TRADE AND INVESTMENT OPPORTUNITIES IN Agriculture, Fisheries, and Food Processing in the CARIFORUM Region under the Economic Partnership Agreement with the European Union

PROFITABLE VENTURES: INVESTING IN THE CARIFORUM AGRICULTURE, FISHERIES, AND FOOD PROCESSING SECTORS

With a population of close to 30 million people, the CARIFORUM region presents a thriving market for EU businesses and investors.

The CARIFORUM-EU Economic Partnership Agreement (EPA) signed in 2008 offers opportunities for traders and investors based on reduced tariffs, better regulatory environment and new investment opportunities.

According to the International Trade Centre (ITC), CARIFORUM (excluding 1Haiti) currently imports around EUR 15.5 billion worth of food annually, indicating promising opportunities for EU businesses and investors. The “25 by 25” program, driven by the need for food security, presents a golden opportunity for EU companies to export and invest in CARICOM nations, supporting their ambitious goal of reducing agricultural imports by 25% by 2025.

The EPA has been instrumental in promoting export diversification and enhancing the competitiveness of the region’s agro-processing sector. It has fostered increased market access for Caribbean products in the EU as well as high value EU products in Caribbean in certain markets, fostering a dynamic trade relationship. The agreement has also driven investments in value-addition processes, leading to growth in the agro-processing sector. Yet, there remain untapped opportunities under the EPA which we invite you to explore and take advantage of.

1Haiti has not been applying the EU-CARIFORUM EPA, reason for which the figures for Haiti are not included in this study.
THE SECTOR IN FIGURES

- The Dominican Republic produces upward of 80% of its own food, while the rest of the CARIFORUM countries import up to 85% of their agriculture, fisheries, and food processing products, mainly from the USA.
- Between 2018 and 2022, CARIFORUM imported an average of EUR 15.5 billion in agricultural products annually.
- EU exports of agri-food products to CARIFORUM have steadily grown from EUR 0.7 billion in 2018 to EUR 1.2 billion in 2022 according to Eurostat. Over the same period dairy products accounted for about 25% of EU agri-food Exports to CARIFORUM. Preparations of fruit, nuts and vegetables were the next largest accounting for 10%. The following graph shows the share of main exports for 2022.
- Between 2018 and 2022, the Netherlands was the third-largest exporter to CARIFORUM and the largest EU exporter to CARIFORUM, according to ITC.
- EU imports of agri-food products from CARIFORUM also grew steadily over the period from EUR 0.6 billion in 2018 to EUR 0.8 billion in 2022. Fruit and nuts were by far the leading contributor and accounted for 35% of agri-food imports, followed by spirits and liqueurs with 18%; and coffee, tea, cocoa and spices with 13%.

Top EU agri-food exports to CARIFORUM under the EPA in 2022

Source: European Commission

BUSINESS PROSPECTS: OPPORTUNITIES FOR EUROPEAN COMPANIES

MATCHING THE DEMAND GAP

The CARIFORUM region presents significant trade potential for EU companies based on its import trends. In 2022, the region’s food imports exceeded EUR 15.5 billion while the EU’s agricultural industries achieved a gross value added of over EUR 222 billion in the same year. The International Trade Centre export potential map identifies high-potential exports from the EU to CARIFORUM, including potatoes, food preparations, cheese, cured fish, frozen poultry, pork, wheat, wines, whiskeys, and beers.
Given the growth in agri-food trade figures shown above and the fact that the EU accounted for only about EUR 1.2 billion (Source: European Commission 2022) of the EUR 15.5 billion in 2022, there are opportunities for EU exporters to increase their share of agri-food exports to CARIFORUM and/or invest in CARIFORUM to meet regional demand. Furthermore, with the rising in EU agri-food imports from CARIFORUM an opportunity is also presented to invest in CARIFORUM to increase the export of agri-food products to the EU.

The ITC Export Potential map identifies high-potential exports from the EU to CARIFORUM, including potatoes, food preparations, cheese, cured fish, frozen poultry, pork, wheat, wines, whiskeys, and beers.

Based on CARICOM import data and ITC TradeMap data, the CARICOM Private Sector Organisation (CPSO) identifies several opportunities for investment in CARICOM that would reduce the demand for imports and assist the region to achieve its objective of reducing imports by 25% by 2025. These investment opportunities are shown below.

![Trade Potential Chart](chart.png)

Source: CARICOM Private Sector Organisation compilation from CARICOM Data and ITC TradeMap data

**TRADE IN EQUIPMENT AND MACHINERY**

The limited arable land in some CARIFORUM countries and the limited human resources in others, make trade in agricultural machinery crucial. The Caribbean Association of Investment Promotion Agencies has identified over 73 investments opportunities, requiring investments of over USD EUR 156 million in areas such as land development, artificial insemination of livestock, hydroponics, greenhouses, and poultry farm. Opportunities also exist in irrigation agriculture, fruit and vegetable packaging, storage and conservation chain improvement, and new climate-adapted production systems.

**INVESTING FOR DOMESTIC PRODUCTION AND EXPORT**

CARIFORUM aims to expand regional production, creating opportunities for EU investors. Targeted products for increased production and local sourcing include poultry, corn and soy, niche vegetables, fruits, roots and tubers, herbs and spices, and livestock. Additionally, CARIFORUM offers exports and investment opportunities for goods already produced within the region, such as cocoa (Dominican Republic (DR) and Trinidad & Tobago); coconuts (Guyana, Suriname); medical cannabis (Jamaica and St. Vincent and The Grenadines); aquaculture (DR – tilapia, Belize – shrimp, and Guyana – fish); and organics. (For example, the DR has already become a key player in the organics sector, and the main exporter of organics to the EU). Similarly, Grenada is a major exporter of nutmeg, there is acerola in Suriname, heart of palm in Guyana and pepper sauces and condiments (herbs, teas, seasonings) from most CARIFORUM countries. Investments in the region are all the more attractive as a lot of the production in CARIFORUM can also be exported to third market.
EFFICIENCY ENHANCING SERVICES

The CARIFORUM countries possess favourable land and climate conditions for agriculture and fisheries. However, inefficient technology and production techniques hinder productivity. EU operators have opportunities to provide efficiency-enhancing services related to agriculture, food processing and fisheries under the EPA. These services include agriculture-related support, veterinary services, testing and analysis, packaging, storage and warehousing, and engineering services.

UNLOCKING THE BENEFITS OF THE CARIFORUM-EU ECONOMIC PARTNERSHIP AGREEMENT

The CARIFORUM-EU Economic Partnership Agreement (EPA) offers numerous advantages for EU firms wanting to invest in the region:

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<th>Expanded Trade and Investment Opportunities</th>
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<td>Under the EPA, CARIFORUM States have made formal commitments to facilitate investment, trade, and business opportunities in key agricultural subsectors.</td>
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<td>Notably:</td>
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<td>• EU companies gain access to lucrative markets in CARIFORUM countries that were previously protected by tariffs. Each CARIFORUM country agreed upon a tailored schedule gradually granting preferential tariffs to a number of EU agri-food commodities and most machinery for agriculture and food processing.</td>
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<td>• Most CARIFORUM countries have no restrictions on trade in services related to agriculture, fishing, or food manufacturing, with the exception of limitations on the presence of natural persons (Mode 4).</td>
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<td>• There are also no market access limitations for investors and businesses willing to operate in the distribution of agricultural and agri-food related goods. Moreover, Antigua and Barbuda, Barbados, Guyana, Suriname, and Trinidad and Tobago allow unrestricted establishment of commercial presence, and investments for agricultural and food processing purposes.</td>
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<th>Competitive Advantage</th>
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<td>While the majority of agricultural goods imported into the region originate in the US because of distance, connectivity and cultural ties, EU products enjoy preferential tariff treatment in CARIFORUM states under the EPA, including zero tariffs on some goods. This advantage allows European companies to compete effectively in the region, or to enter the higher value market with EU traditional specialty products.</td>
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<th>Tackling Sanitary and Phytosanitary measures and other Barriers</th>
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<td>The EPA diligently addresses non-tariff barriers to trade, particularly regarding the enforcement, monitoring and reporting of sanitary and phytosanitary measures aimed at protecting plant, animal and human health and the environment. The focus is on compliance with multilateral obligations, particularly relevant for the agriculture, fisheries, and food processing sectors. Alignment with international standards facilitates market access, minimises trade disruptions, and builds trust among trading partners.</td>
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<th>Promoting Fair Competition</th>
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<td>The EPA promotes fair competition across sectors, including agriculture. Several CARIFORUM countries have competition laws and established national competition authorities, ensuring a level playing field for businesses.</td>
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Compliance with Environmental and Quality Standards

The EPA encourages compliance with relevant environmental and quality standards in the agricultural services sector. This commitment ensures the application of high standards and facilitates smoother trade operations. To protect the diverse and fragile fisheries and marine ecosystems in CARIFORUM, states have the flexibility to implement domestic measures for effective conservation and management while supporting fishing communities.

OVERCOMING CHALLENGES IN AGRICULTURE, FISHERIES, AND FOOD PROCESSING IN CARIFORUM

SENSITIVITY OF AGRICULTURAL, FOOD AND FISHERIES SECTORS

The CARIFORUM-EU EPA acknowledges the potential challenges that trade liberalisation may pose for CARIFORUM producers and consumers in the agricultural, food, and fisheries sectors. However, EU businesses can play a crucial role in mitigating these challenges by offering expertise, technology transfer, and strategic partnerships to enhance local production capabilities and ensure food security.

HIGH COST OF SANITARY AND PHYTOSANITARY (SPS) CERTIFICATION

SPS certification costs and limited access to labs pose hurdles for these sectors. Countries must send specimens to the USA to secure certification. EU businesses can provide technical assistance and support, facilitating the establishment of regional or local labs, and sharing best practices in SPS compliance.

TRANSPORTATION COSTS

The challenges regarding transportation are intensified for EU operators due to low volumes being imported from the EU coupled with the long distance. Some products with EU contents, such as olive oil, are imported into the region through the USA. By establishing regional partnerships and optimising supply chains, EU businesses can overcome transportation barriers and unlock the full potential of agricultural trade in the CARIFORUM region.

LABELLING REQUIREMENTS AND REGISTRATION OF TRADEMARKS

Navigating evolving labelling requirements and trademark registration can be complex. EU operators can provide valuable assistance by offering guidance on compliance, sharing expertise in labelling regulations, and supporting CARIFORUM businesses in meeting these requirements.

The CARIFORUM-EU EPA presents an array of exciting business opportunities for EU companies in the agricultural, food, and fisheries sectors. By leveraging the agreement's provisions, EU businesses can contribute to the sustainable development of the CARIFORUM region, and to security of food supply, foster trade growth, and forge valuable partnerships.
USEFUL LINKS

Use My Trade Assistant to locate information on EU tariffs and market access requirements for virtually all tradeable products.

Caribbean Export promotes trade and investment in the region by providing export development, export promotion and investment promotion services. Caribbean Export is an EU implementing partner for the CARIFORUM-EU Economic Partnership Agreement.

Get to know more about the CARIFORUM-EU EPA or browse through the text of the Agreement to find out more about the provisions that would be relevant to your business.

ADDITIONAL RESOURCES AND CONTACTS

- Caribbean Agri-Business Association
- Caribbean Association of Investment Promotion Agencies
- Caribbean Chamber of Commerce
- Caribbean Chamber of Commerce Europe
- Caribbean Regional Fisheries Mechanism
- Caribbean Agricultural Research and Development Institute (CARDI)
- Compete Caribbean Regional Agritech Challenge
- Eurocamara of the Dominican Republic
- European Business Chamber in Trinidad and Tobago
- Eurochambres Members
- Inter-American Institute for Cooperation on Agriculture (IICA)

Follow below social media pages for more updates on the CARIFORUM-EU Economic Partnership Agreement.