

As an expression of our special concern in the Commonwealth Caribbean, Canada in 1966 instituted a program which provides for direct annual payments to each Commonwealth Caribbean Government concerned of an amount equal to the duty collected on Canadian imports of West Indies' sugar (29c per cwt.) up to a maximum of 275,000 metric tons. Payments amounted to slightly over \$1 million in 1968.

(b) *Rum*

At the 1966 PM's Conference Canada undertook to require that the origin and Canadian content of any rum marketed in Canada be clearly marked and to use its good offices with the provincial authorities to facilitate the marketing of rum from the Commonwealth Caribbean. A new labelling undertaking was ready for implementation on January 1, 1968. However, West Indies Governments, on reflection, felt the proposed change might not be advantageous to them and requested a deferment until April 1, 1968 (subsequently extended twice at their request to June 30, 1969).

The original labelling change was deferred to allow for discussions between the Canadian and West Indian distilling industries regarding alternative measures to increase West Indian rum exports to Canada. Latest of these discussions took place in March, 1969. A modified labelling arrangement has been agreed upon by West Indian distillers and Governments and recommended for implementation by Canada on July 1, 1969. Consultations have been held between Canadian Government officials and the Canadian industry in seeking to carry out the commitment under the Protocol. The latest labelling proposal is currently under examination.

(c) *Transportation*

At the 1966 Commonwealth Caribbean-Canada Conference the trade agreement commitment to provide a Government-subsidized direct shipping service to the West Indies, was formally terminated. The service had ceased in the 1950's. The Canadian Government did, however, undertake to examine the question of the restoration of direct shipping services in the light of its possible long term contribution to the promotion of trade. The West Indies, particularly the smaller islands of the Eastern Caribbean, had raised strong concerns over the inadequacies of present shipping services.

The Department of Industry, Trade and Commerce prepared a three volume study on

Canada-Commonwealth Caribbean transportation which has been passed to the West Indian Governments. We have not had their reaction to this study to date. Copies of the Canadian study could be made available to the Senate Committee if desired.

The study describes the performance of the Canadian National (West Indies) Steamships Ltd. (whose service terminated in 1957) and of certain other steamship companies. It reviews existing shipping services and cargo handling facilities and points to areas which may not be adequate to meet the demands of the trade. It also considers the basic economic factors affecting shipping and trade patterns. Complementary reports are considered necessary to the comprehensiveness of the study before conclusions can be drawn pointing to the solution of specific problems.

In addition, private shipping concerns are studying ways and means of improving transshipment services in the Eastern Caribbean. The United Nations are also carrying out a study of inter-island transportation in the area.

(d) *Free Trade*

At the 1966 PM's Conference it was agreed to study the question of a free trade area between the Commonwealth Caribbean and Canada. The Private Planning Association of Canada was contracted by the Canadian Government to carry out a detailed study on this subject. Their report is expected soon.

(e) *CARIFTA*

At conference in Barbados in October, 1967, Commonwealth Caribbean Heads of Government agreed on the establishment of a regional free trade area to enter into effect May 1, 1968. The CARIFTA Agreement is based essentially on the earlier abortive CARIFTA Treaty involving Guyana, Antigua and Barbados.

On April 30, 1968 Antigua, Barbados and Trinidad deposited instruments of ratification. The remaining West Indian associate states and St. Vincent and Montserrat joined on July 1, 1968. Jamaica, who had originally experienced some hesitation about joining became a member on August 1st, 1968. Total CARIFTA imports already exceed \$1 billion and by 1976 are expected to rise to \$2.5 billion.

The CARIFTA Agreement provides essentially for the removal of tariffs on all trade between signatories with the exception of