

FEATURED Q&A

Will the Caribbean's New Trade Deal with Europe Work Out?

Q Ministers from Cariforum countries (the Caribbean Community plus the Dominican Republic) are expected in March to sign an Economic Partnership Agreement (EPA) with the European Community, a landmark free trade agreement that some critics fear will hurt the Caribbean. Will the EPA be good or bad for the Caribbean? Will the region lose more than it gains from the agreement?

A **Guest Comment: Ronald Sanders:** "The EPA is a reciprocal agreement on trade in goods and services and investment. The European Union is considerably richer than the Cariforum countries and its population is more than 30 times larger. Reciprocity between unequals must favor the larger and better resourced region. Over time, the terms of this agreement will give European companies national treatment in Cariforum countries. With their greater resources, European companies will dislodge all but a few Caribbean companies from their own markets. European goods will also push out products of small Caribbean firms from their domestic space. While reciprocity also allows Cariforum companies national treatment in the EU, Caribbean companies simply lack the resources to compete with much larger European companies in the EU; reciprocity for Cariforum countries is, therefore, meaningless. Cariforum countries face the prospect of a return to a plantation-type economy such as existed during colonialism and servitude where the large companies will be owned by absentee European owners and managed by expatriate managers with the profits repatriated to Europe and Caribbean people serving only as employees. The conditions such as national treatment for European companies and the right to compete in the provision of services will be standards that other countries, like Canada and the US, will demand in free trade arrangements with Cariforum. In turn, this will limit even more the ability of Caribbean companies to survive."

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