



## BENEFITS OF A CANADA-CARICOM TRADE AGREEMENT



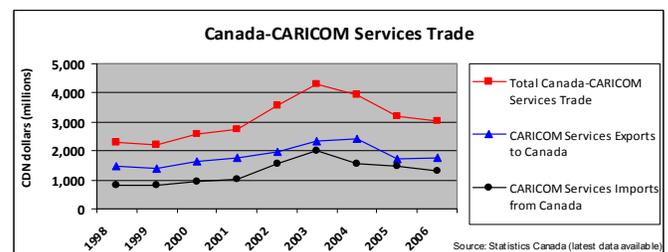
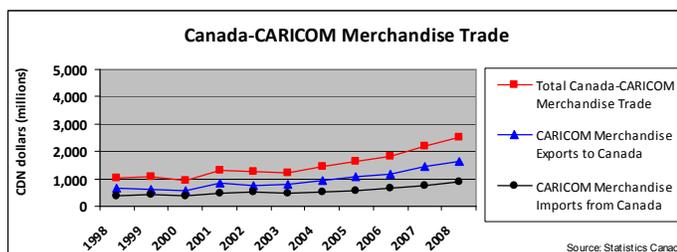
**Canada is committed to negotiating a mutually beneficial trade agreement with the Caribbean Community (CARICOM). Such an agreement could offer significant benefits, including expanded access to Canadian markets for CARICOM services and goods exporters, and making CARICOM a more attractive site for growth-inducing Canadian investment.**

**Canada and CARICOM have long enjoyed significant trade and investment ties.**

- CARICOM and Canada have an enduring connection based on a shared history, common systems of government, strong people-to-people links, and cooperation at all levels of government.
- Two-way merchandise trade has favoured CARICOM and has more than doubled over the last decade, from \$1.0 billion in 1998 (with CARICOM exports to Canada worth \$639 million and imports from Canada of \$371 million) to \$2.5 billion in 2008 (with CARICOM exports worth \$1.6 billion and imports of \$906 million).
- Two-way trade in services amounted to \$3.0 billion in 2006 (with CARICOM services exports of \$1.7 billion, exceeding CARICOM imports of \$1.3 billion).
- In 2007, Canadian direct investment in the region reached nearly \$52.8 billion (mainly in financial services such as banking and insurance).
- CARICOM's foreign direct investment in Canada totalled \$1.2 billion in 2007 (mainly from the Bahamas and Barbados).
- The Canadian Trade Commissioner Service has maintained a presence in CARICOM for over 100 years.
- Canadian banking operations have been active in CARICOM since the late 1800s.
- Formal bilateral arrangements—including Foreign Investment Protection Agreements—have been in place since the Trade Treaty of 1912.

**Canada and CARICOM share a commitment to democracy, good governance and government-to-government cooperation.**

- Since 1963, Canada has provided over \$2 billion in development assistance to the Commonwealth Caribbean, making Canada one of the region's most important bilateral donors.
- In July 2007, Canada's Prime Minister announced \$600 million over 10 years in additional bilateral development assistance for the Caribbean. This is in addition to the \$555 million in development assistance provided by Canada to Haiti over five years (2006-2011).
- Canada recognizes that while trade liberalization offers the Caribbean many important opportunities for growth, it could also present some challenges. As such,
  - Canada is helping to build the region's capacity to negotiate and implement trade and regional integration initiatives through a \$15.7 million CARICOM Trade and Competitiveness Program to support the Caribbean Regional Negotiating Machinery and the CARICOM Secretariat.
  - Canada, in partnership with multilateral and regional institutions, is delivering a \$23.2 million project to respond to the Trade-Related Technical Assistance needs of countries in the Americas.





*A trade agreement would present exciting new opportunities for CARICOM citizens by permitting the region to better position itself in growing global value chains. Canada is sympathetic to the needs and challenges of developing countries attempting to benefit from these opportunities, and will take into account capacity constraints and vulnerabilities associated with small island states throughout the negotiations. Canada has experience negotiating trade agreements that include “asymmetrical” obligations, and that include mechanisms to identify and facilitate trade-related cooperation.*

## Services

Canada recognizes the importance of the services sector for the CARICOM economy, and in particular, for the Eastern Caribbean. A prospective trade deal would benefit a range of CARICOM service providers (e.g. potentially those in the areas of call centre, data processing, and accounting services, including through subcontracting) by providing:

- better, broader access to the Canadian market than they currently enjoy under the WTO General Agreement on Trade in Services (GATS);
- transparency of Canadian regulations to ensure a predictable and stable environment within which CARICOM service providers can operate; and
- frameworks for negotiating mutual recognition agreements to allow CARICOM professional services providers to qualify to provide services in Canada.

## Temporary Entry

A chapter on Temporary Entry of Business Persons would serve to fully capitalize on the gains from a services chapter, and would be an important complement to the chapters on trade in goods, government procurement and investment. In its bilateral Free Trade Agreements, Canada has taken more liberal temporary entry commitments than it has at the WTO, including expanded coverage for professionals, technicians, and spouses, which eliminate the labour market impact test Canada normally requires before entry can be granted to such temporary foreign workers.

## Investment

A bilateral trade agreement would create strong investment rules that would encourage foreign investment by creating a more secure, transparent, and predictable environment for CARICOM investors in Canada, and Canadian investors in CARICOM (e.g. tourism, financial services, and mining).

A trade deal would also:

- send a clear signal to Canadian investors that CARICOM is an investment-friendly region; and
- contribute to a positive economic climate by facilitating investments that diffuse technology, management practices and business culture.

For example, Canadian banks are already helping to foster economic growth through access to credit and other financial services. A trade agreement that protects investments and facilitates trade in financial services could promote further development of CARICOM's financial services sector and expand its benefits for the region.

## Goods

As a part of a periodic review process, in 2011 Canada will require the agreement of all WTO members to continue providing the duty-free access Canada now provides to most goods imports from CARICOM through Canada's CARIBCAN program. A trade agreement with Canada would:

- end the WTO reviews and permanently lock-in CARIBCAN's duty-free market access;
- extend duty free treatment to certain goods excluded from CARIBCAN, including textiles, apparel and footwear, which currently face Canadian import duties of up to 20%; and
- ensure CARICOM remains on a level playing-field with competitors that enjoy preferential access to the Canadian market.

## Technical Barriers to Trade (e.g. Standards, Technical Regulations and Conformity Assessment Procedures)

As import duties fall, other countries' technical regulations setting out product specifications are becoming increasingly important challenges exporters must meet. A trade agreement could:

- see technical barriers addressed in an effective manner by promoting good regulatory practices including: transparency (e.g. providing public access to information), the use of international standards, such as those with which CARICOM exporters are familiar (e.g. ISO industrial standards or CODEX food standards), and the streamlining of conformity assessment procedures (e.g. sampling, testing, inspection and certification); and
- lead to the creation of a mechanism to address specific technical barriers to trade encountered by CARICOM's exporters.

## Government Procurement (Purchases by the Canadian Federal Government)

A Canada-CARICOM trade agreement would guarantee CARICOM suppliers ready access to information on:

- Canada's federal procurement system and rules, including how to prepare and submit tenders; and
- Over \$10 billion of annual purchases of goods and services by Canada's federal government, including construction services.

\* All statistical data courtesy Statistics Canada