



## BARBADOS PRIVATE SECTOR TRADE TEAM

A DIVISION OF THE BARBADOS PRIVATE SECTOR ASSOCIATION

# TRADE IN FOCUS

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## Stronger ties coming for UK and Caribbean



The United Kingdom and the Caribbean are in the process of establishing a new strategic partnership. The affiliation will focus on four major areas of cooperation: economic resilience, security, climate change, and sustainable development and foreign policy.

At the Seventh Forum for the UK-Caribbean Action Plan (22 Jan 2012), Ministers of both parties conferred to bring about greater economic flexibility by implementing practical mechanisms to advance growth in investment, employment, production and trade opportunities.

The UK also offered support in the area of improvements in food security in the Caribbean, and promised to reintroduce dialogue on the controversial Air Passenger Duty (APD), currently seen as a threat to the region's tourism sector.

The development of effective coordination mechanisms to aid in the fight against drugs and international crime along with ways to tackle issues relating to occupational and security issues are also part of the action plan.

### Welcome to Trade In Focus

The Barbados Private Sector Trade Team is pleased to present to you the second edition of our revamped quarterly e-zine. This is part of our drive to keep the lines of communications open between the Trade Team and you, our stakeholders. This edition touches on a number of areas such as the implementation of the CARIFORUM- European Union (EU) Economic Partnership Agreement (EPA), World Trade Organisation (WTO) affairs and the CARICOM Single Market and Economy (CSME) among several others.

Apart from the e-zine, the Trade Team also has a revamped website: [www.tradeteam.bb](http://www.tradeteam.bb). This too is part of our efforts to present relevant, timely and simple information to our stakeholders on developments in regional and international trade and trade related issues.

Feel free to visit our website, call our office (430-6541) or drop us an email ([info@tradeteam.bb](mailto:info@tradeteam.bb)) and we will be ready and able to assist you.

For more information please visit

[http://www.caricom.org/jsp/pressreleases/press\\_releases\\_2012/pres14\\_12.jsp](http://www.caricom.org/jsp/pressreleases/press_releases_2012/pres14_12.jsp)

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# Russia joins the WTO

Following 18 years of negotiations, Russia has finally become a member of the World Trade Organisation. The WTO provides a forum for international trade liberalization agreements, and makes decisions regarding trade rules infractions and determines when countries may impose trade sanctions in response to such infractions. Membership in the WTO must be approved by all member states, and Georgia has been blocking Russia's entry since the two nations fought a brief war in 2008. 'Russia's ascension has been described by trade ministers as an 'historic achievement'. The inclusion of Russia in the trading community may lead to an increase in diversified trade between Russia and the rest of the world. Estimates are that WTO membership will help to boost the Russian economy by billions of dollars annually. <sup>1</sup>

Russia's economic development minister stated that the new membership would assist in combating the onset of protectionist measures that are characteristic of economic downturns. Russia should also profit from observing the rules and regulations in the business environment that are customary to the WTO members. Prior to its membership, Russia often received complaints from foreign investors regarding consumption, protection for minority stakeholders and an independent judiciary. While reform of the Russian economy does not end here, WTO accession should help end Russia's undeserved reputation as a risky investment destination. <sup>1</sup>

Spokesman of the Russian Foreign Ministry, Aleksandr Lukashevich believes that membership will benefit the Russian economy. "Russia is joining the World Trade Organization on terms that meet [Russia's] national interests, setting conditions for improving our business climate, the inflow of foreign investment, and increasing Russian exports while supporting the key industries of our national economy,".



The deal is expected to increase EU exports by approximately four billion Euros (\$5.4 billion) a year. Russians will be able to buy European-made goods at far lower prices, and the country may sell its oil and gas more efficiently. <sup>1</sup> Russia's WTO membership will come into effect once it has been ratified by the State Duma, which is expected to occur by mid-2012. <sup>1</sup>

## CSME: 64% Level of Compliance

The CSME Trade and Competitiveness Project (CTCP) recently conducted a study which shows that the Caribbean Single Market and Economy (CSME) is operating at about 64% compliance. The CARICOM Secretariat has revealed the findings which focused on the core regimes that function via government transactions, business and persons of CARICOM.

Compliance is measured by examining legal, institutional and administrative measures that are the basis of CSME operations. The individual levels of compliance for the five regimes are as follows.

- Free Movement of Skills 66%
- Free Movement of Goods 80%
- Free Movement of Services 37%
- Free Movement of Capital 72%
- Rights of Establishment 64%

As indicated, the Free Movement of Skills and Services, and the Rights of Establishment are the most deficient functions observed in the study. This clearly demonstrates a need for an increase in the level of efficiency and effectiveness of administrative transactions between governments and CARICOM persons.

The CTCP is designed to help create capabilities within member states to deliver rights conferred under the CARICOM agreement and further enhance effectiveness of CSME.

# KEEPING MARKETS OPEN IS GOOD GLOBAL CITIZENSHIP

During his address before the Jubilee Conference of the National Community for International Cooperation and Sustainable Development of the Netherlands, Pascal Lamy (chairman of WTO) applauded Netherlands on being the “best in class”. This was held on April 4 2012 in recognition of the country as a truly open economy. His address centred around three main issues: keeping markets open is equivalent to good global citizenship, rules should reflect global realities in spite of difficulties in forging common ideas and global citizenship requires inclusive systems.

Lamy regards adherence to trade rules as good global citizenship. He pointed out that in poor economic conditions the technical function of the WTO, which involves monitoring of trade rules, comes under heavy public scrutiny. Lamy goes on to state that 2012 will see the international community facing a series of “stress tests” with the slowing of global economic activity, uneven economic performance, rising debt levels and the diminishing of economic confidence.

Lamy believes that shielding domestic industries will prove to be detrimental especially in less developed countries. Short-term gains from these protectionist measures, he says, add to the downside risks of the global economy. The WTO chairman advised countries to follow the Dutch model of taking advantage of the opportunities provided by using regional and global markets outgrow national market limitations.

Mr. Lamy used fair trade as another example of a market-based solution, stating that the removal of barriers to trade have a positive effect on national economies. In stressing the need for the development of rules that reflect reality, Mr. Lamy used as an example the Doha Development Agenda negotiations which have reached an impasse. That impasse reveals the need for finding the right balance between trade-related rights and communities in countries that are at different levels of development.



Lamy: Shielding domestic industries will prove to be detrimental especially in less developed countries.

Mr. Lamy concluded his presentation by focusing on the emergence of global supply chains where production lines function across borders. Lamy, however, warned that these “world transactions” need to remain inclusive processes, leaving no country untouched. Stating that developmental assistance must be aligned with the trade-related priorities of developing countries, he asked for countries to focus on quality aid, smart aid, inclusive aid, and aid for investment.

For more information please visit the following link:  
[http://www.wto.org/english/news\\_e/sppl\\_e/sppl215\\_e.htm](http://www.wto.org/english/news_e/sppl_e/sppl215_e.htm)

## Improvements in SPS



Sanitary and Phytosanitary (SPS) measures in less developed countries are due to be upgraded shortly. SPS measures refer to the regulations and restrictions imposed on imports to a country in efforts to prevent diseases and pests that may pose risks to human, animal, or plant health. Sanitary measures are procedures taken to ensure the lives and health of humans and animals. Phytosanitary measures are those taken to protect plant health.<sup>1</sup>

On January 10, a team of five agencies introduced a new strategy aimed at assisting developing countries in their efforts to adhere to new international standards. The entrusted group is 'The Standards and Trade Development Facility' (STDF). Its participants include the UN Food and Agricultural Organization (FAO), the World Organization for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the World Trade Organisation (WTO).

The STDF was established in 2002 as a partnership and trust fund. The group assembles donors and experts from developing countries who have knowledge in the areas of human, animal and plant health along with an awareness of the issues concerning SPS market access. The STDF looks to increase developing countries' capabilities and allow them to achieve the targets set forth in the Millennium Development Goals.

The groups believe that by focusing on eradicating pest, animal and plant diseases and contaminants, they will be better able to achieve their goals.

For more information visit

[http://www.wto.org/english/tratop\\_e/spis\\_e/spis\\_agreement\\_cbt\\_e/intro1\\_e.htm](http://www.wto.org/english/tratop_e/spis_e/spis_agreement_cbt_e/intro1_e.htm)

## Enabling a Cultural Industries Environment

In a featured address February 7<sup>th</sup> at the opening ceremony of the 22<sup>nd</sup> Meeting of the Council for Human and Social Development (COHSOD 22), Mr. Adrian Augier provided evidence to demonstrate that cultural and creative industries are currently among the most dynamic sectors in world trade. The St. Lucian born poet, economist and co-Chair of CARICOM Regional Task Force on Cultural Industries used his findings to indicate to the Ministers of Youth Culture and Sports that the region was falling short in exploiting local advantages in the creative industry.

Augier believes that top earning artists and entrepreneurs are being deprived of significant revenue as a result of the region's failure to capitalize on these advantages. Statistics showed that even while the amount of international trade decreased by 12% globally during the world financial crisis, world exports of creative goods and services increased, reaching \$593 billion in 2008. This contributed to an annualized growth rate in the sector of 14% over six consecutive years. (The Creative Economy Report [2010] by UNCTAD and UNESCO)

Augier pointed to artistes such as Bob Marley, Elvis Presley, and Michael Jackson who still generate taxable income streams for individuals and businesses involved in the management and commercial exploitation of their multi-million dollar legacies.

He noted his unease with the realization that many Caribbean artists reside abroad or have their major supporting elements outside of the region. He identified Rihanna as a billion-dollar business, with approximately 10,000 to 15,000 people earning from her talent. "Put plainly, the Government of Barbados earns relatively little in taxes and other revenue, from their number one global export."

Mr. Augier also drew attention to the fact that Rihanna is not registered with the Barbados Copyright Society of Composers Authors and Publishers (COSCAP), and that Sean Paul, Beenie Man and Shaggy are not registered with the Jamaican equivalent – the Jamaican Association of Composers Authors and Publishers (JACAP). They are, however, members of the US-based American Society of Composers, Authors and Publishers (ASCAP) or the British equivalent, BMI.

He believes that the region will only benefit from the "lucrative value chain that is available" if the relevant infrastructure is developed to support major regional artists such as Machel, Junior Gong and Anya Ayhng-Chee.

For more information please visit

[http://www.caricom.org/jsp/pressreleases/press\\_releases\\_2012/nf01\\_12.jsp](http://www.caricom.org/jsp/pressreleases/press_releases_2012/nf01_12.jsp)

Once achieved, LDCs will be at liberty to expand and diversify food and agricultural production and exports, leading to gains in economic development, poverty reduction, better nutrition, food security and environmental protection. The imposed strategy seeks to benefit organisations seeking to implement new SPS standards, guidelines and recommendations. Applications for STDF funding can be made at any point in the year. The STDF Working Group reviews applications three times per year.<sup>1</sup>



# Women and Government Procurement

The term 'government procurement' refers to the acquisition of goods and services by government agencies for their own purposes. The World Trade Organization (WTO) views government procurement as having considerable economic significance at both the domestic and international levels, accounting for a significant proportion of national GDP. At the domestic level, the procurement of goods and services by government agencies provides needed inputs that enable governments to deliver public services and fulfil other tasks.

Limited public resources entail the need for efficiency throughout the procurement process. Procurement efficiency plays an important role in governments' operations. The procurement process provides huge benefits to the private sector from whom the goods and services are acquired. Government procurement also plays a vital role in trade. Procurement usually accounts for 10- 15% of GDP, and promotes competitiveness among local and foreign stakeholders. Many SMEs also rely on local government contracts to maintain and increase operations.

The attainment of value for money, transparency, and non-discriminatory practices are a necessity in order to combat the pressures of inadequate resources faced by governments. Fair opportunities for suppliers to compete for government contracts are essential requirements of an efficient government procurement system.



Executive

Director of ITC, Patricia R. Francis, recognizes the need for the provision fair opportunities in procurement. More than 35 percent of the world's firms disclosed that women serve as participant owners of their companies.<sup>1</sup> Despite these statistics, women who lead organisations remain generally unaware of procurement opportunities and have little or no knowledge of the rules and regulations governing the process. The International Trade Centre (ITC) is laying the groundwork for capacity building among women business owners with a goal of having that segment able to win at least five percent of contract bids from government agencies.

The ITC has introduced the Global Platform for Action on Sourcing from Women Vendors in an effort to increase the share of corporate, government and institutional procurement secured by women vendors. The purpose of this effort is to bring greater economic benefit to women and their communities. ITC is supported in this initiative by *WE Connect International*, a non-profit trade support organization, and a global network of leading organizations and individuals committed to women's economic empowerment.

## Low Scores on EPA Implementation

Former senior director of the Office for Trade Negotiations (OTN), Carl Greenidge, believes that the region has not taken full advantage of the Economic Partnership Agreement (EPA).

His comments follow the release of the results of a CARICOM Secretariat study entitled "Turning Around CARICOM: Proposals to Restructure the Secretariat" which showed that failure to implement decisions is a key concern in the region. The purpose of EPA is to provide funding opportunities, forge partnerships, develop and enhance innovative products and trade in services and negotiations, and to obtain access both in the Caribbean and in Europe for various professions.

Greenidge, who is also former Secretary General of the African, Caribbean and Pacific Group of States (ACP Group), proposed that the mindset that exists of being a group of disadvantaged countries needs to be rectified. He stated that the world's tolerance is running thin for this type of thinking, and that less support will be received than would have been allotted provided 20 or 30 years ago.



**We want  
to hear from you ...**

Please send your questions and comments to us  
via email: [info@tradeteam.bb](mailto:info@tradeteam.bb)

## UPCOMING EVENTS

**30 - 5 May**

16th Meeting of the Subsidiary Body  
Scientific, Technical, and  
Technological Advice

Sustainable Development- Rio+ 20, Rio  
de Janeiro, Brazil

**3-4 May**

Dispute Settlement Understanding  
(DSU) Dialogue: South-South Exchange  
on Trade Litigation in Practice

**8-12 July**

Global Conference on Global  
Warming 2012

**8 May**

UNECE/FAO Policy Debate on  
Wood Energy

**9-13 July**

30th Session of the FAO Committee  
on Fisheries

**8-9 May**

26th Session of the North American  
Forest Commission

**15-20 July**

Sustainable Energy Finance Summer  
Academy 2012

**10 May**

Sustainable Energy Trade Agreement  
(SETA) Conference, Korea

**25-26 July**

WTO General Council

**13-18 May**

Congress on Water, Climate  
and Energy

**29-31 May**

Adaptation Futures: The 2012  
International Conference on  
Climate Adaptation

**4-8 June**

Asia Clean Air Forum 2012

**8- 12 June**

Youth Blast

**20-22 June**

United Nations Conference on