



Department for  
International Trade

# Continuing the United Kingdom's trade relationship with the CARIFORUM States

**Economic Partnership Agreement between the CARIFORUM States, of the one part, and  
the United Kingdom of Great Britain and Northern Ireland, of the other part**

May 2019





# **Continuing the United Kingdom's trade relationship with the CARIFORUM States**

Presented to Parliament

by the Secretary of State for International Trade

by Command of Her Majesty

May 2019



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## Introduction

1. In line with the Government's commitments in the Trade Bill 2018-19, this report explains the Government's approach to delivering continuity in the United Kingdom's ("UK") trade relationship with the CARIFORUM States as the UK leaves the European Union ("EU"). The CARIFORUM States covered are Antigua and Barbuda, The Commonwealth of the Bahamas, Barbados, Belize, The Commonwealth of Dominica, The Dominican Republic, Grenada, The Republic of Guyana, The Republic of Haiti, Jamaica, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, The Republic of Suriname and The Republic of Trinidad and Tobago (hereafter, referred to as "the CARIFORUM States").<sup>1</sup>
2. As the UK leaves the EU, the Government has sought to deliver the maximum possible certainty to businesses and consumers through ensuring continuity in the UK's existing trade relationships. It is in no-one's interests to disrupt existing trade flows.
3. To achieve this, the Government has developed new bilateral agreements that replicate, as far as possible, the effects of the Government's existing trade agreements with existing partners. The agreements provide for entry into force when the existing agreements between the EU and third countries ceases to apply to the UK, whether the UK leaves the EU with no agreement or with an agreement in place on transitional arrangements. In either event, the new bilateral agreements will form the starting points for the UK's future trade agreements with partners.
4. Wherever possible, the UK has sought a technical replication of these agreements, but in some cases, the UK has applied bespoke solutions for individual agreements as necessary to ensure continuity of effect in a UK-only context.
5. In accordance with the commitments provided for in the Trade Bill 2018-19, this report gives details of, and explains the reasons for, any significant differences between the trade-related provisions of the Economic Partnership Agreement ("EPA") between the CARIFORUM States, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part ("the CARIFORUM-UK EPA") and the trade-related provisions of the existing Economic Partnership Agreement establishing an Economic Partnership Agreement between the CARIFORUM States, on the one part, and the European Community and its Member States, of the other part, signed in Bridgetown, Barbados, on 15 October 2008 ("the existing EPA").
6. The CARIFORUM-UK EPA was signed on 22 March 2019 by nine CARIFORUM States- Barbados, Belize, The Commonwealth of Dominica, Grenada, The Republic of Guyana, Jamaica, Saint Christopher and Nevis, Saint Lucia and Saint Vincent and the Grenadines. The CARIFORUM-UK EPA was signed on 1 April 2019 by The Republic of Trinidad and Tobago and on 4 April 2019 by The Dominican Republic. We anticipate that some of the other CARIFORUM States will sign in the coming weeks.
7. The report first sets out the general drafting changes necessary across all the UK's continuity trade agreements and which do not have a significant impact on the effect of the UK's current trade relationships. It then considers articles of the CARIFORUM-UK EPA, in turn explaining any significant differences between the trade-related provisions in the CARIFORUM-UK EPA and the corresponding provisions of the existing EPA. To assist the reader, we have included some discussion of the economic impacts as

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<sup>1</sup> Cuba is a CARIFORUM State however it is not a signatory to the existing CARIFORUM-EU EPA or the CARIFORUM-UK EPA.

appropriate. This report focuses solely on the changes made to the trading arrangements between the UK and CARIFORUM States in preparation for the UK ceasing to be bound by the existing EPA and the entering into force into the CARIFORUM-UK EPA. Any wider economic impacts resulting from the UK's exit from the EU or the nature of the Future Economic Partnership (the "FEP") have been excluded from this report.

8. The UK has agreed with EPA partners that the most appropriate form of legal instrument to ensure continuity is a long form agreement, which is an agreement based on the text of the EU-third country agreement. The CARIFORUM-UK EPA is a long form agreement. In other cases, the UK has agreed a short form agreement which incorporates by reference the relevant provisions of the underlying EU-third country agreement with relatively few but necessary modifications. The short form approach has been chosen where the relevant third countries involved agreed that it was the most pragmatic and proportionate approach in the current circumstances.

## Legal approach

9. To draft the CARIFORUM-UK EPA we have reproduced all relevant sections of the existing EPA with necessary technical and administrative changes to make this operable in a UK-only context.
10. The existing EPA is the only trade agreement between the EU and CARIFORUM States.

## Resources

11. This report is intended to aid businesses, consumers and parliamentarians in understanding any significant differences made to the UK's trade relationship with the CARIFORUM States by the CARIFORUM-UK EPA and the reasons for any changes, and their impact.
12. Should you wish to view the existing EPA as originally published, it can be found online on the [European Commission website](#).
13. More detail, including decisions of the Joint Council, the Trade and Development Committee, and the Special Committee on Customs Cooperation and Trade Facilitation set up pursuant to the existing EPA can be found on the [EUR-Lex website](#).<sup>2</sup> A consolidated version of the existing EPA can also be found on the EUR-Lex website. The consolidated text is not an authoritative version of the existing EPA but will assist readers to understand how the existing EPA has been amended since its entry into force.
14. Should you wish to view the full text of the CARIFORUM-UK EPA, it will be laid in Parliament alongside an Explanatory Memorandum as part of the UK's treaty ratification process in accordance with the Constitutional Reform and Governance Act 2010 ("CRaG Act"). The text will also be available on GOV.UK.

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<sup>2</sup> Joint CARIFORUM-European Community institutions were renamed to Joint CARIFORUM-European Union institutions.

## Economic Background

15. This section provides a country-specific background analysis of trade between the UK and the CARIFORUM States, with the exclusion of The Republic of Haiti.<sup>3</sup>
16. Total trade in goods and services between the UK and the fourteen CARIFORUM states excluding the Republic of Haiti (hereafter defined as “the region”) was £2.5 billion in 2017, around 0.2% of total UK trade.<sup>4</sup> If the region was treated as a single economy, it would be the UK’s 55<sup>th</sup> largest trading partner.<sup>5</sup>
17. In 2017, UK exports to the region were £0.8 billion, around 0.1% of total UK exports. If the region was treated as a single economy, this would make it the UK’s 62<sup>nd</sup> largest export market.
18. In 2017, UK imports from the region were £1.7 billion, around 0.3% of total UK imports. If the region was treated as a single economy, this would make it the UK’s 47<sup>th</sup> largest import source.

**Table 1: Trade between the UK and the region, 2017 (£, billion)**

|                                   | Trade in Goods | Trade in Services | Total trade |
|-----------------------------------|----------------|-------------------|-------------|
| <b>UK exports to the region</b>   | 0.2            | 0.6               | 0.8         |
| <b>UK imports from the region</b> | 0.4            | 1.2               | 1.7         |
| <b>Total trade</b>                | 0.7            | 1.8               | 2.5         |

Source: [ONS. \(2018\). UK trade: August 2018](#); [ONS. \(2018\). UK trade in services by partner country experimental data: April to June 2018](#).

19. The partner countries within the region with the largest value of trade with the UK in 2017 were Jamaica, The Commonwealth of the Bahamas, Barbados and The Republic of Trinidad and Tobago. The trade between the countries within the region and the UK is shown in the table below.

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<sup>3</sup> A 15<sup>th</sup> country, The Republic of Haiti, has signed the existing EPA, however is not currently applying it and therefore is not included in this economic background. As an LDC, The Republic of Haiti qualifies for tariff free quota free UK market access under Everything But Arms, meaning tariff duties do not apply.

<sup>4</sup> Trade in goods [ONS trade: August 2018 publication](#); trade in services [ONS: UK trade in services by partner country experimental data: April to June 2018](#)

<sup>5</sup> Treating EU members as individual trading partners with the UK.

**Table 2: Trade between the UK and partner countries within the region in 2017 (£, million)**

|  | <b>UK Exports Goods</b> | <b>UK Exports Services</b> | <b>UK Imports Goods</b> | <b>UK Imports Services</b> | <b>Total trade</b> |
|--|-------------------------|----------------------------|-------------------------|----------------------------|--------------------|
| <b>Antigua &amp; Barbuda</b>                 | 4                       | 6                          | 7                       | -                          | 17                 |
| <b>The Commonwealth of the Bahamas</b>       | 11                      | 141                        | 4                       | 214                        | 370                |
| <b>Barbados</b>                              | 9                       | 85                         | -                       | 275                        | 369                |
| <b>Belize</b>                                | 13                      | 10                         | 52                      | 1                          | 76                 |
| <b>The Commonwealth of Dominica</b>          | 3                       | -                          | -                       | -                          | 3                  |
| <b>The Dominican Republic</b>                | 69                      | 10                         | 121                     | 10                         | 210                |
| <b>Grenada</b>                               | 1                       | 3                          | -                       | 79                         | 83                 |
| <b>The Republic of Guyana</b>                | 12                      | 137                        | 56                      | 15                         | 220                |
| <b>Jamaica</b>                               | 48                      | 29                         | 45                      | 424                        | 546                |
| <b>Saint Christopher and Nevis</b>           | 2                       | 5                          | -                       | -                          | 7                  |
| <b>Saint Lucia</b>                           | 3                       | 32                         | 8                       | 155                        | 198                |
| <b>Saint Vincent and the Grenadines</b>      | -                       | 3                          | -                       | -                          | 3                  |
| <b>The Republic of Suriname</b>              | 7                       | 4                          | -                       | -                          | 11                 |
| <b>The Republic of Trinidad &amp; Tobago</b> | 65                      | 109                        | 122                     | 67                         | 363                |
| <b>Total</b>                                 | <b>247</b>              | <b>574</b>                 | <b>415</b>              | <b>1,240</b>               | <b>2,476</b>       |

Source: [ONS trade: August 2018 publication](#); [ONS: UK trade in services by partner country experimental data: April to June 2018](#)

20. Using data from HMRC for trade in goods only, Table 3 shows the top goods exported to the region in 2017, with sectors classified according to Harmonised System (HS) chapters. These were machinery and mechanical appliances (HS84, £85 million in 2017) and beverages, spirits and vinegar (HS22, £66 million), representing almost a third of the total value of goods exported to the region. The UK's top goods imported from the region were edible fruits and nuts (HS08, £151 million in 2017) and organic chemicals (HS29, £68 million), representing around half of the total value of goods imported from the region.

**Table 3: Top 5 UK goods exports to & imports from the region, 2017 (at HS2, £ million)**

| <b>Top 5 UK goods exports to the region</b>            | <b>Value</b> | <b>Top 5 UK goods imports from the region</b>              | <b>Value</b> |
|--|--------------|--|--------------|
| 84 - Machinery and mechanical appliances               | 85           | 08 - Edible fruit and nuts                                 | 151          |
| 22 - Beverages, spirits and vinegar                    | 66           | 29 - Organic chemicals                                     | 68           |
| 87 - Vehicles other than railway or tramway stock      | 57           | 17 - Sugars and sugar confectionery                        | 60           |
| 85 - Electrical machinery and equipment                | 28           | 27 - Mineral fuels or oils, products of their distillation | 56           |
| 49 - Printed books, papers, printing industry products | 23           | 22 - Beverages, spirits and vinegar                        | 26           |

Source: [HMRC trade statistics by commodity code, accessed December 2018.](#)

*Sectors classified according to Harmonised System chapters. Data presented is recorded on a 'physical movement' basis where a good is recorded as an export (import) if it physically leaves (enters) the economic territory of a country. Sector data for trade in services is not available for CARIFORUM States.*

*ONS data is recorded on a 'Balance of Payments' or 'change of ownership' basis where a good or service leaving (entering) the economic territory of a country is recorded as an export (import) only if it has changed ownership between the resident of the reporting country and non-residents. Goods exports (imports) are recorded by HMRC if a good physically leaves (enters) the economic territory of a country.*

21. In 2017, HMRC estimated that 1,286 VAT registered UK businesses exported goods to the Republic of Trinidad and Tobago and 549 to the Dominican Republic.<sup>6</sup> 96 VAT registered UK businesses imported from the Republic of Trinidad and Tobago and 167 from the Dominican Republic. Estimates are not available for the number of UK businesses trading with other CARIFORUM States.
22. For context, provisional survey data from the ONS shows that around 340,500 (non-financial) registered businesses in Great Britain traded either goods or services or both in 2017 with another country.<sup>7</sup> This was just under 15% of all VAT/PAYE registered businesses. There were around 203,900 (non-financial) registered businesses in Great Britain engaged in goods trade with another country and 194,600 (non-financial) registered businesses trading in services in 2017. Some of these businesses traded in both goods and services. There will be other businesses trading internationally, which are not identified by these surveys as they are not registered for VAT. Neither of these sources include businesses trading below the VAT registration threshold.

<sup>6</sup> [Regional Trade Statistics Interactive Analysis](#), Q2, 2018

<sup>7</sup> ONS. [Annual Business Survey: Non-financial business economy, exporters and importers in Great Britain 2017](#)

## Economic impact of the existing EPA

23. In 2007, the European Commission published a Sustainability Impact Assessment (“SIA”) covering all their ACP EPAs.<sup>8</sup> It found that EPAs would have a positive effect on two-way trade flows for both Least Developed Countries (“LDCs”) and non-LDCs, and a positive impact on the economy through increased production for both LDCs and non-LDCs. It also estimated that there would be a positive social impact through greater employment and incomes. However, there was uncertainty over the effects on the environment.
24. The European Commission has highlighted other general development benefits associated with EPAs for partner countries.<sup>9</sup> These range from creating new business, trade and investment opportunities, to positive labour market impacts and support for farmers, to promoting economic integration into the local region. In the existing EPA, CARIFORUM States excluded some products from sensitive sectors or those important for revenue from liberalisation. Under the existing EPA, CARIFORUM States had up to 25 years (until 2033) to cut import tariffs. They have excluded from these cuts around 17% of goods and services which they consider sensitive.<sup>10</sup> In addition, if local industry is threatened because of import surges from Europe, EPAs allow measures to be triggered to protect industrial sectors and infant industries.<sup>11</sup>
25. In 2015, the Department for International Development commissioned a Rapid Evidence Assessment (“REA”) on the empirical impact of Free Trade Agreements (“FTAs”) between developed and developing countries on economic development in developing countries.<sup>12</sup> The assessment concluded that there is mixed evidence on the observed impacts of FTAs on trade between developed and developing countries, and while some studies find large positive impacts of FTAs on the value of trade flows, others find minor or no impacts. This could be explained either by differences in the methodology between studies, or by differences in the impacts of agreements, which in turn could be driven by differences in the content of different agreements or the political, economic and institutional conditions of FTA partners. The REA also found that the empirical literature did not provide conclusive guidance on the overall impact of FTAs on economic development, due to a few significant gaps in coverage.
26. A 2008 study prepared by CEPII for DG Trade<sup>13</sup> was published immediately after the signature of the existing EPA. It estimated that the existing EPA would lead to a sizeable increase in trade between the region and the EU, although it did not directly reference the existing EPAs liberalisation schedules in making this assessment.
27. In 2014, the European Commission published a study entitled “Monitoring the Implementation and Results of the CARIFORUM-EU EPA Agreement”.<sup>14</sup> This covered a five-year period in which CARIFORUM States experienced two sets of external

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<sup>8</sup> European Commission (2007), ‘Sustainability Impact Assessment of the EU-ACO Economic Partnership Agreements – Summary of key findings, policy recommendations and lessons learned – Executive Summary’

<sup>9</sup> European Commission (2016) ‘[10 benefits of Economic Partnership Agreements \(EPAs\)](#)’

<sup>10</sup> European Commission [website](#), accessed February 2019

<sup>11</sup> European Commission (2017), ‘[Economic Partnership Agreements](#)’

<sup>12</sup> DFID (2015), ‘[The Impact of Free Trade Agreements between Developed and Developing Countries on Economic Development in Developing Countries](#)’

<sup>13</sup> CEPII (2008) ‘[An impact study of the EU-ACP Economic Partnership Agreements \(EPAs\) in the six ACP regions](#)’

<sup>14</sup> European Commission (2014), ‘[Monitoring the Implementation and Results of the CARIFORUM-EU EPA Agreement](#)’

economic shocks that, in many cases, directly and negatively affected the trade and development ambitions of the existing EPA and therefore made it difficult to assess the impact of the existing EPA. CARIFORUM States established institutions at the national and regional level, tasked with guiding implementation efforts. Bilateral donors, including the UK, provided flexible assistance to support implementation and partner agencies on the ground to help some firms in CARIFORUM States better contest the EU market.

## **Potential loss to UK if the CARIFORUM-UK EPA is not ratified**

28. Not being able to ratify the CARIFORUM-UK EPA would result in UK businesses losing the preferences negotiated in the existing EPA. This would include the re-imposition of many tariffs, returning to Most Favoured Nation (“MFN”) treatment with the region. The benefits derived from trading under preferences within the existing EPA, such as increases in trade flows, may then be reversed.
29. It is unlikely that the entire effect of the existing agreement achieved so far would disappear. Many tariffs would revert to MFN rates, discussed in further detail below, but it could take longer for some of the other benefits to be lost. Some gains might endure even in the long-run. For example, the UK might still benefit from any regulatory arrangements agreed because of the existing EPA. Business connections formed because of the existing EPA might endure.
30. In addition, the existing EPA has been applied since December 2008, with tariff implementation concluding in 2033. Therefore, the full benefits of the existing EPA will not yet have materialised.
31. The size of the impact of not ratifying the CARIFORUM-UK EPA would depend on the responsiveness of trade flows to increased costs brought about by the loss of provisions within the existing EPA.<sup>15</sup>

## **Immediate impact if not ratified**

### **Tariffs**

32. Much international goods trade takes place in products for which MFN rates are already zero. However, EPAs provide additional opportunities by reducing tariffs in products where this is not the case. If the CARIFORUM-UK EPA was not ratified, tariffs between the UK and the CARIFORUM States would revert to MFN rates for all trade, other than where specific CARIFORUM States benefit from preferential access to the UK market under a unilateral preference scheme. This would lead to an increase in duties on some UK exports to and imports from CARIFORUM States.
33. To estimate the potential impact of losing tariff preferences, assumptions have to be made. If all current trade between the UK and the region occurred at the negotiated preferential tariff rate, if current patterns of trade remained unchanged in future, and without taking into account the effect of any unilateral preferences, reverting to the UK and partner countries’ current MFN tariff rates would result in an implied annual increase in total duties of around £63 million. This would predominantly be duties on imports from

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<sup>15</sup> Head K and Mayer T. '[Gravity Equations - Workhorse, toolkit and cookbook](#)' 2013 and Dhingra and others. '[Beyond Tariff Reductions: What Extra Boost From Trade Agreement Provisions?](#)' 2018

the region at over £45 million, with implied additional duties on UK exports increasing by over £17 million.<sup>16</sup>

34. These estimates assume that all tariff preferences offered under the existing EPA are fully utilised by exporters. In 2016, the Department for International Trade (“DIT”) estimates suggested that 98% of the UK’s eligible goods imports from CARIFORUM States (defined as those which occurred under tariff lines where a preferential rate was offered under the existing EPA) actually utilised the tariff preferences.<sup>17</sup> In 2016, 67% of eligible UK goods exports to the Dominican Republic were exported under preferences.<sup>18</sup> This means that the actual increase in duties would be lower than the estimates above.
35. The total duty which would in fact be charged on exports and imports would depend on how quantities and prices of traded products adjusted to the imposition of tariffs. If UK producers were not previously utilising the preferential rates or producers and consumers changed their behaviour in response to higher tariffs, this cost would be lower than the estimates above. These are strong assumptions, so this figure should be treated as an indicative estimate of the magnitude of the trade barrier under this scenario.
36. The largest share of the implied additional duties is made up of duties on traded goods with the Dominican Republic (£18.2 million) and the Republic of Guyana (£15.9 million) followed by Belize, Barbados and Jamaica.
37. It is anticipated that the Republic of Guyana would qualify for standard Generalised System of Preferences (“GSP”) market access, meaning a reduction in the implied additional duties which would apply. Under current trading patterns and UK MFN and GSP tariff schedules, trading under GSP would mean around 4% of UK goods imports from the Republic of Guyana would not face tariffs as the MFN rate is currently zero, 2% would not face tariffs as GSP provides a reduced tariff of zero, and 95% would face non-zero MFN tariffs. A significant proportion of the Republic of Guyana’s exports to the UK are in raw sugar cane, where GSP does not offer a reduced tariff rate compared to MFN. As upper-middle or high-income countries, other CARIFORUM States in the region

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<sup>16</sup> DIT’s own calculations using tariff data from ITC Market Access Map and HMRC trade statistics. Implied additional duties are calculated using the difference in MFN and preferential tariff rates and the current value of trade for each product at HS2 level, 2017. MFN tariff rates for imports into the UK are trade-weighted average rates using a reference group of countries by ITC Market Access Map, rather than bilateral trade data. This is to overcome endogeneity bias which may show low average tariff rates where there are low bilateral trade values. These results assume all trade occurs under preferential EPA tariff rates. Different approaches to this analysis are likely to yield different results. (Sources: [ITC Market Access Map](#) and [HMRC Trade statistics](#)).

<sup>17</sup> DIT’s own calculations using data from [Eurostat](#) (accessed 19th November 2018). Note that using a single year does not account for fluctuating trends in bilateral trade flows, which can be significant. In general, data on the preference utilisation of trade agreements is not readily accessible and should be treated with caution. They indicate whether businesses trading in goods are benefitting from negotiated preferences, but do not tell us which or how many businesses are using these preferences. Nor do they cover services trade.

<sup>18</sup> Nilsson L and Preillon N. (2018). [‘EU Exports, Preferences Utilisation and Duty Savings by Member State, Sector and Partner Country’](#). *European Commission*, pp. 1-17. This report uses data collected by EU Delegations from relevant authorities in countries with which the EU has bilateral reciprocal trade agreements in place.

would not benefit from unilateral preferences and would therefore face UK MFN tariffs in the absence of an EPA.<sup>19</sup>

38. The indicative estimates show that the largest increases in implied additional duties could be on sugars and sugar confectionary (HS17) at more than £20 million, edible fruits and nuts (HS08) at more than £14 million and organic chemicals (HS29) at £2.7 million. Products with the largest increase in implied additional duties are closely aligned with those that the UK imports most of. On the export side, the largest increase in implied additional duties would be in beverages, spirits and vinegar (HS22) at £4.8 million, nuclear reactors, boilers, machinery (HS84) at £1.4 million and furniture, bedding, mattresses (HS94) at £1.4 million. Accounting for UK unilateral preferences would not significantly reduce the implied additional duties, as trading under GSP would still mean around 95% of the Republic of Guyana's exports to the UK would face non-zero MFN tariffs.
39. Indicative estimates of implied additional tariff duties are provided to give a sense of scale of possible additional costs of trade. Tariff duties are transfers, where the cost to business is equal to the benefit felt by the UK Exchequer and the governments of CARIFORUM States which could collect more tariff revenue. However, depending on businesses' response to the change in duties, there could be wider effects of increased costs of trade, including negative impacts on consumer choice, prices, and ultimately economic growth and welfare. Estimates of implied additional duties therefore do not constitute an estimate of the impact.
40. It is the Government's intention that countries that currently benefit from preferential access to the UK through the Generalised Scheme of Preferences ("GSP") would continue to receive the same access through a new UK trade preferences scheme.<sup>20</sup> This includes countries that benefit from Everything But Arms who would receive duty-free quota-free access on all goods, and those who would be eligible for standard GSP preference which would provide tariff reductions on two thirds of all tariff lines, but not the same level of access as that offered by an EPA. Higher income partner countries would not benefit from unilateral preferences.

## **Businesses**

41. Additional duties could be absorbed by either business from the UK or the region, passed on to consumers, or existing trade patterns could be interrupted. This could impact UK competitiveness, leading to disruptions in supply chains and job losses in the short term.
42. Businesses that rely on imports as part of their supply chains may be affected if import prices rise, including UK exporters that rely on regional inputs to export goods to the rest of the world. In 2015 (latest data), around 15.1% of the value added in UK's gross

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<sup>19</sup> DIT's own calculations using EU MFN and GSP tariff data at CN8 level from TARIC, with ad valorem equivalents taken from WITS using the UNCTAD methodology where relevant, and HMRC trade statistics (Sources: [TARIC](#), [HMRC Trade statistics](#), [WITS](#)).

<sup>20</sup> The Taxation (Cross-Border Trade) Act enables the UK to put in place a UK trade preferences scheme for developing countries. The necessary secondary legislation is now well advanced and regulations will be laid in Parliament ahead of leaving the EU. The Government intends to put in place a trade preference scheme which maintains the preferential market access we currently offer to around 70 developing countries under the EU's GSP. This will grant duty-free, quota-free access to LDCs which is a target in the UN's Sustainable Development Goals and is in line with our commitments in the World Trade Organization ("WTO"). It will also maintain the generous tariff reductions for other developing countries.

exports reflected imports from abroad.<sup>21</sup> UK companies which rely on regional imports would become less competitive. Given the small share of UK trade under the existing EPA, in this case we would expect these impacts to be relatively small, although the impacts could be noticeable for some specific companies.

### **Consumers**

43. Imported products could be more expensive for consumers if retailers pass on additional duties to consumers through increases in domestic prices. This could disproportionately affect certain groups of consumers, for example those at the lower end of the income distribution, depending on the specific sectors affected. Consumers might also see a reduction in choice of products and services available. Given the small share of UK trade under the existing EPA, in this case the Government would expect these impacts to be relatively small overall although impacts could be noticeable on specific product lines.

### **Longer term impact**

44. In the long run, the UK would forgo the longer-term benefits that the existing EPA would have brought to UK. This could result in the long-term UK GDP marginally decreasing if an agreement is not reached. Given the small share of UK trade under the existing EPA, the Government would expect the impact on GDP to be small.
45. The Government expects the CARIFORUM-UK EPA to support jobs and economic development in the CARIFORUM States by providing continuity in trading arrangements with the UK including duty-free quota-free UK market access. This could be of particular benefit to partner firms producing goods for which the UK is an important export market. This includes bananas from Saint Lucia, Belize and the Dominican Republic, sugar cane from the Republic of Guyana and Jamaica, as well as rum from Jamaica.

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<sup>21</sup> OECD, 2018. [Trade in Value Added \(TiVA\): Origin of value added in gross exports, December 2018](#). Experimental statistics. No data available for CARIFORUM States.

## **Explanation of this Agreement, including Significant Differences between the CARIFORUM-UK EPA and the Existing EPA**

46. This section provides a discussion of changes in the CARIFORUM-UK EPA.

## General Provisions

### Removal and replacement of references to the EU

47. Where necessary, references to the “European Community”, “EC”, “EC Party”, the “European Union”, the “EU” and “EU Member States”, “Member States” and “Member States of the European Union” are replaced by the “United Kingdom” or “the UK”. Similarly, references to EU institutions have been replaced with appropriate references to the equivalent institutions in the UK (for example, the Competition and Markets Authority).
48. References to “the Treaty on European Union” or the “Treaty establishing the European Community” have been deleted or replaced (where appropriate).
49. Certain provisions relevant only to the EU, such as provisions which apply only to the Outermost Regions of the European Community, have been deleted, as have provisions relating to the accession of EU Member States and to EU languages (other than English and the languages which remain relevant to the CARIFORUM-UK EPA).

### Territorial Application

50. The Territorial Application article sets out to which territories the CARIFORUM-UK EPA applies, and how it applies to them.
51. In the existing EPA, the Territorial Application article defined the EU’s territorial coverage of the agreement by referencing the Treaty establishing the European Community (the “TEEC”). In the CARIFORUM-UK EPA this has been replaced by an article which ensures that it applies to the UK and the territories engaged in trade for whose international relations it is responsible in the same way as the existing EPA did.
52. The territories to which the CARIFORUM-UK EPA may apply have been separated into categories based upon the application of the EU Treaty under EU law to date. These categories of territory, are:
  - a) The Crown Dependencies (Isle of Man, Jersey, Guernsey), to which, broadly, provisions relating to tariffs and trade in goods apply; and
  - b) Gibraltar, to which, broadly, provisions not relating to goods or customs apply.
53. The Overseas Territories (Anguilla; Bermuda; British Antarctic Territory; British Indian Ocean Territory; Cayman Islands; Falkland Islands; Montserrat; Pitcairn Islands; St Helena, Ascension and Tristan da Cunha; South Georgia and the South Sandwich Islands; Turks and Caicos Islands; and British Virgin Islands), benefit from some specific provisions on cumulation with respect to rules of origin.

### Continuation of Time-bound Periods

54. The existing EPA is currently being provisionally applied. Parts of the existing EPA that provide for a transitional period requiring a party to complete an action within a certain timeframe from entry into force, but which have not yet been fulfilled under the conditions

of the existing EPA, have been retained so that the CARIFORUM-UK EPA reflects the same amount of time required in order to fulfil the obligation.

55. Where a specific date by which a commitment was due to be met has passed, reference to the specific date has been replaced with language reflecting the parties' continued obligations.
56. The existing EPA contained a small number of references requiring a Party to complete an action by the date of entry into force or the date of provisional application. Where this was the case, the existing language has been retained.

## **Entry into Force provisions**

57. The entry into force provisions in the existing EPA have been replaced in the CARIFORUM-UK EPA with new provisions to ensure that, whatever the scenario in which the existing EPA ceases to apply to the UK, the CARIFORUM-UK EPA can enter into force as swiftly as possible. For the CARIFORUM-UK EPA to enter into force, it must first be ratified by both the UK and each CARIFORUM State, and then the UK and the CARIFORUM States need to exchange notifications of the completion of the necessary domestic procedures. In UK domestic law, before a treaty subject to ratification may be ratified, it must be laid before Parliament for scrutiny under the CRAG Act.

## **Provisional Application**

58. Provisional application is a mechanism which allows a treaty to be applied prior to its entry into force. This means that the treaty can be applied provisionally without its having completed the procedures required by the domestic laws of the negotiating countries for its entry into force, provided any necessary domestic implementing measures are in place. A number of the existing EU agreements provide for provisional application and were provisionally applied by the UK as an EU Member State. The existing EPA has not yet entered into force as it has not yet been ratified by all of the CARIFORUM States and EU Member States. Pending completion of procedures necessary to bring the existing EPA into force, it is being provisionally applied by the EU and the CARIFORUM States. Although the UK intends to ratify the CARIFORUM-UK EPA promptly, given the time needed to bring the CARIFORUM-UK EPA into force in all of the CARIFORUM States, the CARIFORUM-UK EPA will be provisionally applied, in the same way as the existing EPA is being provisionally applied. Provisional application by both Parties must be notified to the Depository.
59. Provisional application will allow businesses in the UK and CARIFORUM States that use the existing EPA to continue to access the benefits of the CARIFORUM-UK EPA.

## **Memorandum of Understanding**

60. In the event of the UK's exit from the EU on 12 April 2019 and in advance of all of the CARIFORUM States completing the required domestic processes to notify provisional application of the CARIFORUM-UK EPA, it would have been applied to the extent possible between the Parties, pursuant to the domestic laws of the UK and each CARIFORUM State, under the terms of a non-legally binding Memorandum of

Understanding (“MoU”). The purpose of the MoU was to bridge the gap from the date that the existing EPA ceased to apply to the UK, in the event of a no-deal exit on 12 April 2019, until the point that the CARIFORUM-UK EPA came into effect, through provisional application or ratification. The MoU committed the UK and the Participating CARIFORUM States to use their best endeavours to bring the CARIFORUM-UK EPA into effect within three months of the MoU coming into effect. Within that three-month period, the UK would have applied the tariff schedule set out in the CARIFORUM-UK EPA to those CARIFORUM States that had signed both the CARIFORUM-UK EPA and the MoU. The UK on 22 March 2019 signed an MOU with the nine CARIFORUM States that signed the CARIFORUM-UK EPA on this same date, on 1 April 2019 signed a further MOU with the Republic of Trinidad and Tobago, and on 4 April 2019 signed a further MoU with The Dominican Republic. The MOUs dated 22 March 2019 and 1 April 2019 (from the first two signings) are annexed to the report at Annex A.

## Joint Institutions

61. All of the joint institutions provided for in the existing EPA have been retained in full. The CARIFORUM-UK EPA establishes a Joint CARIFORUM-UK Council (the “Joint Council”) which is responsible for the implementation and operation of the CARIFORUM-UK EPA and has the power to take decisions in respect of all matters covered by the CARIFORUM-UK EPA. The CARIFORUM-UK EPA also establishes a CARIFORUM-UK Trade and Development Committee (“the TD Committee”) which shall assist the Joint Council. Additional wording makes it expressly clear that the TD Committee has the power to vary and revoke the functions of and to dissolve any special committee or body, with the exception of the Special Committee on Customs Cooperation and Trade Facilitation, if agreed by the UK and the CARIFORUM States that this is appropriate in the new bilateral context. The Special Committee on Customs Cooperation and Trade Facilitation, as it does under the existing EPA, falls within the remit of the Joint Council and not the TD Committee.
62. The following special committees or bodies, which were established by the joint institutions of the existing EPA since the signature of the existing EPA, have been directly incorporated into the CARIFORUM-UK EPA by additional articles:
  - a) The Special Committee on Agriculture and Fisheries; and
  - b) The Technical Sub-Committee on Development Cooperation.
63. These committees, as they do currently under the existing EPA, will see representatives of the UK and the CARIFORUM States monitor, review, and discuss the effective implementation of the relevant provisions of the CARIFORUM-UK EPA within their remit. Neither of these committees is a decision-making body; each instead has an advisory remit to the TD Committee.
64. A new article (Article 232A) provides that any decisions adopted by the Joint CARIFORUM-EU Council, the CARIFORUM-EU Trade and Development Committee and any special committees or bodies established by or under the existing EPA before it ceases to apply to the UK are deemed to have been adopted, *mutatis mutandis*, by those same institutions of the CARIFORUM-UK EPA to the extent that the decisions relate to the UK and the CARIFORUM States.

## **Dispute Settlement**

65. The economic benefits of an EPA can only be realised if they are faithfully implemented and complied with. A dispute settlement mechanism in a trade agreement signals the parties intention to abide by it, thereby increasing business and stakeholder confidence that commitments set out in the trade agreement can, and will, be upheld. The dispute settlement mechanism therefore provides an important deterrent function. It also provides an effective mechanism for enforcing those commitments, and for resolving any disputes arising. We have replicated the effects of these provisions in all trade agreements.
66. The impact of transitioning the dispute settlement chapter from the existing EU trade agreements is that, in the unlikely event that a dispute arises, the UK will be directly responsible for any relevant costs associated with the dispute settlement process.

## Annexes and Protocols

### Goods

67. Goods chapters in trade agreements set out the treatment and the level of access to the domestic market granted goods from partner countries. This includes setting tariff levels on various products, establishing bilateral safeguards and determining the Rules of Origin.
68. In the CARIFORUM-UK EPA commitments on tariffs for both the UK and CARIFORUM States have been transitioned without changes. This means that tariff preferences applied by the UK to goods from CARIFORUM States will remain the same as those applied by the EU under the existing EPA, and likewise those countries will continue to apply the same preferences to goods from the UK that they are currently applying to goods from the EU.
69. In cases where import duties remain subject to staged tariff reductions, reductions will continue at the same pace as scheduled in the existing EPA.

### Tariff-Rate Quotas

70. Tariff-rate quotas (“TRQs”) allow a certain quantity of a product to enter the market at a zero or reduced tariff rate. Imports above the quota are subject to a higher tariff – usually the MFN rate. The EU has agreed bilateral TRQs, both for imports to the EU and to partner countries, in some of its trade agreements.
71. It was generally necessary to resize existing tariff rate quotas administered by the UK and by trade partners to reflect the fact that the UK is a smaller importer and exporter than the EU28. However, the TRQ in the existing EPA differs from most quotas agreed in other trade agreements. Appendix 2 to Annex III of the existing EPA reflects a previous memorandum of understanding between the EU and the Dominican Republic, which reserved a portion of the Dominican Republic’s milk powder WTO TRQ for the EU. Therefore, it would not be appropriate for the UK to re-size this TRQ through the CARIFORUM-UK EPA. Instead, UK exporters could apply for preferential access to the Dominican Republic market under the ‘rest of world’ portion of the Dominican Republic’s WTO TRQ.
72. We expect that the overall, immediate, impact on UK producers and consumers resulting from deletion of this Appendix will be negligible. Under the CARIFORUM-UK EPA, UK exporters will benefit from yearly reductions in tariffs on milk powder, leading to full elimination on 1 January 2022. Until this time, UK exporters may access the *erga omnes* portion of the Dominican Republic’s WTO TRQ, as outlined under notification G/AG/N/DOM/22 to the WTO. We also note that the Dominican Republic is not a significant market for UK exports of milk powder. The UK is not a significant user of the TRQ; and exports in the three-year period of 2014 to 2016 totalled 50 tonnes. Based on historical trade flow data, the impact for the UK as a whole from deletion of this Appendix should be negligible.

## Rules of Origin

73. In trade agreements, Rules of Origin are used to determine the economic nationality of a good. To qualify for preferential tariff rates, a good must “originate” in the territory of one of the parties to the agreement. Trade agreements may also allow materials originating and/or processing in a country other than the exporting party to count towards meeting the specific origin requirements for preferential treatment, a process known as “cumulation”.
74. There are two categories relevant to determining whether goods “originate” in the exporting country for the purposes of a:
- a) Wholly obtained – these are goods that are wholly obtained or produced entirely in a single country. Examples include 1) Mineral products extracted from the soil; 2) live animals born and raised.
  - b) Substantial transformation – these are goods that are made from materials which come from more than one country, and the origin is therefore defined as that of the country where the goods were last substantially transformed. This can be determined in three ways:
    - i. Value added – this type of rule requires that a proportion of the final value of the product be added in the exporting country.
    - ii. Change in Tariff Classification (“CTC”) – This type of rule requires that the final product be sufficiently different from the imported materials so that it moves to a different tariff classification altogether.
    - iii. Specific processing or manufacturing – These rules typically apply where value-added or CTC rules may not adequately determine originating status, and where specific processes are required to meet originating criteria.
75. As a member of the EU, all UK content is currently considered as “originating” in the EU and UK exports are designated as being of “EU origin”. This means that materials from, and processing in, the UK and the rest of the EU can be used interchangeably in bilateral trade with existing EU trade agreement partners. This will no longer be the case when existing EU trade agreements stop applying to the UK. At this point, the designation of UK exports will shift from “EU” originating, to “UK” originating and EU content will (unless specific provision is made in new agreements) no longer count towards meeting the origin requirements for preferential treatment for either party. This would have implications for goods traded between the UK, EU and CARIFORUM States.
76. To address these implications and to provide maximum continuity for business, it has been agreed in the CARIFORUM-UK EPA that EU content and processing can be recognised (i.e. cumulated) in UK and CARIFORUM States’ exports to one another. The cumulation arrangements are set out in detail in the Title II (Definition of the concept of ‘originating products’) of the Rules of Origin Protocol and subject to satisfying the conditions specified in the CARIFORUM-UK EPA.
77. If cumulation of EU content for the UK and the CARIFORUM States were not permitted under the CARIFORUM-UK EPA, some UK and some exporters based in CARIFORUM States might find themselves unable to access preferences as they are currently able to under the existing EPA. UK exporters to CARIFORUM States who rely on EU content might have to revert to paying MFN tariff rates, if they continued using EU content, or they might have to review and reassess their existing supply and value chains as a result of this change. The impact would, of course, vary across sectors.

78. The CARIFORUM-UK EPA provides only for trade between the UK and CARIFORUM States and does not provide for either Party's direct trade with the EU, including, for example, where UK and exporters based in CARIFORUM States use content from each other in exports to the EU.

## **Intellectual Property and Geographic Indications**

79. We have ensured that our existing commitments on Intellectual Property found in international treaties and trade agreements remain in place. The UK will remain a member of the World Intellectual Property Organisation ("WIPO") and remain fully compliant with those WIPO treaties to which we are already a party. We will also remain fully compliant with the WTO's agreement on the trade related aspects of intellectual property rights ("TRIPS").
80. The Intellectual Property chapters include issues such as time bound commitments, for which we have followed the approach already explained in the previous section of this report.
81. There are two types of unregistered design right that operate alongside one another in the UK– (i) the Unregistered Design Right provided for by the Copyright, Designs and Patents Act 1988, and (ii) the Community Unregistered Design Right as carried over into UK legislation by the European Union (Withdrawal) Act 2018. The two types of unregistered design rights differ in scope and duration. To provide clarity and ensure continuity of effect, we have added a footnote to make it clear that the unregistered design rights referred to in Article 146.B.4 of the CARIFORUM-UK EPA applies only to the Community Unregistered Design Right as carried over into UK legislation by the European Union (Withdrawal) Act 2018. We do not expect these changes to have an impact.

## **Government Procurement**

82. Government procurement commitments in trade agreements provide enforceable rules and standards for a transparent and non-discriminatory framework on government procurement. They also liberalise specific procurement markets between the parties and provide enforceable market access commitments.
83. We have retained the commitments on public procurement that relate to the UK and CARIFORUM States.
84. Annex VI defines the UK's *new* market access commitments to the CARIFORUM States by reference to the UK's *current* commitments under the EU's schedules to the WTO Government Procurement Agreement ("GPA"). This means the UK will continue to provide the same procurement market access to suppliers and service providers from the CARIFORUM States as it presently does under the existing EPA (and vice versa). We do not expect these changes to have an impact.

## **Competition, Subsidies/State Aid and State-Owned Enterprises**

85. Chapters or articles in trade agreements relating to competition, subsidies/state aid and state-owned enterprises help to ensure a level playing field exists for both parties. They detail key principles and can refer to domestic laws for both parties.

86. Minor non-substantive technical changes have been carried out in the areas of competition, subsidies/state aid and state-owned enterprises to ensure that the effect of the provisions are replicated without altering the substance. The UK will also retain uncontested access to subsidies allowed within the WTO's green and amber box. Some trade agreements have required no change at all. We do not expect any changes to have an impact.

## **Services**

87. Services chapters and corresponding annexes in trade agreements set out the treatment and the level of access to the domestic market granted to that trade partner's service suppliers and services. Commitments build upon the level of access and the treatment granted to all WTO members, whilst protecting governments' right to regulate the domestic markets.

88. Amongst the EU's trade agreements with third countries, the content of the services chapters and depth of the commitments undertaken vary considerably. The variety of these services provisions have in some cases necessitated a bespoke approach to deliver continuity in services commitments between the UK and its trade partners. Some trade agreements have not required amendment whilst others have required technical alteration to their text to deliver continuity of effect. Where such technical changes have been necessary the effects of the original commitments have been replicated as far as possible.

89. Services chapters in the existing EPA are subject to the cross-cutting changes outlined above. Throughout the Services chapters and the corresponding annexes, text in the existing EPA which makes specific reference to the obligations and commitments of EU Member States has been removed from the CARIFORUM-UK EPA as it no longer applies in a bilateral context.

90. In addition, Annex IV B of the CARIFORUM-UK EPA makes minor changes to a reservation requiring that aircraft used by Community air carriers be registered in the EU Member State licensing the air carrier or elsewhere in the Community. For this reservation, the phrase "or elsewhere in the Community" has been removed. References to EU internal waterway arrangements in Annexes IV A and B, such as the 'Rhine-Main-Danube link', have been removed as they do not apply in a bilateral context.

91. The existing EPA provided for the commitments in services and investment for the Commonwealth of the Bahamas to be incorporated into Annex IV ("the Bahamas commitments"). Decision 1/2012 of the Joint CARIFORUM-EU Council incorporated the Bahamas commitments into Annexes IV E and F of the existing EPA (the schedules of commitments of the other CARIFORUM States), by way of Appendices to these two Annexes. The UK and CARIFORUM States have agreed to directly incorporate the Bahamas commitments into the schedules of commitments for the CARIFORUM States in Annexes IV E and F of the CARIFORUM-UK EPA.

## **Trade Remedies**

92. Trade remedies provide a safety net for domestic industry against unfair or injurious trading practices caused by dumped, subsidised or unexpected surges of imports of goods. All major WTO members have a trade remedies regime; the UK will operate its own regime once outside the EU.

## **Retaining reference to entry into force for timebound safeguard provisions in the CARIFORUM-UK EPA**

93. Timebound safeguard provisions will begin to apply from the entry into force of the CARIFORUM-UK EPA. The specific provisions are:
- a) An exemption for CARIFORUM States from UK multilateral safeguards, which will apply for 5 years from entry into force of the CARIFORUM-UK EPA. No later than 120 days before the end of this period, the Joint Council shall review the provisions to determine whether to extend their application for a further period; and
  - b) A provision allowing CARIFORUM States to apply bilateral safeguards on a product being imported from the UK if an increase in imports of that product causes or threatens to cause injury to an infant industry producing like or directly competitive products. The provision will apply for 10 years from entry into force of the CARIFORUM-UK EPA.
94. As the existing EPA is currently being provisionally applied, the abovementioned safeguard provisions have not yet entered into force. If the UK does impose a multilateral safeguard, the exemption would only have a meaningful impact if CARIFORUM States were a significant exporter or producer of the product covered by the safeguard. The WTO Agreement on Safeguards provides that developing countries be granted an exemption from multilateral safeguards if the exports of the product from the developing country to the member applying the safeguard fall below a defined import level.

## **Bilateral Safeguards – Sugar**

95. The existing EPA includes a provision that allows the EU:
- a) to apply a bilateral safeguard duty to imports from CARIFORUM States if certain conditions are satisfied, including for example if a disturbance in an EU agricultural product market arises; and
  - b) to determine that a disturbance in the EU sugar market for this purpose has arisen if the price of sugar falls below a certain level (the “trigger price mechanism”). In line with the principle of technical replication we are transitioning these provisions and establishing a trigger price mechanism for the UK sugar market.
96. Data is not, however, available to determine what the appropriate level for the trigger price mechanism should be in the UK at this time. This is particularly the case given recent volatility in sugar prices following the reform of the EU domestic sugar regime. To ensure that the CARIFORUM-UK EPA is operable upon entry into force, the UK has agreed with the CARIFORUM States to suspend the trigger price mechanism temporarily. The UK and CARIFORUM States have agreed to review the price trigger after entry into force of the CARIFORUM-UK EPA. The price trigger set in the existing EPA will reapply after a period of five years, unless the Parties reach agreement on a replacement trigger price.

97. We do not envisage that suspending the safeguard mechanism will have an impact on the UK. Given the substantial convergence of UK and EU sugar prices with those prevailing on world markets, it is unlikely that it will be appropriate to deploy safeguards in the foreseeable future. Indeed, the EU has not previously needed to utilise this mechanism to implement safeguard duties for sugar. The temporary suspension of the trigger price mechanism does not prevent the UK applying a bilateral safeguard duty to sugar imports based on the standard procedures applicable in the CARIFORUM-UK EPA.

## Cotonou Agreement

98. The existing EPA contains a range of references to the Partnership Agreement between the EU and the African, Caribbean and Pacific Group of States (“ACP”)<sup>22</sup> (“the Cotonou Agreement”). The Cotonou Agreement provides a framework for the EU’s political, development and trade relations with these 79 developing countries. When the UK leaves the EU the Cotonou Agreement will cease to apply to the UK.
99. Some references to the Cotonou Agreement contained in the existing EPA can be deleted without any change to the effect of the CARIFORUM-UK EPA. For others, we have sought to ensure continuity of the effect of the references to the Cotonou Agreement in the existing EPA that are relevant to the UK’s trade relationship with the CARIFORUM States. Those references include the fundamental principles and essential and fundamental elements set out in the Cotonou Agreement and the ability to take appropriate measures in the event of a violation of those essential and fundamental elements under the Cotonou Agreement. For these references, the UK has replicated the relevant provisions of the Cotonou Agreement in the CARIFORUM-UK EPA in Article 2 and through a Joint Declaration on Political Dialogue, Consultations and Appropriate Measures.
100. Article 2 of the CARIFORUM-UK EPA replicates the language of the Cotonou Agreement and the existing EPA to ensure that respect for human rights, democratic principles and the rule of law, and good governance remain as essential and fundamental elements of the CARIFORUM-UK EPA. The Joint Declaration on Political Dialogue, Consultations and Appropriate Measures provides that, if needed, appropriate measures can be taken in the event of a violation of these elements. Recitals in the preamble and Articles 7 and 8 of the CARIFORUM-UK EPA outline the principles that will apply to any development cooperation provided by the UK to the CARIFORUM States to support implementation of the CARIFORUM-UK EPA. The overall result is a replication of the effects of the Cotonou references in the existing EPA.

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<sup>22</sup> Partnership Agreement between the Members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States of the other part, signed in Cotonou on 23 June 2000, revised on 25 June 2005, and further revised on 22 June 2010.

## Amending the CARIFORUM-UK EPA

101. Amendments may be made to the CARIFORUM-UK EPA, including its annexes, appendices and protocols, following a decision of the Joint Council, or a decision of the TD Committee where it has the express power to do so or as delegated to it by the Joint Council. The TD Committee can also make recommendations to the Joint Council who can then take decisions. Such decisions will enter into effect once they have been implemented in accordance with each Party's internal rules.
102. Decisions are adopted by mutual agreement of the UK and the CARIFORUM States, where the CARIFORUM States are acting collectively. In those matters where collective action of the CARIFORUM States has not been agreed upon, adoption of a decision requires the UK and the individual CARIFORUM State or States concerned to agree.
103. Any amendment to a treaty which would require changes to UK law would, before coming into effect, first require those changes to be made domestically. This means that Parliament would have the opportunity to scrutinise and debate such changes to UK law in the normal manner.

## Expanding the Agreement

104. The CARIFORUM-UK EPA replicates the revision clause in the existing EPA which lists areas where the Parties will consider extending the CARIFORUM-UK EPA in the future.

## Annex A

MEMORANDUM OF UNDERSTANDING BETWEEN BARBADOS, BELIZE,  
THE COMMONWEALTH OF DOMINICA, GRENADA, THE REPUBLIC OF GUYANA,  
JAMAICA, SAINT CHRISTOPHER AND NEVIS, SAINT LUCIA,  
SAINT VINCENT AND THE GRENADINES

AND

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

CONCERNING THE ARRANGEMENTS FOR THE CONTINUATION OF THE  
EFFECTS OF THE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE  
CARIFORUM STATES, OF THE ONE PART, AND EUROPEAN COMMUNITY AND  
ITS MEMBER STATES OF THE OTHER PART (“THE CARIFORUM-EU EPA”)

The United Kingdom of Great Britain and Northern Ireland (“the United Kingdom” or “UK”) and Barbados, Belize, The Commonwealth of Dominica, Grenada, The Republic of Guyana, Jamaica, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines (the “Participating CARIFORUM States”), (together, hereinafter referred to as “the Participants”),

- *Noting* that the United Kingdom may cease to be a Member State of the European Union on or before 12 April 2019,
- *Recognising* that the Participants have signed the text of an Economic Partnership Agreement between the CARIFORUM States, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part (“the CARIFORUM-UK EPA”) to continue the effects, as between them, of the CARIFORUM-EU EPA,
- *Recognising* that if the UK ceases to be a Member State of the European Union on or before 12 April 2019, not all of the Participants will have completed the domestic procedures required for the CARIFORUM-UK EPA to be brought into force;
- *Desiring* nevertheless to continue the effects of the relationship between the Participants provided for by the CARIFORUM-EU EPA without interruption,

Have reached the following understandings:

## Section 1

### Purpose

The Participants intend that the effects of the CARIFORUM-EU EPA should continue as between them, without interruption once the CARIFORUM-EU EPA ceases to apply to the United Kingdom.

## Section 2

### Treatment of the CARIFORUM-UK EPA

In pursuance of the purpose in section 1, the Participants have decided to treat the provisions of the approved CARIFORUM-UK EPA, in the form annexed to this Memorandum, as having effect as between them to the extent possible for the period between the CARIFORUM-EU EPA ceasing to apply to the United Kingdom and the coming into effect of the CARIFORUM-UK EPA.

## Section 3

### Entry into effect of the CARIFORUM-UK EPA

The Participants will use their best endeavours to bring the CARIFORUM-UK EPA into effect as between them within three months of this Memorandum coming into effect.

The Participants accept that, following bringing the CARIFORUM-UK EPA into effect, any action carried out pursuant to this Memorandum will be understood to have been carried out pursuant to the CARIFORUM-UK EPA.

## Section 4

### Amendment

This Memorandum may be amended at any time by the mutual written consent of the Participants.

## Section 5

### Termination

This Memorandum may be terminated as between the UK and any Participating CARIFORUM State by one of them giving one month's written notice to the other, or such shorter period as the Participants may decide. In any event, this Memorandum will terminate without any further notice on the earlier of the date of the CARIFORUM-UK EPA coming into effect and three months of this Memorandum coming into effect.

The Participants will consult to determine how any outstanding matters should be dealt with.

## Section 6

### Disputes

The Participants will consult at the request of any of the Participants identifying a concern about the interpretation or application of this Memorandum and endeavour to resolve the matter between themselves. The Participants accept that they will not seek recourse to any national or international tribunal or any third party for settlement of such matters.

## Section 7

### Duration and effective date

This Memorandum will come into effect either:

- on 12 April 2019, provided that the CARIFORUM-EU EPA ceases to apply to the UK on that date; or
- on any prior date on which the CARIFORUM-EU EPA ceases to apply to the UK.

The foregoing represents the understandings reached between the Participants on the matters referred to in this Memorandum.

Signed in duplicate in the English language at Castries, Saint Lucia on 22 March 2019.

MEMORANDUM OF UNDERSTANDING BETWEEN THE REPUBLIC OF TRINIDAD  
AND TOBAGO

AND

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

CONCERNING THE ARRANGEMENTS FOR THE CONTINUATION OF THE  
EFFECTS OF THE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE  
CARIFORUM STATES, OF THE ONE PART, AND EUROPEAN COMMUNITY AND  
ITS MEMBER STATES OF THE OTHER PART (“THE CARIFORUM-EU EPA”)

The United Kingdom of Great Britain and Northern Ireland (“the United Kingdom” or “UK”) and The Republic of Trinidad and Tobago, (together, hereinafter referred to as “the Participants”),

- *Noting* that the United Kingdom may cease to be a Member State of the European Union on 12 April 2019,
- *Recognising* that on 22 March 2019, Barbados, Belize, The Commonwealth of Dominica, Grenada, The Republic of Guyana, Jamaica, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and the United Kingdom signed the text of an Economic Partnership Agreement between the CARIFORUM States, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part (“the CARIFORUM-UK EPA”) to continue the effects, as between them, of the CARIFORUM-EU EPA,
- *Recognising* that on 22 March 2019, Barbados, Belize, The Commonwealth of Dominica, Grenada, The Republic of Guyana, Jamaica, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and the United Kingdom signed a Memorandum of Understanding concerning the arrangements for treating the provisions of the signed CARIFORUM-UK EPA as having effect as between them to the extent possible for the period between the CARIFORUM-EU EPA ceasing to apply to the United Kingdom and the coming into effect of the CARIFORUM-UK EPA,
- *Recognising* that The Republic of Trinidad and Tobago has signed the text of the CARIFORUM-UK EPA on 1 April 2019,
- *Recognising* that if the UK ceases to be a Member State of the European Union on 12 April 2019, the Participants will not have completed the domestic procedures required for the CARIFORUM-UK EPA to be brought into force,

- *Desiring* nevertheless to continue the effects of the relationship between the Participants provided for by the CARIFORUM-EU EPA without interruption,

Have reached the following understandings:

#### Section 1

##### Purpose

The Participants intend that the effects of the CARIFORUM-EU EPA should continue as between them, without interruption once the CARIFORUM-EU EPA ceases to apply to the United Kingdom.

#### Section 2

##### Treatment of the CARIFORUM-UK EPA

In pursuance of the purpose in section 1, the Participants have decided to treat the provisions of the signed CARIFORUM-UK EPA, in the form annexed to this Memorandum, as having effect as between them to the extent possible for the period between the CARIFORUM-EU EPA ceasing to apply to the United Kingdom and the coming into effect of the CARIFORUM-UK EPA.

#### Section 3

##### Entry into effect of the CARIFORUM-UK EPA

The Participants will use their best endeavours to bring the CARIFORUM-UK EPA into effect as between them within three months of this Memorandum coming into effect.

The Participants accept that, following bringing the CARIFORUM-UK EPA into effect, any action carried out pursuant to this Memorandum will be understood to have been carried out pursuant to the CARIFORUM-UK EPA.

#### Section 4

##### Amendment

This Memorandum may be amended at any time by the mutual written consent of the Participants.

## Section 5

### Termination

This Memorandum may be terminated by either Participant giving one month's written notice to the other, or such shorter period as the Participants may decide. In any event, this Memorandum will terminate without any further notice on the earlier of the date of the CARIFORUM-UK EPA coming into effect and three months of this Memorandum coming into effect.

The Participants will consult to determine how any outstanding matters should be dealt with.

## Section 6

### Disputes

The Participants will consult at the request of either of them identifying a concern about the interpretation or application of this Memorandum and endeavour to resolve the matter between themselves. The Participants accept that they will not seek recourse to any national or international tribunal or any third party for settlement of such matters.

## Section 7

### Duration and effective date

This Memorandum will come into effect on 12 April 2019, provided that the CARIFORUM-EU EPA ceases to apply to the UK on that date.

The foregoing represents the understandings reached between the Participants on the matters referred to in this Memorandum.

Signed in duplicate in the English language at London, United Kingdom on 1 April 2019.









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