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TARIFFS AND TRADE**

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CARIBBEAN COMMON MARKET

Report by the Caribbean Community Secretariat

In accordance with the Calendar of Biennial Reports with respect to regional agreements adopted by the Council (L/5502), the Caribbean Community Secretariat has submitted the following report.

Transmitted herewith is the Caribbean Community's Report to the GATT on developments in the Caribbean Common Market for the period 1979 to 1982. The Report is submitted in accordance with the GATT Calendar which had set the reporting date to the GATT CONTRACTING PARTIES for October 1983.

REPORT ON DEVELOPMENTS IN THE CARIBBEAN COMMON MARKET
JANUARY 1979 TO DECEMBER 1982

This is the Second Report to the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade (GATT), on developments within the Caribbean Common Market.

The Report covers the period January 1979 to December 1982, and describes developments in respect of the Common Market's internal trade liberalization process and commercial policy vis-a-vis third countries.

TRADE LIBERALIZATION PROCESS

The "strengthening, co-ordination and regulation of the economic and trade relations among member States in order to promote their accelerated harmonious and balanced development" is one of the objectives of the Common Market set out in Article 3 of the Annex to the Treaty of Chaguaramas which deals with the creation and functioning of the Caribbean Common Market. In pursuit of this objective, several Articles in the Annex spell out the arrangements governing the liberalization of trade between member States of the Common Market.

In this section of the Report, specific attention will be paid to the following:

- (i) trends in intra-Common Market trade;
- (ii) provisions governing the eligibility of goods for free-trade treatment;
- (iii) trends in intra-Common Market trade in respect of certain agricultural products for which the Annex to the Treaty prescribes special marketing arrangements;
- (iv) other relevant aspects of the trade liberalization process.

Trends in intra-regional trade

For the period under review, complete statistical data is available for only seven of the twelve member States of the Common Market.

An examination of the available data presented in Table 1 attached, reveals that between 1979 and 1982 total intra-regional imports grew at an average annual rate of 9.8 per cent, with Dominica and Trinidad and Tobago individually recording the highest average annual rates of growth in intra-regional imports of 28.1 per cent and 21.0 per cent respectively. Comparing the trends in intra-regional imports with trends in imports from all sources, it is seen that Dominica and Trinidad and Tobago also recorded the highest individual average annual rates of growth in imports from all sources of 28.9 per cent and 20.6 per cent, respectively. Over the same period, Guyana recorded a negative average annual growth rate in imports from all sources of -2.9 per cent.

On the export side, and again relating to the period under review, total intra-regional exports should, by definition, have the same annual growth rate as total intra-regional imports. Individually, Dominica and Grenada recorded the highest average annual growth rates in intra-regional

exports of 54.4 per cent and 52.9 per cent, respectively. Comparing intra-regional exports with exports to all countries, Dominica and Barbados recorded annual growth rates in total exports of 37.4 per cent and 20.1 per cent respectively, while three member States - Guyana, Jamaica and Grenada - recorded negative annual rates of growth. Guyana also was the only country to record a negative annual growth rate in intra-CARICOM exports.

Provisions governing the eligibility of goods for free-trade treatment

The most significant development in the period covered by this Report is the adoption of a new system for determining the production conditions under which goods qualify to be treated as originating in the member States and are therefore entitled to free circulation within the Common Market.

On 1 June 1981 new Origin Rules were implemented by the member States, based upon a concept of substantial transformation of foreign materials. These Rules are aimed at achieving a greater utilization by manufacturers of materials available from within the Common Market (initially mainly for goods falling within Chapters 1-24 of the Customs Cooperation Council Nomenclature (CCCN) and a deeper level of processing of foreign materials utilized in the production process.

These new Origin Rules have not entirely replaced the percentage value added criterion which is still retained as the qualifying condition to be complied with for a range of products, with varying percentage levels being applied for certain goods. The full text of the new Origin Rules contained in the amended Article 14 and Schedule II of the Annex to the Treaty, will be circulated as an Appendix to this Report.

Trends in trade in respect of agricultural products

As provided in Article 48 of the Annex to the Treaty of Chaguaramas special arrangements are set out in Schedules VII, VIII and IX of the Annex governing the marketing of oils and fats and certain other selected agricultural products.

For purposes of this Report, specific attention is paid to the trends in respect of trade in those agricultural products falling under the Agricultural Marketing Protocol (AMP) (Schedule VIII) and the oils and fats marketing arrangements (Schedule IX).

Agricultural Marketing Protocol

Schedule VIII of the Annex to the Treaty prescribes marketing arrangements (referred to as the AMP) for twenty-two selected agricultural products.

Table 2 attached shows that imports of the member States from all sources of the products covered by the AMP during the period under review grew at an average annual rate of 7.2 per cent, from EC\$123.7 million in 1979 to EC\$152.7 million in 1982, with the average annual growth rates in respect of total intra-regional imports and total extra-regional imports in these products being -3.5 per cent and 7.7 per cent, respectively. In fact, the intra-regional component of the Region's total imports of AMP products declined from 4.2 per cent in 1979 to 3.1 per cent in 1982.

At the product level, the most significant products on the AMP list traded were poultry meat, potatoes (not sweet), onions and peanuts. These

products accounted for 73.4 per cent of the value of total imports of products on the AMP list in 1979 and 67.9 per cent in 1982. The intra-regional contribution to the total imports by the member States of these four major AMP products was 1.7 per cent in 1979 and 0.4 per cent in 1982.

Intra-regionally, the most important AMP products traded were peanuts, sweet potatoes and plantains, which together accounted for 52.3 per cent in 1979 and 45.9 per cent in 1982, of total intra-regional trade in AMP products. The value of intra-regional trade in these three most important products, however, amounted to a miniscule 2.2 per cent in 1979 and 1.4 per cent in 1982, of the imports by the member States of products on the AMP list from all sources.

The observed downward trend in the intra-regional component of total imports of products on the AMP list was due in large part to inadequacies of the infra-structural facilities (transportation, storage, etc.) which service this trade.

Oils and fats marketing arrangements

Schedule IX of the Annex to the Treaty of Chaguaramas prescribes marketing arrangements in respect of oils and fats products and substitutes traded within the Common Market. Schedule IX defines:

(i) "Oils and Fats" to mean:

- (a) coconut in all its form, including coconut seedlings and copra;
- (b) cotton seed;
- (c) oils and fats derived from coconut, copra, cotton-seed and other oil-bearing and/or oil-yielding seeds produced within the Common Market;

(ii) "Substitute" to mean any oil or fat, however derived, which is put to similar use as, and is in commercial competition with, oils and fats as defined in the Schedule.

The available data in respect of imports from all sources as set out in Table 3 attached, reveals that although total imports of oils and fats commodities over the 1979 to 1982 period grew annually by an average of 5.2 per cent there was a market unevenness in the year-to-year percentage changes during this period. Total imports of oils and fats commodities grew by 20.1 per cent between 1979 and 1980, by 13.0 per cent between 1980 and 1981 and fell by 14.8 per cent between 1981 and 1982. While the gaps in the data might be the reason for the unusual nature of the year-to-year trend as described, an examination of such data as is available at the commodity level, reveals similar year-to-year trends in respect of imports of major individual commodities by the principal importing member States, for example, refined soya bean oil and crude coconut oil for Jamaica; crude and refined soya bean oil and toilet soap for Trinidad and Tobago; and toilet and laundry soaps for Barbados.

Intra-regional imports of oils and fats commodities over the 1980 to 1982 period grew at an average annual rate of 11.5 per cent, while imports from extra-regional sources over the same period fell by an average annual rate of 6.4 per cent. The intra-regional component of total imports of

oils and fat commodities grew from 23.6 per cent in 1980 to 30.5 per cent in 1982. There is reason to believe that given the difficulties with balance of payments being experienced by some of the member States, the payments arrangements under the CARICOM Multilateral Clearing Facility would have facilitated trade in these commodities among the member States.

At the commodity level, the most significant commodities traded were crude and refined coconut oil, crude and refined soya bean oil, margarine and laundry and toilet soaps. Together these accounted for 37.9 per cent of the Region's total imports of oils and fats commodities in 1979, rising to 48.6 per cent in 1982. The intra-regional component of the total imports of these major commodities amounted to 39.8 per cent in 1980 rising to 52.2 per cent in 1982, reflecting the trend noted above in respect of the total imports of oils and fats commodities.

Intra-regionally, the most important oils and fats commodities traded were, refined coconut oil, margarine and laundry and toilet soaps. These commodities accounted for 60.5 per cent and 76.9 per cent respectively, of the total intra-regional trade in oils and fats commodities in 1979 and 1982. The intra-regional component of these important intra-regionally trade commodities has also been increasing the proportion of its share in the Region's total imports of oils and fats commodities - up from 15.6 per cent in 1980 to 23.5 per cent in 1982.

COMMERCIAL POLICY

This section of the Report deals with developments in respect of the Common Market's commercial policy covering

- (i) the situation in regard to the (external) Customs Tariff; and
- (ii) external trade policy - trade relations with Third Countries.

Situation in regard to the (external) customs tariff

Under Article 31 of the Annex to the Treaty, the Common Market States have undertaken to establish and maintain a Common External Tariff in respect of all commodities imported from Third Countries.

While there has been an updating of the structure of the Customs Tariffs of the member States which, with the singular exception of Montserrat, are now based on the 1978 edition of the Customs Cooperation Council Nomenclature, work still remains to be done in respect of the further harmonization of tariff rates.

External trade policy - relations with third countries

The most significant development during the period under review was the conclusion in January 1979 of a Trade and Economic Cooperation Agreement between the member States and the Government of Canada to run for a period of five years. At the end of the five-year period, the Agreement provides that it should "continue in force subject to the right of any contracting party, on twelve months notice to denounce it with respect to any other contracting party". The Agreement provides "in accordance with the provisions of the General Agreement on Tariffs and Trade", for the contracting parties to accord to their products treatment that is no less favourable than that accorded to products originating in Third Countries.

Year	Total	Imports Intra-Caricom	Imports Extra-Caricom	Total	Exports Intra-Caricom	Exports Extra-Caricom
Total: Caricom						
1979	11,588,342	1,044,990 (b)	10,342,026 (b)	10,976,672	1,011,486 (b)	9,935,651 (b)
1980	15,799,068	1,307,790 (c)	14,446,727 (c)	15,951,579	1,433,479 (c)	14,514,901 (c)
1981	16,952,306	1,547,851 (d)	15,247,338 (d)	15,163,281	1,496,495 (c)	13,662,454 (c)
1982	16,584,866 (a)	1,381,724 (a)	15,203,142 (a)	12,011,854 (a)	1,424,117 (e)	10,413,427 (e)
Antigua						
1979	169,019	.. ..	.. ..	29,441	.. ..	.. ..
1980	333,631	36,097	197,534	70,950	31,779	39,153
1981	324,188	30,023	294,165	92,432	39,969	62,463
1982	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..
Barbados						
1979	1,144,701	181,720	962,981	411,544	102,030	309,514
1980	1,416,294	255,879	1,160,415	614,770	171,104	443,666
1981	1,604,961	249,976	1,354,985	663,694	163,476	500,218
1982	1,493,215	216,589	1,276,628	713,628	190,627	523,001
Belize						
1979	356,068	8,757	347,311	234,267	9,044	225,223
1980	404,337	8,463	395,874	286,505	8,332	273,173
1981	437,311	6,284	431,027	317,330	10,175	307,155
1982	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..
Dominica						
1979	59,968	16,636	43,332	25,391	8,090	17,301
1980	128,730	34,499	94,231	26,302	16,171	10,131
1981	134,055	36,007	98,048	51,755	22,196	29,559
1982	128,191	34,912	93,299	66,009	29,851	36,158
Grenada						
1979	117,979	35,179	82,800	57,799	4,434	53,365
1980	135,574	44,504	91,070	46,946	6,281	40,665
1981	146,710	46,394	100,316	51,356	11,329	40,027
1982	152,429	45,759	106,670	50,087	15,884	34,203

Table 1 (Cont'd)

Total Imports and Total Exports 1979-1982

EC\$'000

	Year	Total	Imports Intra-Caricom	Imports Extra-Caricom	Total	Exports Intra-Caricom	Exports Extra-Caricom
Total: Guyana	1979	858,283	282,984	575,299	787,157	121,278	665,879
	1980	1,070,244	253,609	816,635	1,052,004	144,743	907,261
	1981	1,202,080	421,361	780,719	945,068	161,599	783,469
	1982	785,438	314,948	470,490	695,990	116,716	581,294
Jamaica	1979	2,682,798	153,575	2,529,223	3,211,984	167,521	2,044,463
	1980	3,189,647	331,253	2,958,394	2,612,064	154,227	2,457,837
	1981	3,931,792	301,559	3,680,233	2,637,192	185,505	2,451,687
	1982	3,724,632	247,388	3,477,344	2,077,883	212,215	1,865,668
Montserrat	1979	32,323	.. ..	.. ..	2,094	.. ..	.. ..
	1980	44,549	.. ..	.. ..	3,199	.. ..	.. ..
	1981	51,019	13,156	37,863	5,965	.. ..	.. ..
	1982	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..
St. Lucia	1979	273,093	54,854	218,239	86,153	33,965	52,188
	1980	321,120	72,211	248,909	124,170	40,612	82,558
	1981	347,956	72,834	275,122	12,303	50,527	61,776
	1982	313,928	61,318	257,410	112,326	48,984	63,342
St. Christopher/ Nevis	1979	86,695	16,572	70,123	45,474	10,942	34,532
	1980	121,069	25,494	95,575	65,127	11,582	53,545
	1981	128,829	25,896	102,933	65,506	10,624	54,882
	1982	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..
St. Vincent	1979	125,079	34,550	90,519	39,247	16,740	22,507
	1980	154,178	44,818	109,360	41,684	17,948	23,736
	1981	159,117	.. ..	.. ..	65,854	30,207	35,647
	1982	.. ..	.. ..	.. ..	.. ..	.. ..	.. ..

Table 1 (Cont'd)

Total Imports and Total Exports 1979-1982

EC\$ '000

Year	Total	Imports		Exports		Total	Exports	
		Intra-Caricom	Extra-Caricom	Intra-Caricom	Extra-Caricom			
1979	5,682,342	260,153	5,422,189	537,442	6,510,679			
1980	8,579,695	200,964	8,278,730	830,682	10,177,176			
1981	8,936,288	344,361	8,091,927	818,564	9,335,571			
1982	9,982,233	460,912	9,521,322	738,946 (f)	7,309,781			

Notes:

(a) Excludes Antigua, Belize, Montserrat, St Christopher/Nevis and St. Vincent.

(b) Excludes Antigua and Montserrat.

(c) Excludes Montserrat.

(d) Excludes St. Vincent.

(e) Excludes Antigua, Belize, Montserrat, St. Christopher/Nevis, St. Vincent and Re-exports for Trinidad and Tobago.

(f) Refers to Domestic Exports only.

TABLE 2: Imports of Agricultural Marketing Protocol (AMP) Commodities, 1979-1982

Commodity	Origin	1979 ^(a)	1980 ^(b)	1981 ^(c)	1982 ^(d)	1979 ^(a)	1980 ^(b)	1981 ^(c)	1982 ^(d)
		(E. C. \$'000)				Percentage (%)			
TOTAL AMP Commodities	Intra-Caricom	5,173	6,131	5,845	4,663	4.2	3.6	2.9	3.1
	Extra-Caricom	118,569	165,192	193,712	148,057	95.8	96.4	97.1	96.9
	TOTAL	123,741	171,324	199,557	152,720	100.0	100.0	100.0	100.0
TOTAL MAJOR AMP Commodities ^(e)	Intra-Caricom	2,899	3,430	3,739	2,172	3.1	3.2	2.7	3.1
	Extra-Caricom	89,272	105,372	135,285	103,374	96.9	96.8	97.3	97.9
	TOTAL	97,172	108,802	139,024	105,546	100.0	100.0	100.0	100.0
Poultry meat, whole and parts	Intra-Caricom	5	0	1	-	0.0	0.0	0.0	-
	Extra-Caricom	52,290	52,033	65,676	48,310	100.0	100.0	100.0	100.0
	TOTAL	52,295	52,033	65,677	48,310	100.0	100.0	100.0	100.0
Potatoes, not sweet	Intra-Caricom	9	68	15	11	0.0	0.2	0.0	0.0
	Extra-Caricom	20,566	32,277	43,945	32,251	100.0	99.8	100.0	100.0
	TOTAL	20,575	32,345	43,960	32,262	100.0	100.0	100.0	100.0
Onions	Intra-Caricom	179	72	15	23	2.2	0.5	0.1	0.2
	Extra-Caricom	7,813	13,126	13,494	11,157	97.8	79.5	99.9	99.8
	TOTAL	7,992	13,198	13,508	11,180	100.0	100.0	100.0	100.0
Peanuts	Intra-Caricom	1,367	1,326	1,342	353	13.7	14.3	9.9	2.9
	Extra-Caricom	8,602	7,925	12,169	11,653	86.3	85.7	90.1	97.1
	TOTAL	9,970	9,351	13,511	12,006	100.0	100.0	100.0	100.0
Plantains	Intra-Caricom	676	591	1,414	1,307	100.0	99.5	100.0	100.0
	Extra-Caricom	-	3	-	-	-	0.5	-	-
	TOTAL	676	594	1,414	1,309	100.0	100.0	100.0	100.0
Potatoes, sweet	Intra-Caricom	663	1,373	952	476	100.0	99.4	99.8	99.4
	Extra-Caricom	1	8	2	3	0.0	0.6	0.2	0.6
	TOTAL	664	1,381	954	479	100.0	100.0	100.0	100.0

Notes: (a) Excludes Antigua.
 (b) Excludes Belize and Montserrat.
 (c) Excludes Belize and St. Vincent.
 (d) Excludes Antigua, Belize, Montserrat, St. Christopher/Nevis and St. Vincent.
 (e) Refers to sum of individual commodities identified in the Table.
 0.0 or 0 means "negligible".

TABLE 3: Imports of Oils and Fats Commodities, 1979-1982

Commodity	Origin	1979 ^(a)	1980 ^(b)	1981 ^(c)	1982 ^(d)	1979 ^(a)	1980 ^(b)	1981 ^(c)	1982 ^(d)
		(E.C. \$'000)				Percentage (%)			
TOTAL OILS AND FATS Commodities	Intra-Caricom	17,728	39,523	51,902	49,129	...	23.6	27.4	30.5
	Extra-Caricom	84,548	127,771	137,204	111,956	...	76.4	72.6	69.5
	TOTAL	138,371	167,294	139,105	161,085	...	100.0	100.0	100.0
TOTAL MAJOR OILS AND FATS Commodities ^(e)	Intra-Caricom	14,009	30,024	42,139	40,841	...	39.8	46.7	52.2
	Extra-Caricom	20,414	45,395	48,106	37,396	...	60.2	53.3	47.8
	TOTAL	52,4 ^(f)	75,419	90,245	78,237	...	100.0	100.0	100.0
Crude Coconut oil	Intra-Caricom	3,285	3,581	3,230	2,480	...	100.0	38.8	37.4
	Extra-Caricom	-	0	5,084	4,156	...	0.0	61.1	62.6
	TOTAL	4,0 ^(f)	3,581	8,314	6,636	...	100.0	100.0	100.0
Refined Coconut Oil	Intra-Caricom	1,459	1,090	1,619	5,512	...	99.9	99.8	86.8
	Extra-Caricom	3	1	4	782	...	0.1	0.2	13.2
	TOTAL	1,6 ^(f)	1,090	1,623	5,934	...	100.0	100.0	100.0
Crude Soya-Bean Oil	Intra-Caricom	-	0	25	-	...	0.0	0.2	-
	Extra-Caricom	169	12,147	11,382	7,863	...	100.0	99.8	100.0
	TOTAL	9,4 ^(f)	12,147	11,407	7,863	...	100.0	100.0	100.0
Refined Soya-Bean Oil	Intra-Caricom	-	264	3,512	567	...	1.0	9.0	2.8
	Extra-Caricom	17,472	27,363	25,363	19,592	...	99.0	91.0	97.2
	TOTAL	22,1 ^(f)	27,607	27,875	20,159	...	100.0	100.0	100.0
Margarine	Intra-Caricom	3,866	6,541	7,373	4,933	...	84.6	91.3	88.3
	Extra-Caricom	220	1,187	706	652	...	15.4	8.7	11.7
	TOTAL	4,9 ^(f)	7,728	8,079	5,585	...	100.0	100.0	100.0
Laundry Soap	Intra-Caricom	2,682	9,529	14,045	14,579	...	87.0	91.6	91.1
	Extra-Caricom	258	1,419	1,289	1,423	...	13.0	8.4	8.9
	TOTAL	3,6 ^(f)	10,947	15,335	16,002	...	100.0	100.0	100.0
Toilet Soap	Intra-Caricom	2,717	9,019	13,335	13,130	...	73.2	75.7	81.8
	Extra-Caricom	2,292	3,298	4,278	2,928	...	26.8	24.3	18.2
	TOTAL	6,5 ^(f)	12,316	17,613	16,058	...	100.0	100.0	100.0

Notes: (a) Excludes Antigua, Belize, Montserrat and St. Vincent. Also excludes Trinidad and Tobago from Intra- and Extra-Caricom breakdown.

(b) Excludes Belize, Montserrat and St. Christopher/Nevis.

(c) Excludes Belize and Saint Lucia.

(d) Excludes Antigua, Belize, Montserrat, St. Christopher/Nevis and St. Vincent.

(e) Refers to sum of individual commodities identified in the Table.

(f) Includes Trinidad and Tobago which is excluded from Intra- and Extra-Caricom breakdown.

... Means "not available".

0.0 or 0 means "negligible".