

# The AMERICAS Project

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## SMALL ECONOMIES:

*Challenges, Opportunities and Sustainability*

Dear Fellows,

As you all know, we have made some important changes in order to improve our Americas Project (AP) Newsletters. I am sure these changes will make the newsletter a better tool for us to keep in touch by learning more about our countries' realities. We will publish three editions each year that follow the Northern Hemisphere's seasons: summer (August), winter (November) and spring (April).

In order for the newsletter to work, we need you to participate! A special thanks goes to the fellows who participated in the current edition, which addresses some of the challenges and opportunities that small economies face. The next two editions will cover global energy trends and philanthropy and volunteerism. Please e-mail me if you would like to contribute to any of those editions. Also, I encourage you to propose future topics and to give us feedback to improve this new format of the AP Newsletter.

On a different note, it is with a heavy heart that I announce that Magdalena Talamás from the Organization of American States (OAS) has transferred to a different department within the OAS and will no longer work with us in the Americas Project. As all of you know, Magdalena had been involved with the Americas Project since it began 10 years ago, and we owe her an immense debt of gratitude for her determination and vision, which were instrumental in the success of the Americas Project. We wish Magdalena continued success in her new position as head of the Fund for Peace in the OAS Secretariat for Political Affairs.

Happy reading, and we look forward to your comments and future intellectual contributions!

Best wishes,

*Erika*

Program Director,  
Latin American Initiative



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Tourism, trade agreements, the environment and education are some of the themes the four essays herein address. It is through the analysis of these subjects, and of the dynamics of globalization, that we begin to understand the challenges that small countries like Uruguay, Saint Lucia, Jamaica and Costa Rica face. At first glance these four countries seem only to share a similar size; however, a closer look reveals that they also share a desire and need to achieve stable economic growth, that they share similar postures towards their larger commercial partners, and that they seek to resolve common problems such as quality of education, crime and unemployment. Above all, these essays offer creative alternatives that may be helpful to other countries. They respond to a global urgency that emphasizes these countries' capacity to engage with their own destinies and that of the rest of the world.

Sustainability is a common thread that runs through these essays. It is expressed in the argument regarding Costa Rica and tourism, as well as in the reflection on the sustainability of the commercial agreements signed between the Caribbean countries and the European Union. Is it possible to reach sustainable, independent growth under the current economic conditions? The contribution from Uruguay establishes education as a basis and central force for long-term planning. It goes hand in hand with the creation of real and long-term opportunities for youth, which is the demographic that is the key to reaching sustainability in Jamaica — a reality shared by several other countries in the hemisphere.

As one of our fellows observes, it is necessary to look for the opportunities hidden in the challenges we currently face.

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### The Case for Sustainable Tourism in Costa Rica

By Costa Rican fellows Gloriana Guillén Fischel ('04), Michelle Mitchell Bernard ('06), Henry González Gutiérrez ('02)

In the words of Costa Rican President Óscar Arias Sánchez, “The future of the planet will be green, or there will be no future.”<sup>1</sup> Within this framework, tourism — the world’s top industry, which will serve 1.6 billion people by the year 2020 according to the World Tourism Organization (WTO) — is called upon to develop wealth-generating models and to distribute its gains equitably while preserving the ecosystems on which the industry is based.

For Costa Rica, a small Central American nation of 4.3 million people and home to 5 percent of the planet’s biodiversity,<sup>2</sup> the effect of tourism on the economy is noteworthy. In the last 10 years, the country has experienced an average growth of 8.1 percent of international tourists received, twice that of the average world growth. In 2006, Costa Rica hosted close to 1.7 million international tourists, who contributed approximately \$1.663 billion USD to the Costa Rican economy, a sum equal to almost 9 percent of the gross domestic product. As a matter of fact, tourism was responsible for 17.3 percent of the foreign investment in the country in 2007, amounting to \$328 million USD.<sup>3</sup>

This sector has been critical to the redistribution of generated income, as it directly employs 100,000 workers and close to 400,000 indirectly, particularly in areas traditionally marginalized from the economic revenue of the nation. For example, 56 percent of this employment is generated outside of the metropolitan area, in the coastal regions that historically have been the poorest neighborhoods of the country.

Likewise, 85 percent of tourism businesses are micro, small and medium businesses. Therefore, tourism is of exceptional importance — not only as a source of employment, but also as a tool for the distribution of wealth and, consequently, as an instrument for reducing poverty in the country.

In the current situation and despite the slowing down of the world economy, tourism appears to be the engine that will drive small economies such as Costa Rica’s. According to data from the Costa Rican Institute of Tourism, this sector grew 15.6 percent in Costa Rica during the first half of 2008.

#### **An Industry of Peace**

Costa Rica jumped onto the international scene in the '90s following the peace treaties that ended more than three decades of armed conflict in Central America. The leadership of President Óscar Arias in this process, which culminated with his being awarded the Nobel Peace Prize in 1987, launched the image of Costa Rica as a safe destination with a true commitment to the environment.

The tourism boom of the '90s singled out Costa Rica for being the first nation in the world to formally abolish its armed forces, offered free and mandatory education that guaranteed a qualified labor pool, and established a climate of legal stability attractive to investors. At the same time, the government granted incentives for investments in the tourism industry through income tax exemptions (law 6090), which were later eliminated due to their elevated cost to the Costa Rican treasury.

#### **Evolution of the Tourism Industry**

The tourism industry became a real option for Costa Rica to take advantage of globalization and diversify its production structure. This new sector allowed for the development of a service economy complementary to traditional agriculture (coffee and bananas) and nontraditional exports (other fruits, exotic plants, seeds, etc.).

The country recognized the competitive advantage in its natural resources that has positioned Costa Rica as a tourism destination of excellence. Among the assets that contributed to the strategy of natural tourism were the preservation of one-fourth of the nation’s territory under a natural protection system (parks, biological corridors, research stations, etc.), as well as a solid democracy with high human development indices.

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The tourism industry has significantly evolved over the last 20 years. In the beginning, the industry focused on national areas interconnected by key routes tied to the different microclimates of the country: a long pacific coast and the Caribbean coast, as well as the volcanoes and national parks along the length and width of the country. This niche, named “ecotourism,” turned into a magnet, mainly for Europeans and Americans interested in a form of tourism that could coexist in harmony with nature while also having direct links to the community. The national demand was promoted by incentives and preferential-fee programs for nationals. Costa Ricans have reduced entrance fees to tourist attractions, which has promoted national tourism. This in turn has compensated for the characteristic seasonality of the tourism sector, fostering year-round tourism by locals and creating a new segment of consumers, which helps diversify the industry’s revenue sources.

However, a policy of incentives to investment in “generic” tourism led to a shift away from the focus on the singular niche of ecotourism. These efforts resulted in conflicts between some hotel corporations and the surrounding communities regarding the use of water resources. These kinds of conflicts highlighted the fundamental need to find a balance between tourism, nature and the community.

As a result, the different local actors in the tourism sector realized the importance of achieving an appropriate balance between the environmental, economic and socio-cultural aspects of the industry’s development. The idea is then to apply said principles of sustainability to the different modalities of tourism — generic, ecological, rural, community, adventure, etc. — making sustainable tourism a differentiating factor of the national tourism offerings.

### **Everyone’s Industry**

The tourism industry in Costa Rica relies on a significant amount of small- and medium-sized infrastructure belonging to national business owners. This has allowed the country to retain a large part of the economic value generated by the industry. Notwithstanding these economic opportunities, the sustainability of tourism requires responsibility of its stakeholders at all levels — urban as well as rural, national, provincial and local.

It is in the stakeholders’ own-interest — in expecting long-term benefits — to implement policies of corporate social responsibility that focus on their relation with human capital, on their impact on the environment and on the community where they operate.

For Costa Rica, the most important lesson learned from the development of tourism is the growing need to create and strengthen a judicial framework to preserve Costa Rica’s natural wealth. Just as important is the need to provide a mechanism for the distribution of income generated by tourism through the effective participation of the community.

On this issue, there is still a lack of regulatory plans that clearly determine the parameters for tourism development at the local government level. Likewise, the existence of corruption in some municipalities has promoted, in some areas, the destruction of primary forests or the depletion of resources due to the implementation of projects that ignore environmental considerations.

As a countermeasure, a decree regulating density and height of construction in the coastal zone of Chorotega (North Pacific) was signed in June 2008. The same legal framework will be replicated for other zones of touristic development.

Additionally, under the umbrella of the Peace with Nature Initiative, Costa Rica’s government is promoting the increase of forested areas in the country through the program that encourages the planting of trees, known as “¡A que sembrás un árbol!” (Go Plant a Tree!). Last year through this initiative more than 5 million trees were planted; more than 7 million more trees are expected to be planted this year. Also, Peace with Nature anticipates that Costa Rica will be a country neutral in carbon dioxide emissions (C-neutral) before 2020. Companies such as the airline NatureAir, certified as the first C-neutral airline in Costa Rica, allocate part of their revenue to the payment of environmental services.

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Also in the social arena, and with the objective of fighting sexual tourism, the current administration is sponsoring a bill that will prohibit the establishment of casinos in areas where other tourist infrastructures are present, and will reduce casinos' hours of operation from 24 hours a day down to eight hours a day. Additionally, the government decreed rural communities' tourism a matter of national interest, defining it as an activity that allows visitors a planned tourist experience integrated in a sustainable way with the rural environment and an activity developed by the organized members of the community. It is estimated that the annual operation of this tourism sector grew 116 percent in 2007.

Rural communities' tourism stimulates the local economy, strengthens Costa Rican traditions and assists in the protection of the environment through sustainable practices. Furthermore, it promotes the linking of communities with the local businesses, stimulating local competitiveness.

### Main Challenges

Costa Rica has positioned itself favorably in the world tourism industry. According to a study sampling 130 nations published last March by the World Economic Forum, the country is the second most competitive tourist destination in Latin America and the Caribbean after Barbados.

This competitive position could, however, be affected by the decline of natural resources. According to the Millennium Ecosystem Assessment (2005), 60 percent of the ecosystems that sustain life on earth are degrading or are being exploited in an unsustainable manner; Costa Rica is no exception.

Additionally, although there has been significant rebuilding of road infrastructure, Costa Rica's investment in this sector lags behind by about 30 years. It is therefore a matter of urgency that significant public works projects, such as ports, be commissioned, and also that measures to combat crime be implemented, keeping in mind that a decrease in citizen security is a factor that undermines the touristic appeal of the country.

Another challenge, suggested in studies undertaken by the Central American Institute of Business Administration (INCAE), is that "Costa Rica is also running the risk of turning a 'gourmet' tourism sector into a 'generic' tourism sector."<sup>4</sup> This is the result of trying to offer "everything for everyone" (generic and mass "all included" tourism, nature tourism, golf tourism, casinos). The image projected by Costa Rica is becoming confusing.

The Costa Rican tourism sector should continue to integrate with the other countries in the Central American region without threatening their national competitive advantages. This integration complements the tourism offer in general, focusing on natural attributes, with the appeal of pre-Columbian culture as well as the colonial-era attractions of neighboring countries.

Tourism in Costa Rica has a promising future if public and private policies focus on maintaining a strategic trend towards a greater value-added tourism, with a high level of tourist-community-nature interaction. Furthermore, a strong emphasis should be placed on strengthening the multiplying effect of tourism on the Costa Rican economy. These policies are crucial in creating conditions for the benefits of the tourism industry to reach medium- and low-income sectors, thus contributing to the alleviation of poverty.

<sup>1</sup>Oscar Arias Sanchez, in the speech "A Firm and Lasting Peace in Central America: The Pending Agenda 20 Years Later," United Nations Headquarters, New York City, June 13, 2007.

<sup>2</sup>Costa Rica Tourism, <http://www.tourism.co.cr/costa-rica-ecotourism-and-nature/index.html>, accessed Aug. 26, 2008.

<sup>3</sup>Costa Rica Tourism, "Turismo de Costa Rica creceria un 10% este año," <http://www.tourism.co.cr/costa-rica-tourism-news/costa-rica-tourism-news-in-spanish-/turismo-de-costa-rica-creceria-un-10-este-ano.html>, accessed Aug. 26, 2008.

<sup>4</sup>Pratt, Lawrence. "Logros y Retos del Turismo Costarricense," INCAE, Sept. 2002.

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### A Jamaican Perspective

By Jamaican fellow Suzette A. Haughton ('02)

"We are faced with a series of great opportunities brilliantly disguised as impossible situations."

– Charles Swindoll, American writer and clergyman, 1933

Though written for another time and space, this quotation is applicable to modern day Jamaica as it reflects the current landscape of challenges and opportunities. Poverty, increases in food prices and crime dominate the Jamaican landscape. We know that these challenges are great, but we believe that opportunities are hidden within — opportunities to change, to grow and to improve.

Understanding global dynamics and providing competitive response strategies is the best way to overcome the crisis facing Caribbean economies such as Jamaica's. Escalating food prices, the constant increase of oil and gas prices, and crime are but a few critical problems on the agenda of Jamaican politicians, even more so since the beginning of 2007. According to the World Food Program, global food prices have increased by 54 percent over the period of just one year. Cereal prices skyrocketed 92 percent in that same period. Simultaneously, oil and gas prices have reached a record of \$139 USD per barrel in June 2008, and the price is still rising. The effects of this global inflation have filtered into the lives and pockets of ordinary Jamaicans. The poor and those living on the edge of poverty are hit hardest. The Human Development Report of 2007/2008 noted that 14.4 percent of Jamaica's 2.7 million people live on less than \$2 USD per day. The CIA World Factbook on Jamaica indicates that unemployment in 2007 was 9.9 percent, affecting mainly young adults. The combination of poverty, high food prices and unemployment has created a breeding ground for crime. Currently, Jamaica's homicide rate is the highest in the world, with murders recorded at 49 deaths per 100,000 people.

Food security has become a major concern for the country. Rising food import bills in a country with a low per capita income have become a huge risk for Jamaica's democratic stability and for ensuring nutrition for its populace. Governmental response includes encouragement of subsistence agriculture in individual households in order to defray some of the food costs. These programs lack subsidies typical of agriculture in developed countries. In addition, the bulk of Jamaica's population is concentrated in the urban centers, where farmland is very limited. Consequently, the combination of a relatively large population in the urban areas and little or no land to conduct subsistence agriculture has severely restricted the viability of the governmental programs designed to reduce food cost for individual households. There are challenges even in rural areas where farmland is available. The constant ravages of natural disasters such as hurricanes, bush fires and flood rains discourage people attracted to agriculture. In spite of these challenges, recognition regarding the global food problem and the need for action is increasing. The high unemployment rates among young adults could be reduced if programs are developed to attract them to the agricultural sector and away from crime.

Crime is unequivocally one of the most serious challenges facing Jamaica at this time. Since December 2007, the former chief of staff of the Jamaica Defense Force, Rear Admiral Hardley Lewin, now heads the Jamaica Constabulary Force. Jamaica's minister of national security, Colonel Trevor MacMillan, was also a military official. Speculation remains high that with two ex-military officials heading the police and Ministry of National Security, positive disciplinary changes should result in the administration as well as society at large. Hope remains that crime will be reduced to manageable levels with the reduction of corruption, with the introduction of advanced crime-fighting technologies and with the support of citizens via increased community policing. Underlining the crime problem is a socio-economic situation and actual lack of opportunities for at-risk youths to channel their energies into productive, law-abiding activities. More social intervention measures targeting the younger age groups are required in order to help guide and channel energies early, before crime problems arise.

The picture seems frustratingly bleak, but the opportunities are equally great. The challenges Jamaica faces call for a new paradigm of opportunities for small economies. Conservation must be seen as an opportunity. In these terms, training and education are critical to the population's awareness of conservation issues. Opportunities exist in a number of areas: recycling, environmental protection and watershed management, the use of more efficient equipment in homes, the use of more fuel-efficient vehicles across the population, and the development of travel planning to optimize fuel efficiency. Equally important is a widespread reduction of waste. Finally, there should be clear messages on conservation methods and opportunities from relevant authorities.

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Jamaica can be a vehicle of sustainable development for its people through proper education and training, proper management of scarce resources, and conservation in order to protect and preserve the future. The story here is clear. Let's conserve, let's become more reliant on our local food production. These are tangible opportunities that can be achieved and can positively change our current situation.

Looking forward, we understand that as a nation handicapped by our small size, we must overcome this apparent limitation. We must leverage our size; we cannot afford to be size-dependent. This realization raises some interesting questions. How will Jamaica position itself over the next 50 years? Will we, or can we, become internationally competitive; and if we can, what steps can be taken to move in that direction? The answers lie in how we view opportunities and challenges. We must see opportunities disguised in difficult situations, and we must address challenges the best way we can, using incremental but sustainable measures.

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### A Uruguayan Perspective

By Uruguayan fellow Nicolás Amor ('06)

I am not very well versed in economic politics. I even shy away from economic analysis. But, one must admit that economics and politics are fundamental to any society. The question that usually arises is, which one determines the other? I don't want to get into such an old and unproductive discussion; however, I do consider that politics, i.e. public affairs (a concept that includes the entire spectrum of reality), plays the main role since it is the social sphere, and therefore involves all citizens.

In this respect, there are no great differences between a powerful nation and a small one. Without attempting to pinpoint such differences, I understand that a small economy, such as the Uruguayan economy — or any domestic economy, since large and small are concepts that depend on what is being compared — has its own challenges depending on its own history, geographical characteristics, the country or countries it borders, whether or not it has natural resources, its socio-political context, etc.

In addition, one would have to ask if there is actually such a thing as a national economy, or if a nation's economy operates within a regional economy that in turn shares common problems with the world. This may be so, although surely there is a smaller area of independence that allows a nation, a city or a people to formulate its own endeavors.

Any nation must clearly understand that there are two levels of economic activity: the domestic and the international arenas. This does not mean that they are not complementary or that there cannot be some type of relationship between them; in fact there is. Referring specifically to Uruguay and to what has been accomplished since President Tabaré Vázquez took office, the first measure taken in the local economy was to provide the domestic market with a monetary injection of \$300 million USD through the implementation of social welfare plans that provided for thousands of families straddling the poverty line. In exchange, the heads of those households that benefited from these plans were held responsible for taking their children to school, ensuring that they were cared for by doctors, etc. The poor, a practically forgotten segment of the population, were even offered the possibility of performing community work for a salary. By implementing an economic budget with marked social sensitivity, thousands of families were cared for, and small businesses in the most fragile areas of the country received substantial commercial support through the disbursement of those monies. On the other hand, tax collection increased without the amendment of any laws, just by enforcing existing legislation. There was and there is a serious and impartial effort made when fiscal irregularities are encountered or reviewed.

I have mentioned two aspects that may appear as clear general principles but which are indispensable for such a small country. One, the economy should never lose sight of the human being. This is a maxim for any nation, but from the standpoint of a small nation's government, poverty and its consequences require state economic policies with a stronger focus on social issues. Two, rules must be clear, transparent and enforceable, with an independent judicial power. This does not mean that the foregoing does not apply to a powerful nation, but a small country requires greater oversight and demands higher quality from its officials because irregularities in a smaller nation cause greater damages.

A small country must diversify its products, within reason. One should not stick to a single product. Such was the case in Madagascar; one the world's largest producers of vanilla; sales of this product represented a large portion of its gross national product. The country's main buyer was United States, the largest consumer of vanilla. In 1985, a group of North American entrepreneurs invested in a different, synthetic production of vanilla, which significantly reduced U.S. costs and adversely affected Madagascar. If it wants to avoid a similar situation, Uruguay also needs to diversify its markets. If the country only sells to Argentina and Brazil, it will end up depending on its neighbors in the future. If their economies are adversely affected, the Uruguayan economy will suffer even more. Not too long ago, a significant number of Argentine tourists stopped visiting Uruguay for different reasons and the country was forced to seek tourists in Brazil, Paraguay and Chile and to promote tourism in visiting cruise ships.

Diversification does not imply, however, that we must get involved in every industrial project and in every market. The solution can be found in a combination of different elements. We need to understand the country's natural resources and potential in order to truly understand what differentiates it from the rest of the world. If the entire world, for example, produces bananas, it will not be convenient, necessary or even interesting for Uruguay to produce bananas.

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The economic reality of a country — its trade, finances, industry, but above all, its people — goes hand in hand with its educational level. For a country such as Uruguay, which must coexist with the larger powers of its neighbors, Brazil and Argentina, and in a remote area of the continent, it is essential for the government to invest in education. A country with few inhabitants and few possibilities requires greater intelligence, not only in the economic arena but also in the field of international politics. Uruguay's "calling card" must be the most important part of a body: its brain. So far the current administration has invested \$1.5 billion USD in the area of education — three times the investment made by prior administrations.

Currently, any state that invests in education must also invest in new technologies. The government has implemented the Ceibal Plan (Basic Information Technology in Education for Online Learning) with the objective of reducing technological illiteracy. This plan has been implemented in education centers around the country and has provided thousands of children with computer access and will surely do the same for their teachers. This is just the tip of the iceberg.

Additionally, the defense of political and economic sovereignty is no doubt a general principle arising from the constitution. However, there is another type of sovereignty that must constantly be guarded, particularly in the case of smaller countries: "cultural sovereignty." A small nation such as Uruguay, even more so than other nations, is obligated to preserve its memory, its customs, its history, and to maintain its political system — which, although imperfect, is the only support of a democracy that has not yet healed the wounds from a recent past of dictatorships.

There is no manual or set of guidelines showing the path a country must follow — only interpretations, observations and visions of reality.

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### Saint Lucia and the Economic Partnership Agreement

By Saint Lucian fellow Veronica S.P. Cenac ('06)

Other than rising oil prices, which have an untold toll on food prices and every other imaginable commodity in the Caribbean region, one of the key economic issues facing the Caribbean today is negotiating a new trade arrangement with the European Union to replace the Cotonou Agreement — more specifically the new Economic Partnership Agreements (EPAs):

#### What are the Economic Partnership Agreements?

EPAs are legally binding development pacts between the EU and the Caribbean Forum of African, Caribbean and Pacific States (CARIFORUM)<sup>5</sup> that aim to:

- Promote sustainable development;
- Eradicate poverty; and
- Gradually integrate CARIFORUM into the world economy.

EPAs are regional free trade agreements between the European Union (EU) and the African, Caribbean and Pacific (ACP) countries.

Until now, the trade preferences have been nonreciprocal — that is, in return for favorable access to the EU market, the ACP countries do not need to treat imports from Europe less favorably than from other extraregional suppliers. This will change in 2008 if the ACP countries agree to join EPAs which are reciprocal — that is, all parties will liberalize trade with their partners. Some ACP states accept these terms, while others do not.<sup>6</sup>

#### Goods Liberalization<sup>6</sup>

The coverage of goods liberalized by CARIFORUM countries under these agreements amounts to 61.1 percent of European Commission (EC) import values over 10 years, 82.7 percent over 15 years (85.1 percent of tariff lines) and 86.9 percent over 25 years (90.7 percent of tariff lines). The main exclusions are agricultural and processed agricultural products, some chemicals, furniture, and other industrial products.

#### Services Liberalization<sup>7</sup>

The agreements include a title on services, investment and e-commerce, and the related schedules of commitments, which give rise to an agreement compatible with General Agreement on Trade in Services (GATS) article V. On the EC side, there are important new commitments in the areas of movement of service providers, as well as for entertainers, artists, chefs de cuisine and fashion models. Finally, the EPAs also incorporate the first protocol on culture, implementing the United Nations Educational, Scientific and Cultural Organization (UNESCO) Convention on cultural diversity and providing CARIFORUM artists with easier movement and coproduction market access.

A paper prepared by St. Lucian economists, Dr. Claudius Preville,<sup>8</sup> explains some of the key disagreements between the EU and CARIFORUM in the negotiation process that forms the basis of the substantive objections to the EPAs by their dissenters. He admits that while both the EU and CARIFORUM broadly share a common vision for EPAs, the emphasis of the two sides on various aspects of the vision differs in several ways. First, CARIFORUM's emphasis is on the development of its economies in a manner that is sustainable and preserves national objectives and goals, while the EU's emphasis is on regional integration as a basis for creating a common market that will result in economic development.

Secondly, preservation of CARIFORUM's national development objectives heightens the importance of special and differential treatment for its member states not only as a collective with respect to the EU, but individually with respect to each other. Therefore, an EPA must engender the requisite level of flexibility to allow countries to calibrate implementation schedules taking account of capacity constraints.

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Thirdly, while the EU places great emphasis on the rules-based World Trade Organization (WTO) compatibility, which the Caribbean also recognizes, CARIFORUM contends that reciprocal market access must be accompanied by special and differential treatment that takes account of the participating countries' small size and vulnerability. Furthermore, an EPA must result in improved market access for all Caribbean exports (both traditional and nontraditional), and it also must encompass reorienting development assistance to address new needs as well as older ones.

Finally, CARIFORUM sees development assistance, including finance, as integral to the EPA process if it is to give meaningful expression to national and regional development. However, the EU prefers to limit this kind of assistance to identification of all possible sources of development assistance, and argued that it was not part of EPA negotiations per se, but was an important ingredient in the framework of an EPA.

President Bharrat Jagdeo of Guyana is at the forefront of making public pronouncements of his government's displeasure with the agreement. A petition has been started for governments of CARIFORUM to renegotiate the EPAs. The petition outlines four aims for the renegotiation. The first is to limit the EPAs only to what is required to make them WTO compatible. The second is to insert protocols on the identified and agreed-upon CARIFORUM principal productive sectors. The third is to insert legally binding development benchmarks to measure the socio-economic impacts of the EPAs on key segments of society, including women, youth, children, farmers, workers and fisherfolk. The last is to include a mandatory review of the EPA provisions within three years of signing the agreement, with the possibility of renegotiation. The drafters say despite the debate over the benefits of the agreement, their actions have made a dent in the process as, slowly, governments are saying it is a bad deal.

Earlier in 2008, the Caribbean Congress of Labour endorsed the call to renegotiate the EPA. The Civil Society Network in Saint Lucia has made strident calls for the renegotiation of the EPA and for more open consultation with the public. The Caribbean Cultural Industries Network has also seriously questioned the benefit of the EPAs, stating in a release: "It would appear that this trade pact with the EU has proved to be a far cry from what was promised all along — a commitment and adherence to a treaty embracing trade and development. In the short term, while Caribbean entertainers and other categories of cultural workers may benefit from a formal agreement for access to EU countries (the entrenchment of a privilege we already enjoy), we await specifics on what will be the resultant benefit to our cultural industries in this agreement with the Europeans."

The Caribbean Policy Development Center (CPDC) has challenged the signing of the EPA by Caribbean governments and has organized conferences toward opening the debate among civil society and government on the EPA. They argue that there is no development dimension in the EPAs and the agreements do not present a partnership for growth and development.

Notwithstanding the strident objections to the EPA, small developing countries are trapped. Viewed as equals without the balancing veil of equity, they are forced to interact with their more-developed partners on equal footing. In a world increasingly bent on removing trade barriers and promoting competition, the disparities in economic development, potential for growth based on available resources, and historical exploitation are irrelevant. Small economies must state their case and defend their positions on trade in a most forceful manner.

The signing of the agreement by CARIFORUM governments was originally set for July 2008, but has since been postponed until September 2008 due to disagreements at both the political level and at the level of civil society, including from the private sector. The present negotiations on the EPA have galvanized civil society to take cognizance of the enormous impact of these arrangements on the future of our countries. The governments of the region have an obligation to negotiate the most beneficial arrangement, and we in civil society must ensure that they do so. We must continue to deliberate intelligently and represent our vision forcefully. For all our sakes the debate must rage on.

<sup>5</sup>CARIFORUM members include: Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

<sup>6</sup>Overseas Development Institute.

<sup>7</sup>[www.eubusiness.com/Trade/epa-update-guide/](http://www.eubusiness.com/Trade/epa-update-guide/).

<sup>8</sup>Preville, Claudius. "Mid-Term Review of the Negotiation of an Economic Partnership Agreement (EPA) between CARIFORUM and the EU Implications for Agriculture and Farmers of the Windward Islands." presented at the International Fund for Agricultural Development Policy Seminar, May 2007.

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