> Canadian investment. There is no reason for the Agreement to affect investment by Canadian firms in Commonwealth Caribbean countries because investment decisions are based on a plethora of factors unconnected to the Agreement. At the same time, there is a strong possibility that the Free-Trade agreement may strengthen the Canadian corporate sector's ability to undertake projects outside North America since overall corporate financial resources are limited in the short term. Nevertheless, given the lack of direct investment in manufacturing in the region, and the fact that free trade will spur mainly manufacturing investment, the potential for investment diversion in the Commonwealth Caribbean countries is marginal. Over the long term, because of the positive impact of the agreement on overall economic growth and financial resources, investment creation could take place in third-party countries."

In a March 16, 1989 Ottawa Citizen article (see Appendix 49: "Caribbean Envoy Represents Six States") it is reported that J. Bernard Yankey, High Commissioner for all but one of the seven members of the Organization of Eastern Caribbean States, has his time consumed by his attempts to remove the barriers to the free flow of trade between his Caribbean region and Canada. The article points out that his organization wants Canada to provide duty-free access to its market for such Caribbean exports as textiles, footwear, luggage, and to clear the way for "direct" shipping of products from Canada to his Caribbean regions. "The current 'transshipping' system is a costly and time-consuming process," added Yankey.

Most Canadian imports from Commonwealth Caribbean countries, including the TCI, (which last year sold only Cdn $8,000 worth of goods to Canada) enter Canada duty-free. This duty-free access applies to almost all goods that are currently imported from the region, as well as to goods that could be exported in the future. The few exclusions reflect the economic sensitivities of certain industries in Canada and include some textiles and clothing, footwear, luggage and handbags, leather garments, lubricating oils and methanol. Because these duty-free provisions conflict with Canadian obligations under the GATT, Canada sought and obtained a waiver for the 1986-1998 period. In 1998 Canada will need to request an extension if it is considered desirable at that time to seek continued duty-free access.

The TCI Government imposes customs duties and taxes on a large number of imports according to a schedule of tariffs (see Appendix 50: The Customs Tariff (General) Order 1985). Such duties and taxes are an important source of revenue for the TCI Government (almost 37% of total Government revenues in