

and gas, mining and agri-food. In Venezuela, the lack of transparency in the issuance of import permits for certain food products such as pulses, onions, potatoes and pork remains a major barrier to trade.

CENTRAL AMERICA AND THE CARIBBEAN

In 2005, Canadian exports to the Central American region (El Salvador, Guatemala, Honduras, Nicaragua, Costa Rica and Panama) amounted to \$441.6 million, and bilateral trade totalled \$1.3 billion. Canada's commercial interests in the region are primarily in agriculture, mining, environmental services, construction and building products, services industries and capital projects. Guatemala has the broadest economic base and is the largest economy in Central America: in 2005, Guatemala imported more than 40% of total Canadian exports to this region. Panama's services-based economy grew 5.5% in 2005, and free trade negotiations with the U.S. are currently under way.

Canada has a free trade agreement with Costa Rica. The Canada-Costa Rica FTA (CCRFTA) entered into force on November 1, 2002, becoming the cornerstone of our increasingly important bilateral trade and investment relationship. Between 2002 and 2005, two-way merchandise trade increased 36% (from \$324 million to \$440 million). The CCRFTA provides for progressive elimination of tariffs, demonstrating that it is possible to take into account differences in the levels of development and size of free trade partners.

Canada remains committed to concluding free trade negotiations with the Central America Four (CA4) countries (El Salvador, Guatemala, Honduras and Nicaragua), and shares their commitment to hemispheric economic integration. The CA4 countries, with the Dominican Republic and Costa Rica, concluded a free trade agreement with the U.S. in 2005. Implementation of this agreement—the U.S.-CAFTA-DR—will likely affect the competitiveness of Canadian companies.

In 2005, Canadian merchandise exports to the Caribbean Community (CARICOM) amounted to \$543 million, and bilateral trade totalled \$1.6 billion. In 2003 (the most recent year for which statistics are available), Canadian services exports to CARICOM totalled \$1.46 billion. The 15-member Caribbean Community includes Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat (U.K. dependency), Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago. The Bahamas is a member of CARICOM but not of the Common Market. Canada and CARICOM have discussed the possibility of negotiating a bilateral FTA, but no time frame for the possible start of negotiations has yet been set.

The Dominican Republic is Canada's fourth largest export market for goods in the Caribbean region and one of the fastest growing import markets and duty-free manufacturing zones. In 2005, Canadian merchandise exports to the Dominican Republic totalled \$145 million (up 44% from 2004). Canada remains interested in enhancing its trade and investment ties with the Dominican Republic. To that end, Canada is exploring the possibility of negotiating a foreign investment promotion and protection agreement, as well as a bilateral free trade agreement, with the Dominican Republic.

Cuba is Canada's largest market in the Caribbean, importing \$447 million in Canadian goods in 2005. With investments estimated at over \$1 billion, Canada is Cuba's largest foreign investor, according to the Canadian Embassy in Havana. Although the business environment in Cuba is complex, it holds many opportunities for Canadian firms. The Government of Canada remains opposed to the extraterritorial application of U.S. law and does not support an embargo on Cuba. In 1985, Canada enacted the Foreign Extraterritorial Measures Act to prohibit foreign states from taking measures that infringe Canadian sovereignty and adversely affect Canadian international trade.