more information?

 <p style="text-align: center;">Access2Markets</p> <p>Portal covering all EU countries and more than 120 export markets around the world. Technical information on tariffs, rules of origin, taxes, product requirements, customs procedures and more. trade.ec.europa.eu/access-to-markets/</p>	 <p style="text-align: center;">EBO-WWN</p> <p>European Business Organisation Worldwide Network</p> <p>Active in 35 key markets, including in the Dominican Republic and Trinidad and Tobago https://www.ebowwn.com/</p>	 <p style="text-align: center;">European Enterprise Network (EEN)</p> <p>Network to advise and support SMEs with international ambitions.</p> <p>Active in more than 60 countries worldwide https://een.ec.europa.eu/</p>
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More information:

[EU trade with the Caribbean region 2019 Free Trade Agreements Implementation Report](#)