



The Business of Tourism

By David Jessop

In the early hours of Sunday December 16 and after more than three years of discussion, Caribbean trade negotiators and their European counterparts concluded an Economic Partnership Agreement (EPA) between Europe and the Caribbean.

The EPA establishes the future trade relationship between the Caribbean and Europe in everything from wines and spirits to sugar, bananas and tourism. It allows products from Europe and the Caribbean to progressively enter each others markets free of duties and quotas. In the case of Europe, the arrangement will see almost all Caribbean products enter the EU without restriction from January 1, 2008. In return around eighty per cent of European products will gradually be given duty free treatment in most Caribbean markets enabling in the tourism sector for example, to reduce the costs of many of its inputs.

Importantly the EPA covers tourism services. To many this may seem obvious but it is in fact a remarkable first for an industry that is now the largest contributor to Caribbean economic development.

In all previous trade agreements involving the region, tourism has either been ignored or referred to generally and in passing. However, in the EPA there are throughout references to the industry, a chapter on tourism and much detail elsewhere in the accompanying schedules.

What the EPA does is provide a framework for the business of tourism and identifies some of the industry's development needs. For instance it establishes a legal basis on which tourism services can develop free from anti-competitive practices. Put more simply this means it could be used to stop a European tour operator establishing a dominant position through unfair pricing.

The EPA states that Europe will in consultation with Caribbean governments and the industry find ways to encourage the commercial transfer of technology to support the industry's development. It proposes a dialogue on finding ways to encourage small and medium-sized enterprises to participate in the tourism sector and envisages the mutual recognition of industry qualifications.

It also contains language in the tourism text that encourages the introduction of environmental and quality standards applicable to tourism.

Beyond this it indicates European technical and development support for the upgrading of national accounting systems so that governments may understand better the role of tourism in the economy; and proposes a range of practical programmes to increase global competitiveness including the development of internet marketing strategies and sustainable tourism standards.

In order to achieve this and other outcomes, the text proposes the creation of a consultative mechanism with Europe and the provision of development support.

Space does not permit a more detailed analysis other than to say that for the first time a major economic partner, the EU, has recognised in a Treaty the importance of tourism, the centrality of its future well being to Caribbean growth and the importance of nurturing its competitiveness.

As such the EPA and its language on tourism is a triumph for those in the industry and the Caribbean Regional Negotiating Machinery who crafted then negotiated the text.

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