



CASE STUDY

Tourism Services Liberalization

**The role of Business Advocacy
in
The Caribbean – European Union EPA Negotiations**

Business and Trade Policy

<u>TABLE OF CONTENTS</u>	<u>PAGE N.</u>
Acknowledgements	iv
Preface	v
Rationale	1
Industry Profile	2
Industry Performance	2
Business Advocacy	3
Government Reactions.....	7
The treatment of tourism services in the EU-CARIFORUM economic partnership agreement (EPA)	11
Concluding remarks	19
List of References	21

LIST OF FIGURES

Figure 1 - Real growth rate of the tourism industry, 2001-2007	3
--	---

LIST OF TABLES

Table 1 – Highlights of the private sector trade team’s – Market access requests on tourism.....	7
Table 2 – Main elements of the CARIFORUM access requests on tourism	8
Table 3 – Highlights of EC’s tourism market access commitments to CARIFORUM in the EPA	12

For any comments, questions and/or suggestions please contact:
Business and Trade Policy Team - International Trade Centre (ITC)
E-mail: jouve@intracen.org

Acknowledgements

Natasha Ward, Trade Policy Analyst and Consultant with the Shridath Ramphal Centre for International Trade Law, Policy and Services, Barbados and Pierre Sauvé, Deputy Managing Director and Director of Studies at the World Trade Institute, Berne, wrote this paper. They are entirely responsible for the views expressed herein.

A study of this nature necessarily entails consultation with key actors in the negotiations. The author is, therefore, indebted to Samuel Chandler, Permanent Secretary (Foreign Trade Division) at the Ministry of Foreign Affairs, and Foreign Trade of Barbados; Julie Mapp, Consultant to the Foreign Trade Division of the Ministry of Foreign Affairs and Foreign Trade; Russell King, former Consultant to the Foreign Trade Division of the Ministry of Foreign Affairs and Foreign Trade; Ramesh Chaitoo, Chief Services Negotiator of the Caribbean Regional Negotiation Machinery; Lisa Gale, Chief Research Officer (ag.) with the Ministry of Tourism; Natalie DeCaires, Industry and Advocacy Manager with the Caribbean Hotel and Tourism Association and Sue Springer, Executive Vice-President of the Barbados Hotel and Tourism Association, for helpful discussions in the preparation of this paper. Special thanks are also extended to Ramesh Chaitoo for his constructive and insightful comments in revising the draft of this paper.

The paper was written under the overall supervision of Rajesh Aggarwal, Senior Adviser, Business and Trade Policy Section. The paper was coordinated by Mr, Laurent Matile, Senior Officer and Jean Sebastien Roure, Adviser on Legal Aspects of Trade, Business and Trade Policy Section, ITC.

Preface

The International Trade Centre (ITC) is the joint technical cooperation agency of the United Nations and the World Trade Organisation (WTO). ITC supports, *inter alia*, policymakers in developing and transition economies to integrate the business sector into the global economy for export success.

To achieve this, ITC promotes business advocacy for integrating business priorities into national trade policies, and that the needs of business, especially small and medium-sized enterprises (SMEs), are taken into consideration in the negotiation of international trade agreements. Linking the business sector, through their representative trade support institutions, to policymakers is key to creating a conducive business environment.

While delivering ITC's business advocacy related activities, a need has been felt for a course on 'Trade Policy for Business Managers' in developing countries and economies in transition. They need to be well aware of the evolving international trading system, as shaped by WTO, regional integration, bilateral trade agreements as well as autonomous liberalization, so as to:

- ◇ Position themselves to seize new opportunities and cope with the challenges;
- ◇ Give them the confidence to engage in business advocacy and promote their interests as their government are engaging in international trade negotiations;
- ◇ Gain the competence to learn from best practices aiming at exploiting the business opportunities stemming from the evolving international trading system; and
- ◇ Empower them to be a credible partner of their governments in pursuit of reforms of trade policies and regulations for enhancing export competitiveness.

This case study showcases how the private and public sectors of Barbados interacted in order to ensure that the country was able to secure better market access for its tourism service providers and investors under the CARIFORUM-EU Economic Partnership Agreement (EPA).

The case study underlines the importance of public - private collaboration in preparing negotiating positions in the context of international trade negotiations, the processes for effective dialogue and the specific role of the private sector as well as the scope of its inputs. Last but not least, this case study provides an analysis of the business opportunities for the tourism industry of Barbados, which are likely to stem from EPA.

Rationale

The conclusion of the Economic Partnership Agreement (EPA) between the CARIFORUM Group of the African Caribbean Pacific (ACP)¹ and the European Union (EU) represents enhanced and new market access opportunities for CARIFORUM investors and service providers in the tourism industry in the EU market. Barbados is expected to be one of the main beneficiaries of these trade gains given the predominance of tourism and tourism-related activities in its economy and the quality of its tourism-related infrastructure.

The negotiation of a free trade agreement between partners of dramatically different economic size and capabilities was by no means an easy task. On the part of the smaller negotiating partner, requisite elements for success included a technically competent negotiating machinery; proactive governments providing clear policy guidance on negotiating strategy and positions and ensuring the maintenance of effective communications between themselves and the private sector; and active private sector involvement based on a sophisticated awareness of the implications of trade policy for their businesses.

One of the key lessons emerging from the EPA negotiation process is that there is an increasingly important role to be played by the private sector in developing countries in the conclusion of free trade pacts. Private sector actors are often best placed to identify potential export opportunities, existing barriers and the means to capitalise on the opportunities opened up by trade pacts. Hence, a critical element in the negotiation process is ensuring that there are avenues for constructive engagement between the private sector and government in order to best fashion market access requests and offers. In this regard, Barbados seems to have achieved a significant measure of success in relation to the tourism sector in the EPA context.

This study takes a closer look at the recipe for the Barbados private sector/public sector interaction which was an essential element in ensuring that the country was able to secure better market access conditions for its tourism service providers and investors under the EPA than that afforded by the World Trade Organization's (WTO) General Agreement on Trade in Services (GATS). The study seeks to document the domestic tourism industry's positions, the interaction between stakeholders in the tourism industry and the Government of Barbados and how that interaction helped shape the tourism-related provisions of the EPA. Of course, the process was not as straightforward as would appear at first glance from a strictly Barbadian perspective as the EPA negotiations also had to contend with regional dynamics. Important public-private interactions also took place at the regional level among actors such as the Caribbean Regional Negotiation Machinery, the Caribbean Tourism Organisation and the Caribbean Hotel and Tourism Association.

A caveat is warranted at this juncture. Although the case study focuses on private-public sector interaction, it is important to acknowledge that much of the preparatory work which enhanced the richness of this interaction had been undertaken by the Caribbean Regional Negotiation Machinery from as far back as 2003. This is to some extent explained by the fact that the Caribbean Regional Negotiation Machinery is the premier regional body with a technical competence in trade and, as discussed later, Barbados' private sector representative agencies were reconstituting their research capabilities to confront the challenge of international

¹ CARIFORUM refers to the fourteen member states of CARICOM (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago) plus the Dominican Republic.

negotiations. Such preparatory work included the commissioning of a seminal study which provided a comprehensive assessment of the issues involved in tourism negotiations;² working with the Caribbean Hotel and Tourism Association and the Caribbean Tourism Organisation to sensitize tourism stakeholders about the trade issues related to their industry through the hosting of workshops within the region; addressing the CARICOM Ministers of Tourism and the CARICOM Council for Trade and Economic Development; and in some cases, facilitating increased contact and co-ordination between Ministries of Trade and Ministries of Tourism.

Industry Profile

Tourism remains the mainstay of Barbados' economy and its most important services export.³ Barbados is one of the most mature Caribbean tourism destinations. The country's tourism industry offers a relatively diversified product, comprising the long stay visitor market and a growing cruise ship segment. Stakeholders in the sector include a wide variety of service suppliers ranging from the lower value-added end to the premium end, car rental and coach operators, aircraft catering, tour guides, travel agents and tour operators, duty-free retailers and a wide variety of businesses which derive a significant portion of their revenues from the tourism industry (e.g. restaurants, retail shops, etc.). Barbados has made significant strides in creating niche tourism markets such as events-focused cultural tourism, heritage tourism, sports tourism and destination weddings. In recent decades, Barbados has faced increasing global competition. Within the region, Barbados has faced fierce competition from destinations such as Mexico, Cuba, the Dominican Republic and Jamaica. The country's main challenge is thus to maintain a high-quality tourism product while adding value through the addition of niche markets, such as health and wellness tourism, which build on Barbados' existing capacity base. Given that Barbados' largest tourism markets are the United Kingdom, the United States and Canada, the industry is particularly vulnerable to economic downturns in any of these countries.

Industry Performance

From 2001 to 2007, the industry's real growth rate averaged 1.47 per cent. This slow rate of growth is explained by the steep declines in real value-added experienced in 2001 and 2002 in the aftermath of the 9/11 terrorist attacks in the United States, as well as in 2005; by modest rates of growth in 2006 and 2007 combined with robust growth in 2003 and 2004 (See **Figure 1**). In 2007, Barbados received a total of 1,189,291 tourist visits.⁴ Long-stay tourists accounted for approximately 48.2 per cent of this total. Long-stay tourist arrival figures were boosted by Barbados' hosting of some matches of the Cricket World Cup in April 2007. This figure represents a 1.8 per cent increase in long-stay tourist arrivals over 2006. Cruise tourism represents an increasingly important segment of the tourism market. It grew by 14.3 per cent in 2007.⁵

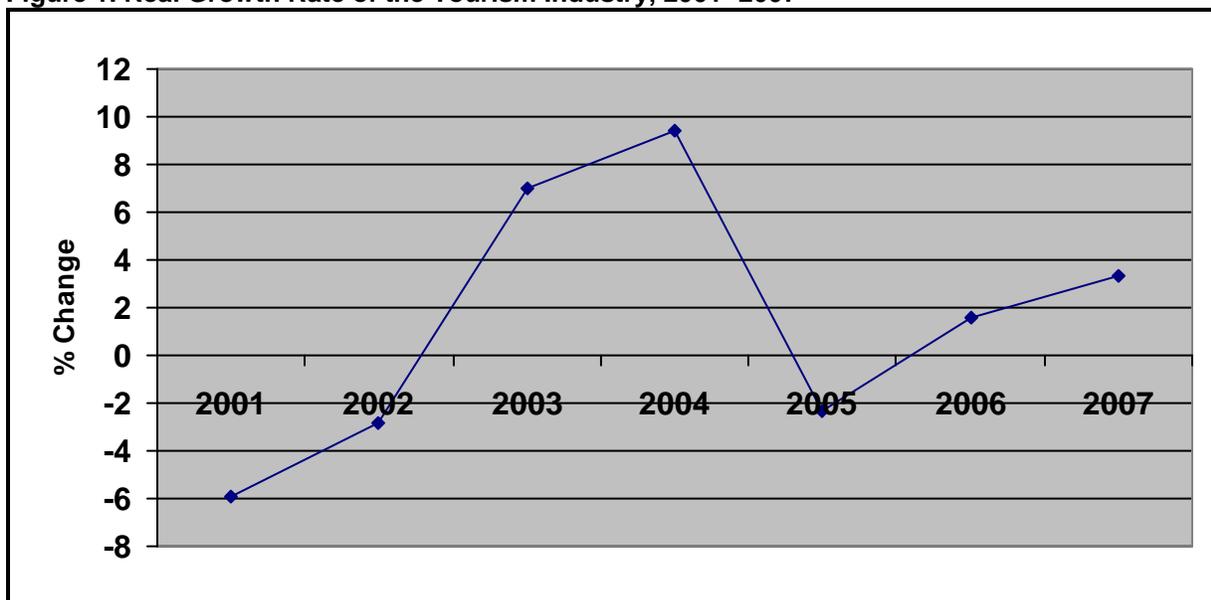
² Adam Dunlop, "Tourism Services Negotiations Issues: Implications for CARIFORUM countries," (Kingston/ Christ Church: CRNM, 2003.) Available at www.crn.org.

³ World Trade Organisation, *Trade Policy Review of Barbados*, Report of the Secretariat, September 2008, 8, para. 26. WT/TPR/S/203.

⁴ Figures are derived from the *Barbados Economic and Social Report 2007*, July 2008, 59-60.

⁵ *Ibid.*, 60.

Figure 1. Real Growth Rate of the Tourism Industry, 2001- 2007



Source: Based on data from Table I.2 of the WTO's Trade Policy Review of Barbados, 2008

The industry earned BDS \$ 763.6 million (US \$ 385.6 million) in 2007, contributing 13.5 per cent of real GDP.⁶ Visitor expenditure in 2007 totalled BDS \$ 2, 400.2 million, an increase of 18.5 per cent compared with BDS \$ 1, 955.2 million the previous year.⁷ In 2007, it was estimated that the tourism industry directly employed fourteen thousand persons. This represents approximately 10.5 per cent of the total labour force.⁸

The UK represents the most important tourism market for Barbados and accounted for 38.0 per cent of total long-stay tourist arrivals in 2007.⁹ The growth in arrivals from other European countries has been less than impressive and arrivals from Germany and other European destinations declined by 25.8 per cent in 2006-07. Other major tourist markets such as the USA and Canada continue to grow, recording increases of 2.1 and 7.7 per cent respectively over the same period.

Business Advocacy

The Barbados Private Sector Trade Team played a relatively important role in articulating the national private sector's concerns and market access demands of the tourism industry. Prior to the establishment of the Private Sector Trade Team in 2003, various business support organisations maintained a limited research capacity in trade and related government policies, while many others possessed no such capacity. The private sector business support organisations undertook a rationalisation process, which entailed carving out of disparate research capabilities from existing business support organisations and the centralisation of such research capabilities under the umbrella of a new entity - the Private Sector Trade Team. The

⁶ Ministry of Finance, Economic Affairs and Energy, *Barbados Economic and Social Report 2007*, 20.

⁷ *Ibid.*, 59.

⁸ Barbados Statistical Service, *Statistical Service Labour Force Survey*, 2006 and 2007.

⁹ Ministry of Finance, Economic Affairs and Energy, *Barbados Economic and Social Report 2007*, 60.

Private Sector Trade Team was specifically mandated to research, document and promote private sector interests likely to be affected as a result of international trade negotiations.¹⁰ In this regard, the Private Sector Trade Team provides contributions to Barbados' trade negotiations as well as on regional trade negotiations on behalf of the Barbados private sector. The main pillars of the Private Sector Trade Team's work programme include: (1) evaluation of the competitiveness of Barbadian businesses; (2) assessment of the impact of trade agreements; and (3) identification of new opportunities arising from a progressively more liberal international trading environment.

The Barbados Hotel and Tourism Association, which specifically represents the interests of the private sector's tourism stakeholders, played a more limited role in the overall EPA negotiations. This is not to suggest, however, that the Barbados Hotel and Tourism Association was completely de-linked from the negotiating process, but its role was to provide support to the Private Sector Trade Team and the regional industry association, the Caribbean Hotel and Tourism Association.¹¹ The Barbados Hotel and Tourism Association represents the key link between the Private Sector Trade Team and the tourism stakeholders as well as the Caribbean Hotel and Tourism Association and tourism stakeholders. Moreover, the role of the Barbados Hotel and Tourism Association was not just limited to behind the scenes informal consultations. As discussed later, the Barbados Hotel and Tourism Association participated in Private Sector Trade Team initiatives on tourism, attended meetings of the Caribbean Regional Negotiation Machinery's Technical Working Group on Services. They made use of opportunities, such as the Commonwealth-sponsored private/public sector consultations in 2004, to make presentations aimed at sensitising policy-makers about the peculiarities of the tourism industry and to articulate their specific market access demands for the EPA, the WTO and the (now abandoned) Free Trade of the Americas Agreement.

The Private Sector Trade Team

The Private Sector Trade Team clearly saw the negotiation of the EPA as an opportunity to secure new market access opportunities for its members in the European market. This was highlighted in the Private Sector Trade Team's Information Paper which stated that "tourism stakeholders in Barbados and the region have requested that CARIFORUM negotiators in their formal discussions with the EU stress the importance of the tourism sector to the economies of the region. Tourism stakeholders in the private sector will be looking to the EPA to address some of the difficulties currently being experienced in the tourism sector. CARIFORUM countries expect the EPA to provide significant economic benefits to the Caribbean in terms of market access and trade facilitation to enable mainly the small service suppliers in the region to export for the first time and/or increase exports to the EU."¹²

The Private Sector Trade Team's activities included encouraging the tourism stakeholders to lobby to secure their interests, the formulation of positions and engaging in both formal and

¹⁰ The Barbados Private Sector Trade Team, "About the PSTT," Available on-line at http://www.tradeteam.bb/cms/default.asp?V_DOC_ID=1056.

¹¹ According to the Caribbean Hotel and Tourism Association's website, the organisation "represents the entire spectrum of the hospitality industry's private sector including 36 national hotel associations across the Caribbean region, over 850 hotel members... and more than 600 supplier companies...." See <http://www.caribbeanhotelandtourism.com/index.php>.

¹² PSTT "What does the EPA have to do with Tourism" Information Paper, 1. April 2006. Available on-line at: <http://www.tradeteam.bb/cms/pstt/files/sector/tourism/What%20does%20an%20EPA%20have%20to%20do%20with%20Tourism.pdf>

informal consultations with the Ministry of Foreign Trade. These activities are briefly outlined below.

Advocacy

The Private Sector Trade Team strongly encouraged the tourism stakeholders to engage in more active business advocacy to secure their interests and, in this regard, elaborated a three-pronged strategy to heighten the profile of tourism issues in the trade community.¹³

The first phase entailed the co-ordination of the public and private sectors at the national level. This element called for increased private sector involvement in the decision-making process on trade liberalization issues and placed the onus on the private sector to understand the issues and convey its needs to policy-makers and national negotiators.

The second phase involved the organisation of the public and private sectors at a regional level through the creation of opportunities for dialogue at major regional tourism conferences. The third phase was the organisation of regional stakeholders and negotiators at the international level and lobbying for the tourism industry within the multilateral arena.

Formulation of Positions

The Private Sector Trade Team proved to be an important player in the formulation of positions for the tourism industry. In conjunction with the Barbados Hotel and Tourism Association, the Private Sector Trade Team facilitated the process of identifying the tourism sector's offensive and defensive interests through the organisation of a number of focus groups in late 2004. Participants in these focus groups not only included the key tourism stakeholders, but also a representative from the Ministry of Foreign Trade. This reflects the highly collaborative nature of the relationship between the private and public sectors on trade issues. Other examples of such collaboration include the Private Sector Trade Team's active participation in the Ministry of Foreign Trade's Technical Committee of Officials which met as needed to discuss different trade issues.

The focus groups were aimed not only at formulating a private sector position on tourism issues for the negotiations with the EU, but also for upcoming negotiations with Canada and the USA. Sub-sectors which were the subject of these exercises included tour operators, tour guides and travel agents; attraction and recreation services; aircraft catering services; car and coach rental services; and duty-free retail services. It is clear that the tourism stakeholders took an expansive view of the tourism industry as their focus groups and subsequent requests included services which are not classified as tourism services under the Central Product Classification (CPC), that is to say under the common world-wide product classification system of goods and services published by the United Nations.

¹³ PSTT, "Need for Tourism Lobbying" Available on-line at:
<http://www.tradeteam.bb/cms/pstt/files/tradenews/Need%20for%20Tourism%20Lobbying.pdf>

Modes of Supplies

In terms of market access, the WTO distinguishes between the following four modes of services supply:

- *Cross-border supply* (mode 1) covers services flows from one customs territory into another. A typical example may be services transmitted via telecommunications or mail.
- *Consumption abroad* (mode 2) refers to situations where a service consumer moves into another customs territory to obtain a service, as predominantly the case in the tourism sector.
- *Commercial presence* (mode 3) implies that a service supplier establishes a territorial presence in another customs territory to provide a service, as for example in the case of hotel chains.
- *Presence of natural persons* (mode 4) consists of persons entering a foreign customs territory to supply a service, as independent self-employed tour-operators may do on occasion.

The focus group discussions provided the basis for the national tourism stakeholders' market access requests to the Europeans. These requests were formally submitted by the Private Sector Trade Team to the Ministry of Foreign Trade for incorporation into Barbados' collective requests and offers (See **Table 1**). The Private Sector Trade Team submission highlighted areas in which the Barbadian service providers expressed interest in gaining enhanced access to the European market and requested the removal of specific barriers to tourism services exports.¹⁴ Sectors for which it was recommended that market access to the EU be sought included travel agent, tour operator and tour guide services, aircraft catering services, attraction services,¹⁵ entertainment services, cruise agent services, accommodation services and duty-free retail services.

¹⁴ It would appear that the Dunlop study, which was mentioned in footnote 2, made significant headway in identifying barriers to CARIFORUM tourism services exports. In addition, it seems that some service providers would have made use of the PSTT's consultative process to raise the issue of difficulties in accessing the EU market.

¹⁵ It is not completely clear what the PSTT considers to be attraction services. In the document "Submission on the Liberalisation of Attraction and Recreation Services" reference is made to a range of sectors and services. These include recreational, cultural and sporting services, entertainment services as well as chartering day/party/pleasure cruises and spa/medical/health services.

Table 1. Highlights of the Private Sector Trade Team's - Market Access Requests on Tourism

Travel Agents, Tour Guides and Tour Operators

Travel Agents

Removal of all restrictions on cross-border supply

Removal of all restrictions on the establishment of commercial presence

Removal of restrictions on the movement of managers and key personnel of CARIFORUM operations as well as independent self-employed travel agents

Tour Operators

Removal of all restrictions on cross-border supply

Removal of all restrictions on the establishment of commercial presence

Removal of restrictions on the movement of managers and key personnel of CARIFORUM operations as well as independent self-employed tour operator professionals

Tour Guides

Removal of all restrictions on the establishment of commercial presence

Removal of restrictions on the movement of managers and key personnel of CARIFORUM operations and provide for movement of CARIFORUM tour guides.

Lodging, Food and Beverage services

Lodging Services

Removal of all restrictions on the establishment of commercial presence

Removal of restrictions on the movement of managers and key personnel

Food serving services

Removal of all restrictions on the cross-border supply of catering services, including aircraft catering operations.

Removal of all restrictions on the establishment of commercial presence, including aircraft catering operations.

Removal of restrictions on the movement of managers and key personnel.

Source: Submission of the Private Sector Trade Team to the Foreign Trade Division, August 25, 2006

Government Reaction

Generally, the Foreign Trade Division of the Ministry of Foreign Affairs and Foreign Trade appeared to be satisfied with the private sector's initiatives on trade issues as they related to tourism. The Ministry found that the business support organisations which represented the interests of tourism stakeholders were well-informed and possessed a clear idea of the industry's defensive and offensive interests. In addition, Private Sector Trade Team's devotion of significant time and resources was reflected in well-researched and structured submissions. As a preliminary step, the Private Sector Trade Team's submission was examined by the Foreign Trade Division in the context of Barbados' EPA initial offers. It should be noted, however, that CARIFORUM's EPA offer was prepared on the basis of the CARIFORUM states' WTO offers (see **Table 2**).

Table 2. Main Elements of the CARIFORUM Access requests on Tourism

SECTOR	REQUEST TO THE EC MEMBER STATES BY MODE OF SUPPLY
Hotels and Restaurants including catering services CPC 641-643 ¹⁶	3) Remove limitations for Czech Republic and Poland for CPC 643 Remove national treatment restriction for the Economic Needs Test in Italy for CARIFORUM providers 4) Remove limitations for all member states
Travel Agencies and Tour Operators services CPC 7471 ¹⁷	1) 3) 4) Remove limitations for all member states
Tourist Guides services	4) Remove limitations for all member states ¹⁸

Source: Caribbean Regional Negotiation Machinery, CARIFORUM Request to the European Communities

While the Private Sector Trade Team's requests listed in Table 1 may appear somewhat different from those of CARIFORUM portrayed in Table 2, there is in fact a high level of consonance between the Private Sector Trade Team's request for market-opening commitments in activities that were considered in the strict sense to be tourism services and the CARIFORUM market access request to the EC. For example, the Private Sector Trade Team request for the removal of all limitations to the establishment of commercial presence is in effect equivalent to CARIFORUM's request for the Czech Republic and Poland to remove their restrictions as these were the only two European countries that remained unbound in the EC's conditional revised offer at the WTO. One difference, however, is that CARIFORUM's request did not heed the Private Sector Trade Team's request for the removal of restrictions on the establishment of commercial presence for tour guides services.

¹⁶ Services which are included are (CPC 641) Hotel and other lodging services; (CPC 642) Food serving services; and (CPC 643) Beverage serving services for consumption on the premises. As a result, Mode 3 for this sector would include operations like establishing a hotel, motel, holiday camp, restaurant, catering business, bar, café, etc in any EC member state. Mode 4 covers temporary entry visas for staff members of companies that have established a commercial presence as per above. This could include transferring key personnel (e.g. managers) or graduate trainees to work in the business for up to 3 years, or sending senior staff responsible for setting up the business for up to 90 days.

For more information on CPC 641-643, <http://unstats.un.org/unsd/cr/registry/regcs.asp?Cl=9&Lg=1&Co=64>. What the PSTT was requesting was for Czech Republic and Poland to remove the limitations they had set for beverage serving services (CPC 643). These limitations have been removed as indicated in Table 3. The PSTT also requested Italy to remove its requirement for an economic needs test for new bars, cafes and restaurants, however this still remains as indicated in Table 3. Additionally, the PSTT requested all EC member states to remove limitations for movement of staff. This too, was not entirely met as Bulgaria retains some requirements regarding foreign managers not outnumbering Bulgarian managers for certain types of companies. (Mode 4a). As far as contractual service suppliers in the hotel sector is concerned, none of the EC member state has agreed to concede.

¹⁷ For this services, examples of supply would be as follows: Mode 1 could include supplying travel information and booking services online or by telephone; Mode 3 could include establishing a branch office/agency in an EC member state; Mode 4 could include transferring company staff to establish and run the branch office in the EC member state. The PSTT requested that all limitations for modes 1,3 & 4 be removed. This was not entirely met as indicated in Table 3: Mode 1 - All the EC member states, except Bulgaria and Hungary, removed limitations. Mode 3 - Bulgaria and Portugal retain some requirements about companies needing to incorporate in Bulgaria/Portugal. All other EC members have removed any limitations to setting up a branch office etc. Mode 4 - Bulgaria again retains a requirement regarding foreign managers not outnumbering Bulgarian managers (and some of the general reservations which apply across all sectors may apply).

¹⁸ The PSTT requested all limitations to be removed. However some of the EC member states retained a "nationality condition" as indicated in Table 3. It is up to the national legislation and authorities to define the measures implementing the requirements. As a result, one may need to get additional information from the national relevant bodies.

The Caribbean Hotel and Tourism Association

The Caribbean Hotel and Tourism Association started operating in 1959 as a committee of the Caribbean Tourist Association - a public/private sector organization created to promote and market the region - in response to a specific hotel lobby. In 1962, the Caribbean Hotel and Tourism Association became an autonomous body as a not-for-profit organisation. In its internal documentation, the Association may sometimes refer to itself as the Caribbean Hotel Association.

Of all of the tourism stakeholders, the Caribbean Hotel and Tourism Association stands out the most in terms of its active engagement in the negotiation process and its extremely active role in co-ordinating the region's tourism private sector. In several quarters, the Caribbean Hotel and Tourism Association was considered to be *the* most important private sector actor on tourism issues. In large measure, the pivotal role played by the Caribbean Hotel and Tourism Association is explained by the national business support organisations' confidence that this organisation accurately reflected their industry's interests and that it was able to effectively articulate their demands. In the specific case of Barbados, the perception of the Caribbean Hotel and Tourism Association as a champion of the interests of the domestic tourism industry was also rooted in the fact that the Private Sector Trade Team's lead consultant on tourism issues was recruited to the Caribbean Hotel and Tourism Association as their Industry and Advocacy Manager specifically for the EPA negotiations. This contributed to a healthy cross-fertilisation of ideas and strong lines of communication between the Barbados Hotel and Tourism Association, the Private Sector Trade Team and the Caribbean Hotel and Tourism Association.

The Caribbean Hotel and Tourism Association's involvement in the EPA negotiation process included the formulation and submission of a position paper in 2005 and a first draft of the text for a declaration/EPA Annex on tourism, in collaboration with the Caribbean Tourism Organisation in 2006; encouraging the active engagement of its membership in the negotiation process by emphasising the importance of trade issues for the industry; polling members to gauge their views on particular issues; and participation in the Caribbean Regional Negotiation Machinery's Technical Working Groups in Barbados and Jamaica by both the Caribbean Hotel and Tourism Association's Barbados-based Industry and Advocacy Manager as well as its Miami-based Director-General/Chief Executive Officer.

In addition, when the negotiations on tourism waned to a low point in late 2007,¹⁹ the Caribbean Hotel and Tourism Association waged a public relations campaign in the local media which highlighted the importance of the tourism industry to the region and created some negative press for the EU especially in light of the significant asymmetries in size and power between the two regions.²⁰ In fact, the Caribbean Hotel and Tourism Association considers its campaign as

¹⁹ This deadlock seems to have been caused by opposing views on the necessity of including separate and distinct disciplines for the tourism industry within the EPA. While CARIFORUM was firmly committed to the inclusion of such disciplines, it appears that the EU negotiators deemed them to be unnecessary. Perhaps the EU considered that the general services provisions in addition to the competition policy framework in Title I, Chapter 1 would suffice to address the concerns of the CARIFORUM states. See Caribbean Hotel and Tourism Association, "CHA Reacts to Recent Developments in EPA Negotiations," press release, September 28, 2007, available on-line at http://caribbeanhotelandtourism.com/downloads/Press_092807_EPANegotiations.pdf; "CHA let down by EU," *Nation News*, October 2, 2007; and David Jessop, "Grasping the full economic impact of Caribbean tourism," *Jamaica Gleaner*, September 23, 2007.

²⁰ This notion of 'negative press' should be understood within the wider context of significant levels of tension surrounding the EU's efforts to conclude EPAs with the ACP countries as strong opposition to these agreements

one of the factors contributing to the modification of the EC's stance on tourism issues. While the deadlock was eventually resolved at the level of Chief Negotiators the latter anecdote serves to illustrate that there is a unique role for private sector actors in negotiations, especially in light of the fact that neither the CARIFORUM governments nor the Caribbean Regional Negotiation Machinery could have orchestrated such a media campaign without prejudicing the negotiations.

The Caribbean Hotel and Tourism Association's position paper of 2005 specifically articulated market access related demands in three areas:

- (i) The negotiation of a mutual recognition agreement (MRA) with the EU for the recognition and acceptance of tourism qualifications and credentialing programmes;
- (ii) Enhancement of Mode 4 access for the temporary entry of tourism professionals of all levels to the EU, as well as for Caribbean hospitality students seeking temporary work experience. Enhanced Mode 4 access was also sought for skilled and semi-skilled workers in the culinary, food and beverage (F&B) sub-sector; and
- (iii) Improved Mode 1 (cross-border supply) access through the review of EU legislation and standards applicable to Caribbean hoteliers cooperating with European tour operators²¹.

Mode I encompasses direct marketing of CARIFORUM based hotels services via their own Internet platforms and indirect marketing through Computer Reservation Systems (e.g. Amadeus, Sabre, Galileo, Worldspan) and online booking engines and Internet portals (Hotels.com, Expedia and Travelocity).

At present, in practice, the number of bookings made directly with Caribbean hotels is small. On the other hand, Computer Reservation Systems and online booking engines and Internet portals, are the main distribution channels for the tourism products. They are controlled by a few big international companies. As a result, CARIFORUM hotel service providers (under mode I) access to the EU tourist markets is for the most part indirect and the actual access to the EC market may be restricted to the requirements of the few key distributors.

Obtaining a mode I commitment for hotels would mean that the EU would not be in a position to maintain any market access barriers to CARIFORUM operators selling

emerged within the private sector and civil society in a number of ACP states. Such opposition was bolstered by support from some international non-governmental organisations and inter-governmental organisations. Much of the discourse from these quarters would have portrayed the EU as a powerful actor seeking to secure its own narrow interests to the detriment of the ACP countries which were operating from a disadvantageous position given their limited negotiating capacity, constrained resources and lower levels of economic development. In this environment, the Caribbean Hotel and Tourism Association's articulation of CARIFORUM's concerns through the media would have been hailed by some as yet another instance in which the EPA was an instrument for marginalising the development concerns of the EU's vulnerable ACP partners. In addition, this less than flattering portrayal of the EC and the EPA process would have triggered heightened levels of caution among the African and Pacific negotiators as they sought to secure their own regions' interests.

²¹ According to the Caribbean Hotel and Tourism Association, "national provisions implementing the EU Package Travel Directive have resulted in the application of standards which are inappropriate for the Caribbean climate and the location, design and architecture of Caribbean Hotels. The large cost of compliance has been a major issue for CARIFORUM hoteliers." Caribbean Hotel and Tourism Association, "The Position of the Caribbean Hotel Association (CHA) on the Treatment of Tourism within the Economic Partnership Agreement with Europe." April 2005.

their services directly or indirectly in the EU market via an electronic mode. Given the marketing trend described above, the immediate consequence would be to obviate barriers, which may arise from the dominance of the international booking agencies. With a Mode I commitment, there is a legal basis on which to challenge these barriers to the marketing of the CARIFORUM tourism service. This should be considered in conjunction with the anti-competitive provisions in the EPA, which address the question of global suppliers that have the capacity to materially affect the CARIFORUM operator's ability to participate in the market. This market access plus the anti-competition provisions would provide CARIFORUM with a stronger basis to compete against unfair practices such as exclusivity clauses, etc.

In the absence of a commitment²², there is no legal basis for contesting such barriers to market access and hence it is more difficult to make inroads into the market on the basis of only access via CARIFORUM's own Internet marketing.

As far as the EU Package Travel Directive is concerned, it is important to note that it applies to the CARIFORUM hotels, whether they market their services directly or indirectly to the EU market. As indicated, the way in which some EU Member States have implemented the Directive appears to have been a barrier to mode I access. In getting a Mode I commitment, CARIFORUM states may put the onus on the EU Member States to ensure that the implementation of the Package Directive does not serve as a barrier to mode I access.

These demands, along with the other concerns of the tourism stakeholders, were also incorporated into the Caribbean Hotel and Tourism Association/Caribbean Tourism Organisation's draft text on tourism.

The Treatment of Tourism Services in the EU-CARIFORUM Economic Partnership Agreement (EPA)

Overall Market Access Gains

The EU has made a number of commitments in the tourism and travel related services sector, namely in regard to hotels, restaurants and catering services and travel agencies, tour operators and tourist guide services (see **Table 3**). Some commitments were also made for spa services as well as for a number of services which are not classified as tourism services, but were nonetheless of interest to Barbados' tourism services providers.²³ The market access gains are discussed below in terms of each of the four specific modes of supplying tourism services.²⁴ It should be noted that the area covered by the EPA agreement (e.g. Service trade, investments) are "shared competences" between the EC and the Member States. As a result, not all areas have been liberalised homogeneously in the EPA. In fact, a number of EC member

²² Which is eventually the case for the most part with respect to the Mode I supply to hotel services as only 3 EU member states took full commitments (see Table 3)

²³ Given that the scope of this study is limited to tourism services, there will be no elaboration on the other market access gains which were of interest to the tourism stakeholders. However, it should be mentioned that these market access gains were in the entertainment services; business services; and recreational, cultural and sporting services sectors.

²⁴ The discussion of market access gains in this section of the study benefits from the CRNM's Brief- "Treatment of Tourism in the EPA," 3200.3/EPA-09[08], (Kingston/Christ Church: CRNM, 2008).

states have taken opt outs with regard to specific supply modes in certain sectors, as will be explained in more detail below.

Table 3. Highlights of EC's Tourism Market Access Commitments to CARIFORUM in the EPA

Sub-sector	Modes:	EPA Commitments (No. of EC Member States)		
		Full	Partial	Unbound
Hotels and Restaurants	1	3	0	24
	2	27	0	0
	3	25	2	0
	4 ^a	26	1	0
	4 ^b	0	0	27
Catering	1	27	0	0
	2	27	0	0
	3	25	2	0
	4 ^a	26	1	0
	4 ^b	0	0	27
Travel Agencies	1	25	0	2
	2	27	0	0
	3	25	2	0
	4 ^a	26	1	0
	4 ^b	14	12	1
Tour Operators Services (including tour managers)	1	25	0	2
	2	27	0	0
	3	25	2	0
	4 ^a	26	1	0
	4 ^b	14	12	1*
Tourist Guides Services	1	17	0	10
	2	27	0	0
	3	27	0	0
	4 ^a	15	12 (=0)	0
	4 ^b	1	21	5
Spa Services	1	0	0	27
	2	27	0	0
	3	27	0	0
	4 ^a	0	27 (=0)	0
	4 ^b	0	0	27

Source: Annex IV.A, IV.B, IV.C and IV.D of the EC-CARIFORUM EPA

Explanatory Notes: 4^a- Key Personnel and Graduate Trainees; 4^b- Contract Service Suppliers (CSS); (=0)- Partial access negated by nationality requirement; *- Ireland is unbound except for tour managers

Cross-Border Supply of Services (Modes 1 and 2)

The EC member states were very liberal in their commitments on the provision of catering services through Mode 1, removing all market access restrictions. However, a closer inspection of the EC's Mode 1 commitments on catering suggests that this gain may be of relatively limited value given the difficulty in practice in supplying catering services via Mode 1.²⁵ The EC's

²⁵ Airline catering services are a likely exception to this observation. However, the former services are classified as services auxiliary to air transport and not as a part of the tourism services sector.

commitments for hotels and restaurants reveal a far more restricted access regime. Only Estonia, Finland and Hungary have removed their restrictions on the latter services while the remaining 24 EC member states remain unbound.

CARIFORUM suppliers also secured additional market access for the Mode 1/cross-border supply of travel agency and tour operator services, with only Bulgaria and Hungary opting to maintain their restrictions. For tourist guide services, 17 EC member states removed their market access limitations while the sub-sector remains uncommitted for Bulgaria, Cyprus, the Czech Republic, Hungary, Italy, Lithuania, Malta, Poland, the Slovak Republic and Slovenia.

The EU inscribed no limitations on Mode 2 trade (consumption abroad) for any of the three tourism categories or for spa services. Europeans can therefore consume these scheduled tourism and spa services freely in CARIFORUM countries. Such commitments are clearly of limited value as there were already no barriers to start with. CARIFORUM states had sought to add value to these commitments by requesting the portability of state funded medical insurance benefits so that the costs of medically mandated spa treatments be eligible for reimbursement for EU citizens. However, this request met with little success as EC negotiators considered such insurance schemes to lie beyond the scope of the EPA given that Article 65 (d) specifically carves out economic activities supplied in the exercise of governmental authority from the agreement's remit.

Commercial Presence (Mode 3)

The EC provided substantial market access for the establishment of CARIFORUM commercial presence in tourism services. For hotel, restaurant and catering services, all EC member states except Bulgaria and Italy have no restrictions on commercial presence. Bulgaria requires incorporation and Italy imposes Economic Needs Tests.

For travel agency and tour operator services, only Bulgaria and Portugal maintain limitations requiring incorporation or maintenance of the firm's corporate base in the host country. There are no limitations on commercial presence in any EC state for tourist guides services. In addition, there are no restrictions on spa services.

Temporary Presence of Natural Persons for Business Purposes (Mode 4)

The EC has committed to allowing investors to engage key personnel and graduate trainees for every service sector liberalised under the EPA, subject to some country specific limitations. The temporary entry and stay of key personnel and graduate trainees will be for a period of up to three years for intra-corporate transfers, ninety days in any twelve month period for business visitors, and one year for graduate trainees. Only Bulgaria has maintained limitations in these categories for hotel, restaurant and catering services as well as for travel agency and tour operator services. Bulgaria has stipulated that the number of foreign managers cannot exceed that of local managers where the state/municipal share in equity in a Bulgarian company is greater than 50 per cent. With respect to tour guides services, 15 member states removed their limitations to the movement of these two categories of professionals. The other 12 EC member states have maintained nationality requirements which, in effect, can be argued to nullify the partial access otherwise granted. Nationality requirements also apply to key personnel and graduate trainees across the EC for spa services.

As regards commitments on contractual service suppliers, the EC remains unbound for hotel, restaurant and catering services as well as for spa services. The EC was more liberal for travel agency services with 14 countries scheduling no limitations for this category of professionals while 12 EC member states applied economic needs test and Ireland remained unbound. A similar picture emerges for tour operator services including tour managers, although Ireland has made a commitment to allow contractual service suppliers entry solely for tour managers. For tour guides services, there is a much lower level of commitment, as only Sweden agreed to remove its market access limitations whereas 21 EC states inscribed economic needs tests and the 5 remaining states have not undertaken any commitments. The EC did not make an offer on the temporary entry of independent professionals in any of the three tourism sub-sectors.

A Market Access Scorecard: Measuring EU Commitments against Barbados/Caribbean Demands

(i) Market access advances across sub-sectors and modes of supply

In comparing the Private Sector Trade Team's requests for new and enhanced market access for the provision of tourism services in the EC, it becomes clear that Barbados' tourism stakeholders secured much of what they aimed for.²⁶

For catering, travel agency, tour operator and tour guide services, the EC member states provided a significant level of Mode 1 access with the level of commitments ranging from as high as all EC members states to a low of 17 member states.²⁷ This was quite clearly a favourable outcome for Barbados' service providers. The Private Sector Trade Team had not requested any Mode 1 market access commitments for hotel services, as these were not considered to be technically (nor commercially) feasible. With respect to food serving services, the Private Sector Trade Team's request was limited to catering services (CPC 6423) and hence the lack of EC commitments for restaurant services is presumably not problematic.

In terms of the commercial presence commitments, the EC was very liberal with 25 EC states making commitments in all of the scheduled tourism sub-sectors as well as for spa services. Again, Barbadian tourism service providers can be relatively content on this score. While the Private Sector Trade Team had included aircraft catering in its general catering services market access request, such a service is properly classified as a service auxiliary to air transport services.²⁸ In its

²⁶ It is important to bear in mind that the Barbados stakeholders' requests would have been for the most part incorporated into the regional market access requests. Hence, while the discussion is framed mostly in terms of the market access gains achieved by the Barbados tourism stakeholders, this is a somewhat artificial approach as the EC would have been responding directly to a consolidated CARIFORUM market access request and not to the requests of the Barbados tourism services suppliers.

²⁷ It is clear that the market access granted by the EU is still significant even with 10 member states remaining unbound. This is based on the rationale that the EU-27's total receipts from international inbound tourism stood at €253 161 million in 2006. Tourism receipts for these ten countries (Bulgaria, Cyprus, Czech Republic, Hungary, Italy, Latvia, Malta, Poland, Slovakia and Slovenia) totaled €51 488 million, which represents 21.89 per cent of the EC-27's total. Hence, the remaining 17 countries, which have removed market access restrictions, account for almost 80 per cent of the total receipts. See European Commission, *Eurostat Pocketbooks: Tourism Statistics* (Luxembourg: European Commission, 2008), 33.

²⁸ The aircraft catering services sub-sector is important for Barbados as the country has one firm which has developed expertise in this area and has expanded operations in Central and South America and other parts of the Caribbean.

commitments in the latter sub-sector, the EC scheduled a reservation limiting categories of activities to the size of the airport, stipulating that the number of providers in each airport can be limited due to space constraints and to not less than two suppliers for other reasons. In addition, Bulgaria imposed an incorporation requirement. From the Private Sector Trade Team's perspective, such access, even if limited, can be considered a positive outcome.

As measured against its requests, Barbados gained significant market access for key personnel and graduate trainees in the hotel, restaurant and catering services sectors and travel agency and tour operator services, with 26 EC Member States making full commitments while Bulgaria scheduled a partial commitment. In terms of the gains on contractual service suppliers, the Private Sector Trade Team had only requested that the EC allow for the temporary entry of tour guides. There was some measure of success as one EC Member- Sweden- fully opened its market while 21 members made entry subject to an economic needs test.

Particularly useful were the far more significant gains made for contractual service suppliers entry in regard to travel agency and tour operator services. The latter gains should not be underestimated given that such market access provides CARIFORUM service suppliers with the opportunity to compete with vertically integrated suppliers in the European market.

On the wider question of enhanced Mode 4 access, especially as it relates to tourism professionals in the culinary, food and beverage sub-sector as requested by the Caribbean Hotel and Tourism Association, it would appear that the EC, to a significant extent, satisfied these demands. As regards requests for enhanced temporary entry privileges for hospitality students, such students are unlikely to meet the criteria for graduate trainees which are as follows: (i) employed by a juridical entity for at least one year; (ii) possess a university degree; and (iii) temporarily transferred to a commercial presence of a juridical entity in the territory of the other party for career development or training purposes. Nevertheless, an effort was made to address CARIFORUM's request by including development assistance provisions for tourism exchange programmes and training.²⁹ This in fact represents a novel approach to permit some form of mobility for this category of natural persons.

(ii) Mutual recognition

On the question of the negotiation of a mutual recognition agreement (MRA) for tourism service providers, the EPA provides that "*the Parties shall co-operate towards the mutual recognition of requirements, qualifications, licenses or other regulations in accordance with Article 85...*"³⁰ Article 85, which deals with mutual recognition more generally, reaffirms the Parties' right to require that natural persons possess the necessary qualifications and/or professional experience to supply covered services; commits the Parties to encourage the relevant professional bodies in their respective territories to jointly develop and provide recommendations on mutual recognition to the CARIFORUM-EC Trade and Development Committee to

²⁹ EC-CARIFORUM EPA, Article 117 (2) (e) provides for tourism exchange programmes and training, including language training for tourism services providers.

³⁰ EC-CARIFORUM EPA, Article 114.

determine the criteria to be applied by the Parties for the authorisation, licensing, operation and certification of investors and services suppliers. Tourism is identified as one of the priority sectors for the development of mutual recognition arrangements under the Agreement.³¹ The EPA specifically mandates the EC and CARIFORUM to encouraging (i.e. a hortatory, or “best endeavours” commitment) their relevant professional bodies in their respective territories to start negotiations three years after the EPA’s entry into force in order to jointly develop and provide recommendations on mutual recognition.

The Caribbean Hotel and Tourism Association’s desire for improved Mode 1 access through a review of national legislation implementing the EC Package Travel Directive³² is, to some extent, addressed in Article 116 of the EPA, which stipulates that the Parties are to encourage compliance with environmental and quality standards applicable to tourism services in a reasonable and objective manner, *without constituting unnecessary barriers to trade* (emphasis added).

An additional avenue for addressing issues such as those arising out of the EU Package Travel Directive is the consultative mechanism for regular dialogue on tourism-related issues to be established under Article 118 of the EPA. The exact modalities for the exchange of information and consultation between the parties and private and other relevant stakeholders have not been spelt out in the EPA but are to be developed by the CARIFORUM-EC Trade and Development Committee.

An assessment of the market access gains deriving from the EPA would not be complete without engaging in some discussion on the EPA’s novel tourism-specific competition disciplines and the sector’s specific provisions on trade-related capacity-building as they both, in different ways, strengthen CARIFORUM’s supply-side capacity and increase the region’s chances of exploiting the new and enhanced market access opportunities flowing from the Agreement.

(iii) Competition policy disciplines

Initially, CARIFORUM had proposed the inclusion of a distinct tourism annex in the EPA. The origins of this seems to have been the WTO Doha Round proposal submitted by Bolivia, the Dominican Republic, Ecuador, El Salvador, Honduras, Nicaragua, Panama, Peru and Venezuela in 2001.³³ The latter proposal was the inspiration for the draft text on tourism which was formulated by the Caribbean Hotel and Tourism Association and adopted by the Caribbean Regional Negotiation Machinery in the EPA context. However, as mentioned earlier, the EC resisted the inclusion of such an annex which precipitated a deadlock in the services

³¹ EC-CARIFORUM EPA, Article 85 (3).

³² According to the European Union’s website Council Directive 90/314/EEC on Package Travel, Package Holidays and Package Tours “is designed to protect consumers who contract package travel in the EU. It covers the sale of a pre-arranged combination: Consumers are covered where, at least, two of these elements are sold or offered for sale at an inclusive price and the service covers a period of more than twenty-four hours or includes over-night accommodation.” The Directive contains, *inter alia*, rules concerning the liability of package organisers and retailers, who must accept responsibility for the performance of the services offered. See European Commission, “Package Travel,” Available on-line at http://ec.europa.eu/consumers/cons_int/safe_shop/pack_trav/index_en.htm

³³ World Trade Organisation, “Communication by Bolivia, Dominican Republic, Ecuador, El Salvador, Honduras, Nicaragua, Panama, Peru and Venezuela: Draft Annex on Tourism,” S/CSS/W/107, September 26, 2001.

negotiations. The EC then presented its own draft text and the two parties were subsequently able to reach a compromise.

One important element of the Doha Development Agenda proposal which the Caribbean Hotel and Tourism Association maintained in its EPA draft was the creation of a competitive safeguard for tourism.³⁴ The inclusion of disciplines on anti-competitive practices was of key importance to CARIFORUM states as the global tourism industry is characterised by vertically integrated market structures and consolidated distribution channels controlled by a limited number of large international players,³⁵ many of which are based in the EU. Specifically, in accordance with Chapter 1 of Title IV dealing with competition policy, Article 111 EPA compels the parties to maintain or introduce measures to prevent suppliers from materially affecting 'the terms of participation in the relevant market for tourism services by engaging in or continuing anti-competitive practices, including, *inter alia*, abuse of dominant position through imposition of unfair prices, exclusivity clauses, refusal to deal, tied sales, quantity restrictions or vertical integration.'

The EPA provision on the prevention of anti-competitive practices is legally binding.³⁶ This is also the case for the provisions on mutual recognition and development co-operation. Perhaps the EC's acceptance of these stronger provisions may be linked to its own desire to include an MFN clause which extends any preference granted by CARIFORUM states to a major trading country to the EC³⁷ as well as to the EC's desire to have sector specific disciplines on service industries in which it had an interest, such as e-commerce, telecommunications, courier, maritime transport and financial services. Within the meaning of the EPA MFN clause, a major trading economy is every developed country or any country accounting for a share of world merchandise exports above 1% in (or any group of countries accounting collectively for 1.5%) the year before according more favourable treatment to the third party.

(iv) Trade-related capacity building

Also notable in the EPA's treatment of tourism services is the fact that the sector features distinct development co-operation provisions, in contrast to other sectors where such issues are addressed in a generic manner. The EPA puts forward an explicit commitment on the part of the EC to help in the advancement of the tourism sector in the CARIFORUM states and sets out a non-exhaustive list of specific areas in which the Parties agree to co-operate. This includes capacity building for

³⁴ Incidentally, it is worthy of note that the EC's reaction to Dominican Republic's Doha Development Agenda proposal was to support the main intentions of the proposal, while not explicitly endorsing the Tourism Annex to the GATS. However, the EC signaled that two issues in the draft- tourism and sustainable development and competitive safeguards- merited further consideration. See Dunlop, "Tourism Services Negotiations Issues," 10.

³⁵ CRNM, "The Treatment of Tourism in the CARFORUM-EC Economic Partnership Agreement," 2.

³⁶ By contrast, the other provisions in the Section 7, which addresses the tourism sector, are non-binding. Sauvé and Ward explained this combination of binding and non-binding provisions as being reflective of the dynamics of negotiations. By most accounts, most of the tourism provisions, which were formulated with the active participation of the CARIFORUM members' private sector, were resisted by the EC. Hence, it seems that the priority for CARIFORUM states was to ensure that the key provisions relating to anti-competitive behaviour, mutual recognition and development co-operation were made legally binding. See Pierre Sauvé and Natasha Ward, "The EC-CARIFORUM Partnership Agreement: Assessing the Outcome on Services and Investment." *ECIPE Discussion Paper*. Brussels: European Centre for International Political Economy. Forthcoming.

³⁷ EC-CARIFORUM EPA, Article 70: 1 (b) and 79: 1 (b).

environmental management, the development of internet-based marketing strategies for small and medium sized tourism enterprises, as well as the upgrading of national accounts systems with a view to facilitating the introduction of tourism satellite accounts³⁸ at the regional and local level.

³⁸ A Tourism Satellite Account (TSA) is a statistical instrument to analyse the economic importance of tourism. According to the European Commission, a complete TSA contains detailed production accounts of the tourism industry and their linkages to other industries, employment, capital formation and additional non-monetary information on tourism. See online at:
<http://www.unwto.org/statistics/index.htm>
and
http://ec.europa.eu/enterprise/services/tourism/tourism_satellite_account.htm.

Conclusions

The EPA negotiations represented an opportunity for service suppliers in Barbados and the Caribbean to reap benefits not achieved in the WTO: to create meaningful, innovative, market-opening rules for the sector; to establish a common understanding on issues facing the sector, for example in the area of standards and anti-competitive practices; to create mechanisms to make it easier for EU investors to choose the Caribbean; and to strengthen the capacity of CARIFORUM operators to increase tourism exports and the industry's competitiveness. Illustrating the iterative nature of the relationship between multilateral and regional trade initiatives, the EPA's tourism provisions built on and incorporates elements of proposals on tourism made in the context of the Doha Development Agenda, including those sponsored by the Dominican Republic and other WTO Members in 2000 and 2001.

The region's positions on international trade in tourism services coalesced through preparatory consultations across CARIFORUM States and through direct input from the region's tourism and hotel associations and other key stakeholders. CARIFORUM countries successfully advanced their position in the negotiations, leading to the adoption of path-breaking disciplines on tourism in the EPA and the creation of a common understanding on tourism-related disciplines among almost a third of the WTO membership.

The success of the Barbados tourism stakeholders' campaign to secure meaningful new market access opportunities in the EU market can be attributed to a number of key factors. These include: (i) the determination of the private sector to actively engage in the negotiation process in order to secure its stated market access aims; (ii) the effective use of business support organisations to formulate positions and convey such positions to the Government and the regional negotiating authorities; (iii) the commitment manifested by both the Barbadian government and the country's tourism stakeholders to creating and maintaining a constructive and co-operative working relationship throughout the negotiating cycle; and (iv) the ability of negotiators to successfully pursue the interests of private operators.

This latter point should not be underestimated as the competence of the region's negotiators was a major element in the securing of these advances. The Caribbean Regional Negotiation Machinery proved to be an adept intermediary between the region's private sector and the EC negotiators.³⁹ This has been, no doubt, facilitated by years of trade-related capacity building assistance directed towards the region and Barbados from the European Union and Canada and international agencies such as the World Trade Organisation and the Organisation of American States. Moreover, the Caribbean Regional Negotiation Machinery has proven to be a unifying thread in the tapestry of the Barbados tourism success story given its participation in regional-national collaboration at the industry level as illustrated by its partnering with the Caribbean Hotel and Tourism Association and Caribbean Tourism Organisation to sensitize national business support organisations. The importance of the latter collaboration is aptly

³⁹ The CARIFORUM's capacity to negotiate a comprehensive EPA was facilitated by the fact that the region had already acquired significant experience in negotiating trade issues in several negotiating fora. The negotiation of the CARICOM-Dominican Republic FTA would have provided insights on the level of existing barriers to trade within the CARIFORUM region and clear indications of what the future liberalisation agenda should look like within the sub-region. In addition, negotiations on the ill-fated Free Trade Area of the Americas exposed CARIFORUM negotiators to a wider range of trade issues. All of these above processes, together with experience gained in multilateral negotiations at the WTO, contributed to improving the quality of the region's negotiating skills and boosted the region's comfort level in dealing with many of the policy areas, old and new, that would become subject to EPA negotiations. For a more in depth discussion, see Sauvé and Ward, "The EC-CARIFORUM Partnership Agreement: Assessing the Outcome on Services and Investment."

captured in the sentiments expressed by Ramesh Chaitoo, the Caribbean Regional Negotiation Machinery's Lead Services Negotiator, that "negotiating positions take a long time to stoke, marinate, simmer, get buy-in by industry and then become national positions of governments."⁴⁰ In this regard, the Caribbean Regional Negotiation Machinery discharged the distinctive function of providing the analytical and conceptual framework within which the other actors identified their interests, assessed their options and formulated their positions.

This case study illustrates that the private sector in developing countries, including in small and vulnerable economies, can reap significant rewards from adopting a pro-active approach to - and early engagement in - trade negotiations. Not only can benefits be derived from influencing the nature and substantive content of agreed provisions and the level of commitments undertaken by negotiating partners, but also in ensuring that any development assistance made available is relevant to the private sector's needs so as to durably enhance supply-side capabilities.

One of the main tasks lying ahead for private operators in Barbados is to ensure that all stakeholders recognise the new and enhanced market access opportunities flowing from the Agreement and strategically position themselves in order to tap into newly opened European Union markets. Two parallel initiatives, one by the private sector and another from the government, suggest that such a process is already underway. On the private sector side, the Caribbean Hotel and Tourism Association is preparing a "user's" guide targeted at tourism industry stakeholders that dissects in user-friendly terms how they can benefit from the EPA as well as from the liberalisation commitments undertaken by CARIFORUM governments. The Caribbean Hotel and Tourism Association is also seeking funding to finance a road show to promote the market access gains realized under the EPA and the opportunities for targeted development assistance and technical support made available under the Agreement. For its part, the Government is moving forward with plans to establish an EPA Implementation Unit which will support all industries in benefiting from the development assistance provided under the Agreement.

⁴⁰ Ramesh Chaitoo, E-mail communication with the author, December 29, 2008.

List of References

Barbados Private Sector Trade Team, "About the PSTT," Available on-line at:
http://www.tradeteam.bb/cms/default.asp?V_DOC_ID=1056

"The Identification of Services Exports to the Dominican Republic and the European Union." Letter to the Foreign Trade Division of the Ministry of Foreign Affairs and Foreign Trade. August 25, 2006.

"Need for Tourism Lobbying." Available on-line at:
<http://www.tradeteam.bb/cms/psstt/files/tradenews/Need%20for%20Tourism%20Lobbying.pdf>

"Submission on the Liberalisation of Attraction and Recreation Services." Available on-line at:
http://www.tradeteam.bb/cms/psstt/files/sector/tourism/Submission_on_the_Liberalization_of_Attraction___Recreation_Services.pdf

"What does the EPA have to do with Tourism?" Information Paper, April 2006. Available on-line at:
<http://www.tradeteam.bb/cms/psstt/files/sector/tourism/What%20does%20an%20EPA%20have%20to%20do%20with%20Tourism.pdf>

Barbados Statistical Service, *Statistical Service Labour Force Survey*, 2006.

Barbados Statistical Service, *Statistical Service Labour Force Survey*, 2007.

Caribbean Hotel and Tourism Association. Available on-line at:
<http://www.caribbeanhotelandtourism.com/index.php>.

"CHA Reacts to Recent Developments in EPA Negotiations." Press Release. September 28, 2007. Available on-line at:
http://caribbeanhotelandtourism.com/downloads/Press_092807_EPAnegotiations.pdf

"The Position of the Caribbean Hotel Association (CHA) on the Treatment of Tourism within the Economic Partnership Agreement with Europe." April 2005.

"CHA let down by EU." *Nation News*, October 2, 2007.

and the Caribbean Tourism Organisation. "CARIFORUM Submission to the EU: Draft EPA Annex/Declaration on Tourism."

Caribbean Regional Negotiating Machinery. CARIFORUM Request to the European Communities. Christ Church: Caribbean Regional Negotiation Machinery, n.d.

"The Treatment of Tourism in the EPA." EPA Brief, 3200.3/EPA-09[08]. Kingston/Christ Church: CRNM, 2008. <http://new.crn.org>

Dunlop, Adam. "Tourism Services Negotiations Issues: Implications for CARIFORUM Countries." Kingston/ Christ Church: CRNM, 2003.

Economic Partnership Agreement between the CARIFORUM States and the European Community and its Member States. Signed October 15, 2008.

European Commission. *Eurostat Pocketbooks: Tourism Statistics*. Luxembourg: European Commission, 2008.

“Package Travel.” Available on-line at:
http://ec.europa.eu/consumers/cons_int/safe_shop/pack_trav/index_en.htm

“Tourism Satellite Account.” Available on-line at:
http://ec.europa.eu/enterprise/tourism/major_activities/tourism_satellite_accounts/index_en.htm.

Jessop, David. “Grasping the full economic impact of Caribbean tourism.” *Jamaica Gleaner*. September 23, 2007.

Ministry of Finance, Economic Affairs and Energy. *Barbados Economic and Social Report 2007*. July 2008.

Sauvé, Pierre, and Natasha Ward. “Services and Investment in the EC-CARIFORUM EPA: Innovation in Rule Design and Implications for Africa.” *The European Union’s Economic Partnership Agreements with Africa: New Panacea for Development?* Ed. Gerrit Faber and Jan Orbie. Routledge, in press.

“The EC-CARIFORUM Partnership Agreement: Assessing the Outcome on Services and Investment.” *ECIPE Discussion Paper*. Brussels: European Centre for International Political Economy. Forthcoming.

World Tourism Organisation. “Tourism Satellite Accounts.” Available on-line at:
<http://www.unwto.org/statistics/index.htm>

World Trade Organisation. “Communication by Bolivia, Dominican Republic, Ecuador, El Salvador, Honduras, Nicaragua, Panama, Peru and Venezuela: Draft Annex on Tourism,” S/CSS/W/107, September 26, 2001.

Trade Policy Review of Barbados. Report of the Secretariat. September 2008. WT/TPR/S/203.