

FY 1985/86). However, the TCI Government apparently is prepared, when considering large and very important development projects, to enter into negotiations on the customs duties payable on imports required to construct and equip the facility. Such action is taken on a case by case basis at this time.

Some Canadian developers and exporters are interested in promoting the idea of "free trade" between Canada and the Turks and Caicos as a means of reducing their costs and of competing with developers/suppliers from other countries. Such a bilateral free-trade proposal probably could not be negotiated without the Islands receiving something in return to offset the loss of customs duties. Whether a free-trade agreement of this nature would be acceptable to the UK and to other GATT members (some of whom, like France, are investors in and exporters to the TCI) would have to be explored. The loss in TCI customs duties and taxes resulting from a bilateral free trade agreement with one country could possibly be made-up by charging higher taxes and fees on other goods and services.

Businessmen in the TCI are also looking at implications for the Caribbean when the member countries of the European Community (EC) lift the remaining trade barriers for trade among EC members. (See Appendix 51: Europe and the Caribbean - Looking to 1992). The TCI is already included under the Canadian Programs for Commonwealth Caribbean Trade Investment and Industrial Cooperation (CARIBCAN) see Section 12 "Economic Cooperation Agreement" below. Under CARIBCAN the TCI already benefit from duty free access to the Canadian market on a preferential basis.

Canada's exports to the Caribbean Basin market (i.e. Mexico, Central America and Guyana, Suriname and the Caribbean islands) were Cdn \$1,566.2 million in 1988. Our imports from the region were Cdn \$2,240.0 million that year, resulting in an unfavourably balance of trade of Cdn \$673.8 million. (See Appendix 5.) The "Caribbean islands" market (excluding Mexico and Central America Guyana, Suriname and French Guiana) consists of some 25 countries with a total population of over 32 million. (See Appendix 52.) In 1988 Canada's exports to these 25 Caribbean islands totalled Cdn \$918.757 million, while our imports were Cdn \$649.871 million, producing a favourable trade balance for Canada of \$268,886 million.

Free trade with the TCI and other islands in Caribbean, coupled with direct shipping to the region at competitive prices, would provide Canada with the competitive edge needed to expand our trade with the Caribbean nations.