

Making Free Trade Fair

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Barbados Nation

Following reports that CARICOM had indicated an interest in pursuing a free trade agreement with the United States, Minister of State in the Ministry of Foreign Affairs and Foreign Trade, Kerrie Symmonds, issued this statement to BUSINESS AUTHORITY.

While the United States continues to be our major trading partner and a significant source of investment and tourism receipts, it is necessary to be careful in rushing to conclude that Barbados would likely enter into any possible short-term free trade agreement with the United States and the Caribbean Community (CARICOM).

Any such agreement would have to be approached with the utmost caution and with an eye to recent trends in United States hemispheric trade relations. At best, the likelihood of Barbados' participation is very remote.

This is so for a number of reasons, not least of which is that the hemispheric negotiations for the establishment of the Free Trade Area of the Americas (FTAA) have now been virtually mothballed.

The series of bilateral trade agreements between the United States and clusters of countries, which have replaced those hemispheric talks, are really quite suspect in terms of the benefits they offer.

A careful study of the content of the Central American Free Trade Agreement (CAFTA), for example, will reveal that America's expectations are far more self-serving, aggressive and exploitative than the hemispheric talks would have permitted.

On the basis of what they achieved in the CAFTA, the Americans are seeking to secure somewhere in the vicinity of an 80 per cent increase in access to our markets in virtually every sector of our (Caribbean) economies. Moreover, they are seeking to do so on the basis of full reciprocity .

That is to say that wherever we get access for our goods and services, so too must they have access to our markets. Needless to say that full-blown liberalisation of this nature would cripple our small firms and companies.

In addition, Barbados would have to be concerned that there is no evidence in these agreements to suggest that the principle of special and differential treatment would be embraced by the Americans as a matter of priority. In fact, the CAFTA places little emphasis on the vast difference in levels of development between the participating countries.

Furthermore, the general track record of the United States suggests that special and differential treatment is a prescription to be resisted in general and accepted only as a worse case scenario.

Barbados would also have to be mindful of the fact that at this time, we are still negotiating the extent to which we will liberalise our critical services sector at the World Trade Organisation (WTO) level. Regrettably, the level of ambition manifested by the Americans is such that they would want us to exceed the level to which we will ultimately liberalise services in the WTO, even before we have finished or finalised those negotiations.

Any such step would potentially over expose our service suppliers to a level of competition that they do not yet have the capacity to deal with.

This in turn raises the question of our need to secure not only trade benefits for businesses, but also development opportunities for the country. This region is far less developed than the United States but there has been little evidence of a willingness on their part to make free trade fair by having trade agreements reflect commitments for development assistance. Such assistance would of course include human resource training, technology transfers, and other capacity building measures.

In the absence of a change of approach by the United States, it would be difficult to see how a free trade agreement between ourselves and the Americans would resonate in a manner which would not further aggravate the challenges we already face.

So that while we would not rule it out completely, Barbados would have to be mindful of the need to secure more than mere access to the American market. We have to consider the total picture and this will require a mutual respect for our development goals and strategies and a willingness on the part of the United States to partner in our efforts to achieve these.