January 23, 2001 the Chilean congress adopted new legislation providing for a final rate of 27 percent applicable to all spirits as of March 2003. In the meantime, the tax rate for whisky and other imported spirits (currently 47 percent) will be progressively reduced to that level. While the World Trade Organization had given Chile until March 21, 2001 to implement a non-discriminatory tax regime, the European Union has agreed to grant an extension in an effort to accommodate Chile's adjustment concerns.

Gold Coins

In 1999, the Chilean Internal Taxation Service (SII) ruled that a 50 percent luxury tax and 18 percent value-added tax (VAT) should be applied retroactively to imported gold coins produced by the Royal Canadian Mint, while similar gold coins produced by the Chilean Mint were not taxed. Canada made representations to the Chilean government seeking an end to the discrimination. In response to representations from the Government of Canada, Chilean authorities rescinded the discriminatory tax on Canadian gold coins in July 2000.

Salmon and Trout Eggs

In July 2000, Chile amended its regulations so as to subject all imported fish eggs to a case-by-case scrutiny and quarantine, effectively preventing access to their market. Canada's position is that there is no scientific justification for the restriction, and is making representations to Chilean authorities requesting its removal.

Caribbean and Central America

Overview

With few barriers to trade, English as a common language, legal codes and business practices similar to Canada's and Canadian banks well-established in the region, the Caribbean Community (CARICOM) is a welcoming market for Canadians and can be a good starting point for new exporters. The 15 members of CARICOM are: Antigua and Barbuda; Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Haiti (all but ratification); Jamaica; St. Kitts and Nevis; St. Lucia; St. Vincent and the Grenadines; Suriname; Trinidad and Tobago; and Montserrat (U.K. dependency). The Bahamas is a member of CARICOM but not of the Caribbean Common Market.

Annual two-way merchandise trade between Canada and CARICOM countries amounted to $937 million in 2000 with Canadian exports totalling $354 million and imports $583 million. Potential for services exports also continues to grow as over $200 million in Canadian consulting, engineering and contracting sales are awarded annually.

Totalling at least $25 billion, Canadian investment in CARICOM countries as a group exceeds our investment in all other countries except the United States and the United Kingdom. The leading area for investment is financial services (e.g. banking, insurance), particularly in Barbados and the Bahamas. Canadian investment diversified in the 1990s to include Trinidad and Tobago's energy sector and Guyana and Suriname's mining sectors.

The Dominican Republic

With gross domestic product growth reaching 8 percent in 2000 and worldwide imports of goods and services totalling US$9.6 billion in 1999, the Dominican Republic offers one of the Caribbean's largest and fastest growing markets and duty-free manufacturing zones. However, two way trade between Canada and the Dominican Republic remains modest at $177.1 million in 2000, with Canadian exports of $81.6 million and imports of $95.6 million. Canadian investment in the Dominican Republic is substantial, mainly in telecommunications, mining, banking and tourism. Canadian wood products are subject to unnecessary trade restrictive phytosanitary measures in the Dominican Republic. Discussions have been initiated with the Dominican Republic phytosanitary authorities with a view to addressing Canadian concerns.

Cuba

Cuba is Canada's largest market in the Caribbean, and Canada is Cuba's biggest foreign investor worldwide. Canadian exports to Cuba totalled $328 million in 2000. In spite of Canadian successes in Cuba, however, business dealings in a centrally controlled economy can be difficult, especially for the inexperienced exporter.