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Towards a Stronger Caribbean

The EPA and CSME Standby Facilities for Capacity Building at Work

A Closer Look at the EPA and CSME Standby Facilities for Economic Development

What IS the EPA?

The CARIFORUM-European Union Economic Partnership Agreement (EPA) is best described as a partnership for trade and development between the two parties and is, in part, a Free Trade Agreement (FTA) between the two groups.

Like traditional FTAs, this EPA makes trade between the two regions easier. However, unlike other agreements, the CARIFORUM – EU EPA, in addition to goods, also opens trade in services and investment, and allows governments to establish rules to ensure fair competition. Additionally, the agreement also provides economic support from the EU to help Caribbean governments implement the EPA, and for businesses to use the EPA to export more, and attract more outside investment.

Trade in goods between the regions

(Source: <http://ec.europa.eu/trade/policy/countries-and-regions/regions/caribbean/>)

The following chart examines the state of trade in goods between CARIFORUM and the EU from 2014 to 2016:

CARIFORUM's second largest trading partner, after the USA is the European Union. In 2011, trade (in goods) between the two regions came to over €8 billion. Of the exports to the EU in 2016, 61% were listed as industrial products; 36% were classified as agricultural products, and the remaining 3%, fishery products.

83% of the products imported to CARIFORUM countries in 2016 were industrial products. Agricultural products and fishery products accounted for 16% and .4% of regional imports from the EU respectively.

CARIFORUM TRADE WITH THE EU (Goods), 2014-2016, (€ Billions)



Trade in services between the regions

According to the latest five-year report (2015) reviewing the progress of EPA implementation, "...when it comes to the collection of statistics on trade in services, there remain gaps that prevent an analysis of CARIFORUM-EU trade at the sector or country levels (tourism being a notable exception)".

(Source: http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc_154165.pdf)

(More information of the EU/CARIFORUM Economic Partnership Agreement may be found at:

http://trade.ec.europa.eu/doclib/docs/2012/april/tradoc_149286.pdf)

What IS the CSME?

The CARICOM Single Market and Economy (CSME) came into being as a result of a meeting of the Heads of Government of Caribbean countries in Grand Anse, Grenada in 1989. The CSME is a strategy that is intended to expand economic integration among the countries of the Caribbean.

The first phase – the Single Market – was implemented in 2006. While it was the intention of member states to move forward with the Single Economy soon afterward, those efforts were side-tracked by a few factors, including several global financial crises occurring between 2007 and 2012.

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Daniel Best, Director, Projects Department,
Caribbean Development Bank

The Caribbean Development Bank (CDB) and the EPA and CSME Standby Facilities for Economic Development

The EPA and CSME Standby Facilities have been managed by the Caribbean Development Bank and its Technical Cooperation Division within the Bank's Projects Department. Daniel Best, Director of the Projects Department spoke with this newsletter, *Towards a Stronger Caribbean*, about the projects and their impact.

TASC: Mr. Best, what has been the role of the Caribbean Development Bank in the implementation of the EPA and CSME Standby Facilities for Economic Development?

D. B.: The Caribbean Development Bank has supported the end-to-end project cycle within the EPA/CSME arrangement. This has meant involvement of the Bank from project identification to project appraisal, the establishment of the grant resources, project implementation and monitoring and evaluation. The entire supervision process was handled by the Caribbean Development Bank to ensure that the results of these

initiatives are sustainable and directly impact our constituents...the citizens of our Member Countries.

TASC: What have the grant-funded projects meant for the citizens of Member States where they have been implemented?

D. B.: The EPA/CSME arrangement has provided much needed grant resources directly to the CARIFORUM Member States. The result is that MSMEs (Micro, Small and Medium Enterprises) who constitute a key component of the engine of growth within our Member Countries now have access to a wider market pool. It is important to provide the necessary enabling environment and support to these MSMEs so that they can access these markets in a more fulsome and direct manner.

This funding arrangement has also been able to increase and improved the economies of scales within which these MSME's operate. It has also provided sustainable employment opportunities to the MSME sector.

TASC: You mention employment opportunities. How has that worked to the benefit of citizens in beneficiary countries?

D. B.: I'll give you an example. Within the co-operative of Maroon women in Suriname, they are now able to export an indigenous cereal from that country to these wider markets. Women-owned businesses in Barbados...small women-owned businesses within the agro-processing sector are now able to manufacture their speciality products in facilities that meet global standards, thereby allowing them to access the European Market.

So whether is providing technical assistance or the accreditation of a laboratory, essentially what this funding arrangement has done is directly impact livelihoods. It has sought to reduce poverty in a meaningful way. Essentially that is the mandate of the Caribbean Development Bank.



Luca Pierantoni, European Union Regional Cooperation and Trade Section Head, EU, Barbados.

The European Union and the Caribbean – Stronger Together!

The European Union has provided funding for the Economic Partnership Agreement and CSME Standby Facilities for Economic Development which, managed by the Caribbean Development Bank, allowed for the completion of 28 projects in 15 countries. Fifteen of the projects were funded by the EPA Standby Facility and 13 by the CSME Standby Facility.

Luca Pierantoni the head of the European Union's Regional Cooperation and Trade Section in Barbados sat down with us to discuss the EU partnership with the countries of the Caribbean.

TASC: Mr. Pierantoni, thank you for speaking with us today. First of all, please tell us why the European Union has such a strong interest in the Caribbean, with its borders so far away from mainland Europe?

L.P.: First, let me say that there is quite a substantial presence of Europeans in the Caribbean. The French Territories, which are EU regions, have European citizens living in the Caribbean which

make up one million people. We also have the British Overseas Territories. There are also lots of other Europeans who are living and doing business here in the Caribbean. Overall, we are here because there is a huge European presence. Not only that, there is an element of historical cooperation and ties which we have had with this region for a very long time.

There are a number of values that we share with Caribbean people. The way we see life is actually very similar. We believe in democracy... we believe in human rights. There is also a basis here for cooperation in international fora. We are 28 Member States and CARICOM has 15 members. Altogether we make a quite nice block of countries. For example, in the context of the Climate Change negotiations we worked together, and working together we achieved quite a lot. So, there are a lot of reasons for us to be here.

TASC: Why, then, has the EU provided monetary support to the EPA

and the CSME Standby Facilities for Economic Development?

L.P.: First, I should say that the EPA and the CSME are actually two sides of the same coin. The coin is international cooperation... regional cooperation. You won't have a functioning EPA if there is no cooperation, and the CSME is obviously integration which goes even BEYOND cooperation. I like to think that the EU has international cooperation... regional cooperation in our very DNA. This is what we are, after all, a regional cooperation mechanism. So, it makes sense for us to support regional integration all over the world. We do it all over the world, not only in the Caribbean.

Obviously, there is also a lot to be gained in terms of international trade. The Caribbean does not represent a huge part of the international exports of the European Union, but certainly they are important partners.

Developing Saint Lucia's Services Sector



The Project

In 2004, the Government of St. Lucia began implementation of a National Export Development Strategy. The strategy identified ten of the country's industries as national priorities. Six of those industries are in the service economy. These industries were selected because they are expected to play a greater role in the expansion of St. Lucia's export economy.

A grant of USD27,866 was provided through the CSME Standby Facility for the project "Developing Saint Lucia's Services Sector". This project will increase the demand for Saint Lucian goods and services in targeted CARICOM Member States, as well as markets outside the region. The project has increase the export-readiness of participating service enterprises, and improved access to training and other business support services to service providers and enterprises in Saint Lucia and other states in the Organisation for Eastern Caribbean States (OECS). The project was implemented by the St. Lucia Coalition of Service Industries and managed by the Caribbean Development Bank.

As part of the project, the Coalition created the "Services Go Global: The Roadmap to Exporting Services" training programme for would-be exporters in St. Lucia.

Twenty-four micro and small business owners took part in the training programme.

These businesses represented the following industries:

- Information and Communications Technology (ICT)
- Real Estate
- Film

- Business services
- Shoe repair services
- Human resource development
- Construction
- Hospitality
- Events management

SERVICES Go Global

The Roadmap for Exporting Services

Services Go Global is an export readiness training programme for service providers. A 4-stage Roadmap takes participants through the 12 modules of export preparation. Over 100 competencies are achieved through completion of exercises and use of tools and templates.

The benefits of exporting services are enticing: increased profits and foreign exchange earnings, the opportunity to specialize, improved competitiveness and enhanced credibility, to name just a few. But you're too small to export... Right? WRONG! There is a common misconception that services providers require large start-up capital, numerous employees or large financial investments to export. This is not true. Small service providers, like you, need to be nimble, flexible, innovative and most of all, prepared. SERVICES Go Global can help.

<p style="font-size: x-small; background-color: #0070c0; color: white; padding: 2px;">Stage 1</p>  <p style="font-size: x-small; background-color: #0070c0; color: white; padding: 2px; text-align: center;">Preparing Your Business</p> <ul style="list-style-type: none"> • Understanding Trade in Services • Assessing Your Export-Readiness • Developing Your Export Plan 	<p style="font-size: x-small; background-color: #0070c0; color: white; padding: 2px;">Stage 2</p>  <p style="font-size: x-small; background-color: #0070c0; color: white; padding: 2px; text-align: center;">Conducting Market Research</p> <ul style="list-style-type: none"> • Researching Markets • Researching Sectors • Gathering Market Intelligence
<p style="font-size: x-small; background-color: #0070c0; color: white; padding: 5px; display: inline-block;">Roadmap to Exporting</p>	
<p style="font-size: x-small; background-color: #0070c0; color: white; padding: 5px; display: inline-block;">EXPORT PLAN</p>	
<p style="font-size: x-small; background-color: #0070c0; color: white; padding: 2px;">Stage 3</p>  <p style="font-size: x-small; background-color: #0070c0; color: white; padding: 2px; text-align: center;">Developing a Marketing Strategy</p> <ul style="list-style-type: none"> • Starting with a Marketing Plan • Developing an Online Strategy • Making the Sale 	<p style="font-size: x-small; background-color: #0070c0; color: white; padding: 2px;">Stage 4</p>  <p style="font-size: x-small; background-color: #0070c0; color: white; padding: 2px; text-align: center;">Entering the Market</p> <ul style="list-style-type: none"> • Market Entry Options • Travelling to the Market • Financing and Contracting



SERVICES Go Global
The Roadmap for Exporting Services

The firms received coaching from marketing specialists to improve their export plans; business development support, and funding to strengthen their export capacity.

Coaching for St. Lucia Services Go Global workshop participants

The training programme took exporters through four stages with a total of twelve individual modules in export preparation. As participants completed each of the modules, they were able to move closer to the preparation of an export plan.

Several of the participants in “Services Go Global” explained their experiences as part of the programme.

As participants completed each module, they moved closer to the preparation of an Export Plan. Training will be delivered by certified trainers and it targets small and medium enterprises (SME) or service providers within the Services Sector to:

- Become competitive and penetrate new market regionally and internationally
- Boost innovation and competitiveness through exposure to new ideas
- Develop an Export Plan for their business
- Gain certification for becoming export-ready
- Earn foreign exchange and increase profits
- Increase their market share and specialise
- Enhance credibility through participation in the global market-place

The Success

At its conclusion, the St. Lucia Coalition of Service Industries reported the following programme statistics, reflecting the successful implementation of the training efforts:

- Ten completed export plans were endorsed and awarded certificates by the Barbados-based Caribbean Export Development Agency
- Two firms participated in an outbound trade mission to the Bahamas and Dominica
- Six firms participated in Expo 2017 held in St. Lucia
- One regional contract in the ICT field was signed in Grenada with three other expressions of interest in ICT received from Saint Lucia, St. Kitts, and Montserrat
- Among the programme participants in the hospitality industry, fifty-two new resorts contracts were signed with 5 CARICOM countries
- Three expressions of Interest were received by participants in the construction industry from Dominica
- Five persons representing 2 firms received international industry certification (MICROSOFT, CISCO, and Arbitration)
- Seven spas received certification in National Standards – four at the bronze level, and three at the platinum level
- In the field of shoe repair, one joint venture with a U.S.-based company was reported, and one new business line was initiated. Training in shoe repair was provided for seven staff members.
- 2 E-commerce platforms were developed



Coaching for St. Lucia Services Go Global workshop participants



Expo 2017, St. Lucia

To promote participation in the “Roadmap for Exporting Services”, the St. Lucia Coalition of Service Industries produced an infomercial that was used successfully as a recruiting measure among the micro and small business communities in the country.

<https://youtu.be/2PmopIACTCI>

The EPA Standby Facility for Economic Development project for St. Lucia incorporated elements of the SME (Small and Medium Enterprise) community; one of the nation’s premiere service organisations, the St. Lucia Coalition of Service Industries and the Caribbean Development Bank to demonstrate that working together, the European Union’s goal of helping move Toward a Stronger Caribbean is realised.

A Closer Look at the EPA and CSME Standby Facilities for Economic Development

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The CARICOM Single Market and Economy will benefit people of the Region by allowing for more opportunities to trade goods and services and to attract investment. Once fully implemented, the CSME will result in one large market among the participating member states.

The primary objectives of the CSME are to provide for full employment in the Region, and to take full advantage of the natural resources and capital found in the area to promote trade with other countries. Once these objectives are realised, then people of the Region can reasonably expect to enjoy improved standards of living and work along with sustained economic development.

The key tenets of the Single Market and Economy are:

- Free movement of goods and services
- Right of Establishment - to permit the establishment of CARICOM owned businesses in any Member State without restrictions;
- A Common External Tariff
- Free movement of Capital
- A Common trade policy
- Free movement of labour

(For more information on the CSME, please see:

<http://caricom.org/our-work/the-caricom-single-market-and-economy-csme>)

Project in Focus

Enhancing the Capacity of Grenada to Export Fresh Fruit to the EU and CARIFORUM Markets

Guest contributor – Ruel Edwards, Chief Executive Officer, Grenada Marketing and National Importing Board (MNIB)



The interior of the MNIB Pack House as viewed from above

Note: The Government of Grenada's programme for short-term economic stability and long-term growth include developing the ability to leverage international trade agreements such as the European Union/CARIFORUM Economic Partnership Agreement (EPA) to increase the country's exports, especially in the agricultural sector. The project "Enhancing the Capacity of Grenada to Export Fresh Fruit to the EU and CARIFORUM Markets" with funding from the EPA Standby Facility for Economic Development and managed by the Caribbean Development Bank, has led to refurbishment of the MNIB Pack House at River Road. The packing house, where fresh produce is prepared to meet the requirements of local and export markets, handles more than 150,000 kgs. of fresh fruit monthly including bananas, citrus, plums, avocados, callaloo and mangoes. The facility was in need of rebuilding of the basic infrastructure, and a redesign taking into consideration the need for food safety.

The Project

The Marketing and National Importing Board is a State-Owned Enterprise whose core mandate is to market Grenadian farmers' produce. As part of our service delivery, the MNIB is the main aggregator of agricultural produce. Produce is gathered and stored at our Pack House which was built over 30 years ago.

Using grant support from the European Union managed by the CDB, and counterpart funding from the Government of Grenada, we began renovation work at the facility in July 2016 to improve the accommodations; construct new offices; renovate the washroom facilities; create a sanitizing zone and laboratory, and other critical improvements to the ageing facility. The work on the Pack House was completed in February of 2017.

The Success

After completion of the Pack House renovations, we hosted an auditor from the United States Food & Drug Administration and the MNIB was given the green light to continue to export into the U.S.

The MNIB has recently received approval for follow-up loan and grant funding from the Caribbean Development Bank to complete the implementation of its food safety system. The loan and grant will provide support for capacity building, legislative improvements, new equipment, and research into the possibility of using MNIB's Pack House as a central export consolidation facility.



Before and after views of the entrance to the MNIB Pack House during the renovation process



Renovated MNIB Pack House restroom facilities



LIST OF EPA and CSME STANDBY FACILITY PROJECTS

Antigua & Barbuda

- Enhancing Private Sector Competitiveness Through the Implementation of the CARIFORUM- EU EPA
- Strengthening the Private Sector Participation in the CARICOM Single Market and Economy

The Bahamas

- Institutional Strengthening for EPA Implementation in the Commonwealth of the Bahamas
- The Bahamas Trade Information Service and Virtual Marketplace
- Technical Study: Establishment of a Caribbean Centre of Excellence for Financial Services in The Bahamas

Barbados

- Enhancing the Export Capacity of Cultural Entrepreneurs in Barbados
- Enhancement of Food Safety and Quality Infrastructure in the Condiments Sub-Sector of Barbados

Belize

- Enhancing the National Quality Infrastructure of Belize
- Enhancing the Resilience of the Citrus Sector: Accreditation of The Citrus Research and Educational Institute (CREI) Laboratory and ISO 9001:2008 Certification for the Plant World Nursery

Dominica

- Enhancing Dominica's Trading Environment and Export Capacity
- Building Capacity for Effective Consumer Protection in Dominica

Dominican Republic

- Improving the Dominican Republic's EPA Implementation Capacity

Grenada

- Enhancing the Capacity of Grenada to Export Fresh Fruit to the EU and CARIFORUM Markets
- Enhancing the Capacity of Grenadian Nationals to Take Advantage of CSME

Guyana

- Improving Competitiveness in Guyana And Strengthening of SMES to Increase Non-Traditional Exports
- Institutional Strengthening of the National Accreditation Council (NAC) Of Guyana
- Institutional Strengthening of the Council for Technical and Vocational Education and Training (CTVET), Guyana

Jamaica

- Establishment of the Bureau of Standards Packaging Laboratory

St. Kitts and Nevis

- Enhancing the National Quality Infrastructure of St. Kitts And Nevis
- Enhancing the National Statistical System of St. Kitts And Nevis

Saint Lucia

- Developing Saint Lucia's Services Sector
- Enhancing Saint Lucia's Trading Environment and Export Capabilities

St. Vincent and the Grenadines

- Building Export Capacity and Improving Competitiveness in the Services Sector
- Enhancing the Capacity of St. Vincent and the Grenadines' Nationals to Take Advantage of CSME

Suriname

- Feasibility Study for the Technical, Financial and Legal Requirements for the Establishment of an Electronic Single Window Facility
- Developing the Export-Readiness of Suriname's Agrifood Enterprises for The CARICOM Market

Trinidad and Tobago

- Developing the Export Readiness of Trinidad and Tobago's Enterprises for the EU Market
- Development of a National Quality Policy for Trinidad and Tobago

Towards a Stronger **Caribbean**

Editor: Robert Dabney

Design: Myra Coffield