

The View from Europe
By David Jessop

The Caribbean and a rapidly changing Europe

Spend time in Brussels, or in any other European capital that has a close relationship with the Caribbean, and it soon becomes apparent how fast thinking about policy is changing on a broad range of issues that may affect the region's long term interests.

Look at the matter from the other direction, however, and it is clear that while Caribbean Ministers, diplomats and officials may be aware of what is being considered, there is little public debate, clear idea or word about how the region will respond.

The number of issues, in Europe alone, requiring the Caribbean's attention are challenging. Despite this, most are little known in the region, let alone debated or as far as one knows, have had the necessary research undertaken on their likely impact.

Most topical are the negotiations for a EU-US free trade agreement known as the Transatlantic Trade and Investment Partnership (TTIP). These, if Europe is to be believed, are likely to move forward rapidly as this proceeds. The objective is to achieve a reduction in the remaining tariffs and non-tariff trade barriers that exist between Europe and the US, with the objective of boosting growth and global economic recovery. Although transatlantic tariffs are already low and any agreement likely to require the resolution of contentious issues requiring hard to obtain acceptance of the US Congress, or individual EU member states such as France, the thinking is that such an agreement is a practical alternative way forward in the absence of any comprehensive or new global trade round.

For much the same reason Europe has, in parallel, embarked on the negotiation of a bewildering range of trade agreements, all which are advancing at different speeds. They involve negotiating free trade arrangements with Canada, India, Thailand, Vietnam, the Philippines, Morocco, Japan, Singapore, and Malaysia and with other parts of the world; to say nothing of the EC's slowly moving remaining negotiations on Economic Partnership Agreement (EPA) with other regions of the ACP.

Despite this, there seems to have been little thought given in the Caribbean – outside of Cuba, the Dominican Republic and a few Caricom foreign trade ministries – as to how TTIP in particular might impact Caribbean exports and services. That is, if as is likely, the diminishing value of existing preferential arrangements for commodities from sugar to rum, for manufactured goods, or the small window of opportunity for services provided by the EU-Carforum EPA were to be further eroded by access granted to the US.

Beyond this there are also other significant developments occurring in Europe that will affect region.

There is, as has now been widely reported, the ongoing process of the graduation of the Caribbean out of European bilateral development assistance; a process which, despite ACP and Caribbean protests, will likely remove all but Haiti from bilateral European support and see the focus shift to programmes relating principally to the private sector, the environment and security, delivered on a regional basis, likely through a multiplicity of bodies.

Secondly, there remains considerable uncertainty about the future of the Cotonou Convention that links Europe to what are mainly former colonies in Africa, the Caribbean and the Pacific. With the

signing of bi-regional EPAs with Europe, changes in the structure of development assistance and a rapid strategically led diversification of EU foreign policy, views are mixed in Europe as to whether there is utility in negotiating another such agreement to succeed Cotonou in 2020.

Thirdly, and linked to both the EPA and the future of the Cotonou Convention, there remains concerns about the future of the ACP Group. Europe, which has supported it financially for far too long, has a declining interest in sustaining it. While the ACP's future role is being considered by its members, most in Europe involved in policy formulation believe that its utility as a vehicle for European dialogue and co-operation is over.

Fourthly, the UK – the sometimes diffident champion of the Anglophone Caribbean in Europe – is planning to have an 'in or out' referendum on its future membership of the European Union after 2015, or possibly before. The strength of anti-European political opinion amongst UK voters and the growing political volatility amongst an austerity hit electorate make the outcome of such a vote uncertain. In addition there remain questions about what the UK might consist of after September 2014 when a referendum on Scottish independence will take place. In both cases there are no signs yet of anyone in the region having considered the negative impact of the absence of a strong British voice in the EU.

Fifthly, austerity is now so severe in many EU states that any long term thought about significant future bilateral or multilateral development assistance or any substantial physical European defence presence, as opposed to increasing levels of security support, should be quietly forgotten.

Sixthly, Europe may before long negotiate an association agreement or a similar type of arrangement with Cuba covering economic and political relations, trade and development which, depending on Cuban thinking, may result in a slow move to freer trade. While this is welcome, it is yet another issue on which it seems the rest of the region has not yet undertaken any impact study or analysis.

Seventh, the global discussions that are underway and led by Europe and the US about the future of offshore financial services will change the nature of a number of dependent and independent Caribbean economies. As G8 governments move to close down opaque offshore environments and ensure the beneficial owners of such offshore facilities become known, the impact will most likely be a diminution in the numbers of companies registered and a decline in the value of financial services to Caribbean economies.

And finally, there are also a host of other more technical issues that for the most part remain unseen. These range from new policies on maritime boundaries that include those parts of Europe that are considered remote (the French départements d'outre-mer, and the Dutch and British Overseas Territories) to changes in EU agricultural policy that have relevance to the Caribbean.

In short, the old world of Europe is changing at a pace has not yet been matched either by the Caribbean's response or by any sense of strategic repositioning between traditional and newer partners.

David Jessop is the Director of the Caribbean Council and can be contacted at david.jessop@caribbean-council.org

Previous columns can be found at www.caribbean-council.org

May 17th, 2013