

Some Canadian assistance would also be welcomed to assist in rehabilitation program for handicapped Islanders.

Recommendation 14

The Canadian International Development Agency (CIDA) should be encouraged to provide financial and technical assistance to the TCI in line with Canadian aid policies. Such assistance should be provided in consultation with other aid donors and international agencies in support of developmental programs and projects to help meet the Islands' economic and social needs, in accordance with the priorities established in the development plan for the Islands.

X. FREE TRADE

There is some concern that our Free Trade Agreement with the United States will hurt Canadian trade and investment in the Caribbean. Some Caribbean officials feel Caribbean manufacturers will be unable to compete with their U.S. counterparts, and any trade advantage gained under the CARIBCAN Agreement will be lost.

In its October 1988 report (Appendix 48: Impact of Canada-United States Free Trade on Commonwealth Caribbean Countries) the Conference Board of Canada concludes that:

"There are two factors to consider in assessing the impact of the Free-Trade Agreement on third parties such as the Commonwealth Caribbean countries: trade and investment creation, and trade and investment diversion. These dynamics pull in opposite direction, and it is their relative strengths that will ultimately determine the implications of the Agreement for Commonwealth Caribbean trade and investment. This study concludes that trade under the CARIBCAN program will not be altered by the Free-Trade Agreement because of the uniqueness of the goods coming into Canadian under the program. Trade that is outside the CARIBCAN program is mostly non-dutiable and hence does not face the threat of being displaced by U.S. exports. The trade creation effects of the Agreement may boost exports from the Commonwealth Caribbean region.

"The effect on investment is somewhat more ambiguous because the factors influencing foreign investment decisions in third-party countries will be affected only indirectly at most by the Free-Trade Agreement. The extent to which investment opportunities are unique to the Commonwealth Caribbean countries will play an important role in determining the level of