

**REMARKS DELIVERED BY THE HONOURABLE CHARLES SAVARIN, MINISTER FOR FOREIGN AFFAIRS, TRADE AND LABOUR AT THE OPENING CEREMONY OF THE OECS MINISTERS OF TRADE MEETING FORT YOUNG HOTEL, MAY 31, 2006**

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Salutations:

First, I would like to extend a warm welcome to my colleague Ministers of Trade and Heads of Delegations of the OECS Member States, and to their Officials and delegates, and to the Director of the Economic Affairs Division and staff of the OECS Secretariat, to Dominica, the Nature Island of the Caribbean. It is always a pleasure to have you here in Dominica where you can enjoy the best of Caribbean hospitality, the best of natural beauty...

This Meeting is taking place around a very important time in the history of the Organisation of Eastern Caribbean States (the OECS). In a little over two weeks, on the 18th of June 2006, the countries of the sub-region will mark the twenty-fifth anniversary of the founding of the OECS. The OECS Authority, comprising the Heads of Government of the Member States will gather in St. Kitts and Nevis for a grand celebration to commemorate this momentous occasion in the history of the region.

As we have gathered here for this OECS Ministers of Trade Meeting on the eve of the 25th year of the OECS project, I want to take this opportunity to highlight and to emphasize the importance which we attach to the OECS. The OECS sub-region for us is the core regional integration process in the region. In many ways we have achieved more at the OECS sub-regional level than we have achieved at the wider regional level. We have achieved a single, strong and stable common currency with a central bank (ECCB) and a common monetary policy. We have a shared Eastern Caribbean Supreme Court which means we share a common legal and judicial framework. We have the Directorate of Civil Aviation, one of the oldest of the common services entities of the region. More recently we have established the Eastern Caribbean Telecommunications Authority (ECTEL) and more.

Having established these key functioning common institutions, as well as taking steps to implement the CARICOM Single Market in the Eastern Caribbean, we are now ahead of the wider regional grouping- CARICOM. In fact we are well into the realm of having a single economy which is still to be worked out at the CSME level.

In addition to these, we have the various Units of the OECS such as the Export Development Unit (EDU), the Pharmaceutical Procurement Service (PPS), and the Education and Human Resource Development Unit (OERU) through which we cooperate at a functional level not to mention the programmes and projects being undertaken at the sub-regional level.

We have more in common in terms of the structure of our economies, the constraints and limitations that we face and the opportunities and challenges that are laid before us than we have with our brothers and sisters in the wider grouping. If there is any textbook definition of what a small vulnerable economy is anywhere in the world one has to look no further than the countries of the OECS.

Given all this therefore, we cannot afford to have any misgivings among us of the value and importance of the OECS to our social and economic development now, and in the future. While we adhere to and encourage the important principles of democracy and free expression which allows persons to make comments and express opinions whether in support of or against any issue of

public interest, we should always bear in mind that when we hold important positions of influence, the doubts that we cast on the validity of our institutions have the effect of sounding a negative note which does not move us forward but only seek to detain us from progressing in the process of building sub- regional integration arrangements. Further it may suggest that we are engaged in a useless exercise as we seek to construct a closer union.

It is important to note that our objective of arriving at a greater level of integration at the sub-regional level is in no way inimical to our participation and contribution to the wider regional process. Strengthening the sub-regional grouping must be seen as a means of strengthening the wider CARICOM grouping. The building of institutions at the OECS level, the provision of shared services, and the growth in functional cooperation is a means of sharing the limited resources of each of the small island states. All of these institutions and services would be required at the national level. It however becomes more efficient and economical to have a sub-regional platform for most of these activities.

Therefore our desire to have an OECS Economic Union with a new Treaty remains very relevant and necessary. While we seek to advance the wider regional process, let us use the sub-regional process as the means through which we do so. We have the chance to set a clear example of how a single economy can operate in the region. We already have the foundations laid. Let us build on it and take the lead.

When I look at the Agenda for this OECS Ministers of Trade Meeting I see that we have some very critical issues down for deliberations and discussions. This meeting is taking place at a very important and interesting time in the scheme of events and recent developments in the area of trade at the regional, hemispheric, plurilateral and international level. These will have far reaching implications for the economic welfare for the small vulnerable economies of the OECS Member States. I welcome this opportunity for us as Ministers of Trade of the OECS Member States to meet to consider those issues and chart the course and the framework for trade policy formulation and implementation for the sub-region. I consider it critically important that we meet on a regular basis to look at our common interests on trade policy issues and to advance those interests.

We in the OECS always need to use the advantage granted by the similarities of our economies and the commonality of our interests and concerns to fashion our positions and to articulate these clearly and loudly with a singular voice at the broader regional and international levels. We have the numbers to significantly influence and shape the wider regional positions. Failing to make full use of this opportunity would only be to our disadvantage.

Three major issues on the agenda will take up most of our time over the next two days of our deliberations. Coincidentally or otherwise these all deal with the trade negotiations in which we are involved at the hemispheric, plurilateral and international level.

At the international level, the multilateral trade negotiations taking place at the World Trade Organization (WTO) under the Doha Development Agenda have arrived at a point where very little if any progress is being made. The deadline of April 30, 2006 set by the Ministers in Hong Kong for the Member States to arrive at full modalities for negotiating tariff reductions for goods and increased market access for services have been missed. The major players in the negotiations, the EU, US, and some larger developing countries are deadlocked on the key issues in the area of agricultural market access and subsidies and non-agricultural market access. Another deadline of July 31, 2006 is now approaching which was intended to be the time when Members would begin exchanging their schedules of offers for market access concessions. Without yet arriving at the

formulas for tariff and subsidy reductions, it is very doubtful that that July deadline will be met. It now seems that nothing will really happen before September 2006 according to recent estimates.

The WTO Director General and other commentators have all sounded the alarm of not concluding the negotiations by the end of this year. The arguments are that the world economy cannot do with a failure in the Doha Talks. Further, the US Trade Promotion Authority which is the instrument from Congress authorizing the US President to conclude trade agreements will expire in mid -2007. This places immense pressure on the system to conclude the Doha Agenda. For us in the OECS however who have had an extremely difficult time adequately following the negotiations without a sufficient physical presence in Geneva, and lacking the resources to always attend and participate in the technical and negotiating meetings in the region and in Geneva this stagnating of the talks allows us a very important opportunity to examine in a very careful way what our positions are and should be in these negotiations. We need to ensure that we take full advantage of this slowdown in the process to crystallize and cement our positions at the OECS level.

At what may be called the plurilateral level, the OECS is involved together with the rest of the CARIFORUM countries in negotiations for an Economic Partnership Agreement (EPA) with the European Union. These negotiations are now in the Third Phase during which the two parties are in the process of negotiating the approach for trade liberalisation and arriving at a consensus on the structure of the EPA and the text for the agreement. These negotiations are scheduled to be completed by December 31, 2007 to come into being in January 2008. This is to coincide with the expiration of the WTO waiver which covers the Cotonou Agreement.

What has been of critical concern for us in the OECS in the EPA negotiations, is the development dimension of the EPA. The EPA above all else must be an instrument for the economic development of the OECS countries and the wider CARIFORUM region. From the very beginning we were told, and we have argued, that the EPA is not simply another Free Trade Agreement. It is deeper than that. For this reason we are and must be concerned about the stance that the EU has taken so far at the negotiating table with our negotiators. We are nothing less than alarmed when we are told that the EU's approach to tariff liberalisation would lead us down a path of slashing the tariffs on a significant number of our goods very early on, even at the very start of the implementation period. We have heard the public proclamations and pronouncements of the EU politicians and senior officials on what the EPA is meant to be. We however see the gaps and the disconnection between what is said in the public arena and what has so far been actually placed on the table.

We in the OECS must be very vigilant in safeguarding our interests in the EPA negotiations. We must ensure that what we were promised for the EPA negotiations is delivered when we come to sign the agreement some time at the end of 2007. We are fully confident in the ability of our negotiators to negotiate very strongly for our interests and concerns. We must ensure however that they are armed with what these interests and concerns are.

Finally we will be considering an OECS perspective on a possible CARICOM-US Free Trade Agreement. For a number of reasons, it is wise and prudent to consider the negotiations of an FTA with the United States. It has been more than two years since the Free Trade Area of the Americas (FTAA) negotiations have languished in a stalemate. The WTO waiver which allows the US to grant the Caribbean preferential market access under the Caribbean Basin Initiative (CBI) and Caribbean Basin Economic Recovery Act (CBERA) initiative will expire by the end of next year and there are signs that the US may not receive a renewal of the waiver. In addition since the stalling of the FTAA, the US has embarked on signing a series of free trade agreements with countries and regional

groupings in the hemisphere. All this would push us in a direction towards entering into an FTA with the US in the very short-term.

However I think we need to carefully consider how we approach an FTA with the US. We need to consider all the implications. We need to take into account the fact that we depend very heavily on trade taxes as a source of government revenue. While some of us have embarked on taxation reform and the introduction of a VAT needs time to assess its implementation and impact on revenue collection; we also need to consider whether or not we have the capacity to take on another major negotiation right now. Our limited human and financial resources are stretched to the limit already. We also need to keep in mind that the US will enter into such a negotiation with a very high level of ambition. The question we need to ask is whether such ambition will be matched with a willingness to grant us the kind of special and differential treatment that we would need. We would need to argue strongly for a development dimension in the same way we are arguing with the EU, the question is would we receive it. Given all these factors, we need to act very strategically on this one. I recall at the meeting we had with the US Trade Representative Portman in April; it was rather interesting when he sought to advise and caution us that we not rush into a negotiation with the US, instead that both sides examine the issues very carefully.

Over the next two days I hope we will have very meaningful and engaging discussions on all the issues on the agenda. As I mentioned before I look forward to this being a more frequent and regular gathering in the future.

Thank you.