

**SPEAKING NOTES FOR THE HONORABLE MINISTER OF TRADE
AND INDUSTRY ON THE CARIFORUM (CARIBBEAN
COMMUNITY AND DOMINICAN REPUBLIC) AND THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
ECONOMIC PARTNERSHIP AGREEMENT BILL**

THE HOUSE OF REPRESENTATIVES

March 12, 2021

Madam Speaker, I beg to move that a Bill entitled “*An Act to give effect to the Economic Partnership Agreement between CARIFORUM States (the Caribbean Community and the Dominican Republic) and the United Kingdom of Great Britain and Northern Ireland; to effect consequential amendments to the Customs Act, Chap. 78:01 and for related matters*” be read a second time.

INTRODUCTION

Madam Speaker, the Bill that is before this Honourable House today is intended to give effect to the CARIFORUM-United Kingdom Economic Partnership Agreement (EPA) which is an agreement to govern trade between CARIFORUM, which is made up of 14 CARICOM Member States and the Dominican Republic and the United Kingdom (UK). This House may recall that in 2008, Trinidad and Tobago as part of CARIFORUM signed the CARIFORUM-European Union (EU) Economic Partnership Agreement (EPA).

Madam Speaker, on June 23, 2016 the UK via referendum, voted to leave the EU. It was recognized that once the UK left the EU, the trading relationship between the UK and CARIFORUM States could not continue under the CARIFORUM-EU EPA. Rather, there was a need for CARIFORUM States to secure a new trading arrangement with the UK upon its exit from the EU. This new Agreement would replace the CARIFORUM-EU EPA in respect of the relationship between CARIFORUM and the United Kingdom **only**.

In other words, Madam Speaker, the CARIFORUM – EU EPA remains in place and would continue to cover trade between Trinidad and Tobago and the EU Member States **and** the CARIFORUM – **UK** EPA, which is before us today would now cover the trade and economic relations between Trinidad and Tobago and the UK.

THE TECHNICAL REPLICATION EXERCISE

Madam Speaker, in order to ensure a smooth and immediate transition, as well as continuity in the preferential trading relationship with the UK, a “roll-over” agreement, which mirrors as far as possible the CARIFORUM-EU EPA, has been negotiated and signed.

CARIFORUM countries and the UK undertook a technical replication exercise of the existing CARIFORUM-EU EPA from January 2018 to March 2019. This exercise was led by the CARICOM Secretariat and the UK; with participation, support and input from senior trade officials from the CARIFORUM States, including Trinidad and Tobago.

The replication exercise took place under the guideline that any changes made to the text should not modify the substance of the original CARIFORUM-EU EPA and should not afford any party more or less preferences granted under that Agreement. In that regard, the technical amendments made were limited to:

- deletion of language or obligations that are clearly not applicable in the context of a CARIFORUM-UK Agreement and minor textual modifications to take account of current realities in the context of the CARIFORUM-UK Agreement; for example replacement of the term “EC Party” with the term “United Kingdom” and deletion of references to articles relating to the French Outermost Region which are linked to the EU as they were not applicable to the UK EPA.

By the end of the exercise, CARIFORUM States and the UK reached an agreement on the CARIFORUM-UK EPA.

Signing of the CARIFORUM-UK EPA

Trinidad and Tobago signed the CARIFORUM-UK EPA on April 1, 2019 in London.

Signing of a non-legally binding Memorandum of Understanding with the UK

Madam Speaker, it is to be noted that on December 9, 2020, Trinidad and Tobago entered into a non-legally binding Memorandum of Understanding (MOU) with the UK, which signaled to the UK; Trinidad and Tobago’s intention to use its best endeavors to bring the CARIFORUM-UK EPA into effect through the passage of the Bill before this House today, during the duration of the MOU. The MOU ends on April 1, 2021. The signing of the MOU was also important as it allowed for the continuation of preferential access to the UK market until the assenting to of this Bill.

THE CARIFORUM-UK EPA - CONTENTS

Madam Speaker, the Agreement is a voluminous document of one thousand, three hundred and seventy (1370) pages. It comprises:

- A Preamble
- Six (6) Parts
 - Part I – Trade Partnership for Sustainable Development,
 - Part II - Trade and Trade-related Matters,
 - Part III - Dispute Avoidance and Settlement,
 - Part IV - General Exceptions,
 - Part V - Institutional Provisions, and
 - Part VI - General and Final Provisions
- Fourteen (14) Annexes to the Agreement which cover inter alia, the commitments that the CARIFORUM States and the UK have made in respect of the trade in goods and the trade in services and the rules of procedure for the settlement of any disputes that may arise between parties to the Agreement.
- Three (3) Protocols and their related annexes –
 - Protocol I which defines the concept of originating products. This is important as it is only products that meet the criteria of origin will be afforded preferential treatment under the Agreement,
 - Protocol II which allows for mutual administrative assistance in customs matters
 - Protocol III on cultural cooperation
- Eight (8) Joint Declarations, one each on, Development Cooperation, Bananas, Used Goods, a Trilateral approach to Rules of Origin, Protocol I on the origin of Fishery Products, Protocol I concerning the Principality of Andorra and the Republic of San Marino, the signing of the EPA, political dialogue, consultations and appropriate measures.
- One (1) Joint Statement on Trade between the UK and CARIFORUM States.
- A Declaration of the CARIFORUM States relating to Protocol I on the origin of fishery products from the Exclusive Economic Zone.
- The signatures of the representatives of the CARIFORUM States and the UK.

A copy was gazetted on November 26, 2020 as No. 200 of 2020 and a copy was laid on the floor of this Honourable House.

THE EPA AND GOVERNMENT POLICY

The CARIFORUM - UK EPA will support Government initiatives to develop and grow the manufacturing sector as the National Trade Policy 2019-2023, identified the UK market as having untapped export potential for Trinidad and Tobago. This is important given that the UK was one of Trinidad and Tobago's larger trading partners within the EU, prior to its departure. Our export earnings are clearly shown in the trade data which states that in 2019 the UK was Trinidad and Tobago's 5th highest export market within the EU, with an exported value of TT\$ 602 M. Spain (TT\$ 3.4 B), Netherlands (TT\$ 1.1 B), Belgium (TT\$ 972.7 M) and France (TT\$ 730.5 M) were Trinidad and Tobago's top 4 export markets within the EU. In 2020 (Jan-Nov) the UK was Trinidad and Tobago's 3rd highest export market among the other EU countries, with an exported value of TT\$ 691.3 M. The passing of this Bill will ensure that the preferences afforded to our existing and future exporters will be maintained.

Furthermore, I want to take this opportunity to highlight that specific focus is being placed on developing the country's manufacturing sector. In February this year, the Government of Trinidad and Tobago approved a National Export Booster Initiative for the Manufacturing Sector in the value of Fifty (50) million TT dollars aimed at promoting exports in international markets including the UK. The strategic areas covered by the initiative will undoubtedly tie in to the realization of the objectives of the CARIFORUM-UK EPA including increased competitiveness and integration into the world economy.

OBJECTIVES OF THE EPA

Madam Speaker, the main objectives as set out in Article 1 of the Agreement include:

Contributing to the reduction and eventual eradication of poverty - Increased exports is expected to lead to export earnings for goods and especially services such as construction, IT, travel and tourism, business and professional services thereby fostering employment and higher standards of living.

Promoting regional integration, economic cooperation and good governance - much of the Development Cooperation provided by the UK are provided at a regional level which supports the development of regional policies, integration of data collection systems and regional standards.

Promoting the gradual integration of the CARIFORUM States into the world economy – Madam Speaker, the opportunity afforded to exporters to meet the higher standards of the UK facilitates preparation for other world markets.

Improving the CARIFORUM States' capacity in trade policy and trade related issues – This is reflected through the training and capacity building support in subject matters such as customs, procurement, intellectual property and trade facilitation to various Ministries and institutions at the national and sub-regional levels.

Supporting the conditions for increasing investment and private sector initiative and enhancing supply capacity, competitiveness and economic growth – This will be done through Technical Cooperation with the private sector.

Strengthening the existing relations between CARIFORUM and the UK on the basis of solidarity and mutual interest – Madam Speaker, this will be achieved through Joint institutions intended to facilitate enhanced cooperation and dialogue, at the international level.

EXPECTED BENEFITS OF THE EPA

Madam Speaker, allow me to explain some of the expected benefits of this trading regime.

Predictable and Permanent Trading Arrangement

The CARIFORUM-UK EPA has put in place a predictable and permanent trading arrangement for both export of primary and manufactured goods and services and the import of much needed goods that we rely on, such as pharmaceuticals for our citizens allowing them to be more affordable and key inputs into the manufacturing sector allowing them to be price competitive.

Trinidad and Tobago as part of CARIFORUM is now guaranteed duty free, quota free access for all of its exports into the UK with the only exception being arms and ammunition. However, UK products entering CARIFORUM States including Trinidad and Tobago will be subject to either immediate duty-free access or phased reduction of duties over time. This liberalization will be gradual (spread over 11 years), thus minimizing the revenue effect and allowing our businesses in those sectors which were opened, the opportunities to build their competitiveness over the medium to long term.

Madam Speaker, in our original negotiation with the EU, there were several sensitive sectors which were protected, for example: frozen animal meats, fish fillets, shrimp, lobster, milk and creams, butter, cheese, honey, cabbage, lettuce, peas, cassava, potatoes, grapefruit, watermelon, papaya and rice. I assure you that under the CARIFORUM – UK EPA, these sectors remain protected.

Allow me to elaborate a bit on the trade data which speaks to the strong trading relationship which we are seeking to maintain and grow.

Trinidad and Tobago's exports displayed an upward trend from 2015 to 2017. While exports declined in 2018 and 2019, signs of recovery were demonstrated in 2020 with exports having increased 16% over its value in 2019. Methanol was consistently T&T's highest exported product to the UK from 2015-2019 while liquefied natural gas was the highest exported product in 2020. Other top exports include anhydrous ammonia, other petroleum oils, diesel oil, aromatic bitters, paint, lathes, gas oil, curry, rum, beer, shandy, chocolates and other cereals. Despite the fall in energy exports to the UK, manufactured goods showed healthy performance with further room for local producers to capitalize on the benefits from the CARIFORUM-UK EPA.

The trend in Trinidad and Tobago's imports from the UK showed a slight downward slope from 2015 to 2017. Thereafter, imports increased in 2018 and even further in 2019. The main products imported from the UK include whisky, bank and currency notes, books, machinery, appliances, cheese, cars and other vehicles and medicaments.

These preferences received under the CARIFORUM-UK EPA, through the UK opening up its market, will allow Trinidad and Tobago's exporters to establish a market presence for their products in the UK. The healthy competition in the UK market will encourage local manufacturers to produce high quality products to be better able to compete in the international arena. This will undoubtedly benefit Trinidad and Tobago through increased trade and foreign exchange earnings.

Madam Speaker, I also wish to add that to promote enhanced use of these preferences, several projects are being undertaken nationally and regionally to promote and facilitate increased awareness of the CARIFORUM – UK Agreement among the private and public sectors. The national project will be undertaken through the delivery of targeted virtual awareness sessions and the administration of a pre and post evaluation survey to participants. The regional project currently being implemented is the UK Trade Partnership (UKTP) Programme. This project aims to promote trade with the UK, initially under the existing CARIFORUM-EU EPA and then under the CARIFORUM-UK EPA. The project is funded by the Government of the UK through the Department of International Development (DFID). This Project runs from 2020 to 2022 and is being implemented by the International Trade Centre (ITC). The ITC has launched a survey through its social media platforms which seeks to provide feedback on local traders' pre- and post-Brexit business experiences and their awareness of market access conditions provided by the EPA. The response by the Trinidad and Tobago manufacturers has been overwhelming.

Further, the CARIFORUM-UK EPA must be brought into national law through the passage of this Bill to ensure continued duty free access for our country's exports as the UK also recently announced the UK Global Tariff (UKGT) which took effect on January 1, 2021. If we do not move swiftly to bring this Bill to law, Trinidad and Tobago's products such as cereals, aerated beverages, rum, paints and other sugar confectionery will face duties under the UKGT.

Permanent Trading Arrangement of Services

A second benefit is that the CARIFORUM - UK EPA is a permanent arrangement for trade in services between the CARIFORUM and UK. Our previous trading arrangement with the UK under the CARIFORUM-EU EPA also provided the same. The CARIFORUM-UK EPA continues to provide favorable opportunities for Trinidad and Tobago's export of services to the UK.

By way of example, the CARIFORUM-UK EPA provides for temporary movement (not exceeding 6 months) of our service providers into the UK market in twenty-nine (29) different sectors. These sectors cover professionals such as: Accountants, Tax advisors and bookkeepers, Architects, Engineers and Urban planners, Doctors, Dentists and Veterinarians, Midwives and Nurses; physiotherapists and paramedical personnel, Computer Technicians, Researchers, Chefs, Tourist guide services, Fashion models, Translation and interpretation services and Advertising personnel. Nationals of Trinidad and Tobago who are Contractual Service Suppliers, who wish to supply their services to the UK temporarily (not exceeding 6 months), can do so once a contract has been secured with a UK firm.

Independent Professionals (IPs) or self-employed persons who fall into the following categories can also move to the UK temporarily (not exceeding 6 months) to provide their services: Accountants, Tax advisors and bookkeepers, Architects, Engineers and Urban planners, Computer Technicians, Market Researchers, Management Consultants.

Support the Growth of the Cultural Industry

The CARIFORUM region has distinguished itself in the cultural industry and has gained significant international recognition for its artists and cultural expressions. The inclusion of Protocol III on Cultural Cooperation in the CARIFORUM-UK Economic Partnership Agreement (EPA) allows for the development of the sector's economic potential and places a renewed focus on culture and creativity which will foster greater social cohesion, create vibrant communities, engage our youth, create jobs, promote the development of both a national and regional identity and create additional opportunities for future collaboration between the region and the UK. This also ties in with this Government's diversification agenda through the development of the creative sector.

Further Development of Trade Related Areas and Integration into the Trading Environment.

Finally, the Agreement treats with some subjects that are relatively new to our trade agreements. Some of the subject areas covered under the Agreement are trade facilitation; competition policy; public procurement; protection of personal data; and innovation and intellectual property. These disciplines which are for transparency purposes are intended to enhance the integration of developing regions such as ours into the world trading systems. For example in the area of trade facilitation, commitments that have been made to improve communication, reduce red tape and bureaucracy and simplify customs rules; will make the process of trade easier. In addition, our Customs and Excise Division will benefit from cooperation activities geared towards its modernization.

[*Support a favourable Investment Climate]

[Thirdly, the trading regime will support a favorable investment climate. Investment opportunities in the UK are enhanced as a result of the security provided to investors (e.g. market access and national treatment subject to the stated conditions and qualifications.) It also requires investors to observe high standards with respect to protecting the environment and workers' rights.]

POTENTIAL CHALLENGES OF THE EPA

Madam Speaker, as with the implementation of any agreement, there are some potential challenges. The good news is that we have developed some experience under the implementation of the CARIFORUM – EU EPA and are able to address them as they arise. Further the challenges are not unique to Trinidad and Tobago but to the region and therefore there are regional programmes in place to tackle these challenges as well. Some of these challenges include:

1. Increased competition to domestic service suppliers in specific service sectors which have been liberalized – this government has been working closely with the TTCSI and our creative and maritime sectors to boost the competitiveness of our domestic service suppliers, through clear and targeted strategic plans and projects.
2. The possibility of an increased need for the preparation or update of domestic legislation in some service sectors. The work being done at the regional level (Regional Strategic Plan for Services) will help Trinidad and Tobago and other partner countries overcome this challenge.
3. Potential loss of fiscal revenue resulting from the elimination of tariffs on UK imports. This has been minimized primarily as a result inter alia, of the phased approach that was taken towards liberalization [and the securing of technical assistance in various areas (e.g customs, development of standards, export promotion under Fit 4 Europe) to shift our dependence on tariffs and other duties and charges (ODCs)].
4. [Inadequate human resource capacity to take advantage of the development cooperation provisions under the CARIFORUM-UK EPA – we are seeking to address this through participation in several capacity building activities offered regionally.]

THE CARIFORUM-UK EPA BILL

Madam Speaker, we are committed to taking the necessary steps to give effect to the CARIFORUM-UK EPA at the national level. Trinidad and Tobago intends to bring the CARIFORUM-UK EPA into national law through the passage of the Bill which is before this Honourable House today.

I will now take you through the clauses of the Bill. The Bill is a simple, straightforward Bill.

Clause 1

Clause 1 is a standard short title clause.

Clause 2

Clause 2 is the commencement clause. It provides for the Act and the Agreement to come into effect on such dates as may be fixed by the President by proclamation. Madam Speaker, this approach is similar to the one taken in respect of the CARIFORUM-EC EPA Act. This would allow for:

- The Act to come into effect;
- For certain provisions of the EPA such as those which relate to development cooperation, agriculture, intellectual property, tourism services, innovation and market access just to name a few, to come into effect upon assent or some early date as fixed by the President by proclamation; and
- For other provisions of the EPA to come into effect on date/s in the future by proclamation of the President. These would include those Articles of the EPA in respect of which the necessary administrative, legislative or other work is still to be completed before those obligations can take effect. For example, provisions related to **Services** which require legislative amendments to the Immigration Act regarding treatment of graduate trainees and trained professionals from the UK entering into Trinidad and Tobago under the EPA, **Intellectual Property** in which there have been many developments but still some work to be done regarding genetic resources, traditional knowledge and folklore as intellectual property rights and **Investment and Data Protection** in which steps are being taken to develop legislation. These are the types of articles that will come into effect at a later date. Madam Speaker, it is important to note that the later proclamation of these Articles would NOT preclude Trinidad and Tobago from exporting goods and services into the UK.

Clause 3

Clause 3 defines the terms – ‘*Agreement*’, ‘*Minister*’ and ‘*Ministry*.’ It is to be noted that given the size of the CARIFORUM-UK EPA, it will not be attached to the Bill as a Schedule. Instead, as was done with the CARIFORUM-EU EPA, the Agreement was gazetted and the relevant reference is made in the definition of ‘*Agreement*.’

Clause 4

Sub-clause (1) is intended, subject to the Commencement Clause (2); to give provisions of the Agreement the force of law. This would take effect on the dates of proclamation fixed by the President in accordance with Clause 2.

Sub-clauses 2 to 4 allow for any amendment of the Agreement to be given effect by the Minister by Order. Madam Speaker, this House may rest assured that this legislation anticipates some Parliamentary scrutiny of this process, as any such Order by the Minister for an amendment to the EPA; would be subject to the affirmative resolution of Parliament.

Sub-clauses 4 and 5 allow for judicial notice to be taken of the provisions of the EPA and any amendments that may be made in the future. It also requires that the Minister make a copy of the EPA and any Orders that are made to amend it, available on the Ministry's website and to ensure that a copy of the EPA and any Orders made in respect of it are gazetted.

Clause 5

Clause 5 gives the Minister the authority to make Regulations as may be required.

Clause 6

Clause 6 sets out the consequential amendments that arise in respect of the Customs Act, Chap. 78:01 for the removal and reduction of tariffs in respect of goods originating in the UK. It proposes to amend the Customs Act by inserting a new Section 6C by which:

- (a) the term "*Agreement*" is defined. It is to be noted that this definition accords with the definition of the said term at Clause 3 of this Bill.
- (b) a new schedule, the Eleventh Schedule is inserted. This Schedule sets out those goods which originate in the UK and are being imported into Trinidad and Tobago under the EPA which were duty free at the date of signature of the EPA, acknowledging that those goods will continue to be duty free.
- (c) a new schedule, the Twelfth Schedule is inserted. This Schedule sets out the reduction of duties on a phased basis of those goods set out in the Schedule which
 -
 - originate in the UK,
 - are being imported pursuant to the EPA into Trinidad and Tobago,
 - meet the rules of origin requirements, and
 - in respect of which the appropriate documentation is submitted.
- (d) The President is empowered to amend the Twelfth Schedule and/or provide for the tariffs set out in that Schedule to come into effect or to provide for their lapsing or expiration.

CONCLUSION

Madam Speaker, the UK represents a significant trading partner to Trinidad and Tobago. Like the CARIFORUM - EC EPA, the CARIFORUM – UK EPA not only seeks to maintain and preserve the preferential access for our goods and services but provides significant opportunities for our manufacturers and service suppliers to grow.

Government, in its recovery plan has embarked upon a robust development agenda to navigate the country to sustainable growth and diversification. As part of that plan, significant attention is being placed on increasing our exports to generate the much needed revenue and foreign exchange. There is great potential for increased exports as well as new exports from the non-energy sector under the signed CARIFORUM – UK EPA.

This comprehensive EPA marks a milestone in our trade and economic development as it covers a wide range of areas which will enhance the integration of our country and region into the world trading system and strengthen participation at discussions in the wider international fora. Further as a development agreement, the development cooperation will improve our institutional procedures and assist with addressing our supply side constraints. I am certain that the healthy development of economic and trading relations between Trinidad and Tobago and the UK will continue to bring solid and tangible benefits to the people of both countries.

By bringing this piece of legislation, the Government of the Republic of Trinidad and Tobago seeks to implement the EPA so that the benefits which are available to our citizens under the Agreement can be realized.

Madam Speaker, I therefore commend this Bill to this Honourable House and I beg to move.