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The Promise of a Recalibrated Caribbean-European Union Partnership

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Abstract

The Caribbean and the European Union (EU) have been enjoined in a formal bi-regional relationship since the signing of the Lomé Convention in 1975, and are firm proponents of multilateralism, strong advocates of regional integration, democracy and rule of law, and reflect vibrant multi-ethnic and multi-lingual polities. The bi-regional relationship has evolved considerably over the intervening 45 years, and is reflected in formal agreements between the African, Caribbean and Pacific (ACP) States and the EU, and in the sphere of economic cooperation, has been strengthened with the signing of the Cariforum-EU Economic Partnership Agreement (CEPA) in 2008. The EU also remains a significant source of development cooperation for the Caribbean, complemented by a sui generis project management regime that includes multi-annual programming. Beyond this, the bi-regional ties have expanded into new areas of joint multilateral endeavour such as the WTO Trade Facilitation Agreement (TFA) and the Paris Agreement on Climate Change.

Despite the long and formal engagement, the Cariforum-EU partnership has not engendered either deep understanding of, or universal support in, each other's conduct of multilateral negotiations. To the contrary, the partnership displays regular flashes of unease and arguably low-level tension. This paper

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seeks to assess the Caribbean-EU partnership in terms of its contribution of bi-regional trade and economic cooperation to Caribbean development, and possibilities for a renewed partnership considering new impulses shaping the Cariforum-EU relationship, including the post-Cotonou Agreement, Brexit, EU-LAC Political Dialogue and COVID-19 responses. A Cariforum-EU development agenda to fuel post-pandemic Caribbean recovery is mooted with the additional value of harnessing the promise of the revised partnership.

Keywords

Caribbean, Cariforum, European Union, political dialogue, post-pandemic.

Resumen

El Caribe y la Unión Europea (UE) mantienen una relación birregional formal desde la firma del Convenio de Lomé en 1975, y son firmes defensores del multilateralismo, de la integración regional, de la democracia y del Estado de Derecho, además de reflejar vibrantes políticas multiétnicas y multilingües. La relación birregional ha evolucionado considerablemente en estos 45 años y se refleja en los acuerdos formales entre los Estados de África, el Caribe y el Pacífico (ACP) y la UE, y en el ámbito de la cooperación económica se ha reforzado con la firma del Acuerdo de Asociación Económica Cariforum-UE (CEPA, por sus siglas en inglés) en 2008. La UE también sigue siendo una fuente importante de cooperación al desarrollo para el Caribe, complementada por un régimen *sui generis* de gestión de proyectos que incluye la programación plurianual. Además, los lazos birregionales se han ampliado a nuevas áreas de esfuerzo multilateral conjunto, como el Acuerdo de Facilitación del Comercio (AFC) de la OMC y el Acuerdo de París sobre el Cambio Climático.

A pesar del largo y formal compromiso, la asociación Cariforum-UE no ha producido ni una profunda comprensión ni un apoyo universal en la conducción de las negociaciones multilaterales de cada uno. Por el contrario, la asociación muestra regularmente destellos de malestar y de una posible tensión de bajo nivel. Este documento pretende evaluar la asociación entre el Caribe y la UE en términos de su contribución al comercio birregional y la cooperación económica para el desarrollo del Caribe, y las posibilidades de una asociación renovada teniendo en cuenta los nuevos impulsos que dan forma a la relación entre el Cariforum y la UE, incluyendo el Acuerdo pos-Cotonú, el Brexit, el Diálogo Político UE-ALC y las respuestas a la COVID-19. Se plantea un programa de desarrollo Cariforum-UE para impulsar la recuperación del Caribe tras la pandemia, con el valor adicional de aprovechar la promesa de la asociación revisada.

Palabras clave

Caribe, Cariforum, diálogo político, pospandemia, Unión Europea.

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1. Introduction

The Caribbean and the European Union (EU) have been enjoined in a formal bi-regional relationship since the signing of the Lomé Convention in 1975. These two regions are firm proponents of multilateralism, strong advocates of regional integration, democracy and rule of law, and reflect vibrant multi-ethnic and multi-lingual polities. The two regions are also physical neighbours given the presence of EU-associated Overseas Countries and Territories (OCTs) and Outermost Regions (OR). The longstanding relations have resulted in the forging of deep Caribbean-EU political, economic, and cultural ties.

The bi-regional relationship has evolved considerably over the intervening 45 years, reflective of a recalibrated global environment, the evolution in EU and Caribbean (now Caribbean Forum of African, Caribbean and Pacific States-Cariforum)[1] membership and policies, advances in Caribbean regional integration and iterations of the agreements between the African, Caribbean and Pacific (ACP) States and the EU. The EU remains a major trading partner to the Caribbean, ranked third as a source of imports and third as an export destination[2]. Trade and economic cooperation was strengthened with the signing of the Cariforum-EU Economic Partnership Agreement (CEPA) in 2008. The EU also remains a significant source of development cooperation for the Caribbean, complemented by a *sui generis* project management regime that includes multi-annual programming. Beyond this, the bi-regional ties have expanded into new areas of joint multilateral endeavour such as the WTO Trade Facilitation Agreement (TFA) and the Paris Agreement on Climate Change.

Despite the long and formal engagement, the Cariforum-EU partnership has not engendered either deep understanding of, or universal support in, each other's conduct of multilateral negotiations. To the contrary, the partnership displays regular flashes of unease and arguably low-level tension. Sub-optimal implementation of the CEPA, unmatched Caribbean expectations of the EU to implement the Trade Facilitation Agreement (TFA) and Paris Agreement on Climate Change, and more recently, the EU designation of select Caribbean states as "non-cooperative jurisdictions" are examples of troubling issues straining the relationship.

This paper seeks to assess the Caribbean-EU partnership in terms of its contribution of bi-regional trade and economic cooperation to Caribbean development, and possibilities for a renewed

[1] Cariforum Members are Antigua and Barbuda, The Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago. This paper will focus on the relationship of the EU with the 15 Cariforum members that are parties to both the post-Cotonou Agreement and the Cariforum-EU Economic Partnership Agreement.

[2] COMEXT EU-Cariforum merchandise trade. https://webgate.ec.europa.eu/isdb_results/factsheets/region/details_acp-caribbean-countries_en.pdf (accessed on April 26, 2021).

partnership considering new impulses shaping the Cariforum-EU relationship, including the post-Cotonou Agreement, Brexit, EU-LAC Political Dialogue and COVID-19 responses. A Cariforum-EU development agenda to fuel post-pandemic Caribbean recovery is mooted with the additional value of harnessing the promise of the revised partnership.

This paper is structured into the following five main sections, namely, a) sketching the key atmospherics impacting Caribbean-EU relationship, in particular, the evolution of the ACP-EU relations and the emergence of new impulses shaping these atmospherics; b) reviewing performance of Cariforum-EU trade and economic cooperation leading to the conclusion that economic advances have been trumped by a host of missed opportunities; c) outlining possible elements of a Cariforum-EU development agenda that could mitigate if not overcome COVID-19 induced setbacks to Caribbean sustainable development; d) highlighting the challenges faced in forging a Cariforum-EU political partnership; and e) concluding remarks that posit proposals on enhanced institutional framework to manage the Cariforum-EU partnership.

2. The Caribbean-EU Relationship

2.1. EU-ACP Relations as Context

a. From Yaoundé to Post-Cotonou

The Caribbean-EU relationship is framed by a series of "All ACP-EU" Conventions. On February 28, 1975, 46 ACP countries and 9 member States of the European Economic Community (EEC) signed the Lomé Convention. ACP signatories included 6 Caribbean countries: The Bahamas, Barbados, Grenada, Guyana, Jamaica, Trinidad and Tobago. The 1972 United Kingdom's accession to the EEC necessitated Commonwealth trade preferences to be grandfathered into a trade and development compact involving the expanded EEC and former British colonies in Africa, Caribbean, and the Pacific.

The first Lomé Convention included several, including some radical innovative policies. For example, the new agreement granted ACP countries non-reciprocal access to the EEC market. Also, agricultural commodity protocols for bananas, rum and sugar conferred both above-world market prices and supplementary income. STABEX (Stabilization of Export Earnings) shielded ACP countries from a fall in agricultural export earnings export and System for Stabilization of Export Revenues in Minerals (SYSMIN) for mineral exports. In enshrining these prime initiatives arising from the Second and Third Conferences of the United Nations Conference on Trade and Development (UNCTAD), the Lomé Convention represented a radical platform for shaping North-South relations (Toye, 2014a, and UNCTAD, 1973).

Subsequent Lomé revisions resulted in key changes to the ACP-EU partnership, most notably, introducing the principle that access to EU development aid was predicated on upholding core political values. Shifts in ACP-EU relations reflected new global realities - most notably the demise of the Cold War; rise of globalisation and formation of the World Trade Organization (WTO) but also intra-EU developments, e.g., the Treaty of Maastricht, incorporation of former Eastern Bloc countries as EU Members and the establishment of the EU Single Market[3].

[3] See Hurt (2003) while Kuehnhardt (2017) notes that major revisions in the Lomé Convention reflected shifting geo-political realities and European policy responses.

The Cotonou Partnership Agreement (CPA) replaced the Lomé Convention in 2000 and launched another clutch of significant policy shifts. One example was the inclusion of political dialogue as the third pillar[4], thereby enshrining political values as central to the ACP-EU partnership. Incorporation of political values complemented de facto support for Washington Consensus policies, most notably, World Bank-administered Structural Adjustment Programmes, market-based economic reforms and tariff liberalisation, aimed at advancing "the integration of ACP countries into the world economy". The CPA development paradigm elevated support for ACP regional integration, which was unsurprising given the EU's enthusiasm to encourage its development partners to emulate its own brand of regional integration.

The post-Cotonou Agreement (2021) launched yet another series of major changes in the ACP-EU relationship. First, the partnership now purports to be an "partnership of equals" with the objective being to "generate mutually beneficial outcomes". Note that CPA's singular aim of promoting the sustainable development of the ACP has now been extended to the EU. Second, European Development Fund (EDF)-funding has now been eclipsed with EU development aid to the members of the Organization of ACP States (OACPS) to be channelled through the Global Europe: Neighbourhood, Development and International Cooperation Instrument (NDICI) in the EU general budget. Third, the agreement summons all parties to enhance coordination and consultation for action in relevant multilateral bodies. Fourth, the revised legal structure provides for a two-tiered approach, a General Part that articulates a raft of general principles while more specific treatment is reserved for the respective regional protocols for Africa, Caribbean and the Pacific regions. This differentiated approach among ACP constituent regions allows for, inter alia, the possibility of convening regional summits, a prospect currently reserved for Africa. Finally, the post-Cotonou institutional framework facilitates regional organisations such as the Caribbean Community (Caricom) and/or Cariforum the possibility to be granted observer status.

The demise of the EDF reflects a substantive shift from the Yaoundé/Lomé/Cotonou approach with the loss of a specific development financing facility reserved solely for ACP countries and EU-associated Outermost Countries and Territories (OCTs)[5]. Since its inauguration in 1975, the EDF has generated €124.75 billion in commitments from EU Member States[6]. Beyond overall EU aid volume, EDF regulations also allowed for ACP contractors to benefit from preferential treatment, comprising price preferences for bids including ACP firms with the value increasing according to the level of economic participation by such firms; participation of ACP nationals as technical experts; and possible additional support to ACP-owned companies and experts. The loss of such preferences means not only possible missed economic opportunities but the likelihood of diminished national ownership of EU-funded projects administered by non-ACP firms and experts.

Lomé/Cotonou/post-Cotonou OACPS-EU compacts have continuously evolved over time, with the consequence that the value of preferential trade treatment has been significantly eroded. Preference erosion has been driven by multilateral trade negotiations, including the Geneva Agreement on Bananas that ended a longstanding trade dispute with Central American MFN suppliers. But also, the increasing number of EU FTAs with developing countries[7] has denuded the value of OACPS preferential access to the EU market. Beyond this, internal EU policy reforms have contributed to

[4] The other two pillars, trade and development cooperation were present in Lomé 1.

[5] It is often overlooked that the EDF was also the principal source of EU funding for OTs and OCTs.

[6] Authors' calculations based on Van Reisen (2012: 33).

[7] Since 2000, the EU has negotiated and applied FTAs with the following 15 non-OACPS developing countries namely, Algeria, Chile, Colombia, Costa Rica, Ecuador, Egypt, El Salvador, Honduras, Guatemala, Jordan, Mexico, Morocco, Nicaragua, Panama, and Peru (see: European Commission, 2020a).

preference erosion, most notably Common Agricultural Policy (CAP) reform of the EU sugar market that removed the EU as buyer of last resort, payment of guaranteed prices and resulted in reduced market prices. The EU has advanced to become the world's largest exporter of agricultural products with the European Commission declaring that the bloc will become self-sufficient in sugar and potentially a net exporter (European Commission, 2020b)[8]. Sugar is emblematic of a broader tale of EU agricultural exports that have soared from €72.7 billion in 2002 to €185.1 billion in 2020 (European Commission, 2021a) thanks to both a series of CAP reforms that switched the aim from self-sufficiency to securing global market access and implementation of the EU Global Europe Strategy (European Commission, 2006).

b. ACP-EU Relations in the Multilateral Context

In multilateral arenas, the ACP-EU partnership has contributed to the establishment of the WTO Trade Facilitation Agreement (TFA) in 2013. Close ACP-EU technical collaboration resulted in the crafting of a "Section II approach", which ties the assumption of new trade rules and obligations with the delivery of trade capacity (Lodge, 2014). This new model of special and differential treatment could be extended to address developing countries' regulatory capacity constraints in both bilateral and multilateral trade negotiations. The ACP also contributed significantly to the conclusion of the Paris Agreement on Climate Change although the ACP bloc's members were organised into two main constituents, i.e., the African Union and Alliance of Small Island States (AOSIS) (Betzold, Castro and Weiler, 2012).

Notwithstanding these notable achievements in multilateral negotiations, the ACP-EU engagement in multilateral negotiations has been rather muted. The occasional joint ministerial declarations, e.g., on multilateral trade, finance for development, climate change and sustainable development goals, have not been complemented by earnest action and coordination. This limited engagement in part reflects the failure to extend the ACP-EU engagement beyond Brussels and Geneva[9]. It might also be attributed to limited internal coherence among ACP States the failure of regular consultations among ACP diplomats based in other key global political capitals —New York and Geneva— to consult with their Brussels-based counterparts.

However, the most critical contributing factor to the lack of more dynamic ACP-EU interaction on global affairs stems from the partners' failure to vigorously pursue a strategic relationship. The EU generally anticipates ACP support on global policy issues - citing the longstanding and historic partnership, the *sui generis* development cooperation support and shared political values including full embrace of multilateralism. In contrast, the ACP tends to work with the G77 and China as its main partner on UN-based policy agenda. This partially reflects the G77's stark intellectual and political support for the New International Economic Order (Toye, 2014b).

Yet another factor is the rise of China as both a forceful economic and development aid partner. China is generally viewed as delivering aid in an unconditional manner (more precisely, decoupled from respect for political values) and generally refrains from instructing its ACP partners of the need to respect international standards on basic governance measures such as democracy, upholding rule of law and free and fair elections.

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[8] According to that report, EU sugar imports are projected to decrease from 2.3 million tonnes in 2017 to 1.4 million tonnes in 2030. ACP exports to the EU have already fallen dramatically.

[9] In the case of Geneva, the engagement is limited to the WTO and not extended to other major organisations based there such as UNCTAD, WIPO nor sessions of the UN Human Rights Council.

c. ACP-EU Trade Performance

45 years after the implementation of Lomé/Cotonou partnership, ACP-EU bilateral trade still reflects the broad contours of the colonial terms of trade[10]. That is, the EU exports industrial goods to the ACP while ACP exports to the EU are primary products. This is best exemplified in the most recent Standard International Trade Classification (SITC)-based trade data whereby ACP exports in 2020 were primary products (74.6%); manufactured products (20.3%) and others (5%). In contrast, EU exporters were manufactured goods (66.2%); primary products 31.5% and others (2.3%)[11].

An assessment of overall ACP trade performance should be tempered by enumeration of country-specific examples. Mauritius remains a rare example of an ACP country that has recast its economy from traditional commodity exports to new service sectors such as financial services, health, and education-based tourism. Namibia now exports vacuum packed beef instead of sides of beef while Kenya exports bouquets as opposed to flowers in bulk. Caribbean exports of bottled rum have soared although bulk rum remains commercially significant. Yet most ACP States have been unable to escape the double trap of enhanced EU trade competitiveness (induced by a raft of new EU policies and measures) and rising erosion in the value of ACP preferential treatment.

There are mitigating factors behind the underwhelming ACP trade performance since 1975. First, the Lomé/Cotonou construct sent contradictory signals to ACP economic operators. On the one hand, the award of duty-free, quota-free (DFQF) treatment for industrial goods encouraged ACP export diversification and industrialization. On the other hand, the CAP generated EU prices that were considerably higher than those on the world market. This was even more exaggerated in the case of the Special Commodity Protocols on bananas, rum and sugar that offered benefits beyond preferential tariffs. The result was that ACP countries were more incentivised to maintain production of agricultural commodities.

Second, ACP industrial products face an increasing slate of non-tariff barriers on the EU market, thereby rendering the cost of compliance with regulatory requirements exceedingly high (UNCTAD, 2002). Third, outside of the Cariforum-EU EPA, the ACP-EU partnership has never facilitated increased trade in services. Not only is the ACP a major exporter of tradeable services but there is now universal recognition of the phenomenon of servification, i.e., the increased value of services embodied in physical goods. Fourth, during the period 1981-86, three producers of tropical products acceded to the EU (Spain, Portugal and Greece) whose price competitiveness relative to the ACP, physical proximity to main markets and access to CAP benefits (i.e., subsidies) blighted ACP competitiveness. Fifth, global value chains remain difficult to enter due to the increasing weight and cost of complying with EU regulatory demands. Sixth, policymakers have serially failed to invest in measures to overcome the host of structural supply-side constraints facing most ACP producers. This includes the regulatory framework, high cost of capital and poor trade support infrastructure[12].

Finally, successive iterations of the Lomé/Cotonou Agreement resulted in reversal or diminution in commercial value of the initial revolutionary policies, with the tempering of STABEX provisions being a prime example. The limited number of ACP countries with developed specific strategies to spur economic diversification also underscores the depth of the Group's dependence on EU trade preferences.

[10] This section builds on Lodge (2014).

[11] Data used is from EU Comext with ACP trade volumes including South Africa. https://webgate.ec.europa.eu/isdbresults/facts-heets/region/detailsacp-total-african-caribbean-and-pacific-countriesen.pdf (accessed on April 30, 2021).

[12] See Davenport *et al.* (1995) for an analysis of ACP trade performance under Lomé and the constraints.

2.2. *Caribbean-EU Relations*

a. Cariforum Dynamics

Formal Caribbean-EU relations are operationalised through several Joint Caribbean-EU Partnership Strategies. These are policy frameworks that serve to rationalise EDF regional allocations captured in respective Caribbean Regional Indicative Programmes (CRIPs). Prior to 1992, the Caricom Secretariat acted as the EU counterpart in the management of regional EDF funding. The Caribbean Forum of ACP States (Cariforum) was established in 1992 and tasked with managing the relationship with the EU, mainly through programming of regional EDF resources. This shift reflected the twin force of Lomé IV's increased accent on strengthening regional integration and the accession of both the Dominican Republic and Haiti to both the Georgetown Agreement and Lomé Convention. Anchoring the Cariforum Directorate in the Cariforum Secretariat ensured both Caricom's continued leadership and a measure of coherence among Caribbean regional integration and cooperation bodies.

Over time, Cariforum Directorate's role has expanded considerably with the initial task of managing the programming of the CRIP now complemented by supporting Cariforum-EU political dialogue and trade and economic cooperation[13]. Cariforum-EU trade and economic cooperation remains defined principally by the CEPA and complemented by Lomé/Cotonou agreements. Bi-regional action is framed by Joint Caribbean-EU Partnership Strategies with the 2014-2020 version enumerating 5 core clusters namely: a) regional integration, b) reconstruction of Haiti, c) climate change and natural disasters, d) crime and security, and e) joint action in multilateral fora with goals and objectives crafted for each cluster.

b. EU funding in the Caribbean

Under the 11th CRIP, 22 projects[14] have been implemented, including technical and administrative support on CEPA implementation and regional cooperation; support to Caribbean Export on export private sector development; support to Caribbean Regional Technical Assistance Centre (CARTAC) on financial governance and tax reform; strengthening the Caribbean Biological Corridor (Dominican Republic, Bahamas, Dominica, Haiti and Jamaica); technical assistance programme on Caribbean Sustainable Energy; enhancing Cariforum States' capacity on financial compliance, asset recovery and cybersecurity; Haiti-Dominican Republic Bi-national Cooperation; support for the Natural Disaster Facility; support to enhance Caribbean criminal justice systems; support to develop the Caribbean coconut industry; strengthening Caricom integration; support for Cariforum States on CEPA implementation; promoting OECS regional integration; enhancement of citizen and border security; and strengthening solid waste management. This impressive slate of 11th CRIP-funded projects underscores both the breath of Caribbean development needs and the limits of aid effectiveness when financial resources are so thinly spread.

These regional efforts were complemented by EDF 11th NIPs valued at €736 million of which Haiti received €374 million. In programming these national envelopes, several Cariforum States opted to prioritise economic sectors. For example, Antigua and Barbuda chose fiscal modernisation; Barbados (skills development); Dominican Republic (competitiveness); Guyana (infrastructure); Jamaica (governance); Saint Lucia (private sector development) and Trinidad and Tobago (economic

[13] The Directorate's duties also now extend to managing Cariforum's post-Brexit trade relations UK.
[14] This information is based on private communication with the Cariforum Directorate.

transition). Yet, the value of all Caribbean NIPs (bar Haiti) has consistently fallen due to the EU applying the principle of "differentiated development partnerships"[15].

A third source of EDF funding comes from access to intra-ACP programmes, e.g., BizClim and Technical Barriers to Trade (TBT) Programmes. Initiatives funded included the convening of Cariforum-EU Business Forums and the development of three Geographical Indications (GIs) in Guyana. A fourth option comes from the €5 billion ACP-EU Investment Facility (IF) that supports direct investment in ACP productive sectors through loan financing directly to SMEs or financial intermediaries and equity funding; guarantees; and interest rate subsidies. Caribbean firms benefitted from €430 million in loans administered by this European Investment Bank (EIB)-administered facility during the period 2014-2020.

EU grants to Cariforum during the period 2014-2020 amounted to a total of €1.5 billion once access to EU-thematic lines such as Erasmus Plus; European Instrument for Democracy and Human Rights; Civil Society Organisations and Local Authorities (CSO-LA) Programme; and SOCIEUX+, are factored in. These EU-funded funded initiatives were complemented by programmes funded by a few EU Member States. Most notable was Compete Caribbean - a $US40 million programme supportive of private sector development with the United Kingdom a major donor. That former EU Member State also designed and funded the Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund) - a £10 million funding facility that supported both Caricom Single Market and Economy (CSME) and CEPA implementation. Another example comes from Germany's support for developing CEPA monitoring and evaluation modalities in addition to supporting the development of TBT regime in the Caribbean.

c. EU-LAC Initiatives

Successive ACP-EU Agreements remain the principal vector for Caribbean-EU relations, but these have now been complemented by the EU-LAC framework. The formal bi-regional partnership commenced in 1992 with the first EU-Latin American and Caribbean Summit in Rio de Janeiro, Brazil. The ensuing six Summits have been complemented by a series of Ministerial meetings and resulting in the EU now formally interacting with the Community of Latin American and Caribbean States (CELAC). The engagement is pitched on three streams of activities, namely, political dialogue; global governance; and technical cooperation.

In many respects, the EU relationship with CELAC mirrors that of the partnership with the ACP. For example, the language of the 2015 EU-CELAC Summit Brussels Declaration "Shaping Our Common Future: Working Together for Prosperous, Cohesive and Sustainable Societies for Our Citizens" is replete with references to political values such as reaffirmation of the sovereign equality, strengthening of multilateralism and respect for international law; promotion and protection of human rights; commitment to eradicate poverty; reaffirmed adherence to the United Nations Framework Convention on Climate Change (UNFCCC) and tackling climate change; and strengthening the fight against corruption. From a narrow Caribbean perspective, the shared scope and language between the respective EU partnerships with the ACP and CELAC suggests a degree of policy coherence.

Despite the similar policy orientation of the respective EU partnerships with the ACP and CELAC, the treatment of EU development cooperation instruments reflects a major difference. Most notably, the

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[15] This approach was first developed in the EC Communication (2011) that limited EU aid to World Bank designated lower-middle income or high middle-income countries. Provisions in the OACPS-EU Partnership Agreement reverse this EU approach.

Lomé/Cotonou construct provides for a legally binding commitment on EU aid while the CELAC relationship lacks any such legal certainty. Allied to this, the aid for CELAC stems from the EU Development Cooperation Instrument while Caribbean support comes from the ED[16]. The difference in EU funding instrument limits the prospect to effectively pursue triangular cooperation among the Caribbean, EU and Latin American regions. Indeed, this split in EU development funding instruments limits the effective prospect of greater Caricom/Dominican Republic/EU relations with Cuba. Such an outcome is not only sub-optimal but fails to conform with CELAC-EU declarations on promoting South-South cooperation. The introduction of the uniform Neighbourhood, Development and International Cooperation Instrument (NDICI) in the 2021-2027 Multi-Annual Financial Framework should facilitate enhanced and coherent engagement among all Cariforum Members.

3. Caribbean-EU Trade Policy Framework

Caribbean-EU trade is currently framed by the Cariforum-EU EPA. Negotiations for this trade agreement were conditioned by the Cotonou Agreement Article 36.1 that called for the "establishment of WTO-compatible trading relations". Cariforum initially supported negotiation of an all ACP-EU FTA, but this failed to gain either universal ACP traction or serious EU interest. CPA Article 37.6 required the EU to examine alternatives to EPA that were equivalent to existing trade arrangements and conformed with WTO rules, to non-LDCs unwilling to begin EPA negotiations. This provision did not lead to the identification of alternatives beyond the Generalized System of Preferences (GSP) Scheme[17] as an alternative trading arrangement with the EU. However, this option was dismissed due to a number of unattractive features, including a) its non-contractual basis with the EU retaining its sovereign right to amend its provisions or withdraw the preferences; b) its limited application to goods which would ignore trade in services, in which the Caribbean countries hold significant economic interests; c) the lower thresholds for triggering EU trade defence measures; d) its offer of trade benefits that are commercially less attractive that the then ACP-EU trade regime.

The CEPA was signed by all Parties on October 15, 2008, except Guyana (October 20, 2008) and Haiti (December 10, 2009). The trade and development compact introduced several policy novelties, most notably reciprocal trade liberalisation, dismantling the special agricultural commodity protocols, and recalibrating trade relations from an all-ACP-EU framework to establishing country/region-specific trading agreements. In concrete terms, the CEPA allowed for asymmetrical trade liberalisation, with the EU liberalising 100% of all Cariforum imports of goods, while Cariforum liberalised 86.9% of its EU imports (Silva 2014). The Cariforum tariff liberalisation commitment masks significant variations among Caribbean States with the Dominican Republic liberalising 95% in contrast to Belize's 61%, for instance. OECS and Belize could liberalise considerably less thanks to both the Dominican Republic's award of Central America Free Trade Agreement (CAFTA)-DR parity to the EU and its role as the most important Caribbean source of EU imports.

Crafting the Cariforum tariff liberalisation offer was heavily informed by two considerations, namely revenue sensitivities and protection of domestic production[18]. EU imports that contributed heavily to import duty revenues were pushed into the 15-year or 20-year liberalisation basket. Similarly, the CEPA allows for the tempered schedule to dismantle Other Duties and Charges (ODCs) including a

[16] It should be noted that the post-Cotonou arrangements have excised the Financial Protocols that have always accompanied previous ACP-EU Conventions and the EDF is now folded into the EU budget.

[17] GSP are unilateral trade schemes administered by industrialized granting select developing countries and leas-developing countries either a full or partial reduction in tariffs.

[18] This section draws heavily from Sauvé and Ward (2009).

moratorium of 7 years after the Agreement comes into force. In terms of protection of domestic production, over 75% of EU agricultural exports to the Caribbean are permanently excluded from tariff liberalisation, thereby protecting an important industry while enhancing Caribbean interest to bolster food security. Beyond that the infant industry protection in Article 164 of Revised Treaty of Chaguaramas is both respected and broadened to include Guyana.

CEPA provides for a relatively standard approach to the liberalisation of trade in services with its use of the WTO W120 (Services Sectoral Classification List) approach to scheduling of commitments, insertion of national treatment clauses and GATS XVI-type limitations to market access. Here again, both sides' liberalisation schedule applies the principle of reciprocity with the EU liberalising 90% of W120 sectors and Cariforum 65% (for Caricom-designated LDCs[19]) and 75% for remaining Caribbean parties. The Bahamas and Haiti were granted a special dispensation to submit their respective commitments on services and investment 6-months after the CEPA was signed.

The Agreement also establishes a built-in agenda for the pursuit of additional levels of liberalisation in trade in services. Specific sectors liberalised by Cariforum include services linked to agriculture, manufacturing and public utilities. In contrast, the EU followed a positive list approach with commitments scheduled in business services, communication services, construction services, distribution services, privately funded education services and social services, financial services, environmental services, tourism services, and transport services. The CEPA investment rules apply to all investment, both services and non-services sectors, and are therefore not limited to the conventional GATS Mode III definition of commercial presence that relates solely to services (Chaitoo, 2011). In addition, Cariforum investment commitments adhere to a negative list approach whereby only exceptions and non-conforming measures are cited, with all other sectors being liberalized.

A protocol on cultural cooperation annexed to the CEPA complements the market access provisions on cultural services. The Protocol aims to facilitate deeper Cariforum-EU cooperation on all cultural services with special provisions for the audio-visual sector. Specifically, the protocol supports the conclusion of co-production agreements through the establishment of favourable minimum content requirements. In addition, Caribbean producers of audiovisual products could qualify for EU Member States' funding once co-production agreements have been concluded. The prospect of Caribbean cultural producers also benefitting from training and project collaboration constitutes yet another example of the potential import of the Protocol on Cultural Cooperation.

Beyond provision for reciprocal yet asymmetric liberalisation of goods and services, the CEPA also covers a raft of regulatory issues. These include the classic trade defence measures (safeguards and countervailing measures); trade facilitation; technical barriers to trade; and trade-related intellectual property rights (dubbed trade and innovation); competition policy (reduced to cooperation); public procurement (limited to transparency). The agreement's commitments on both trade and environment and trade and labour are based on effective implementation of international agreements. In addition, the Parties commit to reduce neither social nor environmental standards to foster either trade or foreign direct investment.

The CEPA seeks to underpin Caribbean development through the crafting of trade rules and support for the establishment of trade regulatory regimes. Accordingly, the provisions in each trade-specific chapter are complemented by the enumeration of specific Caribbean trade capacity needs. Another

[19] Caricom-designated LDCs parties to the CEPA are Antigua and Barbuda, Belize, Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines.

manifestation of CEPA's developmental aspiration is the goal of strengthening Cariforum economic integration. This objective is expressed in the general attempt to establish regional trade regimes and use of regional preference provisions that commit Cariforum countries to grant each other the same liberalisation commitments granted to the EU in both goods and services. A final example of the goal of deepening Caribbean economic integration comes from the Cariforum liberalisation schedules for both goods and services exceeding the Cariforum-DR FTA, a trade agreement unambitious in depth of commitments, limited scope and anaemic implementation.

3.1. Cariforum-EU Trade Performance

Over 12 years after the CEPA came into force, the agreement has not delivered the promised benefits. According to the 2021 EC-commissioned evaluation of the agreement, the value of Cariforum-EU merchandise trade has decreased from €9.5 billion in 2008 to €8.828 billion in 2020[20]. However, this figure masks the fact the total trade peaked at €11.631 billion in 2009 and fell to a low of €8.37 billion in 2011. The average value of Cariforum-EU bilateral trade since 2010 amounts to €9.71 billion, again confirming that the Agreement has not facilitated considerable increase in bilateral trade. Even more alarming is the fact that Caribbean exports have not grown. In 2020, Cariforum exports to the EU were valued at €3.398 billion - a decline relative to 2010 when the region exported €3.498 billion. It is instructive to note that Cariforum exports peaked in 2013 and 2019 respectively with values of €4.43 billion and €4.58 billion, respectively.

A cursory review of the trade data indicates that EU exports have performed considerably better than those from Cariforum during the period 2010-2020. During this period, EU exports ranged from a peak of €7.051 billion in 2019 to a low of €4.513 billion in 2014. Most significantly, CEPA implementation has seen the EU overturn its 2008 trade deficit of €1.495 billion into a surplus of €2.032 billion in 2020. The muted Cariforum export performance masks the fact that several of its members —Antigua and Barbuda, Belize, Dominican Republic, Grenada and Guyana— have seen marked increases in the value of exports over the last 10 years.

Overall performance of Cariforum merchandise good exports might be attributed to a combination of declining energy prices, sustained effects of the global economic recession and shifts in EU commodity import regimes. However, the rise in EU exports should not be surprising given the benefit from liberalised access to the Caribbean market and the sustained increase in competitiveness in agricultural production due to Common Agricultural Policy (CAP) reform. Evidence of this can be seen in the substantive increase in EU exports of food products to the Caribbean since the CEPA came into effect.

Merchandise trade data based on SITC product groups also underscore yet another facet of the Agreement's sub-optimal performance, namely, that the traditional structure of trade remain intact. Cariforum exports to the EU in 2020 are dominated by primary products (63.5%) with manufactured products accounting for 32.%. Principal Cariforum exports were liquified natural gas, methanol, alumina, bananas, sugar and rum. EU exports to Cariforum reflect the inverse with manufactured goods amounting to 68.5% with another 28% from primary products.

Cariforum service exports to the EU have grown considerably, in contrast with exports of merchandise goods. According to Eurostat data, Cariforum services exports grew from €22.295 billion in 2015 to €29.845 billion in 2019. In contrast, EU services exports grew faster albeit from a lower base from

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[20] Source: https://webgate.ec.europa.eu/isdbresults/factsheets/region/detailsacp-caribbean-countriesen.pdf (accessed May 7, 2021).

€3.026 billion in 2015 to €5.661 billion in 2019. The data confirm the increasing economic weight of export of services figures for most Caribbean economies.

An IDB study (2016) simulated the possible impact on Caribbean economies due to the United Kingdom's withdrawal from the EU. The results of the anticipated impact in three areas of economic activities —merchandise trade, tourism arrivals, and remittances— found negligible economic impact on the Caribbean. In one respect, the results are surprising given the importance of the United Kingdom as a trade destination for Caribbean exports. Note for example, that the UK's share of EU imports of merchandise goods in 2017 for Grenada, Guyana and Jamaica were 97.2%; 63.5% and 76.6%. In the case of services, the UK accounted for 12.89% of Cariforum exports to the EU in 2019, marginally lower than the corresponding share of 13.58% in 2010.

However, the expected Brexit economic impact has been heavily tempered by the roll-over of CEPA trade preferences through the Cariforum-UK Economic Partnership Agreement. Yet it is undeniable that Brexit has reduced the economic value of the Caribbean-EU trade arrangements. In addition, the House of Lords' European Union Committee report on post-Brexit trade enumerated several negative developments for ACP supply chains with affected exports including fresh horticulture, floriculture, and fisheries products. Beyond this, the EU and UK failed to agree on diagonal cumulation that again limit the prospect of triangular Caribbean-EU-UK trade.

3.2. Assessment of the CEPA

The CEPA offered the chance to recalibrate Cariforum-EU trade relations by shifting to asymmetric trade liberalisation, developing an expanded number of trade disciplines, promoting deepened Caribbean economic integration, and complementing trade rules with targeted trade support needs. Yet these noble ambitions are partially blighted by faulty design, for example, the country-based Cariforum services commitments reflects a missed chance to develop an integrated Cariforum economic space. In addition to limiting the prospect of deepened Caribbean economic integration, the nature of CEPA Caribbean services schedules also limits the region's capacity to attract investment from EU-based firms (Chaitoo, 2011). Also, several trade rules, in trade in services, failed to either replicate more ambitious approaches emanating from negotiations in either the WTO or other FTAs[21].

12 years after the CEPA was signed, CEPA implementation remains incomplete. As noted by the second evaluation of the agreement (2021), several Cariforum countries have either failed to reduce tariffs on EU imports or still maintain export duties and quantitative restrictions. In addition, several Caribbean signatories have not applied the regional preference commitments for both goods and services nor fully implemented provisions on personal data protection, public procurement, competition policy, investment, e-commerce, and intellectual property. The EU also failed to fully observe its CEPA commitments, with the 2018 German ratification of the agreement being a prime example. This legislative delay resulted in Cariforum professional service providers were *de facto* being denied the chance to benefit from the CEPA services commitments in that major EU member State. Indeed, most EU Member States have failed to institute the requisite regulations to facilitate entry by Caribbean operators into the 29 sectors for contractual service suppliers and 11 for independent professionals liberalised by the EU.

[21] For example, Ward and Sauvé (2009: 137) note that the procedures on domestic regulation do not match those already enshrined in GATS or codify agreement already attained in the GATS Working Party on Domestic Regulation. The authors also claim that the CEPA provisions on e-commerce lack the detailed approach of FTAs already negotiated by the US at the time.

The limited advance of the Cariforum integration process constitutes yet another cause for the limited CEPA impact. Key elements of the Caricom Single Market and Economy (CSME) are yet to be implemented, most notably on e-commerce, public procurement, treatment of goods produced in free zones, free circulation of goods, and services and investment. Several Caribbean initiatives measures have emerged to strengthen economic integration with the establishment of the OECS Economic Union remaining a highlight. Caricom's promulgation of a multilateral air services agreement is yet another step towards greater Caribbean economic integration by seeking to establish a single market through the adoption of uniform standards and uniform licensing and certification of aviation personnel. It should be recalled that strengthening of Caribbean economic integration is not only an objective to be supported by the Agreement but also a necessary condition to fully harness the new trade arrangements with the EU. Establishing a more integrated Caribbean economic space promotes the price competitiveness of Cariforum exports and incentivises greater inflow of foreign direct investment.

Furthermore, Cariforum CEPA implementation has been limited, with the notable exception of the Dominican Republic, to the mechanistic discharge of the agreement's legal commitments. This approach ignores using trade agreements to leverage deep economic reforms to increase competitiveness and bolster both productive and regulatory capacities. This narrow approach has resulted in limited efforts to enact tax reform, despite Cariforum Members' strong reliance on trade taxes. This oversight is made that more troubling given the work done on financial governance by CARTAC, an IMF-managed and EU-funded technical assistance facility.

The unambitious CEPA implementation also resulted in the failure to develop and implement sector strategies. An IDB-commissioned study on Caribbean entertainment services (Chaitoo, 2011) highlighted the need to implement several initiatives if effective use of access to the EU market is to be realised. Specific recommendations included harmonizing customs procedures and common certification; removing of import duties and other charges on inputs used in the creative industry; developing sector standards by strengthening the creative industry associations; and developing strategies aimed at linking creative industries with other key economic sectors. No evidence can be discerned to translate in policies these recommendations. As argued by Burri and Nurse (2019) effective CEPA implementation on cultural products warranted a more proactive approach to build market opportunities and facilitate trading relations.

4. Prospects for Post-Pandemic Caribbean Recovery and Development

4.1. Recent Caribbean Economic Performance

Cariforum countries exude the traditional characteristics of small, vulnerable economies (SVEs): trade and preference-dependent, limited export diversification (in terms of markets and products), and low price competitiveness[22]. These structural weaknesses of the Caribbean's small economies are further compounded by the region's geographically non-contiguous nature choking the prospect of deeper economic integration. Beyond these underlying limitations, the COVID-19 pandemic has exacted a demanding toll in terms of human lives lost, strain on healthcare systems and haemorrhaging of fiscal receipts. The loss of Caribbean governments' fiscal revenue should be viewed in a context where most countries in the region already suffer acutely narrow fiscal space and high public debt.

[22] Winters and Martins (2004) enumerate the structural trade challenges facing SVEs.

Most Caribbean States have instituted modest stimulus packages with Caribbean GDP projected to contract by 6.2% in 2020 - the deepest recession in more than half a century (Srinivasan *et al.* 2020). The IMF estimates that tourism-dependent economies (Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines)[23] will suffer a 10.1% decline in GDP in 2020 in contrast to commodity exporters (Guyana, Suriname and Trinidad and Tobago) that will plunge by 4.7%. Commodity exporters should see a 6% increase in GDP due to the economic rebound in 2021 while tourism-dependent economies should experience a 1.4% growth. Indeed, Caribbean tourism-dependent economies are expected to be the last to recover (only in 2024) due to the slow resumption in tourism (Werner, Komatsuzaki and Pizzinelli, 2021). It should also be noted that forecast economic rebound should be viewed in a context of anaemic Caribbean GDP growth rates for both tourism-dependent and commodity exporters since the mid-2010s.

Caribbean economic and environmental resilience is serially compromised by hurricanes and natural disasters. The April 9, 2021, eruption of La Soufrière volcano in St Vincent is only the most recent exemplar of the Caribbean economic and environmental vulnerability. The economic cost of natural disasters for the Caribbean exceeded $22 billion between 1950 and 2016 - 38% of all similar disasters globally. In some instances, the level of economic turmoil can be challenging with Hurricane Maria estimated to have cost Dominica 225% of its GDP, while the hurricane damage for Grenada in 2004 was 200% of GDP. The massive reconstruction costs are further compounded by the low insurance pay-outs relative to the damage wreaked (Ötker and Srinivasan, 2018).

Werner *et al.* (2021) estimates that poverty in Latin American and Caribbean has increased by 19 million people and inequality has increased by 5% compared to pre-COVID levels. Close to 12 million learners in 29 Caribbean countries have been affected by temporary school closures suggests the pandemic will result in long-term damage to human capital (Dillon *et al.* 2020). The 2021 UN Caribbean Common Multi-Country Analysis offers evidence of Caribbean countries experiencing stark reversal in attaining their respective SDG targets. The UN report also concludes that COVID-19 deepened levels of economic, social and gender inequalities and myriad forms of vulnerabilities.

The IMF calculates that notwithstanding the release of considerable financial support by international development partners, many Caribbean countries still face a gap due to growing fiscal deficits and tightening borrowing conditions as the crisis persists. Indeed, the IFI estimates the region's financing gap at around $4 billion, or 4.8% of 2020 regional GDP with the ever-present risk of natural disasters possibly increasing that sum (Srinivasan, Muñoz and Ding, 2021). The risk of averting long term-damage by the COVID-19 pandemic to Caribbean development warrants earnest consideration of a radically different approach in their partnership by both Cariforum and the EU.

[23] This IMF analysis does not include the Dominican Republic as the country is grouped with Central America by the Washington-based IFI.

EU COVID-19 Support to the Caribbean

The EU developed a global response to COVID-19 by deploying a Team Europe approach to assemble resources from the European Commission, EU Member States and European financial institutions[24]. The EU has marshalled €38.5 billion to support developing countries with disbursement fast-tracked to address immediate COVID-19 challenges. In the case of the Caribbean, DG International Partnerships (DG INTPA) administered €367 million in support with 86% allocated to social and economic recovery and the remaining 14% to health. EU COVID-19 support to the Caribbean centred on two main priorities - health impact (equipment, trainings, health systems, vaccines); and socio-economic impact (social protection, functioning of the State, liquidities for the treasury, SMEs, gender impact)[25].

The EU has granted €8 million to Caribbean Public Health Agency (CARPHA) to secure protection material, test reagents, lab material, treatment, vaccines, as well as support to increase the health workforce and public awareness. EU support also contributed to the direct purchase of 1.2 million doses of COVID-19 jabs through COVAX. In an effort to limit socio-economic impact, EU support has centred on funding private sector development; assisting countries to cope with reduced fiscal space and generate fast macroeconomic impact; and reducing the cost of risk insurance countries participating in the Caribbean Catastrophe Risk Insurance Facility (CCRIF)[26]. European Civil Protection and Humanitarian Aid Operations (ECHO) also administered emergency support by distributing food and protective equipment to the Dominican Republic and Haitian migrants in that country. In addition, targeted interventions were directed in Haiti that centred on health equipment, training and logistics, in addition to building an air bridge for both humanitarian staff and delivery of life saving cargo.

4.2. Summary of Post-Cotonou Provisions

The post-Cotonou Agreement represents in many respects a radical departure from previous ACP-EU partnership agreements. First, the Agreement adopts a hybrid form of a general policy framework applicable to all signatories (General Part) co-existing with region/continental-specifics provisions anchored in the respective regional protocols. Second, the new agreement seeks to overturn the previous donor-client construct by accentuating a political partnership as captured in Article 1.1, "This Agreement establishes a strengthened political partnership between the Parties to generate mutually beneficial outcomes on common and intersected interests in accordance with their shared values"[27]. Third, the ACP-exclusive EDF has been dispensed with and replaced by the NDICI that will finance all European development support. This reflects not only a longstanding goal by some EU Member

[24] See https://ec.europa.eu/international-partnerships/topics/eu-global-response-covid-19en.

[25] See https://ec.europa.eu/international-partnerships/stories/eu-supports-caribbeans-fight-against-covid-19en.

[26] See also https://ec.europa.eu/international-partnerships/stories/covid-19-crisis-european-union-provides-help-caribbean-ahead-years-hurricane-seasonen.

[27] For comparison, the objective of the Cotonou Agreement is the following: "The Community and its Member States, of the one part, and the ACP States, of the other part, hereinafter referred to as the 'Parties' hereby conclude this Agreement in order to promote and expedite the economic, cultural and social development of the ACP States, with a view to contributing to peace and security and to promoting a stable and democratic political environment" (Article 1).

States but also excising all special treatment conferred unto the ACP afforded under previous Lomé/Cotonou agreements.

The Caribbean-EU Regional Protocol enumerates five strategic priorities, viz.: a) strengthen the political partnership; b) deepen economic relations and promote transformation and diversification; c) improve environmental sustainability and climate resistance; d) build inclusive, peaceful and secure societies; and e) invest in human and social development. These broad strategic priorities primarily reflect both Caribbean interests and areas in previous Caribbean-EU Joint Strategies. The Caribbean-EU Regional Protocols are also complemented by general principles and commitments anchored in the all-ACP-EU Partnership (General Part).

The Regional Protocol accentuates policy frameworks required to motor Caribbean sustainable economic growth and development. Accordingly, there are specific provisions to promote private sector development; enhancing regulatory and productive capacity of key services subsectors; develop sustainable agricultural production and productivity; promote fair and non-discriminatory access to the sustainable extraction of and trade in minerals and raw materials; strengthen energy security; develop sustainable transportation and related infrastructure; advance regional digital economy and infrastructure; promote sustainable tourism; cooperate on science, innovation and technological development; promote cultural and creative industries; foster sustainable manufacturing; and develop rules-based international business and financial services. The post-Cotonou arrangements on trade and economic cooperation should be viewed as a framework and complement to the CEPA rather than its replacement.

The title on environmental sustainability seeks to build on the Paris Agreement on Climate Change by adopting ambitious action to mitigate and adapt to climate change; protect and improve the environment; advance sustainable management of natural resources; and build resilience to climate change and reverse environmental degradation. Beyond that, there is a bi-regional commitment to invest in green growth, promote circular economies and support the transition towards climate resilient and low-emissions-development. Similarly, the title on human rights, peace and security builds on the Cotonou acquis seeks to attain peaceful and resilient societies through the protection of human rights, human dignity, fundamental freedoms and strengthened governance and justice systems. Provisions on financial governance are also anchored in this title.

The final title on human and social development seeks to eradicate poverty in all forms by 2030, redress inequality and secure gender equality. In such pursuits, the needs of vulnerable groups like women, youth and the poor are to be prioritised. In pursuit of these broad objectives, specific provisions are made in pursuit of promoting inclusive, and equitable affordable education through expanded delivery of science, technology, engineering and mathematics (STEM) and the arts; and use of innovative technologies and development of digital skills and literacy. The article on health recognises the need to cooperate on public health emergencies, including via provision of essential and affordable medicines, vaccines and health equipment and strengthened international cooperation. There are also commitments to facilitate greater use of remittances to finance development and promote skills training of, and temporary work in the EU by Caribbean professionals.

4.3. Supporting Caribbean SDG Pursuits

The Caribbean-EU Regional Protocol with its enumeration of Cariforum-specific strategic priorities are fully consistent with SDGs. With the UN SDG agenda serving as a "ready-made" roadmap for recovery from the COVID-19 pandemic, a coherent framework exists to drive Caribbean-post pandemic recovery[28]. The challenge remains for Cariforum to leverage the post-Cotonou agreement by crafting a specific post-pandemic development strategy for engagement with the EU and other development partners. A summary of recent policy research and initiatives allied with the enumeration of Cariforum prioritised needs could allow for a Caribbean post-pandemic development strategy with the following objectives: *viz.:* a) strengthened fiscal space to harness additional and new financing for development; b) increased trade and investment opportunities; c) environmental resilience; and d) enhanced digitalisation to harness and deliver new commercially-relevant services.

ECLAC (2020a) posits specific policy demands Latin American and Caribbean countries have proposed centring on three key elements, namely, gaining emergency financing on a low-cost and fast-tracked basis from international financial institutions (IFIs); securing debt forgiveness and relief including for high and middle-income countries from official creditors; and expanding fiscal space and improving access to financing to mitigate affected countries' marked deterioration in their fiscal capacities.

The IMF has already signalled that emergency financing to the Caribbean could amount to US$2.5 billion (Srinivasan, Muñoz and Chensavasdijai, 2020). Yet there remains the imperative of radically overhauling IMF-administered programmes given that their focus on producing primary surpluses results in low public investment and social spending (ECLAC, 2020b). This fiscal constraint is additional to the costs of mitigating Cariforum countries' vulnerability to climate change and natural disasters that serially blight their economies[29].

The post-Cotonou agreement seeks to enact recommendations made by the UNCTAD World Investment Report 2014 - Investing in the SDGs: An Action Plan by facilitating the private sector as a development partner and encouraging the use of blending to attract increased private finance. Articles 82-84 of the General Part[30] allows Cariforum and the EU to develop specific measures to promote private sector investment supportive of SDG implementation. Facilitating greater investment in Cariforum States by additional EU development partners constitutes yet another plank of financing of Caribbean development. The European Development Financial Institutions (EDFI) currently has 23 members - mainly national development banks. There remains a host of European development financial institutions, mainly national development banks that have invested €8.4 billion in 1.123 projects in Latin American and the Caribbean by the end of 2019[31]. There remains ample scope for Cariforum and the EU to engage European national development banks to finance Caribbean development.

The Cariforum-EU engagement with development financial institutions should not be limited to possible EU partners. The Caribbean Development Bank (CDB) remains the premier regional development financing institution with a holistic, integrated approach to strengthening Caribbean economic, environmental and social resilience. The CDB strategic focus not only fully aligns with the

[28] See UK All-Party Parliamentary Alliance "Building Back Better: the SDGs as a Roadmap for Recovery" https://static1.squarespace.com/static/5ecd042b27d0ac66b8a694bb/t/5f5f1ea982f5d20704c4d301/1600069295538/Building+Back+Better+-+The+SDGs+as+a+roadmap+for+recovery+-+Full+report.pdf (accessed on May 11, 2021).

[29] See IMF (2016) "Bracing for the Storms: Economic Impact of Environmental Vulnerability and Exposure to Natural Disasters". The CDB Strategic Plan 2020-2024 notes that the following economic impact of natural hazards in select Caribbean countries - the 2010 earthquake in Haiti resulted in damage the equivalent of 114% of the country's GDP; Hurricane Irma in 2015 wiped out 15% of Antigua and Barbuda's GDP; Tropical Storm Erica in 2015 cost 90% of Dominica's GDP; and the economic loss of Hurricane Maria in 2017 amounted to 200% of Dominica's GDP.

[30] Note that both the African-EU and Pacific-EU Regional Protocols explicitly use the term blending but is absent from the Caribbean-EU Regional Protocol. However, blending is a financial instrument already referenced in the 2014-2020 Joint Caribbean-EU Strategy.

[31] https://www.edfi.eu/members/facts-figures/ (accessed on May 13, 2021).

SDGs but also with its members' developmental objectives[32]. The CDB has developed partnerships with a raft of bilateral and multilateral partnerships resulting in garnering US$711 million during the period 2015-2018. These partnerships partially reflect the fact that 44.7% of CDB's stocks is owned by nine non-borrowing members, including Canada, China, Germany, Italy, Mexico and the United Kingdom. The club of CDB shareholders hints at the prospect of harnessing greater financing support from EU member States and advancing trilateral cooperation with developing countries such as Brazil, China and Mexico.

4.4. Priorities for a Cariforum-EU Development Partnership

This section offers an approach to implementing the Caribbean-EU Regional Protocol in support of a reimagined Caribbean development. The mooted interventions centre on four priorities, namely, a) accelerating the switch to renewable energy; b) advancing the Caribbean blue economy; c); driving digitalisation; and d) promoting skills training. These interventions were selected for their collective potential to deliver the economic transformation promised by the Caribbean-EU Regional Protocol. Pursuit of this development agenda should prioritise empowering marginalised and vulnerable communities: poor, women, youth and indigenous persons as prescribed in the Caribbean-EU Regional Protocol. 2019 metrics for Caribbean human and social development have seen declines relative to 2008[33]. This secular fall has been compounded by the combined effects of gender and social inequalities and remaining untapped opportunities. For example, UN Women found that half of Caribbean female workers in the tourism industry work in low-wage and low-status jobs despite 66.2% attained tertiary level education. Similarly, the lack of ample entrepreneurship and training triggers high rates of migration among Caribbean youth.

4.4.1. Accelerating the Switch to Renewable Energy

Article 18 of the Caribbean-EU Regional Protocol on sustainable energy provides for cooperation to strengthen energy security, secure access to sustainable energy and build resilient energy infrastructure. The article also calls for increased investment in renewable energy, including through public/private partnerships. Here again, the post-Cotonou support for promotion of renewable energy is not that novel, this was also captured in the 2014-2020 Joint Caribbean-EU Partnership Strategy. Support for renewable energy is also found in the recent Caricom Report on the Economy that calls for bold steps to be adopted to shift to renewable energies to both save foreign exchange and enhance energy security.

Support for renewable energy also reflects an EU political priority as can be evinced from the 2019 promulgation of the European Green Deal. The infrastructural costs of promoting renewable energy in the Caribbean would be patently high for any one international development partner. Therefore, engendering additional investment in Caribbean renewable energy could be a prioritised task for the Cariforum-EU partnership. In this context, the US-sponsored Energy and Climate Partnership of the Americas (ECPA) constitutes an effort worth reviewing and where possible replicating. The ECPA is a knowledge-sharing platform to maximise use of available natural resources and promote energy-related investment. Perhaps the most attractive aspect of the ECPA's work is the collaboration with an array of international development partners. For example, funding for Dominica's 7-megawatt

[32] See Caribbean Development Bank (2020) "Strategic Plan 2020-2024 – Transforming Lives".
[33] HDI figures for Cariforum States are as follows with 2019 first followed by 2008: Antigua and Barbuda (78/47), The Bahamas (58/52); Barbados (59/37), Belize (110/93), Dominica (94/74), Dominican Republic (88), Grenada (74/75), Guyana (122/114), Haiti (170/149), Jamaica (101/100), St. Kitts and Nevis (74/63), Saint Lucia (86/70), St. Vincent and the Grenadines (97/91), Suriname (97/97) and Trinidad and Tobago (67/65). Source: http://hdr.undp.org/sites/default/files/hdr2020.pdf.

geothermal power plant was funded by the World Bank, UK's DfID, Government of New Zealand and the UAE-Caribbean Renewable Energy.

Infrastructure development supportive of Caribbean renewable energy also requires establishment of a sound regulatory framework. The EU expanse of regulations underscores the interventions required: harmonisation criteria for biofuels; voluntary standards for sustainable biofuels, bioliquids and biomass fuels; production certificates for energy renewables; subsidies; and certificates for guarantee of origin of renewable energy. The Caricom 2013 Energy Plan proposed a series of regulatory reforms to incentivise utilities to use more renewable energy sources in the electricity sector; offer of incentives, tax and duty exemptions; development of standards and rules for grid connection; development of interconnection guidelines for different renewable energy technologies and generation capacity; and development of harmonized interconnection policies that allow for self- generation. At this juncture, it is not clear that these Caribbean policy initiatives have indeed materialised.

4.4.2. Advancing the Caribbean Blue Economy

Support for the Cariforum blue economy represents yet another element of the Caribbean-EU Regional Protocol. Article 15 promotes the development of sustainable blue through domestic and private investment to be promoted and the development of the regulatory framework and infrastructure. Yet another important plank is to harness opportunities in marine biotechnology through support for research, fostering collaboration among academics, economic operators and policymakers and promotion of technology transfer. Here again, this post-Cotonou commitment mirrors the 2014-2020 Joint Caribbean-EU Partnership Strategy that calls for the implementation of "policies that contribute to creating a green economy and a blue economy as well as enhance collaboration to effect resilient growth and development".

A 2016 World Bank report strongly supports the accent placed on promotion of the Caribbean blue economy by the Cariforum-EU partnership (Patil, Virdin, Diez, Roberts and Singh, 2016). That study registers the host of emerging ocean-based industries including offshore wind, tidal, and wave energy, aquaculture, seabed mining, and marine biotechnology, and pharmaceutical drugs made from salt-water life forms. Another World Bank report estimates that Caribbean blue economy generated US$57 billion in 2017 (Diez, Patil, Morton, Rodríguez, Vanzella, Robin, Maes and Corbin, 2019). Few Caribbean states - including The Bahamas, St. Kitts and Dominica, have adopted national plans to promote their respective blue economies. At the sub-regional level, the OECS has developed its Eastern Caribbean Regional Oceans Policy and Action Plan as a framework for coordination and management of ocean resources. A Caricom Common Fisheries Policy exists but no regional policy for developing a Caricom or Cariforum-wide blue economy strategy currently obtains. Addressing this policy lacuna should be one of the first initiatives undertaken by Cariforum in its efforts to effectuate the Caribbean-EU Regional Protocol.

Bioprospecting is an increasingly promising sector projected to US$4.9 billion by 2018 driven by increased investments in marine biotechnology research and growing demand for natural marine ingredients. Cariforum and the EU collaboration to harness bio-prospecting potential could generate significant economic benefits. However, development of a regional regulatory framework to facilitate legal access, fair and equitable benefit-sharing measures would be required. Development of regulatory capacity could be complemented by joint Caribbean-EU academic and policy research to develop rules for genetic resources and operationalising United Nations Convention on the Law of the Sea (UNCLOS) provisions on technology transfer.

4.4.3. Promoting Caribbean Skills Development

The promotion of Caribbean skills development has two key components, namely a) forging global skills partnerships in select professional categories; and b) applying a coherent trade and investment compact for skills development similar to the Africa-Europe Alliance for Investment and Jobs. Harnessing Cariforum's clear comparative advantage in the training of health professionals, particularly of nurses, constitutes yet another key potential area for advancing Caribbean development. Developing a global skills partnership would allow Caribbean health professionals to temporarily work in the EU and return to their respective countries with enhanced earnings and improved professional experience. The real additionality of the post-Cotonou provision would therefore be two-fold, *viz.:* a) securing EU investment to expand Caribbean training facilities; and b) promoting EU nationals to be enrolled in these Caribbean facilities and paying market-based fees. Implementation of a global skills partnership could mitigate the long-term damage of industrialised countries poaching publicly trained Caribbean nurses without compensation.

The WHO Expert Advisory Group projects that the EU will suffer a skills gap in 1.8 million health professionals by 2025 including half a million nurses (WHO, 2020). Several EU Member States, including Germany and Ireland have already began crafting respective skills partnership pacts for select health professionals with developing countries. In this field, the Caribbean offers two advantages: a) competitively-priced training costs; and b) the ability to offer training in several official EU languages - Dutch, English, French and Spanish. A 2016 study of a UK-Malawi global skills partnership for nurses (Anderson, McKee and Talbot, 2016) highlighted a stream of advantages - lower training and recruitment costs for the UK and Malawi's receipt of subsidised training costs for its nurses, increased pool of trained nurses, improved training facilities, reduced economic damage from brain drain, and participating nurses also benefit directly from greater professional employment opportunities; international-quality training; and a sharp rise in life-long earnings.

The economic case for implementing such an initiative in the Caribbean remains compelling. However, to extract the potential economic benefits, three issues need to be instituted. These are a) securing funding for increased training facilities, including seeking the support of non-EU international development partners; b) facilitating negotiations of mutual recognition agreements between Caribbean and EU professional bodies; and c) developing incentives for EU nationals to be enrolled in expanded Caribbean training facilities. The Horizon Europe programme could be an effective EU facility to finance both the expansion of Caribbean training capacity and incentivise EU nationals to enroll in them.

The second element of Cariforum-EU partnership on skills training would be to replicate the Africa-Europe Alliance for Sustainable Investment and Jobs, where possible. This EU initiative seeks to boost investment, foster additional private investment, support education and skills development, boost trade and improve the investment climate and reflects the now public EU interest to advance its trade and investment interests and policies in Africa[34]. Broad policy interventions are supported by more specific actions, for example, the crowding in of investment via blending and guarantees; use of Job and Growth Compacts to identify commercially-relevant value chains in manufacturing and processing; and establishing African-European partnerships among public, private and financial operators to support strategic development in key areas such as digital economy, energy, transport and agriculture.

[34] See both the recent EC Communications on EU Trade Policy Review and Africa.

Several of the policy framework bracketed under the Africa-Europe Alliance for Sustainable Investment and Jobs are already available within the Caribbean-EU partnership. For example, bi-regional trade and economic cooperation is already facilitated by the CEPA and now complemented by two Parties' Regional Protocol. However, the EU initiative for Africa offers a coherent and robust approach by developing partnerships with key economic operators and policymakers, the proactive use of financial instruments, accentuated focus on vocational training, and investment in renewable energy. Caribbean development could be further enhanced through the EU investment of not only its financial capital but also political leadership to deliver shared objectives with the desired urgency and commitment to success.

4.4.4. Digitalisation

Digitalisation is an all-encompassing term with possible impact on almost every facet of societies. This is a tool that could impact on the functioning of businesses, public administration, health and educational systems, transportation networks, computing and general utilities, citizens' rights, policing and legal administration, and the very nature of international trade. In that context, advancing digitalisation in Cariforum States represents a gigantic effort, albeit one that could also be transformational.

Post-Cotonou's expansive provisions on digitalisation constitutes a real advance relative to its predecessor. This readily applies to the Caribbean-EU Regional Protocol where provisions on digitalisation straddle three substantive titles - Inclusive and Sustainable Economic Growth and Development; Human Rights, Governance, Peace and Security; and Human Development, Social Cohesion and Mobility. The specific provisions in the Caribbean-EU Regional Protocol aimed at promoting digitalisation can be summarised as follows:

- Promote digital transformation, to advance private sector development and industrialisation, and to promote low-emission and climate-resilient economies (Article 9).

- Support the development of key infrastructure such as energy, transport, water and sanitation and digital connectivity to exploit opportunities arising from technological advancement and from the digital economy (Article 10.4).

- Develop and strengthen digital financial services, including through enhanced cooperation on the implementation of agreed international standards (Article 10.5).

- Institute appropriate support policies to facilitate greater trade flows, including through, enhanced digital support frameworks and the development of effective e-commerce (Article 13).

- Improve transport links, ICT and digital infrastructure in a resilient manner (Article 19.1).

- Develop digital infrastructure (Article 19.5).

- Promote the establishment of a regional digital economy through the creation of a supportive regulatory framework, digital entrepreneurship, investment and facilitate the private sector to boost digitalisation (Article 19.6).

- Mobilise investment in, inter alia, digital technologies aimed at enhancing the competitiveness and sustainability of tourism (Article 20.3).

- Cooperate on science, research, innovation and technological development with a view to, inter alia, facilitate the emergence of an inclusive digital economy (Article 21.1).

- Develop knowledge-based economies and inclusive digital services (Article 21.3).

- Accelerate the wider use of e-governance and digital services infrastructure to enhance access to, and availability of public services, thereby supporting the development of accountable and transparent public institutions. (Article 34.4).

- Prevent and combat high-technology, cyber- and electronic crimes and the distribution of illegal content online; strengthen capacity to address cybercrime; develop domestic policies on cybercrime and promote international cooperation (Article 37.4).

- Promote the use of accessible and affordable innovative technologies for educational purposes and the development of digital skills and literacy for all. (Article 42.3).

The push to advance digitalisation in the Caribbean is also underpinned by a raft of regional policy initiatives. For example, Caricom crafted the 2011-2015 Regional Digital Development Strategy (RDDS) that built on a previous Caricom ICT Connectivity Agenda 2003 and attendant Action Plan (2004). The RDDS was ambitious in thrust by seeking to establish modern regional regulatory and open telecommunications infrastructures; build a digital culture and increase the value and volume of the regions trained ICT workforce; manage and use ICT to demonstrate good governance and increase efficiency in operations; establish a culture of innovation and quality to advance the sustainable production of regional digital goods and services, and guide businesses and governments to use ICT for sustainable growth and support social development objectives.

These policy pursuits were complemented by the 2014-2019 Caricom Strategic Plan that viewed the goal of developing innovative, technological-driven economies and societies as part of the region's broader aspiration of strengthening technological, social and economic resilience. Specific efforts were directed to promote innovation and digital literacy, reduce data and roaming costs; improve regulatory framework; and strengthen financing solutions (e.g., e-payments, digital wallets). This effort resulted in the emergence of national and Caricom-wide initiatives including the Caribbean Knowledge and Learning network (CKLN), Caribbean Research and Education Network (C@ribNET), ICT in Education Strategy, and ICT Services Strategy.

Consultations are well advanced on a single tariff for roaming within the Caricom economic space. However, efforts at crafting the regional regulatory framework and the infrastructure to support e-payments and digital wallets are not currently discernible. From an EU perspective protection of personal data is yet another key plank in promoting digitalisation yet only a handful of Caribbean countries offer a legal framework for personal data protection protocols to emerge. The failure to aggressively advance digitalisation among Cariforum countries is disappointing in the context that the CEPA provides several commitments to support e-commerce. For example, Article 120 (regulatory aspects of e-commerce) calls for the Parties to maintain a dialogue on regulatory issues surrounding e-commerce. Specific issues to be addressed include recognition of certificates of e-signatures and the facilitation of cross-border certification services; the protection of consumers in the ambit of e-commerce; and other issues relevant to the development of e-commerce.

Given the limited record of advancing CEPA commitments on e-commerce and more broadly the slow roll out of digitalisation in Caricom, it is unsurprising that these issues feature prominently in the

Persaud Commission of the Economy report. The report notes that digital transformation is a must but emphasises not technology but rather "training, upskilling and modern data regulation". The Commission calls for the establishment of a regional single market and digital economy to eliminate digital frictions in moving data across borders and digital divides within countries. The section on education, skills and innovation calls for the emergence of innovation systems that may help foster new business growth. This proposal also chimes with another proposal, namely, to "maximise the opportunity for digital transformation to lead to economic transformation". The challenge remains translating these regional ambitions and policy prescriptions into concrete action. In pursuit of this endeavour, one key hurdle to overcome remains the paucity of Caribbean technical expertise to advise policymakers.

5. Challenges to Cariforum-EU Political Partnership

As stated earlier, Article 1 (Objectives) of the OACPS-EU Partnership Agreement enumerates the Parties' ambition to establish a "strengthened political partnership between the Parties to generate mutually beneficial outcomes on common and intersected interests and in accordance with their shared values". Article 3.1 (Aims) records the aim of this Agreement to "strengthen their political partnership, underpinned by regular dialogue and the promotion of common interests". The accent placed on political partnership constitutes a radical departure from the Lomé/Cotonou construct and signals the EU's desire to graduate its relationship with the OACPS from a donor-client one to one based on a "partnership of equals". This revised designation signaled the EU's interest for OACPS countries to assume greater responsibility for their own development (including mobilisation of domestic resources) but also to jointly champion the advance "shared values" and common interests in various multilateral fora.

The EU is generally viewed as a normative power or norm entrepreneur. Manners (2002) charts the factors behind the EU's commitment to placing universal norms and principles at the centre of its relations with both its Member States and the world. The EU has established the following elements as central to its foreign and development policy objectives - consolidation of democracy, rule of law, and respect for human rights and fundamental freedoms. Manners also identified five EU "core" norms, namely, peace, liberty, democracy, the rule of law, and respect for human rights and fundamental freedoms. These core norms are anchored in thepreamble and founding principles of the Treaty for the Establishment of the European Union (TEU). Supplementing these core norms are four "minor" norms - social solidarity; anti-discrimination and protection of minorities; sustainable development; and good governance.

These norms —core and minor— have all been anchored in both the Lomé and Cotonou Agreements. The post-Cotonou agreement replicates strong references to these norms notably, to building democratic, peaceful and rights-based societies; application of the rule of law and good governance; advancing gender equality; promoting universal respect for, and preservation of, human rights and fundamental freedoms; fighting all forms of racism, racial discrimination, xenophobia and related intolerance and all forms of violence and discrimination; recognising and advancing of the rights of indigenous peoples; ensuring inclusive, transparent and credible elections with due respect for sovereignty; and consolidating the rule of law at national, regional and international levels. Yet there are also new accents such as preventing genocide, crimes against humanity and war crimes and fighting hate speech and extremism.

It is also instructive that Part III on Global Alliances and International Cooperation (Article 77) registers both Parties' reaffirmation of "the importance of cooperating at international levels with a view to promoting and defending their common interests and preserving and strengthening multilateralism". Multilateral cooperation would be based on the Parties' common values, namely, democracy, human rights, the rule of law, gender equality, sustainable development, preservation of the environment and fight against climate change[35].

The Caribbean-EU Regional Protocol offers a more Cariforum-specific articulation of the global issues of common concern - climate change, ocean governance, sustainable development, human and social development, human rights and issues related to peace and security, conflict prevention and resolution. Both parties are enjoined to cooperate to address the vulnerabilities of small island developing States (SIDS) within relevant global policy frameworks. Beyond this, there are references to advancing the universal recognition of the Caribbean as a zone of peace; advance innovative special and differential treatment for new multilateral or bilateral trade agreements; promote international coordination to combat wildlife trafficking and bilateral and multilateral consultations to apply the principles of good governance in taxation.

Cariforum and the EU share a strong embrace of multilateralism. In the case of the EU, multilateralism remains "the cardinal principle of the EU as the most effective means to govern global relations in a mutually beneficial way" (European Commission and HR/VP, 2021) In that context, multilateralism can be seen as an extension of the core values with the EU keen on casting these as universal ones to its developing country partners. The recent Joint High Representative of the Union for Foreign Affairs and Security Policy/EC Communication also signals a marked shift in the EU's application of multilateralism. There appears to be comfort in asserting a desire to apply a more interest-based and transactional approach where multilateralism also delivers concrete benefits to the EU. In this pursuit, there is a patent intent on developing partnerships and alliances with like-minded countries. Indeed, this has been the motivation of EU interest in managing its partnership with the OACPS by leveraging the 106 countries enjoined in the Cotonou Agreement.

Cariforum entrenched support for multilateralism represents a necessary if not existential shield against unilateral coercive action and military might. This deep philosophical embrace reflects the Cariforum status as an agglomeration of small States with limited economic weight and meagre military prowess. Recent exposure to the might of United States' power - military invasion (Dominican Republic and Grenada); economic embargo (Cuba); and economic destabilisation (Jamaica) reinforces the region's embrace of multilateralism. This philosophy has also fuelled the Caribbean to fight instances of global injustice - calling for economic sanctions against apartheid South Africa; fighting for a New International Economic Order (NIEO); and spearheading UN resolutions on the Caribbean as a both a Zone of Peace and an area of sustainable development. Finally, Cariforum States' diplomatic leadership also resulted in global agreements on illicit trade in small arms and light weapons.

Despite these laudable Caribbean diplomatic achievements, the prospects of the Cariforum-EU partnership shared pursuit of multilateralism appear limited. First, Cariforum itself is an institutional construct with limited political competence. The group is directed exclusively to address relations with the EU - apart from the United Kingdom through the roll-over of the EPA. Furthermore, the Cariforum Directorate's remit might be expansive - overseeing CEPA implementation, managing Cariforum-EU political dialogue, promoting intra-Cariforum cooperation as well as promoting Cariforum relations with EU-associated Outermost Regions and Overseas Countries and Territories in the Caribbean. Yet its human resources are primarily geared towards managing regional EDF projects.

35 European Commission (2021b) notes that the EU collaborates with partners to ensure to these referenced universal values.

Second, Cariforum States' execution of a political partnership with EU must be viewed through the lens of the region's ability to harmonise foreign policy. Notwithstanding the raft of notable Caribbean diplomatic successes, stark intra-Caribbean differences on foreign policy remain. Most recently, divergences have emerged surrounding the representation of Venezuela in the Organisation of American States. Furthermore, 11 of the 16 sovereign Caribbean States share diplomatic relations with China while the remainder back Taiwan. It should also be recalled that the 1983 US invasion of Grenada was facilitated by the Heads of Government of two other Eastern Caribbean States.

Third, Cariforum States are compelled to navigate a narrow political space between the United States and China. The US remains a dominant trade, investment and development partner to the Caribbean. But the Caribbean's margin of political manoeuvre remains marginal due to the region being physically proximate to both the US and Latin America and its territorial waters being abused for the transhipment of illicit drugs. In that context a bevy of ship riders' agreement with the United States attests to *de fac*to circumscribed sovereignty exercised by numerous Caribbean States. On the other hand, Cariforum States have maintained a close collaboration with the Group of 77. That group (actual membership of 134) acts as the premier advocate for the developmental interests of the Global South. The group derives considerable political clout due to China's membership (in constellations the group is called G77 and China).

Beyond that China extracts considerable political leverage through its development support programmes in the Caribbean. Based on The Dialogue's data, China's two premier development banks —China Exports-Imports Bank and Chinese Development Bank— have lent US$4.571 million to 10 Caribbean countries during the period July 2012-November 2019. The Chinese loan portfolio spans 28 projects, mostly in infrastructure[36]. This sum ignores loans made by Chinese commercial banks, data on which remains elusive. China has also advanced to become a major donor to the Caribbean although verifiable data is also difficult to establish[37]. Beyond this, China has carved out equity stakes in two major sources of development financing to the region, i.e., the Caribbean Development Bank and Inter-American Development Bank. Caribbean-Chinese engagement extends to multilateral trade negotiations where both entities are members to the G33 group - WTO members whose defensive stance towards liberalisation of agriculture has resulted in their support for measures such as Special Products and Special Safeguard Mechanism.

Fourth, Cariforum-EU relations remain jaundiced by events surrounding the EU's attempt in September 2010 to secure full representational rights in all UN bodies. Caricom initially led other developing country groupings to block the EU's request based on concerns of establishing a new category of UN membership and fear that new negotiation dynamics could marginalise small States[38]. After nine months of intense multi-group consultations, the EU request as granted with the adoption of UN Res. 65/276 with 180 votes in favour and two abstentions. The initial Caricom-EU disagreement reflects both sides' inability to effectively communicate their respective positions and interests. But this communication failure might have been compounded expectations from the long-standing Lomé/Cotonou partnership and anticipation that the EU demarche could also strengthen Caricom's privileges within the UN. The diplomatic standoff highlights the sense that most Caribbean States conduct bilateral relations in Westphalian terms (i.e., primacy of the nation State) and therefore prioritize relations with EU member States.

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[36] See https://www.thedialogue.org/map_list/ (accessed on May 13, 2021).

[37] Maggiorelli (2017) charts the six stages of Chinese aid to Latin American and the Caribbean since 1956 and also notes the challenge of establishing empirical data on total Chinese aid.

[38] See The Bahamian Ambassador's formal comments in the official record of the 88th UN General Assembly plenary meeting, A/65/PV.88, May 3, 2011.

Fifth, the EU designation of Caribbean States as "non-cooperating tax jurisdictions" continues to negatively impact its relations with Cariforum. Barbados, Grenada, Saint Lucia and Trinidad and Tobago were cited among the 17 countries placed on the very first EU list released in December 2017[39]. Since then, the EU blacklisting exercise has ensnared The Bahamas, Belize, Dominica and St. Kitts and Nevis resulting in formal Cariforum-EU political consultations dominated by tax governance. However, such exchanges remain unsuccessful, in part due to the nature of the European interlocutors. Bi-regional consultations with Cariforum are primarily led by EEAS but no direct engagement has ever transpired with neither DG TAXUD - the EC directorate responsible for taxation nor EU Member States that oppose tax avoidance/evasion.

Cariforum substantive concern stems from both its inability to engage the EU prior to the list of non-cooperating jurisdictions being published and questions on about the fairness of its partner's management of tax governance. The technical reports on which the Code of Conduct Group evaluates third countries' compliance remains secret while EU's claim of objective criteria can be readily challenged by the failure to sanction proven tax havens such as Turkey and the United States. The tax governance divide presents a deeper strategic concern by narrowing of Cariforum confidence in the EU as a coherent development partner. The post-Cotonou agreement embrace of multilateralism reflects both sides' shared political values, but its application is compromised by the EU unilateral action, failure to conduct prior consultations and its self-assigned role to police OECD taxation guidelines.

6. Conclusions

The Cariforum-EU partnership has travelled the arc from the initial trade and development to include a reciprocal trade agreement and now a political platform. Pursuit of a deep political partnership entails retiring the traditional donor-client relationship and accentuating instead the promotion of shared universal values. In theory, such a shift in the Cariforum-EU partnership should be easily attainable. After all, both sides fully embrace the shared values of strengthening democracy, rule of law, governance, combating climate resilience and advancing regional integration as a platform to advance economic development.

However, pursuit of Caribbean-EU political partnership proves challenging due to a slate of disagreements and structural issues. A number of factors that negatively impact on Caribbean-EU relations include a) maintenance of a Cariforum construct that centrally remains the region's manager of, and interlocutor on, EU development cooperation; b) the challenge of establishing a harmonised Cariforum foreign policy; c) the imperative of navigating the increased rivalry between China and the United States; d) the lingering effects of disagreement re EU's request to gain additional representation at the UN; and e) the sustained EU blacklisting of Caribbean countries.

The continued existence of some of these factors should not diminish the promise of an enhanced Cariforum-EU partnership. The post-Cotonou Agreement, and in particular, the Caribbean-EU Regional Protocol offer the chance to dynamize the bi-regional relationship. However, to seize this opportunity, both Cariforum and the EU should develop a set of interventions to accelerate Caribbean development. That is, pursuit of a political partnership (in the sense of globally proselytising shared values) could successfully emerge once Cariforum-EU relations demonstratively supports Caribbean development.

[39] Council of the European Union (2017). It is instructive to note that consideration of Antigua and Barbuda, The Bahamas, Dominica, St. Kitts and Nevis was deferred "due to casualties and damage to key infrastructure".

This endeavour assumes greater urgency given the immense human, social and economic toll exacted by the COVID-19 pandemic and the attendant reversal in Caribbean SDG achievements.

The post-Cotonou Cariforum-EU partnership requires implementing a new compact. Cariforum should demonstrate its own development agenda (to all international development partners) by charting ambitious plans for post-pandemic economic recovery; pursuing new economic opportunities in the blue economy, renewable energy, digitalisation and skills training. Complementing this would be to overturn the current legalistic approach to CEPA implementation, and the crafting of sector specific policies to advance implementation of the CEPA.

This clear articulation of a bold and progressive Cariforum development agenda should be complemented and supported by the EU applying greater ambition in its development cooperation support. That specifically implies using the new NDICI funding to leverage even greater aid and investment from other development partners. Securing improved support from the European development financing institutions should be coupled with deeper engagement of EU Member States. This European effort should be complemented by applying the Busan principle of aid effectiveness by securing coherent engagement with non-EU development partners. Currently, EDF funding is spread to too many projects for the interventions to be transformational.

Implementing the post-Cotonou Cariforum-EU relations should be accompanied by a radical shift in the form of political engagement. Currently, the relationship is managed at technical levels by the EEAS on the European side and the Cariforum Directorate on behalf of Cariforum States. Ministerial-level engagement primarily occurs within the context of CEPA implementation with attendance by Ministers of Foreign Trade and or Foreign Affairs. This form of engagement might eventually induce a faster shift to a Caribbean-EU political partnership. However, successful advance of EU-supported Cariforum development warrants effective and regular engagement with Caribbean Heads of Government and Ministers of Finance. The elements of an ambitious Caribbean development agenda —taxation and fiscal space, renewable energy, digitalisation, and skills training— all require robust support from public budgets. The thrust towards a Cariforum-EU political partnership will be predicated on the delivery of concrete results. In this endeavour, both Cariforum and the EU must adapt to fully harness the immense potential of their partnership.

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