

developing countries under the General Preferential Tariff (GPT) or under the British Preferential Tariff (BPT).

Rules of Origin

"Rules of origin" have been established to determine which goods are entitled to enter Canada duty-free under CARIBCAN. In order to be eligible for duty-free treatment, the goods must be grown, produced or manufactured in the Commonwealth Caribbean, but may incorporate materials or components from outside the area if they meet certain conditions. A minimum of 60 per cent of the ex-factory price of the goods must originate in any of the beneficiary countries or in Canada; this includes production costs (actual labour costs, research, development, design, engineering and blueprint costs, and inspection and testing costs, etc. related to the particular product); overhead (general expenses of doing business such as administrative salaries, casualty and liability insurance, etc.); profit; and export packaging.

It may be noted that the "cost of production" (which is used to determine the "origin content" under many other preferential trade systems) differs significantly from the ex-factory price of a good. The cost of production includes the cost or value of materials and actual processing costs including overhead, but does not include profit and export packaging.

Under the CARIBCAN rules of origin, local value-added amounts can be "cumulated" among the countries of the region; in other words, the Commonwealth Caribbean is viewed as a single country for the purpose of meeting the content requirements. The goods must also be imported directly from the exporting country or pass in transit through the territory of an intermediate country with or without trans-shipment or temporary storage. In any intermediate country they must remain under customs transit control; they cannot undergo any operations other than reloading, splitting up of loads, or operations required to keep the articles in good condition; and they must not enter into trade or consumption in the intermediate country.

The Department of National Revenue (Customs and Excise) in Canada has issued a detailed set of regulations known as the "CARIBCAN Rules of Origin Regulations" for the determination of the origin of goods which qualify for duty-free entry to Canada from the Commonwealth Caribbean countries. This document is available from the Tariff Programs Division of Revenue Canada (Customs and Excise). (See Annex 2 for address.)

To obtain preferential treatment under CARIBCAN, exports from the Commonwealth Caribbean countries must be accompanied by an original Certificate of Origin Form A (Annex 3). This certificate must be signed by the exporter of the goods and must also be certified