The Dominican Republic

With GDP growth reaching 7.4% in 2000 and imports of goods and services totalling US$9.6 billion, 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 a modest $199 million in 2001, but these statistics do not reflect the large portion of bilateral trade trans-shipped through the United States. Canadian investment is substantial, mainly in telecommunications, mining, banking and tourism.

Canadian agricultural (i.e. potatoes) and wood products (i.e. lumber and plywood) are subject to unnecessarily trade-restrictive phytosanitary measures, including the use of an import licensing regime to ban the import of various agricultural products. In Canada's view, these practices violates the Dominican Republic's WTO commitments. Dominican Republic phytosanitary authorities have indicated their readiness to address Canadian concerns, and the Canadian Food Inspection Agency has agreed to send two experts to initiate discussions.

The Dominican Republic has expressed interest in a free trade agreement with Canada. Canada has indicated that, if the Dominican Republic is prepared to negotiate on the basis of the FTA with the Central America Four, which is currently under negotiation, Canada would be willing to initiate exploratory discussions when the negotiating agenda permits.

Cuba

Cuba is Canada's largest export market in the Caribbean and its fourth largest in Latin America with $392 million in exports in 2001. In addition, Canada is Cuba's second largest trading partner and its second largest source of foreign investment. Canadian companies who are used to taking on entrenched American competitors in other Latin American markets will find a much different environment in Cuba (see section on U.S. sanctions).

In 2001 and at the start of 2002, Canadian exporters encountered problems with respect to the interpretation of Canada-Cuba SPS agreements. Canadian and Cuban authorities are working together to resolve these differences.

At the end of 2001, Cuba amended rules regulating the opening of offices by foreign entities, an amendment which appears to discourage smaller companies. Requirements for opening a representative office include having a prior volume of business with Cuba of US$500 000 annually for three years and providing audited accounts. This legislation, of course, does not affect selling direct from Canada.

Liquidity in Cuba will be tight in 2002 owing to destruction caused by Hurricane Michelle and post-September 11 reductions in tourism receipts; however, Cuba is still an emerging market with significant potential in priority sectors for experienced and well-prepared Canadian exporters and investors.