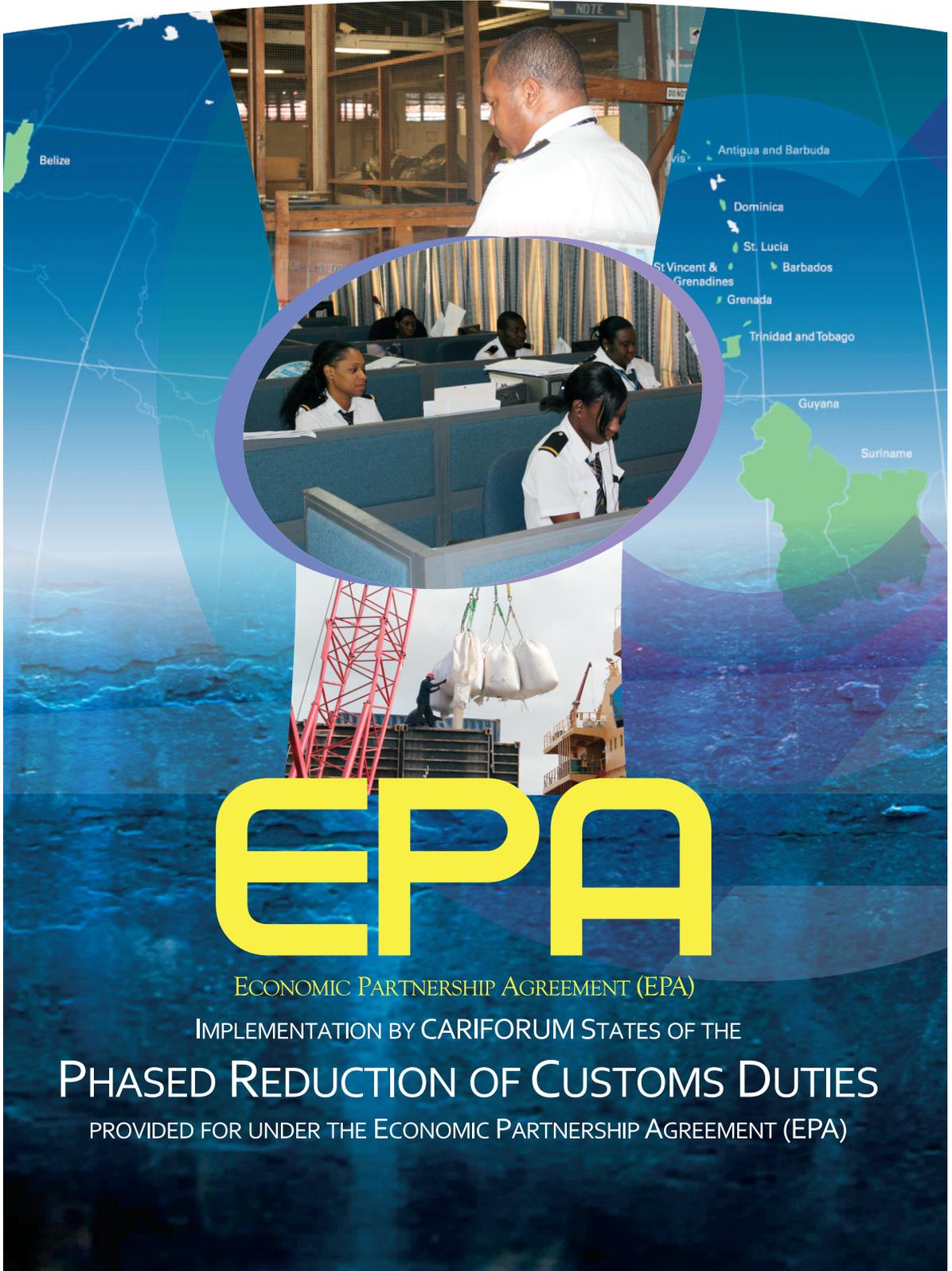




Caribbean Community (CARICOM) Secretariat



Belize

Antigua and Barbuda

Dominica

St. Lucia

St. Vincent & Grenadines

Barbados

Grenada

Trinidad and Tobago

Guyana

Suriname

# EPA

ECONOMIC PARTNERSHIP AGREEMENT (EPA)

IMPLEMENTATION BY CARIFORUM STATES OF THE

## PHASED REDUCTION OF CUSTOMS DUTIES

PROVIDED FOR UNDER THE ECONOMIC PARTNERSHIP AGREEMENT (EPA)



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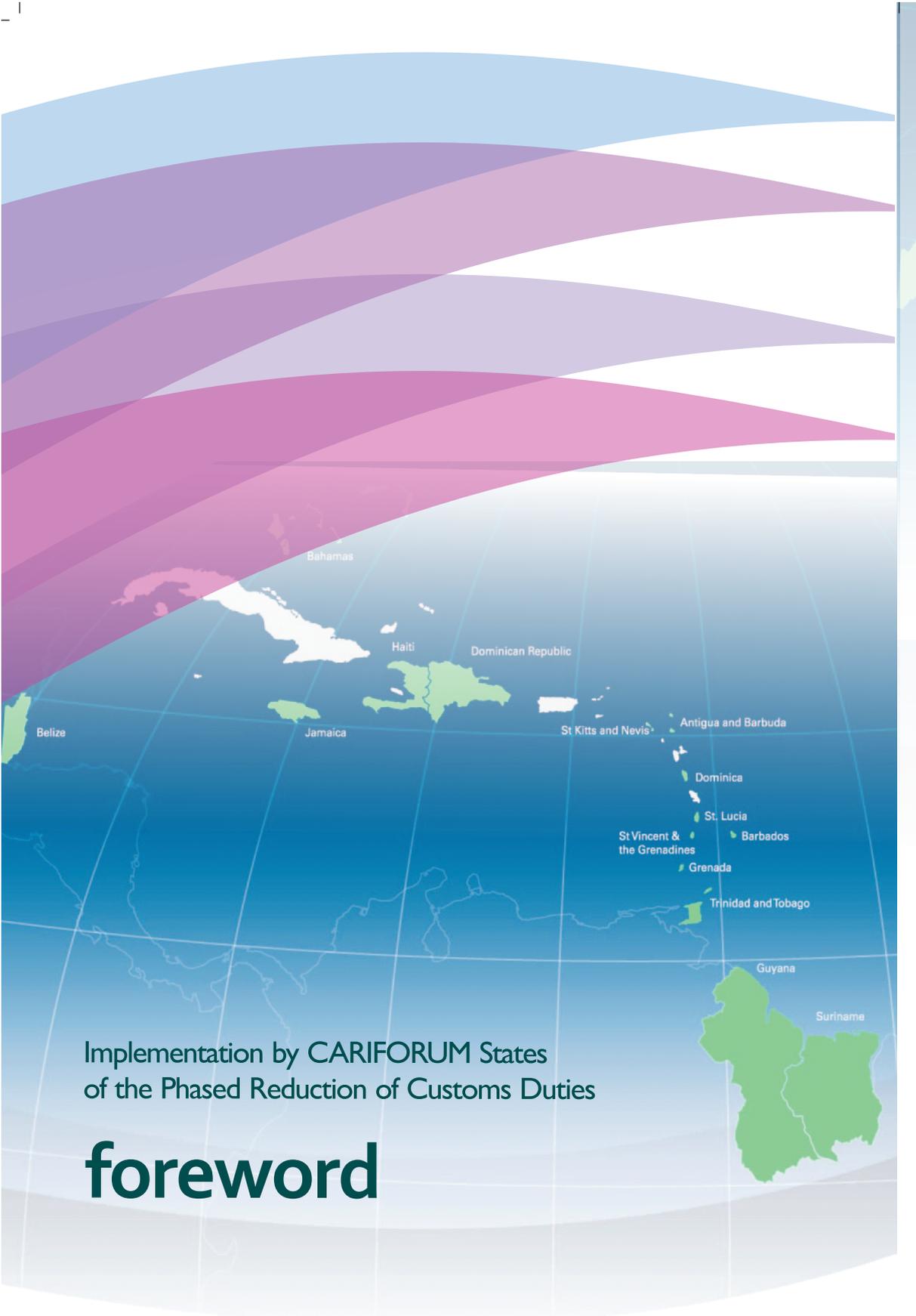
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Implementation by CARIFORUM States  
of the Phased Reduction of Customs Duties

# foreword



# Foreword

The Economic Partnership Agreement (EPA) between the Caribbean Forum of African, Caribbean and Pacific (CARIFORUM) States and the European Union (EU) has been provisionally applied since 29th December, 2008.

The EPA Implementation Unit in the CARIFORUM Directorate of the CARICOM Secretariat, as part of its programme of assistance to CARIFORUM States, is in production of a public education-styled booklet series which is intended to sensitize the private and public sectors and other stakeholders with respect to the provisions of the EPA.

This booklet forms part of the series and explains the **Tariff Liberalisation arrangements which CARIFORUM States have undertaken under the EPA.**

Interested parties are encouraged to utilize or reproduce the text of the booklet, in whole or in part, with a request that there be an acknowledgement of the source.

The Secretariat acknowledges with appreciation the support provided to the Unit, including for publication of this booklet, from the 9th European Development Fund (EDF) Caribbean Integration Support Programme (CISP) and the United Kingdom Government's Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund).

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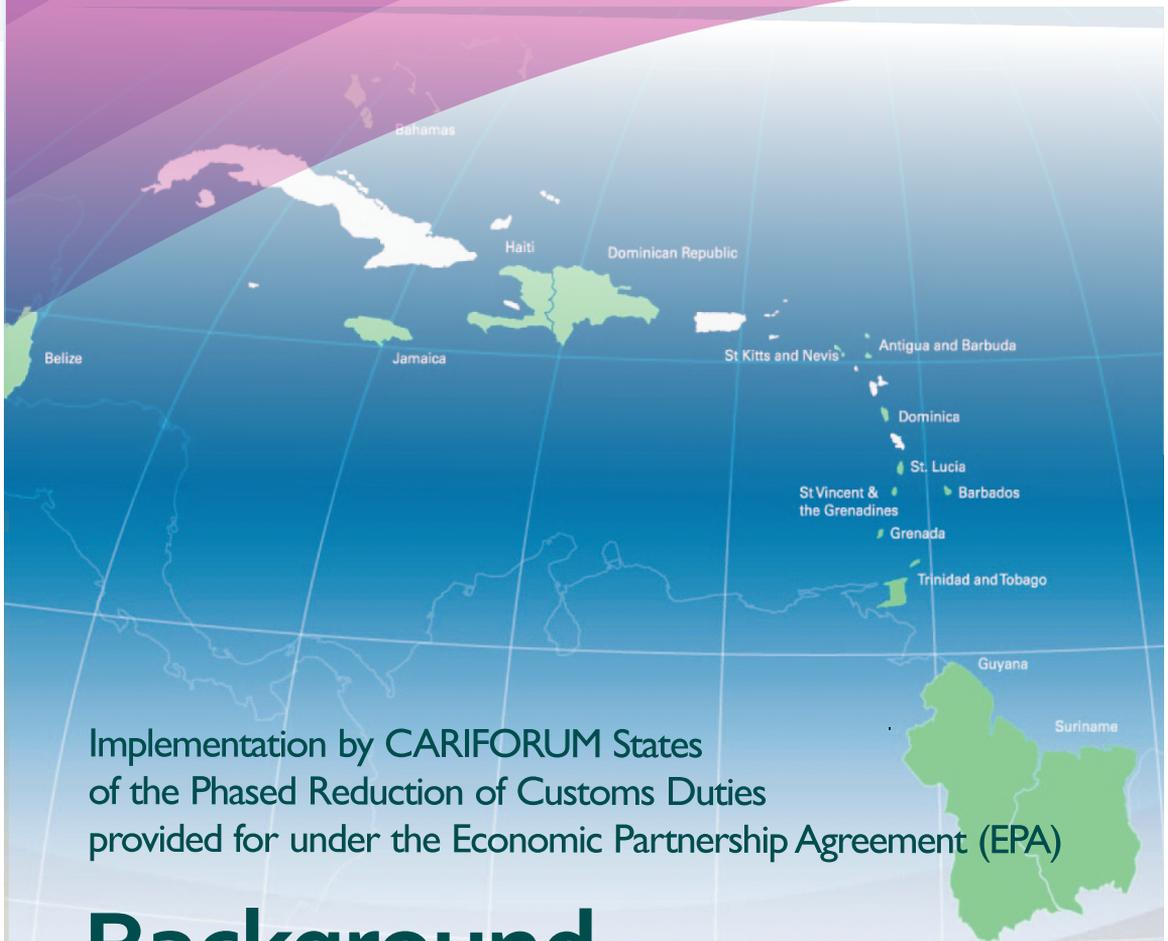
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## ACRONYMS

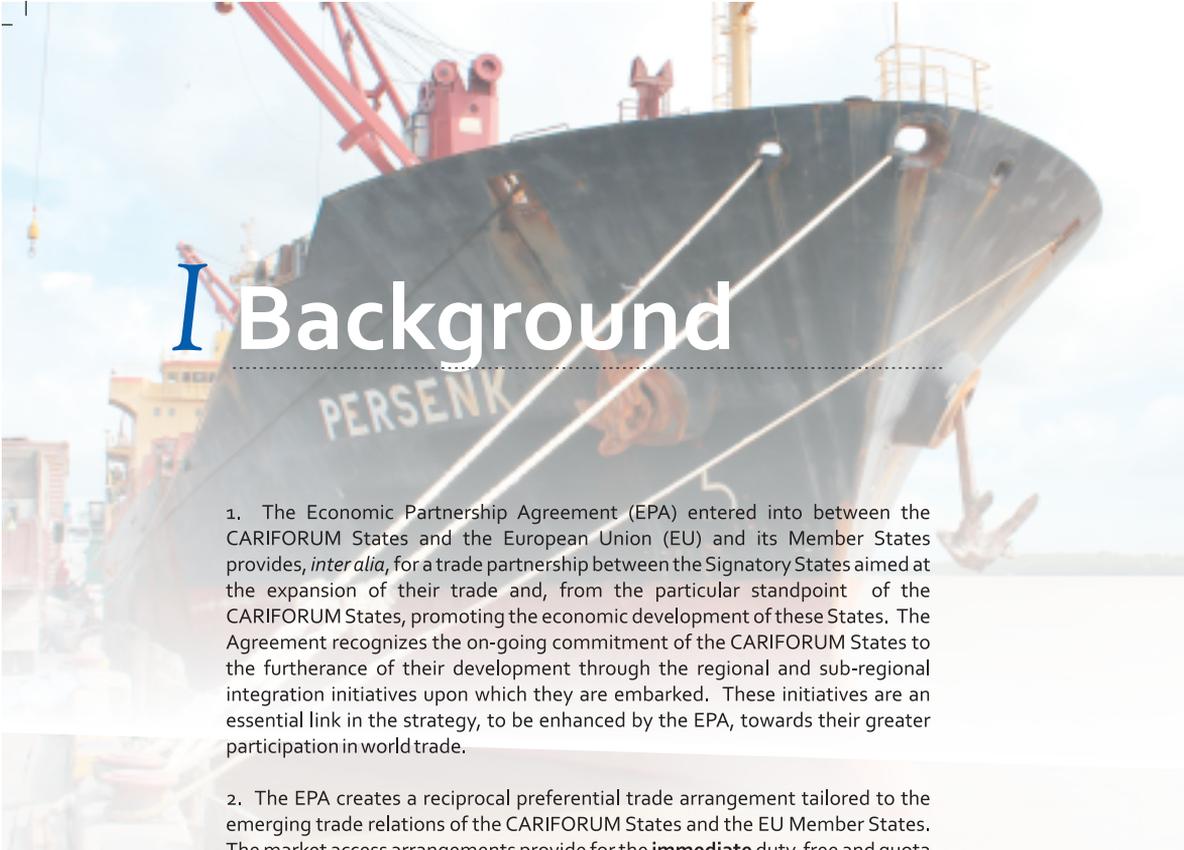
CARICOM	Caribbean Community
CARIFORUM	Forum of the Caribbean Group of African Caribbean and Pacific States
DF/QF	Duty Free/Quota Free
EPA	Economic Partnership Agreement
EU	European Union
HS	Harmonised Commodity & Coding System

# EPA



Implementation by CARIFORUM States  
of the Phased Reduction of Customs Duties  
provided for under the Economic Partnership Agreement (EPA)

## Background



# I Background

1. The Economic Partnership Agreement (EPA) entered into between the CARIFORUM States and the European Union (EU) and its Member States provides, *inter alia*, for a trade partnership between the Signatory States aimed at the expansion of their trade and, from the particular standpoint of the CARIFORUM States, promoting the economic development of these States. The Agreement recognizes the on-going commitment of the CARIFORUM States to the furtherance of their development through the regional and sub-regional integration initiatives upon which they are embarked. These initiatives are an essential link in the strategy, to be enhanced by the EPA, towards their greater participation in world trade.

2. The EPA creates a reciprocal preferential trade arrangement tailored to the emerging trade relations of the CARIFORUM States and the EU Member States. The market access arrangements provide for the **immediate** duty-free and quota free entry into the markets of the EU Member States of goods originating in CARIFORUM States. Reflecting the unequal levels of development of the Member States of the EU on the one hand and the CARIFORUM States on the other, the Agreement prescribes an asymmetrical and more measured rate of liberalisation of access to the markets of the CARIFORUM States for goods originating in the Member States of the EU. It has to be borne in mind that the expression "goods originating" refers to products which meet the qualifying criteria set down in the rules of origin prescribed under the Agreement. The EPA rules of origin, which are to be found in Protocol 1, which is an integral part of the Agreement, are examined in a separate publication.

3. This publication explains the nature and scope of the tariff liberalisation provisions of the Agreement governing trade in goods between the CARIFORUM States and the Member States of the EU. It describes the market liberalisation obligations of the Signatory States, with particular emphasis on the provisions for the **phased reduction** by the CARIFORUM States of customs duties applicable to imports of goods originating in the Member States of the EU.

4. The CARIFORUM-EU EPA which was signed in October 2008 by fourteen CARIFORUM States and by the fifteenth CARIFORUM State, Haiti, in December 2009 has been provisionally applied since 29th December 2008.

# EPA





## II IMPLEMENTATION OF THE TARIFF LIBERALISATION OBLIGATIONS OF THE MEMBER STATES OF THE EUROPEAN UNION AND THE CARIFORUM STATES

### Implementing action by the EU Member States

5. Under the EPA provisions, all goods, except arms and ammunition and parts and components thereof, the trade in which is not covered by the Agreement, originating in the CARIFORUM States and exported to Member States of the EU are admissible in those States under a duty free/quota free (DF/QF) regime. This DF/QF regime provides that originating CARIFORUM exports will be admissible in the EU without the imposition of customs duties and will not be subject to import prohibitions or restrictions, including import licensing. This treatment by the EU of originating products from the CARIFORUM States was with **immediate effect** pursuant to the signing of the Agreement in October 2008 and its provisional application since 29 December 2008.

### Implementing action by the CARIFORUM States

6. The obligations assumed by the CARIFORUM States under the Agreement to accord reciprocal preferential access to their markets to goods originating in the Member States of the EU enable a more gradual approach in the implementation of that market access.

### *Exclusions from market access liberalisation and some zero rates.*

7. Some goods are **entirely excluded** from the trade liberalisation regime. Among the **excluded** goods are a range of products of the agriculture sector, examples of which are meat and fish products, tomatoes and cucumbers, bananas and plantains, mangoes, pineapples, citrus fruit, fruit juices, tomato ketchup; and aerated and alcoholic beverages. Other products **excluded** from market access liberalisation include non-electric water heaters (other than gas-operated), refrigerators and freezers, and gold jewellery. For some goods, CARIFORUM States have agreed to apply zero rates. In many cases, zero rates apply to goods from all sources, but for some additional goods zero rates are also applied where those goods are traded under the EPA.



Belize

Jamaica

St Kitts and Nevis

Antigua and Barbuda

Dominica

St. Lucia

Barbados

Grenada

Trinidad and Tobago

Suriname

*The progressive reduction/elimination of customs duties and related market access provisions.*

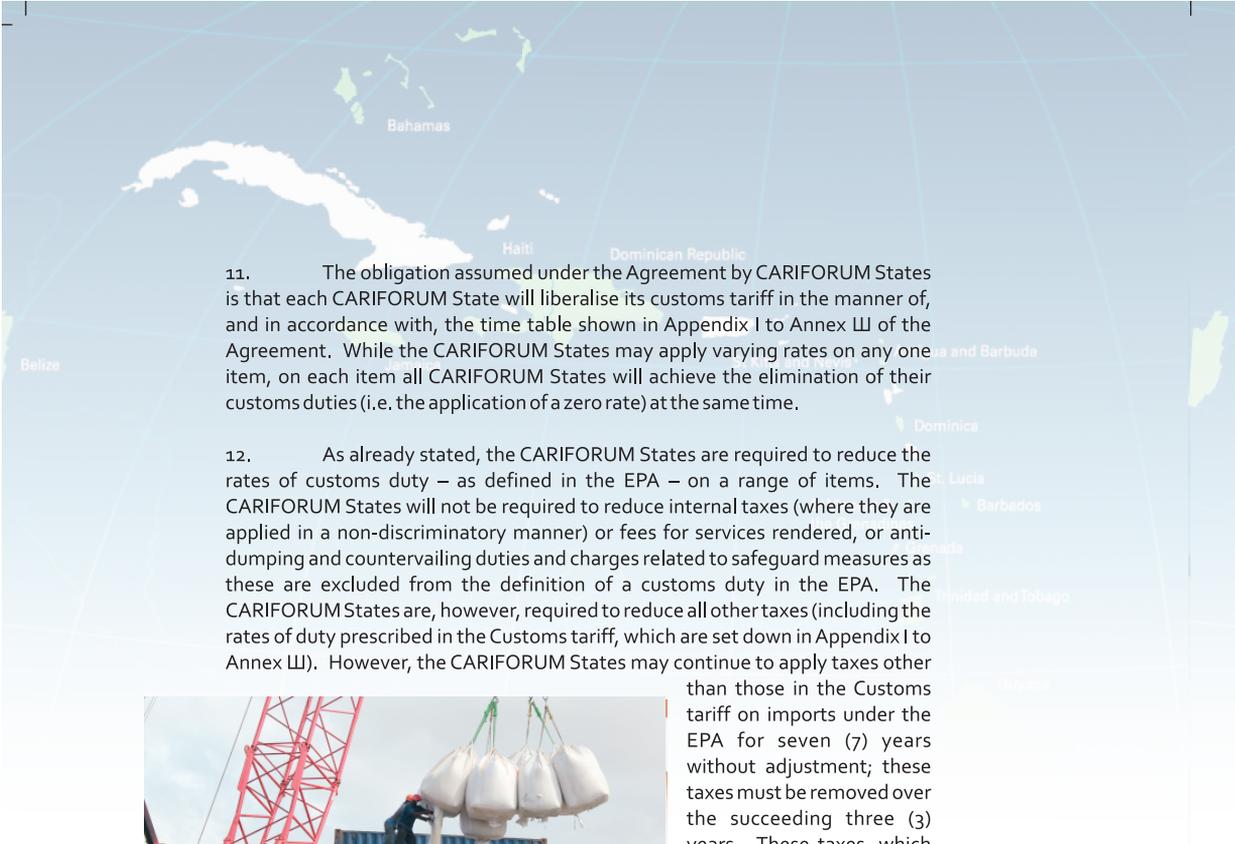
8. The customs duties on all other goods imported by CARIFORUM States under the EPA will be subject to phased reduction.

9. The EPA **defines a customs duty** as any duty or charge of any kind, including any form of surtax or surcharge, imposed in connection with importation or exportation of goods. This definition, which effectively captures all border taxes, excludes the following—

- (a) *internal taxes or other internal charges* where these are also applied on like domestic products and are not in excess of those taxes or charges applied to domestic products;
- (b) *fees or other charges* imposed for services rendered that are commensurate with the cost of such services; and
- (c) *anti-dumping and countervailing duties and tariff-based safeguard measures* implemented in the special circumstances of trade defence action.

10. The steps in the progressive liberalisation by the CARIFORUM States of their customs duties are set out in Appendix I to Annex III of the Agreement. The Appendix, described as the Schedule of tariff liberalisation of the CARIFORUM States, shows, for each six digit HS<sup>1</sup> heading, the manner in which the liberalisation is to proceed. The Schedule of tariff liberalisation (Appendix I) shows the rates of customs duty which were notified by CARIFORUM States as their (then current) applied rates. These rates of customs duty are shown in some instances for individual CARIFORUM States (using the abbreviations to identify them reproduced in the footnote below)<sup>2</sup>. The rates applicable to those CARIFORUM States not listed individually are shown (in bold type) against the relevant HS headings or sub-headings. The periods over which the customs tariffs will be liberalised are established for each heading (or sub-heading) of the HS and set out in the Schedule of tariff liberalisation of CARIFORUM States. These periods range from five (5) years to twenty-five (25) years.

1. The HS, properly the Harmonised Commodity Description and Coding System, is a system of numeric codes used to identify and group goods. The HS is applied internationally in the structuring of customs tariff systems and is employed in the Customs Tariffs of the CARIFORUM and EU Member States.  
 2. ATG (Antigua and Barbuda), BHM (The Bahamas), BRB (Barbados), BEL (Belize), DMA (Dominica), DOM (Dominican Republic), GRD (Grenada), GUY (Guyana), HAI (Haiti), JAM (Jamaica), KNA (Saint Christopher and Nevis), LCA (Saint Lucia), VCT (Saint Vincent and the Grenadines), SUR (Suriname), TTO (Trinidad and Tobago).



11. The obligation assumed under the Agreement by CARIFORUM States is that each CARIFORUM State will liberalise its customs tariff in the manner of, and in accordance with, the time table shown in Appendix I to Annex III of the Agreement. While the CARIFORUM States may apply varying rates on any one item, on each item all CARIFORUM States will achieve the elimination of their customs duties (i.e. the application of a zero rate) at the same time.

12. As already stated, the CARIFORUM States are required to reduce the rates of customs duty – as defined in the EPA – on a range of items. The CARIFORUM States will not be required to reduce internal taxes (where they are applied in a non-discriminatory manner) or fees for services rendered, or anti-dumping and countervailing duties and charges related to safeguard measures as these are excluded from the definition of a customs duty in the EPA. The CARIFORUM States are, however, required to reduce all other taxes (including the rates of duty prescribed in the Customs tariff, which are set down in Appendix I to Annex III). However, the CARIFORUM States may continue to apply taxes other



than those in the Customs tariff on imports under the EPA for seven (7) years without adjustment; these taxes must be removed over the succeeding three (3) years. These taxes, which must have been in force when the Agreement was signed and must have applied to imports from all other countries, have been notified to the CARIFORUM-EU Trade and Development Committee established under the Agreement, as required by the EPA.

### **Moratoria re tariff reductions**

13. The January 1, 2011 commencement date for the implementation of the tariff reductions follows a three (3) year moratorium in the market access liberalisation process agreed between CARIFORUM and the EU. In effect, the CARIFORUM States were able to maintain the levels of their customs duties on imports from the Member States of the EU until the end of 2010.

14. The CARIFORUM States are also able to maintain the levels of their customs duties on motor vehicles and parts and components of motor vehicles for ten (10) years. The phased reductions on these items will therefore begin on 1 January, 2018.

## Fiscal reforms to effect a shift from dependence on customs duties

15. In the context of the tariff reduction obligations assumed by the CARIFORUM States under the Agreement, and in recognition of the reliance of these States on customs duties/border taxes as a key source of government revenue, the CARIFORUM States and the EU Member States have committed themselves to cooperating in the carrying out of the fiscal reforms necessary to effect the shift from dependence on such duties to other forms of indirect taxation.

### Possible variation in the tariff cutting process

16. Should serious difficulty attributable to imports of a particular product from EU Member States be experienced by one or more of the CARIFORUM States in the implementation of the required tariff reductions, the CARIFORUM States concerned may seek a review of the time table for the reduction/elimination of the customs duty on that product. Arising from that review, it may be agreed to modify the tariff reduction/elimination time-table for the product, without any change of the end-date provided for in the Schedule of tariff liberalisation of the CARIFORUM States.

17. Further, having regard to the special development needs of Antigua and Barbuda, Belize, Dominica, Grenada, Guyana, Haiti, St Kitts Nevis, St Lucia, and St Vincent and the Grenadines, and based upon prior consideration and discussion by the Member States of the Caribbean Community (CARICOM), the CARIFORUM States and the Member States of the EU may decide to modify the level of customs duty specified under the Agreement for any product.





This provision of the EPA draws upon the provisions of Article 164 of the Revised Treaty of Chaguaramas which establishes the Caribbean Community, that are aimed at promoting industrial development in the disadvantaged countries of the Community. To achieve a suspension of preferential market access under the CARICOM provision, the necessary authorisation of such suspension has to be supported by all the Less Developed Members of the Community and at least two of its More Developed Members.



### III OTHER RELATED MATTERS

#### Other aspects of the trade liberalisation arrangements

18. Integral to the operation of the EPA trade liberalisation arrangements are the provisions of the Agreement on a range of market-access related measures essential to the working of the market opening process. These measures are, in particular, disciplines relating to the use of anti-dumping and countervailing measures to deal with unfair trade practices, the resort to safeguards in circumstances requiring the provision of temporary relief for a domestic industry experiencing or threatened with serious injury from import competition, and action governing the enforcement of product standards to safeguard human safety and to protect human, animal, and plant health and life. These other aspects of the EPA trade liberalisation arrangements will be described more fully in later publications.

#### Institutions

19. The Agreement also contains provisions on the establishment of a number of institutions charged with overseeing and facilitating the working of the trade cooperation and liberalisation arrangements. These Institutions of the EPA include the Joint CARIFORUM-EU Council (which meets at Ministerial level), the CARIFORUM-EU Trade and Development Committee (which meets at Senior officials' level) and the Special Committee on Customs Cooperation and Trade Facilitation (which brings together experts in the disciplines under consideration).

#### ACARIFORUM goal

20. The tariff reduction process described in this publication is to be seen as part of a larger undertaking entered into by the CARIFORUM States under the EPA which is aimed at advancing their trade and economic development.

