

CARICOM – CANADA FREE TRADE AGREEMENT

The main objective of this document is to seek the views of the business community and civil society on a negotiating strategy for The Bahamas with respect to a proposed Caricom- Canada Free Trade Agreement.

I. OVERVIEW

The Commonwealth Heads of Government, meeting in Nassau in October 1985 agreed to a trade and development agreement between the Caribbean and Canada. The objectives of the trade and development agreement that was formalized in June 1986 was to improve trade and development, promote new investments and encourage regional integration and cooperation. This preferential trade agreement, commonly referred to as Caribcan is a preferential trade agreement that allows the countries of the Caribbean to export goods to Canada free of duty except those goods in HS Chapter 50-65, textile and clothing and those where Canada has undertaken tarrification such as dairy and other agricultural goods.

Goods

From Table 1, it is noted that The Bahamas is the fourth largest Caricom exporter to Canada after Jamaica, Trinidad and Tobago and Guyana.

Table 1: Duty Free 2006 Imports from CARIBCAN Beneficiaries by Tariff Treatment

(in Canadian dollars)

Country	Total Imports	MFN Free	GPT Free	Caribcan (CCCT) Free	Total Free	Total Free as % of Total Imports
Anguilla	152,626	63,648	-	-	63,648	42
Antigua and Barbuda	407,172	156,450	-	81,748	238,198	59
Bahamas	23,274,439	17,049,085	29	4,859,771	21,908,885	94
Barbados	13,615,006	6,028,717	4,172,829	2,949,387	13,150,933	97
Belize	9,557,830	8,379,874	193,384	63,240	8,636,498	90
Bermuda	16,782,954	16,084,955	-	2,283	16,087,238	96
Br. Virgin Is.	4,120,192	2,281,861	1,124,830	4,378	3,411,069	83
Cayman Islands	280,369	257,243	-	-	257,243	92
Dominica	253,306	80,142	-	-	80,142	32
Grenada	957,360	422,791	281,087	249,472	953,350	100
Guyana	142,093,409	136,117,697	5,030,945	362,912	141,511,554	100
Jamaica	418,260,846	394,923,121	189,971	15,031,650	410,144,742	98
Montserrat	541,540	419,219	-	-	419,219	77

St. Christopher (Kitts) and Nevis	8,797,749	2,991,622	9,281	-	3,000,903	34
Saint Lucia	164,004	142,172	-	-	142,172	87
Saint Vincent/Gren.	297,301	235,075	4,800	-	239,875	81
Trinidad and Tobago	307,596,945	212,618,894	146,327	91,093,536	303,858,757	99
Turks/Caicos Is.	6,916,812	6,147,821	-	461,053	6,608,874	96
Total	954,069,860	804,400,387	11,153,483	115,159,430	930,713,300	98

Source: Statistics Canada.

Notes: A dash (-) indicates that an amount is nil or negligible.

Services

There is significant Canadian investment in Caricom and The Bahamas. The table below indicates the position of The Bahamas with respect to Canadian direct investment.

Direct investment assets in OFCs and their rank in countries in which Canadian enterprises invested, 2003

Country	Canadian direct investment position (millions of \$)	Rank
Barbados	24,690	3
Bermuda	10,845	6
Cayman Islands	10,619	8
Bahamas	8,802	11

Source: Statistics Canada

II. FRAMEWORK OF CARICOM – CANADA FREE TRADE AGREEMENT

Caricom will be negotiating a free trade agreement with Canada that will be fundamentally different from the Economic Partnership Agreement. The Canadian agreement is likely to be based on the existing free trade agreements that Canada has with Costa Rica, Peru and Columbia. The development component of the agreement is likely to be relatively small. Canada had allocated C\$600 million to be used in CARICOM over the next ten years in three thematic areas: democratic governance,

economic renewal and human capital formation. The negotiations began with exploratory discussions between Canadian and Caricom officials in June 2008.

The negotiations are expected to begin in early 2009. There will likely be five negotiating groups: -

1. market access
2. services
3. investment
4. trade related issues
5. institutional arrangements and dispute settlement.

TRADE IN GOODS

The rules with respect to Sanitary and Phytosanitary Measures (SPS), Technical Barriers to Trade (TBT), Antidumping and Countervailing Measures and the Trade Related Intellectual Property (TRIPS) the obligations will not go beyond WTO commitments.

The Bahamas imports

Canadians are interested in improving access into Caricom for beef, pork, pulses and sugar.

Question 1: Are any of these products sensitive to local producers?

Trade Facilitation

A free trade agreement with Canada will include measures to improve the efficiency with which goods imported, exported and in transit are treated. This is likely to include (a) application of risk assessment procedures, (b) harmonization of data required by border agencies, (c) single administrative document, (d) electronic exchange of information between customs administration and trading community. The Canadians may also push for advance rulings in respect of tariff classification. This is likely to be resisted by Caricom due to the need for legislation and restructuring of customs administrations. Other issues such as the publication of laws, regulations and judicial decisions will also be included. It should be noted that there are existing commitments in these areas in the EPA.

Question 2: Are Bahamian importers prepared for these trade facilitation measures?

SERVICES

Caricom will seek to position itself to take advantage of outsourcing opportunities, collaboration on long distance programmes between Caribbean and Canadian institutions, development of new industries such as computer graphics and animation in addition to the more obvious areas of interest that include professional services, entertainment with respect to music and location filming, medical services for retired persons and tourism. Canada in its WTO Services Offer has removed citizenship requirements for legal services, accounting, architectural services, engineering and integrated engineering services and translation services. In the FTA with Costa Rica, both countries agreed to facilitate the entry of intra-corporate transferees, business visitors, after-sales service providers and their spouse and children. There are several sectors where the Canadian will likely seek market access openings with Caricom. These include legal, architectural and engineering services, telecommunications, construction and related engineering, distruution, environmental services, financial services, maritime transport, logistics and energy. It has also been indicated that Canada will seek to bind the current market access in financial services and perhaps seek more comprehensive rules on financial services.

Question 3: Do you agree with improving Canadian access to The Bahamas in the areas identified? Are there areas where Bahamians are interested in accessing the Canadian market?

Financial Services

Canada has included text on financial services in free trade agreements. The rules on financial services can be found here.

Question 4: Should this text be accepted or are there areas where the text could be modified to be more suited to The Bahamas?

Temporary movement of persons (Mode 4)

CARICOM would like to see temporary entry/Mode 4 commitment particularly for graduate trainees. CARICOM obligations would include not requiring work permits for persons supply services and removing requirements on residency and economic needs tests in areas where commitments are made. CARICOM has noted that Canada has very strict visa requirements on service suppliers. Canada has noted that its immigration regulations would not be negotiated. CARICOM is also seeking to extend the temporary

worker programmes¹ to all members of CARICOM and include the hospitality and construction sectors. Canada has indicated that it would prefer to deal with these matters outside a trade agreement. Canadian text on temporary movement is found [here](#).

Question 5: Are you aware of any obstacles, outside those related to visa and residency requirements for service suppliers from The Bahamas into Canada.

CARICOM has agreed to include a Cultural Protocol that would have market access and cooperation provisions for film and music. Canada has also been requested to clarify the conditions on live performances less than 10,000 and rules for remitting earnings.

Question 6: Does the cultural sector have any market access issues with respect to Canada?

There is expected to be a chapter on Corporate Social Responsibility.

Question 7: Are there any other issues that should be included in the chapter on Corporate Social Responsibility. The existing Canadian text is [here](#).

INVESTMENT

Barbados and Trinidad have bilateral investment treaties with Canada which are not expected to be affected by the FTA. The investment provisions will most likely be based on the 2004 Model Foreign Investment Protection [Agreement](#) (FIPA).

Question 8: Are there issues in the Canadian FIPA that should concern The Bahamas?

¹ Some Caricom states currently benefit from a temporary worker programme into Canada for household care providers, farm workers and hotel workers

TRADE RELATED AREAS

Government Procurement

The provisions are not expected to go beyond transparency obligations i.e the publications and notification of tender documents.

Labour

Canada has included dispute settlement provisions in other trade agreements with respect to labour. CARICOM intends to include the *Promotion of Decent Work* in the text and also cooperation in the areas of: (a) support to small and micro- enterprises and cooperative for policy and programme formation, (b) strengthening labour market information systems and (c) institutionalizing mechanisms to facilitate social dialogue between employer, worker and government representatives.

Question 9: Are there any provisions in the labour chapter that concern you?

Environment

Previous Canadian FTA have binding and non-binding commitments on environment as side agreements. There are provisions that allow persons or non-governmental agency to request a response from the other Party on the effective enforcement of environmental laws and regulations. Caricom is seeking a cooperative agreement that includes sustainable use of natural resources, strengthening environmental systems and policy making, promoting innovation and the conservation of biological resources

Question 10: Are there any provisions in the environment chapter that concern you?

Competition

The commitments on competition are likely to be similar to those in the EPA. Caricom will also seek to include development assistance with enforcement. There are some areas that have been included by Canada in other FTA that may prove difficult for Caricom. These include: (a) transparency provisions in conducts of quasi judicial and judicial enforcement proceedings, (b) obligations to ensure the availability of judicial process, (b) expansive agency to agency enforcement cooperation provisions, (c)

obligations for Parties to consult every two years to discuss the obligations in the Chapter and (d) identification of a forum for disputes outside the general dispute settlement framework.

Question 11: Are there any other issues that were not included in this document that you would like to see discussed?

Please send your comments to tradecommission@bahamas.gov.bs