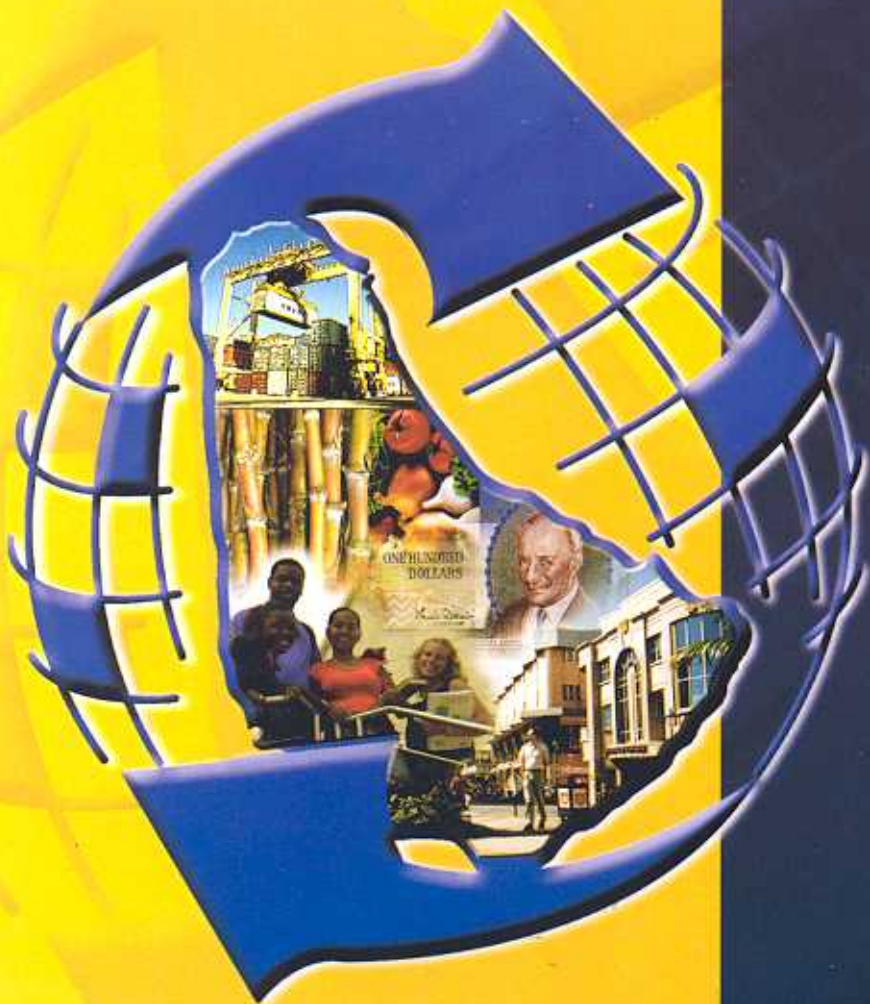




BARBADOS
IN THE
NEW GLOBAL ECONOMY

BARBADOS & THE WTO
What you need to know



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Preface

In April 1994 at a Ministerial Conference held in Marrakesh, Morocco, Ministers representing some 124 Governments signed The FINAL ACT of the Uruguay Round of Multilateral Trade Negotiations which were launched in Punta-del-Este in September, 1996. Included in the FINAL ACT is the Marrakesh Agreement establishing the World Trade Organisation (WTO) with effect from January 1, 1995.

The Signing of the FINAL ACT by a country means that it has to accept all the Agreements contained therein as a single undertaking. And upon ratification of the said Final Act, that country becomes a member of the WTO.

Barbados became a member of the WTO on 1 January 1995.

Annexed to the Marrakesh Agreement are five principal Agreements that have fundamental implications for the trade and economic development of all WTO members, and must be adhered to by all. These include The Multilateral Agreements on Trade in Goods (this family of agreements contains, the old GATT with amendments up to 31 December 1994 and other agreements on twelve subject areas); the General Agreement on Trade in Services (GATS); the Agreement on Trade Related Intellectual Property Rights (TRIPS); the Dispute Settlement Understanding; and the Trade Policy Review Mechanism.

This publication on **Barbados and the WTO: What You Need to Know**, provides a brief overview of some of the main WTO agreements of critical importance to Barbados. It is the first in a series of four publications relating to Barbados in the New Global Economy. It is intended to be used for educational purposes.

S.J. Chandler
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Introduction

The World Trade Organisation (WTO), which came into being on January 1, 1995, brought sweeping changes to the global trading system. It has brought benefits, but has also presented a number of challenges for many countries, including Barbados, which have signed onto the WTO. These countries now have to operate in a new trading environment where the emphasis is on free trade and reciprocity - i.e. the granting of equally advantageous trade concessions to each other.

The WTO is a multilateral organisation comprising over 140 members. Its main aim is to promote and regulate free and fair trade internationally. The WTO was established by the Marrakesh Agreement which was signed on April 15, 1994 in Marrakesh, Morocco. Annexed to this Agreement is a set of agreements covering various areas relating to trade in goods and services (including investment and intellectual property). The establishment of the WTO represented the culmination of almost eight years of multilateral trade negotiations conducted under the Uruguay Round of the General Agreement on Tariffs and Trade (GATT).

Barbados joined the WTO from its inception.

Where did it all begin?

The GATT had its genesis in the closing years of World War II when officials of the United States, Great Britain and Canada met in a town called Bretton Woods, New Hampshire, where they decided to set up three international institutions to:

- stabilise the world economy,
- promote global economic development,

- foster international economic cooperation in the post-war world.

The International Monetary Fund (IMF) and the World Bank were created but a third institution, the International Trade Organisation (ITO) designed to foster fair and open trade never came into being. Instead, the GATT which was intended to be a temporary measure until the ITO charter was signed, became the main vehicle for dealing with international trade negotiations in the post-war era. There were seven negotiating rounds under the GATT until it was eventually replaced by the WTO. This new institution which was proposed by Canada and the European Community replaced the GATT with a permanent, internationally recognised body that would negotiate international trade agreements and settle international trade disputes.

Some argue that the WTO is an enhancement of the GATT; others believe that it is a watershed moment for the institutions of world economic relations (International Monetary Fund and World Bank) in that it completes the Bretton-Woods gap. What is certain is that this new institution has brought fundamental and long lasting changes to the international trading system. Whereas the GATT focused on trade in goods, the WTO and its agreements not only cover trade in goods but also trade in services, investments, and the regulation of intellectual property rights. This is certain to have a profound impact on the foreign trade of a number of developing countries like Barbados and its Caribbean counterparts.

This booklet will focus on some of the benefits and challenges for Barbados in the areas of goods (including agriculture), services and intellectual property.

GOODS

In the area of goods, the WTO Agreements provide benefits to all member states in terms of enhanced access to each other's markets. In turn they also impose obligations as each member state is required to open its market to the goods of other member states. Market access is therefore a fundamental objective of trade liberalisation. It is a principle that permeates all of the Agreements and seeks to ensure access by exporters of goods of one member state to the markets of another.

While Barbados stands to benefit from these arrangements, the major challenge will be the ability to produce goods at competitive prices for its overseas as well as local markets where local products have to compete with imported goods.

W T O F A C T S

Established: January 1, 1995

Location: Geneva, Switzerland.

Aim: To promote and regulate free and fair trade internationally.

Membership: 147 countries (as of April 23, 2004).

Created by: Marrakesh Agreement.

Headed by: Supachai Panitchpakdi, Director-General.

Function: To ensure that trade between nations flows as smoothly, predictably, fairly and freely as possible. It does this by:

- Administering WTO agreements
- Providing a forum for trade negotiations
- Resolving trade disputes
- Monitoring national trade policies

For more information visit www.wto.org

Agriculture

Agriculture is the mainstay of the economies of many of the 147 member states of the WTO. In the Caribbean, agriculture is still a significant sector for many countries especially those making up the Windward Islands (Dominica, St. Lucia, St. Vincent & the Grenadines and Grenada).

The WTO Agreement on Agriculture (AoA) seeks to ensure the ultimate liberalisation of agricultural trade, on a phased basis, and the application of tighter disciplines in the sector. In so doing, the Agreement seeks to replace quantitative restrictions with tariffs, and to limit or remove existing subsidies granted to the agricultural sector. Accordingly, bound tariff rates (rates that cannot be raised without the WTO's permission) have replaced non-tariff import measures such as import licenses, export subsidies have been curbed, and domestic support programmes have been codified on the basis of their potential to distort trade. Given the peculiar nature of this sector, Special Safeguard Provisions can be quickly invoked to protect it when import prices fall below a specified (trigger) level or volume of imports exceed a specified (trigger) level. The Agreement also sets out parameters for the use of sanitary and phyto-sanitary measures, requiring that such measures be based on scientific evidence, not be arbitrary, and not be unjustly discriminatory.

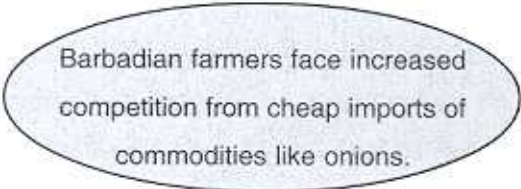
The Agreement provides the rules governing international agricultural trade and by extension production of a framework for the long-term reform of agricultural trade and domestic policies. It provides for a decisive move towards the objective of allowing the forces of the market to dictate trade in agriculture.

The rules governing agricultural trade are strengthened and enhanced under the AoA thus providing for improved predictability and stability for importing and exporting countries alike.

As with goods, this Agreement provides for enhanced market access for WTO members. Barbados now has the opportunity not only to increase its share of existing markets but also to exploit new ones.

Challenges

The new regime which this agreement creates also presents challenges for Barbados. For example, Barbados can no longer retain restrictive licenses on imported agricultural goods. All restrictive licenses were removed as of April 2000. As a consequence, the local agricultural sector has had to face an upsurge in cheaper imports particularly in sensitive commodities such as poultry, onions, carrots and melons. In addition, the country has witnessed the influx of new competing goods e.g. powdered eggs, from non-traditional trading partners.



Barbadian farmers face increased competition from cheap imports of commodities like onions.

The reduction in tariffs and the elimination of other duties have resulted in the loss of government revenue. Furthermore, greater pressure is placed on government to monitor and ensure that all foods entering the island meet the required standards and are therefore safe for consumers. Barbados, however, does not lack the capacity to successfully face these challenges.

Government's Response

The Government of Barbados, in collaboration with the social partners, has been actively seeking to deal with these challenges as it moves to reposition the country in the new global economy. It has also improved its monitoring procedures to ensure that food safety standards are maintained. Government has also resorted to the use of the special safeguard provisions to guarantee the continued survival of certain sub-sectors of agriculture. This safeguard mechanism permits government to introduce temporary measures against sustained increases of agricultural imports that would threaten the viability of domestic production of similar goods. There is also ongoing monitoring to ensure that the developmental thrust of the agricultural sector is not undermined. In addition, special emphasis is being placed on the development of food security for Barbados.

The Agricultural sector has also undergone further restructuring in an attempt to make it more responsive to international competition. The poultry industry, for example, has been restructured and its operations modernized in order to become internationally competitive.

Food security is a priority for the Barbados Government

Food security includes ensuring that Barbados can continue to satisfy some of its food needs. It also relates to reducing the import bill by increasing local production.

Services

The General Agreement on Tariffs and Trade (GATT) only covered trade in goods; it did not cover services which comprise a wide range of activities which are becoming increasingly important. The General Agreement on Trade in Services (GATS) establishes a multilateral framework of principles and rules for trade in services, with a view to the expansion of such trade under conditions of transparency and progressive liberalisation of the sector.

Among the principles of this Agreement are most-favoured-nation (MFN) treatment, national treatment and transparency in the conduct of trade. The first major obligation is MFN which means that whatever market access rights or privileges are given by a member state to another member state of the WTO must be extended to all other members. This obligation is applied automatically but parties are allowed certain exemptions. As a result, many countries have either exempted certain sectors that are not yet ready for full multilateral liberalisation, or exempted particular activities within sensitive sectors. National treatment requires that there be no discrimination between local and foreign services providers. In addition, all members have undertaken to progressively liberalise trade in other services sectors in future rounds of trade negotiations.

Trade in services can take many forms. One such form is cross-border trade where only the result of the service is exported. An example of this is a lawyer in Barbados advising a client in New York. Services may also be consumed abroad in the country of export. A good example of this is tourism - the visitor has to travel to the country to consume the service.

In many cases, however, trade in services requires some of the factors of production to move with the service and may necessitate either a commercial or a temporary presence in the importing country. A commercial presence – where a firm sets up operations in a foreign country – will usually require a movement of capital and investment. Banking and insurance typically entail such a movement of capital and investment. An example of temporary presence is an instance where a construction firm takes its own workforce with it to a project site in a foreign country.

Under the Agreement, Barbados initially committed six areas of services activity for liberalisation. These are specialised medical services, legal documentation and certification services, courier services, reinsurance, some entertainment services and software implementation services. Subsequently, Barbados committed certain telecommunication services for liberalisation. These include voice-telephone services, internet access services and mobile services.

Benefits

It is considered that Barbados stands to benefit immensely as a result of the liberalisation of trade in services. Areas which can be readily exploited are services such as accounting, legal, architectural, engineering, medical, building construction, communication, information technology and education.

Challenges

Perhaps one of the main difficulties that a country can face is that of regulating trade in certain services; for example e-commerce. Some countries, especially small developing countries, can also face the challenge of having to meet the many and varied national professional requirements or certifications. This can frustrate and deter the prospective service supplier especially when the method of service delivery is one that requires a presence in the consuming country.

Intellectual Property

Intellectual property can be defined as creations of the human mind. Intellectual property rights (IPRs) are legal rights governing the use of such creations. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) was one of those Agreements which came into being with the establishment of the WTO on January 1, 1995. It is the most comprehensive international Agreement on intellectual property to date and sets out the minimum standards of protection that each government has to give to the intellectual property of fellow WTO members. It should be noted that this was the first time that trade in intellectual property was brought under multilateral disciplines. The Agreement covers five broad areas: the application of basic principles of international trade to trade in intellectual property; guidelines for the protection of intellectual property rights; the enforcement of IPRs in member states; the settlement of disputes involving intellectual property among WTO members and provisions relating to special transitional arrangements – i.e. during the period when a country is changing to the new regime.

Benefits

One of the benefits of this new intellectual property protection regime is that it will help to encourage creation and invention, especially when the period of protection expires and the creations and inventions enter the public domain. Notwithstanding the obligation of a member state to protect the IPRs of nationals of another member state in its own country, a government can dispense with this obligation in cases where the national interest is at stake. An example is where a government is required to protect a branded drug which is desperately needed nationally but is sold at an exorbitant price. The generic equivalent however, can be produced and marketed at significantly lower prices.

Intellectual Property covered by the TRIPS Agreement

Patents and the protection of plant varieties;
Copyright and related rights (the rights of producers of sound recordings, performers and broadcasting organisations);
Undisclosed information (trade secrets and test data);
Trademarks, including service marks;
Geographical indicators;
Industrial designs;
Layout designs (topographies) of integrated circuits.

A government therefore, can give licenses for the production and sale of that drug. Another plus under this regime is that any trade disputes over IPRs can be settled under the WTO's dispute settlement mechanism.



Drugs

Challenges

Like the other Agreements, the enhanced intellectual property protection regime poses a number of challenges for small countries like Barbados. These include the building of a national capacity to enforce intellectual property rights. This can be a costly undertaking since it involves specialised training of personnel and the setting up of appropriate systems to monitor and detect breaches of rights of nationals as well as overseas rights holders. Small countries can also face difficulties in the enforcement of IPRs in foreign countries. In the case of Barbados, some of the challenges include the protection of local brands e.g. black belly sheep, Bajan pepper sauce and even music, in foreign markets.

Intellectual Property Legislation In Barbados

The Copyright Act, 1998

The Patents Act, 2001-18, CAP 314

The Industrial Designs Act, CAP 319A

The Geographical Indications Act, 1998

The Trade Marks Act, CAP 319

The Trade Marks (Amendment) Act, 2001

The Integrated Circuits Topography Act, 1998

The Integrated Circuits (Amendment) Act, 2001

The Protection Against Unfair Competition Act, 1998

The Protection of New Varieties Act, 2001

Government's Response

As a result of the existing body of legislation pertaining to intellectual property rights in Barbados, Government was able to update that legislation and proceed to enact new legislation in order to meet its obligations under the WTO TRIPS Agreement (see box above). The legislation in this area is comprehensive and reflects the country's commitment to ensuring that intellectual property rights are enforced and the necessary protection granted.

Member States of the WTO (as of April 23, 2004)

Albania	Kenya
Angola	Korea, Republic of
Antigua and Barbuda	Kuwait
Argentina	Kyrgyz Republic
Armenia	Latvia
Australia	Lesotho
Austria	Liechtenstein
Bahrain, Kingdom of	Lithuania
Bangladesh	Luxembourg
Barbados	Macao, China
Belgium	Madagascar
Belize	Malawi
Benin	Malaysia
Bolivia	Maldives
Botswana	Mali
Brazil	Malta
Brunei Darussalam	Mauritania
Bulgaria	Mauritius
Burkina Faso	Mexico
Burundi	Moldova
Cameroon	Mongolia
Canada	Morocco
Central African Republic	Mozambique
Chad	Myanmar
Chile	Namibia
China	Nepal
Colombia	Netherlands - For the Kingdom in Europe and for the Netherlands Antilles
Congo	New Zealand
Costa Rica	Nicaragua
Côte d'Ivoire	Niger
Croatia	Nigeria
Cuba	Norway
Cyprus	Oman
Czech Republic	Pakistan
Democratic Republic of the Congo	Panama
Denmark	Papua New Guinea
Djibouti	Paraguay
Dominica	Peru
Dominican Republic	Philippines
Ecuador	Poland
Egypt	Portugal
El Salvador	Qatar
Estonia	Romania
European Communities	Rwanda
Fiji	Saint Kitts and Nevis
Finland	Saint Lucia
Former Yugoslav Republic of Macedonia (FYROM)	Saint Vincent & the Grenadines
France	Senegal
Gabon	Sierra Leone
The Gambia	Singapore
Georgia	Slovak Republic
Germany	Slovenia
Ghana	Solomon Islands
Greece	South Africa
Grenada	Spain
Guatemala	Sri Lanka
Guinea	Suriname
Guinea Bissau	Swaziland
Guyana	Sweden
Haiti	Switzerland
Honduras	Chinese Taipei
Hong Kong, China	Tanzania
Hungary	Thailand
Iceland	Togo
India	Trinidad and Tobago
Indonesia	Tunisia
Ireland	Turkey
Israel	Uganda
Italy	United Arab Emirates
Jamaica	United Kingdom
Japan	United States of America
Jordan	Uruguay
Kenya	Venezuela
Korea, Republic of	Zambia
Kuwait	Zimbabwe
Kyrgyz Republic	

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