from other countries. Canada has enacted amendments to the Foreign Extraterritorial Measures Act, which attempt to counteract the U.S. laws by enabling a "clawback" of any losses awarded in U.S. courts that is enforceable against American assets in Canada. The Government of Canada is opposed to the extraterritorial application of U.S. law and does not support the embargo on Cuba.

The eventual end of the American embargo could create significant new business opportunities. Canadian investors must weigh the advantages of early entry into a dynamic market against the risks of abrupt changes in business conditions.

Market Access Results in 2003

- The Canada–Cuba Phytosanitary Memorandum of Understanding was revised, and five annexes were added.

Canada's Market Access Priorities for 2004

- Monitor the development of Cuban regulations affecting business operations and foreign investments and their implementation. Provide advice to Canadian exporters and lobby the Cuban government, when necessary, on behalf of Canadian business interests.
- Monitor the implementation of tariff exemptions granted to Canadian investors, under Cuba's Law (Cuban Decree Law 77) on Foreign Investment, for imports of products necessary for investment projects.
- Continue representations aimed at the removal of Cuba's BSE measures on imports from Canada.

IMPROVING ACCESS FOR TRADE IN GOODS AND SERVICES

Although Cuba has been suffering under the U.S. embargo for over 40 years, it has purchased more than $700 million worth of agricultural commodities from the United States since 2001. These purchases were made pursuant to the U.S. Trade Sanctions Reform and Export Enhancement Act of 2000, which effectively removed agricultural commodities from the U.S. embargo on Cuba providing the purchases were made in cash. These cash terms, offered only to U.S. exporters, have given an advantage to certain U.S. agricultural exports. The Government of Canada has raised this issue with Cuban officials and asked for a level playing field for Canadian exporters.

In July 2003, the Central Bank of Cuba introduced a new regulation obliging Cuban commercial entities to convert their assets into Cuban Convertible Pesos. This regulation also introduces a de facto foreign exchange control whereby Cuban companies must now receive permission from the Central Bank to access the foreign currencies needed to comply with their international obligations. We will be monitoring the implementation of this new regulation closely. Early reports indicate, however, that there has been no noticeable impact on trade flows.

Bovine Spongiform Encephalopathy

Following Canada's May 20, 2003, announcement of a BSE case, Cuba banned the import of beef and other products. Canada has kept all its trading partners, including Cuba, fully informed of the results of its investigation and regulatory response, and it is requesting a resumption of trade on scientific grounds. (For further information, see the BSE overview in Chapter 2.)

THE DOMINICAN REPUBLIC

The Dominican Republic is one of the Caribbean's largest and fastest-growing markets and duty-free manufacturing zones. Official statistics put two-way trade between Canada and the Dominican Republic at $199 million in 2003, with Canadian exports totalling $86 million and imports totalling $114 million. Canadian investment is substantial, mainly in telecommunications, mining, banking and tourism.

Market Access Results in 2003

- Exploratory discussions were held with the Dominican Republic on a framework for negotiations on a free trade agreement.
- Three operators of scheduled air service between Canada and the Dominican Republic were designated.