

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

RESTRICTED

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CARIBCAN

Canadian Request for Waiver

The following communication, dated 8 January 1986, has been received from the Permanent Mission of Canada in Geneva, with the request that it be circulated to the contracting parties.

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I have the honour to request that you circulate to the contracting parties the attached notification from the Government of Canada requesting a waiver, pursuant to paragraph 5 of Article XXV of the General Agreement, from the provisions of paragraph 1 of Article I of the General Agreement, which would authorize Canada to extend duty-free treatment to imports of the Commonwealth Caribbean nations.

Canada requests that the CONTRACTING PARTIES give its application for a waiver speedy consideration and is prepared to enter into consultations in keeping with usual procedures.

CARIBCAN

Canadian Request for a Waiver

I REQUEST

In conformity with paragraph 4(a) of the Decision of the CONTRACTING PARTIES on Differential and More Favourable Treatment and Reciprocity and Fuller Participation of Developing Countries (the Framework Agreement), Canada wishes to notify the CONTRACTING PARTIES of its intention to implement preferential tariff treatment for the Commonwealth Caribbean countries. This action is the cornerstone of a package of trade, development assistance and double taxation measures to be known as CARIBCAN, which is designed to give concrete expression to the special relationship which exists between Canada and the Commonwealth Caribbean. The only portion of CARIBCAN which pertains to the GATT is the extension of duty-free treatment for the majority of Commonwealth Caribbean imports into Canada.

Canada requests the CONTRACTING PARTIES to grant Canada a waiver, pursuant to paragraph 5 of Article XXV of the General Agreement, from the provisions of paragraph 1 of Article I of the General Agreement by authorizing Canada to extend duty-free treatment to the imports of Commonwealth Caribbean nations. The Canadian request is made in accordance with footnote 2 of paragraph 2 of the Framework Agreement.

The duty-free measures of CARIBCAN do not fall specifically within any of the categories of programs authorized in sections (a) through (d) of paragraph 2 of the Framework Agreement. However, footnote (2) to paragraph 2 provides that the CONTRACTING PARTIES may consider on an ad hoc basis under the GATT provisions for joint action any proposals for differential and more favourable treatment not falling specifically within the scope of that paragraph. For the reasons set out below, Canada believes that the duty-free measures of CARIBCAN meet the criteria of paragraph 3 of the Framework Agreement. Canada requests that the CONTRACTING PARTIES take joint action under paragraph 5 of Article XXV to grant its waiver request.

II DISCUSSION

A. Paragraph 3(a) of the Framework Agreement

The duty-free provisions of CARIBCAN are designed to facilitate and promote the trade of the developing Commonwealth Caribbean countries and not to raise barriers to, or create undue difficulties for, the trade of any other contracting parties.

Canada has historic and close links with the Commonwealth Caribbean stemming from trade and commercial ties which pre-date Canada's Confederation. Joint membership in the Commonwealth, shared language, and similar democratic institutions continue to reinforce long-standing economic links.

Canadian foreign policy assigns priority to relations with the Commonwealth Caribbean in the context of overall Canadian relations with the Third World. Prime Minister Brian Mulroney, in response to requests from the Heads of Government of twelve independent states and six dependencies of the Commonwealth Caribbean, proposed a diverse set of measures aimed at encouraging the economic development of the small and fragile economies of the Commonwealth Caribbean.

Canada is seeking a waiver from paragraph 1 of Article I in order to implement the cornerstone of CARIBCAN, which is the extension of one-way duty-free access for Commonwealth Caribbean imports into the Canadian market. Duty-free treatment will be extended on all products with the exception of: textiles, clothing, footwear, luggage, handbags, leather garments, methanol, and lubricating oils. The list of countries to which the duty-free provisions of CARIBCAN will apply is attached as Annex A.

Canada believes that the proposed duty-free treatment will not create new barriers or otherwise impede the trade of other contracting parties because the beneficiary countries account for a small portion (0.3 p.c.) of all Canadian imports. Between 1982-84, imports into Canada from the Commonwealth Caribbean averaged \$265 million. Of that, \$255 million or 96.2 p.c. entered duty-free under either MFN or GPT rates of duty. \$6 million or 2.4 p.c. entered under preferential GPT rates of duty and \$4 million or 1.4 p.c. under dutiable MFN rates of duty. The duty-free provisions of CARIBCAN would cover an additional \$9 million or 3.6 p.c. of exports from the Commonwealth Caribbean. Supporting statistical tables are attached as Annex B.

#### B. Paragraph 3(b) of the Framework Agreement

The duty-free provisions of CARIBCAN will not constitute an impediment to the reduction or elimination of tariffs and other restrictions to trade on a most-favoured-nation basis. Canada intends to complete the tariff reductions agreed to in the Tokyo Round and is firmly committed to active participation in the upcoming Round of Multilateral Trade Negotiations. In addition, the Canadian General Preferential Tariff will apply to all developing countries, as is now the case.

#### C. Paragraph 3(c) of the Framework Agreement

CARIBCAN responds positively to the development, financial and trade needs of the Commonwealth Caribbean. It is being implemented at the direct request of the Heads of Government of the Commonwealth Caribbean nations. Its components augment the Canadian development assistance program and trade preferences granted through the General Preferential Tariff.

III CONCLUSION

Canada requests that the CONTRACTING PARTIES give its application for a waiver speedy consideration. Canada is prepared to enter into consultations and to cooperate fully in providing additional information about CARIBCAN, including its draft legislation when it is available.

ANNEX A

List of Commonwealth Caribbean Countries Participating in CARIBCAN

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 Grenadines  
Trinidad and Tobago  
Turks and Caicos Islands

TABLE 1

ANNEX B.

CANADIAN TRADE BALANCE WITH THE  
COMMONWEALTH CARIBBEAN  
AVERAGE, 1982-1984

COUNTRY	EXPORTS TO	IMPORTS FROM	TRADE BALANCE
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		\$'000	
BAHAMAS	36,823	80,687	(43,864)
BARBADOS	38,427	7,100	31,327
BELIZE	3,090	5,902	(2,812)
BERMUDA	33,999	7,152	26,847
GUYANA	8,194	23,242	(15,048)
JAMAICA (A)	71,584	124,242	(52,658)
LEEWARD-WINDWARD ISLANDS (B)	33,176	1,594	31,582
TRINIDAD-TOBAGO	147,333	14,886	132,447
TOTAL	372,626	264,805	107,821
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- (A) INCLUDES CAYMAN ISLANDS AND THE TURKS & CAICOS ISLANDS.  
(B) INCLUDES BRITISH VIRGIN ISLANDS, ANGUILLA, ANTIGUA AND BARBUDA,  
DOMINICA, GRENADA, MONTserrat, ST. CHRISTOPHER-NEVIS, ST. LUCIA,  
AND ST. VINCENT AND THE GRENADINES.

SOURCE: PREPARED BY DEPARTMENT OF FINANCE.

ANNEX B.

TABLE 2

BUTTABLE STATUS OF COMMONWEALTH CARIBBEAN IMPORTS, AVERAGE 1982-1984 AND PROJECTED BUTTABLE STATUS UNDER CARICOM, BY COUNTRY

COUNTRY	TOTAL IMPORTS		OF WHICH FREE:		OF WHICH BUTTABLE:		GOODS EXCLUDED FROM CARICOM FREE ENTRY (8)	TOTAL NEW FREE CONCESSIONS AS A % OF TOTAL (9)/(10)	PROJECTED TOTAL DUTY FREE AS A % OF TOTAL (4)+(9)/(11)
	MFN (2)	GPT (3)	MFN (A)	GPT (5)	MFN (A)	GPT (5)			
			TOTAL FREE (2)+(3)	TOTAL FREE AS A % OF TOTAL (4)/(11)	TOTAL BUTTABLE (4)+(5)	TOTAL BUTTABLE AS A % OF TOTAL (6)/(11)		TOTAL NEW FREE CONCESSIONS (9)	
TOTAL	261,895,221,174	33,551,258,124	295,446,379	86.2	10,983,628	3.8	617	2,466	92.8
BAHAMAS	80,687	53,842	20,187	74,029	91.7	1,116	5,543	6,654	8.2
BARBADOS	7,100	5,467	712	6,178	87.0	714	208	922	7.4
BELIZE	5,903	5,895	-	5,895	99.9	8	-	6	0.1
BERMUDA	7,152	7,004	21	7,025	98.2	94	32	127	1.8
BRITISH VIRGIN ISLANDS	99	26	(C)	26	26.6	72	(C)	70	71.0
CAYMAN ISLANDS	351	143	(C)	143	40.9	207	(C)	207	59.1
GUAYANA	23,242	22,042	1,088	23,130	99.5	99	13	112	0.5
JAMAICA	123,864	115,433	7,056	122,489	98.9	1,661	315	1,376	1.1
LEeward-WINDWARD ISLANDS (B)	1,495	895	415	1,310	87.6	184	3	187	12.5
TRINIDAD-TOBAGO	14,886	10,402	4,072	14,473	97.2	231	181	412	2.8
TURKS & CAICOS ISLANDS	27	25	(C)	25	93.7	2	(C)	2	6.3

FOOTNOTES

- (A) INCLUDES IMPORTS OF \$2.2 MILLION WHICH WERE ELIGIBLE FOR GPT, BUT DID NOT QUALIFY AT TIME OF ENTRY.
- (B) ASSUMING ALL IMPORTS MEET RULES OF ORIGIN AND ARE PROPERLY CERTIFIED.
- (C) COUNTRY HAS NOT DESIGNATED CERTIFYING AGENT FOR PURPOSE OF SIGNING CERTIFICATE OF ORIGIN FORM A.
- (D) INCLUDES ANGUILLA, ANTIGUA AND BARBUDA, DOMINICA, GRENADA, MONTserrat, ST. CHRISTOPHER-NEVIS, ST. LUCIA, AND ST. VINCENT AND THE GRENADINES.

NOTE: DUE TO ROUNDING FIGURES MAY NOT ADD.

SOURCE: PREPARED BY DEPARTMENT OF FINANCE

