

94% of its agricultural and agri-food exports and for 67% of all goods exports to Costa Rica. Between 2002 and 2006, two-way merchandise trade increased 40.3% (from \$324 million to \$454 million). The CCRFTA provides for progressive and asymmetrical elimination of tariffs, demonstrating that it is possible to take into account differences in the levels of development and size of free trade partners.

In order to strengthen our trade and investment ties, Canada remains committed to concluding a free trade agreement with the Central America Four (CA4). The CA4 countries (El Salvador, Guatemala, Honduras and Nicaragua), along with the Dominican Republic and Costa Rica, concluded the U.S.-Central America-Dominican Republic Free Trade Agreement (U.S.-CAFTA-DR) in 2005. This agreement has been implemented in all countries, except Costa Rica. The Government of Canada is closely monitoring the competitiveness challenges facing Canadian companies in these established markets and continues to work toward ensuring a level playing field.

The 15-member Caribbean Community (CARICOM) includes Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat (a British Overseas Territory), Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago. In 2006, Canadian merchandise exports to CARICOM amounted to \$669 million, and bilateral trade totalled \$1.8 billion.

Canadian foreign policy has long recognized a special relationship between Canada and the Commonwealth Caribbean, stemming from commercial ties and from joint membership in the Commonwealth and similar democratic institutions. In recognition of this relationship, Canada has extended duty-free access to our market to most products from 18 Commonwealth Caribbean countries and territories since 1986 through the Caribbean-Canada Trade Agreement (CARIBCAN)

preferential tariff. In 2006, Canada requested and received approval for a five-year extension of the WTO waiver required to provide this preferential tariff. Canada supports the goal of free trade between Canada and CARICOM, which has a membership that is similar but not identical to that of CARIBCAN. Exploratory discussions to advance such an initiative have been productive, and Canada hopes to be able to launch negotiations in 2007.

Cuba is Canada's largest export market in the Caribbean, importing \$629 million in Canadian goods in 2006. Although the Cuban business environment is complex, it offers many opportunities for Canadian firms. 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 implementing measures that infringe on Canadian sovereignty and adversely affect Canadian international trade.

The Dominican Republic is Canada's third-largest export market for goods in the Caribbean region and one of the fastest-growing import markets and duty-free manufacturing zones. In 2006, Canadian merchandise exports to the Dominican Republic totalled \$163 million (up 12.2% from 2005). In order to deepen our commercial relationship, Canada supports the goal of free trade with the Dominican Republic. Recent government-to-government exploratory discussions have been productive, and consultations with Canadian stakeholders have revealed broad support for a Canada-Dominican Republic free trade agreement. Canada hopes to be in a position to launch negotiations in 2007.