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CARIBCAN

The Right Honourable Joe Clark, Secretary of State for External Affairs, today announced details of the new economic and trade development assistance program for the Commonwealth Caribbean known as Caribcan. Canadian foreign policy has traditionally recognized a 'special relationship' between Canada and the Commonwealth Caribbean as a result of commercial ties which pre-date Canadian Confederation and of our common heritage as members of the Commonwealth. In recognition of this special relationship, Canada will institute Caribcan to provide trade and development assistance to the countries of the Commonwealth Caribbean to help them in meeting their economic development goals.

The main feature of Caribcan is the extension of preferential, one-way duty-free trade, with a limited number of exceptions, to imports from the Commonwealth Caribbean as outlined in the following:

1. Duty-free access to the Canadian market will be provided for 99.8% of current Commonwealth Caribbean imports. Imports from Anguilla, Antigua and Barbuda, Bahamas, Bermuda, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Christopher-Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, and the Turks and Caicos Islands will be eligible.
2. In addition, duty-free access will cover a wide range of goods which may not currently be exported from, or manufactured in, the Commonwealth Caribbean.
3. Duty-free access will apply to all goods with the exception of products for which it has been determined, following extensive consultations with Canadian industry, that free entry would adversely affect certain sensitive economic sectors in Canada. Therefore textiles, clothing, footwear, luggage, handbags, leather garments, lubricating oils and methanol imports from the Commonwealth Caribbean will continue to be subject to established preferential rates of duty for these products under the General Preferential Tariff or the British Preferential Tariff, where these preferential rates exist.

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4. The Minister of Finance will introduce legislation which will permit the program to be implemented by mid-1986.
5. An outline of the major provisions of Caribbean duty-free trade has been prepared and is available for distribution.

In addition to the provisions for duty-free access, arrangements will be made to resolve the problems faced by Caribbean rum producers on labelling and bottling in Canada, as well as improved access to the Canadian market. A clause will be added to the Canada-Caricom Trade and Economic Cooperation Agreement with respect to labelling and the facilitation of marketing of Caribbean rum in Canada.

A program to strengthen the exporting capabilities of the region will be established under Caribbean with particular emphasis on the Canadian market. This program will include seminars for Caribbean diplomatic and commercial personnel which will focus on ways and means of developing markets in Canada for Caribbean products. At the same time, a pilot project will be started to develop a sourcing directory to provide an inventory of Commonwealth Caribbean manufacturing and export capacity. Funding for the seminars and pilot project will be provided by the Canadian International Development Agency. In addition, a system will be established to enable Caribbean trade commissioners to receive assistance with their sales efforts in Canada from the regional offices of the Department of Regional Industrial Expansion.

Caribbean will also provide further training assistance by making available through the Canadian International Development Agency, at least fifty new scholarships for the region. These will be in addition to the existing scholarship programs.

Negotiation of double taxation treaties will be undertaken, on a priority basis, with those Commonwealth Caribbean countries with whom such bilateral agreements are not currently in place and would be appropriate.

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OUTLINE OF THE MAJOR PROVISIONS OF

CARIBCAN DUTY-FREE TRADE

Canadian foreign policy recognizes a "special relationship" between Canada and the Commonwealth Caribbean, stemming, in the first instance, from trade and commercial ties which pre-date Canada's Confederation and continued to the present day by joint membership in the Commonwealth, shared language, and similar democratic institutions. In recognition of this special relationship, Canada has responded positively to the request of the Commonwealth Caribbean to institute a package of trade, development assistance and double taxation measures to assist them in meeting their economic development goals. The cornerstone of CARIBCAN, as these measures are to be known, is the extension of preferential, one-way duty-free trade to countries of the Commonwealth Caribbean. The following outlines the overall provisions of duty-free trade under CARIBCAN.

1. By mid-1986, duty-free access to the Canadian market will be provided under CARIBCAN for 99.8 p.c. of current Commonwealth Caribbean imports. Imports from Anguilla, Antigua and Barbuda, Bahamas, Bermuda, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Christopher-Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, and the Turks and Caicos Islands will be eligible for preferential, duty-free treatment. The dutiable status of current imports from Commonwealth Caribbean countries and the projected dutiable status under CARIBCAN is attached as Annex A.
2. In addition, duty-free access will cover a wide range of goods which may not currently be exported from, or manufactured in, the Commonwealth Caribbean.
3. However, textiles, clothing, footwear, luggage, handbags, leather garments, lubricating oils and methanol will be subject to established rates of duty. Commonwealth Caribbean countries will continue to be eligible for preferential treatment for these products under the General Preferential Tariff or the British Preferential Tariff, where preferential rates exist.
4. In order to qualify for duty-free entry under CARIBCAN, goods must be certified as being, bona fide, the growth or manufacture of the Commonwealth Caribbean - that is, a minimum of 60 per cent of the ex-factory price of exported goods (which includes factory overhead and reasonable profits) must originate in any of the Commonwealth Caribbean countries or in Canada.
5. Canadian and Commonwealth Caribbean officials will be consulting on certain administrative and procedural details with a view to simplifying the customs requirements to the extent possible.

6. Canada has notified the GATT of its intention to provide preferential duty-free entry for Commonwealth Caribbean imports and is seeking a waiver from the obligation to ensure non-discriminatory treatment for the imports of members of the GATT.
7. Before implementation, Canada will be providing training seminars to officials of the Commonwealth Caribbean to ensure that they are knowledgeable of the provisions and procedures involved in CARIBCAN duty-free trade. Individual exporters will be invited to attend these seminars at their own expense, on a first-come first-served basis.
8. Approval of the legislation necessary to implement the duty-free trade provisions of CARIBCAN will be sought at the appropriate juncture to ensure that trade can begin to flow under CARIBCAN by mid-1986.
9. After implementation, the Tariff Board will receive and review requests from Canadian manufacturers for the withdrawal of duty-free rates, should injury or threat of injury, occur. All affected parties, including Commonwealth Caribbean manufacturers and/or their governments, will be able to make representations to the Tariff Board when public hearings are held to review such requests.
10. Two years after implementation, a review will be undertaken to determine whether any of the provisions related to duty-free access to the Canadian market can be improved.

TARIFF ITEM NUMBERS FOR IMPORTS

NOT INCLUDED IN THE DUTY-FREE PROVISIONS OF CARIBCAN

Rates of duty established in Schedule A of the Custom Tariff will apply to goods classified under the following tariff items and imported into Canada from the Commonwealth Caribbean.

1. Textiles and Clothing

All tariff items included in "Group X - Cotton, Flax, Hemp, Jute and Other Fibres, and Silk, Wool, and Manufactures thereof - Items 52005-1 to 58000-1 inclusive."

2. Footwear

Tariff Items 61100-1 to 61115-1 inclusive.

3. Luggage and Handbags

Tariff items 62200-1, 62300-3, 62300-4 and 62305-1.

4. Leather Garments

Tariff Item 61120-1.

5. Lubricating Oils

Tariff Items 27101-1 and 27102-1.

6. Methanol

Tariff Item 92904-5.