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*Georgetown GUYANA, 16 March 2012/ CARICOM/ GT:* The Economic Partnership Agreement (EPA) between the European Union and the Caribbean Forum (CARIFORUM) of the African Caribbean and Pacific States (ACP Group) provides a comprehensive framework to improve the flow of investments between the two parties, says a new report commissioned by the Caribbean Community (Caricom) Secretariat-based EPA Implementation Unit.

In a release, the secretariat said this was one of many findings, along with recommendations, of the just-completed report, tasked with a review of the legal framework in CARIFORUM states with respect to investment and the flow of investment between CARIFORUM states and the EU for consistency with their commitments in international agreements. CARIFORUM and the EU are to review their investment legal framework, and related areas, in accordance with Article 74 of the EPA.

As a result of national consultations, CARIFORUM states had indicated the need to determine the impact of their liberalisation commitments in the EPA towards ensuring that the benefits to be derived under the agreement are obtained as well as to make informed decisions on additional areas for further liberalisation. In response, a project was launched by the EPA Implementation Unit.

This included hiring of a consultant to provide appropriate technical guidance to allow informed decisions to be taken in respect of the region's obligations under the Investment and Commercial Presence obligations of the EPA. The consultancy took account of the investment legal framework, investment environment and the flow of investment from the EU to CARIFORUM. Cognisant of the importance of monitoring and evaluating to assess the impact of commitments, the consultant was also tasked to provide recommendations on an instrument to monitor the flow of investments between CARIFORUM and the EU.

"Having a better appreciation of the realities in states is crucial to making decisions to ensure that the benefits to be derived under the agreement are obtained," said the regional unit's Trade in Services and Investment Specialist, SH Allyson Francis.

She further stated, "The findings are enlightening and form a good basis to better focus our minds on the task at hand, which is improving the investment climate and the flow of investment between the EU and CARIFORUM".

While some of the findings were encouraging, they were tempered by some stark assessments with respect to the EPA. Of note, the report underscored that there is little awareness of the EPA/Foreign Direct Investment (FDI) tied advantages among the private sector in CARIFORUM states and within the EU. It was found that this lack of knowledge extended to EU investors as well.

Particular note was made that the legal framework of CARIFORUM states is in need of harmonisation to cope with the FDI commitments of the EPA. With respect to national legislation pertaining to foreign investment, asymmetries were revealed in their respective legal systems and the level of regulation that needs to be addressed in order to create a reliable framework for investors. Government bureaucracy and the lack of a common policy among CARIFORUM states on investment promotion were also cited as areas of concern.

In the main, the report's recommendations dealt with ways of addressing deficiencies, as set out in some of the findings. These include the call to increase awareness of the EPA, as well as its commitments and advantages, among the business community through: education; sharing of best practices; showcasing successful regional FDI models; and implementing a methodology to collect and process statistical information on FDI in CARIFORUM states.

Advancing the recommendations is a top priority for the EPA Implementation Unit and the expected result is an improved climate and flow of investment from the EU to CARIFORUM. The 15 signatory Caribbean Forum of African, Caribbean and Pacific (CARIFORUM) states to the EPA are the independent Caricom member states and the Dominican Republic.

