



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

---

## *Status of Negotiations in the WTO, Cotonou, FTAA and the CSME*

**Trudy Lewis**

*Ministry of Trade and Industry, Trinidad and Tobago*

---

### *Abstract*

*This paper attempts to provide an overview of the current status of negotiations in the WTO, ACP/EU, FTAA and the CSME. It will highlight the critical issues within each forum.*

*It is hoped that this presentation will reinforce the need for participation from all sectors (organisations, civil society, business community, agricultural cooperative societies) in this process if the needs of the Caribbean are to be articulated and realized through the multilateral system. This is particularly significant when viewed from the perspective of the world inequality that has persisted despite the avowals of the protagonists of globalisation and trade liberalization.*

*What is the current state of negotiations in the WTO? What is the Cotonou Agreement about? Everyone must have heard of the FTAA by now. But some of you may wonder, where does agriculture fit into this? And lastly how is the CSME going to impact on my operation, my field of study, especially when we face "bigger" global challenges.*

*This paper will answer these questions by first presenting today's situation. Then it will offer simple suggestions for improving our chances in the multilateral trading system.*

---

### **TODAY'S SITUATION – WTO**

The Fourth Ministerial Conference of the World Trade Organisation (WTO) was held in Doha, Qatar during November 9-14, 2001. It was hoped that the outcome of that Conference would be the launch of a new round of Multilateral Negotiations. Opinions differ on the results of the Doha Meeting, depending on whether one is from a developed country or a developing. However Developing countries did not agree to undertake new obligations unless the present WTO text was revised. At the end

the Meeting agreed that discussions would continue in Geneva, with a view to consider the launch of a new round at the Fifth Ministerial Conference scheduled to be held in Mexico City in 2003.

### *Doha Work Programme*

The Doha Work Programme involves, among other things, negotiations on industrial tariffs, revision of certain trade rules, a review of the Dispute Settlement Mechanism, giving substance to Special and Differential Treatment and discussions on

Investment, Competition Policy and Government Procurement (Singapore Issues) with a view to determining whether these disciplines should be the subject of negotiations. For the Caribbean and CARICOM in particular, an important issue is the development of a work programme for "smaller economies" within the WTO.

The Doha Development Agenda established guidelines for the negotiations initiated in 2002 and instructed that the guidelines were to be used as the basis for continuing the negotiations. The main focus of the negotiations will be to increase market access in services. The Doha Development Agenda had set a deadline of June 30, 2002 for initial requests and March 31, 2003 for initial offers.

#### *CARICOM Coordination*

CARICOM has agreed to adopt a common approach to the submission of requests to other WTO Members. A draft proposal has been prepared and circulated for comments.

With respect to offers, CARICOM is also coordinating a regional approach to the submission of offers from WTO Member States. Offers are to be submitted in response to actual requests made by CARICOM members. The COTED Working Group on Services Negotiations has been mandated to consider any offers received by the region.

Under Article V of the General Agreement on Trade in Services (GATS), which deals with services regimes under regional integration agreements, CARICOM has to notify the WTO, of Chapter III of the Revised Treaty, with respect to its recently

completed services regime, as soon as possible.

With respect to Ministerial Meetings of the WTO, CARICOM Heads of Government have appointed the Trade and Industry Minister from Guyana as the Ministerial Spokesperson for WTO negotiations. It is expected that the Minister will lead the discussion on issues of importance to CARICOM.

#### *Small Economies*

The Doha Ministerial Declaration, paragraph 35, makes provision for the development of a work programme on small economies specifically to examine issues relating to the trade of small economies. The objective of this programme is to frame responses to the trade-related issues identified for the fuller integration of small vulnerable economies into the multilateral trading system and not to create a sub-category of WTO members.

The COTED has agreed to the establishment of a Technical Working Group to facilitate the region's input into the WTO Post-Doha Work Programme, especially with respect to the work on small economies.

#### **TODAY'S SITUATION – ACP-EU (COTONOU AGREEMENT)**

The Cotonou Agreement outlines a plan of action for transforming the one-way preferential agreements under Lomé into Regional Economic Partnerships or Free Trade Agreements. Therefore, the basic objective of the Cotonou Agreement is reciprocal treatment. Under the new Cotonou Agreement development funding and market access will be provided to ACP

States based on the satisfactory compliance with conditionalities referring to respect for human rights, good governance and political stability.

The Cotonou Agreement specifies the following proposals:

- The introduction of a new trading arrangement after a preparatory period;
- Maintaining the present regime during the preparatory period (2000 – 2007);
- Liberalize, starting in 2000, essentially all imports from all Least Developed Countries (LDCs);
- Maintain Protocols on sugar, beef and veal but review these proposals against the proposed framework for the new trading arrangements;
- Start formal negotiations of economic partnership agreements by September 2002 at the latest;
- Assess the situation of ACP States that are not in a position to enter into regional free trade agreements and examine alternative possibilities by 2004;
- Assess in 2006 the status of progress in the negotiations of Free Trade Agreements; and
- New trading arrangements should enter into force by January 1, 2008 at the latest with a twelve-year transitional period;

#### *Emphasis on Competition*

The Cotonou Agreement is quite different from the former Lomé arrangement because, unlike its predecessor, it does not guarantee market share or unlimited duty free access to the European Union market for ACP products. In fact, the new Agreement makes

it imperative that ACP States should compete for market share on the EU market. It is also apparent that ACP States will be compelled to negotiate for future duty free access to the EU market beginning in September 2002.

The threat to the market share of traditional ACP products on the EU market is exacerbated by the recent European Union announcement that it will grant duty free access to all imports originating from the Least Developed Countries (LDCs).

The implications of this decision are reflected in the fact that some of the Least Developed Countries, such as Burma, Cambodia and Bangladesh, possess the capability to flood the European Union Market with supplies of rice, sugar and textiles therefore displacing traditional ACP suppliers in the Caribbean.

#### *CARICOM Coordination*

CARICOM has been pressing the EU to postpone the implementation of the new "Everything but Arms" proposal until it abides by the provisions of Declaration XXIII of the Cotonou Agreement which specifies that consultations should be held, and an assessment of the impact of such measures on the market share of traditional ACP suppliers, made before the European Union can open its market to non-ACP States.

At the 13th Inter-Sessional Meeting of the Conference of Heads of Government of CARICOM, Heads agreed to appoint Ministers to superintend the conduct of external negotiations. Barbados was selected to superintend the ACP-EU Cotonou negotiations, with the Minister of

Foreign Affairs and Foreign Trade as the lead.

*ACP Meeting of Ministers of Trade and Finance*

The ACP Ministers of Trade and Finance held a Joint Meeting in Brussels on June 14-21, 2002. At that Meeting, the ACP States adapted negotiating guidelines, which stipulated a two-stage approach to the upcoming negotiations with the European Union.

At the first stage, 2002 to 2004, ACP States will seek to ensure that development concerns from the market access measures and technical assistance programmes designed to restructure their economies are addressed.

At the Second Stage, the Group will begin the actual negotiation process, seeking a longer transitional period and the incorporation of special and differential provisions including the exclusion of sensitive products from the trade liberalization process.

It should be noted that the ACP position was originally based on negotiating as one unified bloc, which would maintain ACP solidarity. However, the Central African Group of Countries has indicated that it is willing to proceed to negotiate Economic Partnership Agreements (EPAs) with the European Union in September 2002, unlike the rest of the ACP Group including CARICOM, which is pressing for more time.

**TODAY'S SITUATION – FTAA**

The Free Trade Area of the Americas (FTAA), as it has been proposed to date

and is still being negotiated, is a limited form of commercial integration comprising a form of preferential trade agreement (which basically involves lowering tariffs among member countries) and a free trade area (in which tariffs among the nations of the trade bloc are eliminated).

The FTAA is not a goal in itself but is an instrument to further the development of the societies of its member states and improve the standard of living of the poorest and neediest sectors.

*Negotiations Schedule*

For the period October 2001 – April 2002, three meetings of the Trade Negotiations Committee (TNC) were scheduled to monitor and evaluate the progress of the nine negotiating groups. The 10th Meeting of the TNC was held on April 24-26, 2002 and a re-convened meeting was held in Panama City, Panama on May 12-13, 2002. Thereafter the five major negotiating groups, Market Access, Agriculture, Services, Investment and Government Procurement were mandated to initiate markets access negotiations by May 15, 2002 and to end negotiations no later than July 15, 2003.

These deadlines were set back at the later meeting, so that negotiations in the aforementioned groups, originally scheduled for May 15, 2002, have been rescheduled to start on December 15, 2002. At this time countries will begin to present their market access offers for agricultural and non-agricultural products, services, investment and government procurement. However, in the case of government procurement, CARICOM has been given until July 15, 2003 to present its offers. Within the

negotiating groups, members were also instructed to submit requests for improvements to offers between February 16, 2003 and June 15, 2003. From July 15, 2003 a process of presentation of revised offers is scheduled to begin.

#### *CARICOM Coordination of the FTAA Process*

CARICOM countries participate in the FTAA negotiating process, at varying degrees, while maintaining a united position. At the Thirteen Inter-Sessional Meeting of the Conference of Heads of Government of CARICOM, Heads agreed to appoint Ministers to superintend the conduct of external negotiations. Jamaica was selected to superintend the FTAA negotiations, with the Minister of Foreign Affairs and Foreign Trade as the lead. These Ministers would speak on behalf of CARICOM at FTAA Ministerial Meetings, but this decision does not remove the right of any Member State to be represented by its Minister whenever the negotiations are taking place.

In addition the Regional Negotiating Machinery (RNM) has established a Consultative Group on Market Access and Agriculture to devise strategies for preparation of the region for external negotiations. At the first and second meetings of the Consultative Group in 2002 the issue of applying the bound rate for agriculture (i.e. 100% and up) as the base rate for tariff elimination was discussed. Since the FTAA process requires tariff elimination rather than tariff reduction, this measure is deemed necessary to protect the sensitive agricultural industry in our

economies and so safeguard food security and protect other social concerns.

The RNM has also appointed a College of Negotiators at the Group level, to deal with the decline in technical expertise and financial and human resources within CARICOM. However, in many cases, only the lead and alternate negotiators attend meetings. This has raised questions about CARICOM's interest in, and commitment to, the FTAA process.

#### *Special and Differential Treatment*

CARICOM has spearheaded the call for special and differential treatment for smaller economies in the negotiations of the FTAA. This treatment is predicated upon the difficulties faced by small developing economies, such as members of CARICOM, in participating in and implementing trade agreements. Special and differential treatment is more than just technical assistance. It involves a wide range of provisions from longer timeframes for adjustments to assistance in developing the structural capacity to respond financially and technically to the trade agenda.

The discussions on the treatment of differences in size and development within the FTAA have focused on conceptual issues and very little progress has been made to date. The Consultative Group on Smaller Economies has been instructed to formulate proposals to the TNC on a hemispheric cooperation programme and technical assistance and training during the negotiations and adoption process. It should be noted that within the FTAA, "Special and Differential Treatment" is being addressed as a general principle under "small

economies" and is to be applied in all areas of negotiations including agriculture.

At the 13<sup>th</sup> Meeting of the COTED, the Caribbean Regional Negotiating Machinery (RNM) announced that, in collaboration with the Commonwealth Secretariat, it would be hosting a Seminar on Special and Differential Treatment in September 2002. Member States should make every effort to attend.

#### *FTAA Tariff Elimination Schedule*

To date the proposed tariff elimination schedule has been divided into four phases as follows: Immediate;

- No more than five years;
- No more than ten years; and
- Longer.

#### *Other Issues*

Other issues within the Market Access and Agriculture group include:

- The selection of the base tariff that should be used for the start of market access negotiations. CARICOM has been challenged in its position that the WTO bound rate should be used;
- Tariff Concessions – The 10<sup>th</sup> TNC agreed that tariff concessions would be linear with the possibility of non-linear exceptions;
- Mandates for proposals – The Market Access and Agriculture groups are to coordinate and submit their proposals for making concessions to the next TNC meeting (scheduled for August 28-30, 2002 in the Dominican Republic. These proposals should take into consideration differences in the levels of development and size of economies; and

- New group – An ad hoc group on Rules of Origin was established to negotiate specific rules of origin by September 30, 2002.

#### **THE CARICOM SINGLE MARKET AND ECONOMY**

The Caribbean Common Market (CARICOM) has been engaged in the establishment of the CSME since 1989. The CSME can best be described by reference to its two broad components, the Single Market and the Single Economy.

The Single Market refers to a single economic space, through which CARICOM goods, services, people and capital would move without tariffs/barriers. This single economic space would share one economic and trade policy.

The Single Economy describes an arrangement which further harmonizes economic, monetary and fiscal policies and measures across all Member States. It involves the coordination of foreign exchange and interest rate policies, the harmonization of tax regimes and laws etc.

The underlying assumption is that the CSME will provide greater efficiency and competitiveness, which would in turn result in more jobs, lower prices, more investment, stronger currencies, and greater production of goods and services. Moreover, it is anticipated that the competitive strength of these economies will be enhanced and so allow CARICOM to better face the challenges of globalisation and the multilateral trading system.

CARICOM comprises 15 Member States, Haiti being the most recent to submit

instruments of accession, at the 23<sup>rd</sup> Meeting of Heads of Government, July 3-5, 2002.

The key elements that are necessary for the establishment of the CSME are the Revision of the Treaty of Chaguaramas, the establishment of the Caribbean Court of Justice, Free movement of goods, services, persons, capital, Fiscal coordination and coordination of external economic relations.

### **TODAY'S SITUATION - CSME**

The Revised Treaty of Chaguaramas, incorporating the nine Protocols, has been signed by the majority of Member States of CARICOM and has been provisionally applied. This major step towards the implementation of the CARICOM Single Market and Economy (CSME) was taken at the Thirteenth Inter-Sessional Meeting of the Conference of Heads of Conference in February 2002. Heads of Government moved to complete the basic legal framework for the establishment of the CSME by signing:

- a Protocol for the Declaration of Provisional Application of the Revised Treaty pending ratification; and
- the Inter-Governmental Agreement Establishing the CARICOM Regional Organisation for Standards and Quality.

#### *Removal of Restrictions*

At the previously mentioned Meeting, Heads of Government also approved the Programmes for the removal of the restrictions on the Right of Establishment, the Provision of Services and the Movement of Capital. Under the former Protocol II, which dealt with the Right of Establishment, Services and

Capital, Member States were obligated to remove restrictions in these areas.

The Programme is effective from March 1, 2002 and it involves the commitment of CARICOM Member States to remove certain restrictions by the year 2005, with a schedule covering the short term (up to Dec. 2003), medium term (up to Dec. 2004) and the long term (up to Dec. 2005).

#### *Caribbean Court of Justice*

The Caribbean Court of Justice (CCJ) is designed to be the final court of appeal for both the settlement of commercial dispute under the CSME and to replace the Privy Council for those Member States who wish it. While the legal framework for the establishment has been completed, the details of the financing of the CCJ is still to be determined. A Joint Committee consisting of Attorneys-General, representatives of the Caribbean Development Bank and Senior Finance Officials was established in February 2002 to complete this work.

#### *Harmonization of Legislation*

The harmonization of legislation is another mechanism towards the creation of a Single Economy with a common commercial environment. To this end, the majority of Member States has signed the CARICOM Agreement on the Avoidance of Double Taxation. Work continues on a common regime for Intellectual Property Rights and the drafting of Legislation on Restrictive Business Practices and Consumer Protection.



*Agricultural Discussions within  
CARICOM*

At the recent meeting of the Council for Trade and Economic Development (COTED) in Guyana, the COTED discussed the following Agricultural issues:

- Implementation of the Regional Transformation Programme (RTP) for Agriculture and technical Cooperation for the RTP;
- Industry Competitiveness Studies (CDB Financed Project);
- Member States Initiatives pursuant to the RTP components;
- Recommendations from the Special Working group on the CARICOM Rice Industry;
- Strategies and Issues pertinent to the Bananas, Poultry, Sugar, and Oils and fats Industries;
- International trade negotiations pertinent to the Agriculture Sector; and
- Food Security and Safety Considerations.

**AVAILABLE OPTIONS**

The options for Caribbean States, with respect to participation in these arrangements are limited. One thing is clear - Caribbean States cannot ignore developments in these fora. However, our resources are constrained by the fact that the Caribbean is facing negotiations in four fora simultaneously. There is much to lose as well as gain from these negotiations. We stand to lose for instance:

- one-way preferential access to Europe and with the United States under the new CBPTA;

- any advantage in the agricultural sector to larger producers in the FTAA;
- previously protected industries by granting reciprocal access to EU manufacturers.

However, in order for the region to gain the much-touted benefits of participation in the WTO, new ACP-EU arrangements and the FTAA, it is imperative that we do the following:

- (i) Determine our national positions, after consultation with all stakeholders as a springboard for negotiations at the regional and wider fora;
- (ii) Constant coordination among countries to determine a common position on the many pressing issues within the negotiation, for instance Smaller Economies and Special and Differential Treatment;
- (iii) Have one voice (common position) at the negotiations and on common issues across the various fora;
- (iv) Take advantage of technical assistance available through the WTO, FTAA and Cotonou Agreement to undertake wider adjustments than those related to those spheres;
- (v) Allocate more resources, human, financial and technical to our negotiators;
- (vi) Partner with the private sector organizations with other countries in the technical capacity-building process;

This is by no means an exhaustive list. Many organizations, consultative groups, ministries, universities are addressing these

issues with a view to optimizing our final outcome in the negotiations.

It is envisaged that this paper will provide the necessary impetus for further discussion on trade negotiations and encourage input from the membership of the CAES, to aid our negotiators in articulating the needs of Caribbean Member States within the regional, hemispheric and multilateral trading system.