



GENERAL

CDCC/TPC/83/19/Rev.2

25 January 1984

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR LATIN AMERICA
 Subregional Headquarters for the Caribbean
 CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE
 Meeting on Trade Procedures in the Caribbean
 La Habana, Cuba
 24-27 October 1983



THE CARIBBEAN COMMUNITY
 COMMON EXTERNAL TRADE REGIME

(Annex I to the National Trade Operations and
 Procedure Guides)

N.B. Contents of this document have been cleared by the
 CARICOM Secretariat.



UNITED NATIONS

ECONOMIC COMMISSION FOR LATIN AMERICA Office for the Caribbean

THE CARIBBEAN COMMUNITY
COMMON EXTERNAL TRADE REGIME

The provisions of the Treaty of Chaguaramas^{1/} establishing the Caribbean Community and Common Market which affect the import and export of goods within the Common Market are incorporated in the Customs Laws of the member states. Set out below is a brief summary of some of the more important features of the treaty relating to trade.

1. INTRA-CARICOM TRADE

(i) Common Market Origin

Article 15 of the Annex to the Treaty of Chaguaramas prohibits the application by the member states of import duties on goods which are of Common Market origin. Certain exceptions to this general free trade provision apply to the Less Developed Countries of the Common Market^{2/} under a special regime allowing them to apply import duties on a number of products originating in other member states for a certain period. These exceptions to the general requirement to eliminate import duties (which are temporary) are detailed in a reserve list (Schedule III of the Annex to the Treaty) and in transitional arrangements for the removal of the protective element in revenue duties by the Less Developed Countries (LDCs).

^{1/} On 4 July 1973 the Prime Ministers of the Governments of Barbados, Guyana, Jamaica and Trinidad and Tobago, signed the Treaty of Chaguaramas establishing the Caribbean Community. This Treaty, which entered into force on 1 August 1973, incorporated an annex providing for the establishment of the Caribbean Common Market. Belize, Dominica, Grenada, Montserrat, Saint Lucia and St. Vincent became members of the Community and Common Market in April 1974; and Antigua and Barbuda and St. Kitts-Nevis in July 1974. This treaty replaced and augmented the CARIFTA (Caribbean Free Trade Association) agreement which entered into operation on 1 May 1968. The Bahamas signed the Treaty on 4 July 1983 but is not a member of the Common Market.

^{2/} The Treaty of Chaguaramas refers to Barbados, Guyana, Jamaica and Trinidad and Tobago as More Developed Countries (MDCs) and the remaining eight members are referred to as Less Developed Countries (LDCs).

New arrangements dealing with Common Market origin, as defined in Article 14 of the Annex to the Treaty entered into operation on 1 June 1981. As amended Common Market origin is accorded to goods consigned from one member state to a consignee in another, provided these goods:

- have been wholly produced within the Common Market; or
- have undergone substantial transformation, where extraregional materials are used.

Schedule II of the Annex to the treaty details the rules defining Common Market origin.

The wholly produced criterion is applicable to natural produce, goods produced exclusively from them and any goods containing no extraregional materials. These include minerals extracted from the ground, fruits and vegetables harvested in the Common Market, live animals born and raised in the Common Market; and products obtained from them. Fish and other marine products qualify if the vessel is registered in a member state and not less than three quarters of its crew (inclusive of the master) are nationals of member states. Further the vessel must be owned and operated by nationals or by a government or statutory corporation of a member state.

The use of small quantities of preservatives, vitamins, colouring and similar materials of extraregional origin is permitted without affecting the "wholly-produced" status. In addition intermediate products which qualify for Common Market treatment are considered "wholly produced" when utilised in further manufacture.

The criterion of substantial transformation is applicable where extraregional materials are used in production. This criterion is applied against individual items in a variety of ways, as follows:

- manufacture or processing which causes the finished product to be classified in a heading of the Customs Co-operation Council Nomenclature (CCCN) that is different from that under which any of the extraregional materials which are used is classified (this is referred to as the "BTN jump");
- manufacture utilising certain specified materials that are of common market origin;

- manufacture from certain specified materials where only the condition or state of fabrication of the materials is prescribed, no regard being paid to the origin of the materials;
- manufacture where certain specified materials may not be used. Materials are generally identified by reference to the appropriate heading of the CCCN. Where the conditions to be complied with do not specify the use of regional materials, the use of extraregional materials is allowed;
- the performance of certain specified manufacturing processes. Certain chemical compounds must be produced by chemical transformation which is defined as meaning the forming of the molecule of the finished product by the combination of two or more elements; or any modification of the structure of the molecule of a compound with the exception of ionisation and the addition or removal of water of crystallisation;
- achievement of a certain level of local/regional value-added without the benefit of Basic Materials List treatment. The specific percentages may vary according to the item, (unlike in the previous rules of origin (1973-1981) when fixed ratios were fixed for the LDCs and the MDCs). The percentage value-added condition is an alternative to the "BTN jump" for a number of stated products falling in Chapters 84 to 98 of the CCCN, the choice of qualifying condition resting with the exporter. The number of items included in the Basic Materials List has been substantially reduced and the Basic Materials List is now applicable only in relation to the production in the LDCs of certain goods.^{3/}

^{3/} These are classifiable in CCCN Heading numbers 17.04, 20.03, 20.05, ex 20.06, ex 20.07, Chapter 39 ex 73.13. The CARICOM Secretariat has published a guide to the Common Market origin rules, which is available from the Secretariat and from certifying authorities in the member states.

On all these items, where production takes place in the LDCs the value of extraregional materials which may be used must not exceed 60% of the value of the finished product.

The value of all extraregional materials is calculated on the basis of the c.i.f. value accepted by the customs authorities on clearance for home use or on temporary admission at the time of last importation into the country where they were used in production. The cost of any transportation incurred in transit through other member states of the Common Market may be deducted. Where the c.i.f. value cannot be so determined, the value will be the earliest ascertainable price paid for them in the country of production.

When qualification of the goods is challenged an additional form providing additional information and certification is required (see sample). Export price is the price paid or payable to the exporter, adjusted where necessary to a f.o.b. basis. All these prices must be adjusted where necessary to correspond with an "open market" price between buyer and seller independent of each other.

The rules of origin will be altered on agreed dates over the next few years. Traders and officials will need to take note of the provisions in national legislations which programme these changes and set the dates on which they should come into effect.

See specimens of certificates of origin and application attached.

(ii) Export Duties (article 18 of the Annex to the Treaty)

Members shall not apply export duties on intra-CARICOM trade. Nevertheless Member States of the Common Market may take such measures as are necessary to prevent evasion, by means of re-export of duties which it applies to exports to territories outside the Common Market. Article 18 of the Annex provides that no export duties or charges are applicable to the exportation of goods from any member state to the other, except those listed in Schedule V of the Annex, on which export duties not exceeding those applied immediately before the entry into force of the treaty, may be applied for a period not exceeding five years, subject to review of the Council of the Common Market.

(iii) Export Drawback (Article 16 of the Annex to the Treaty)^{4/}

Common Market origin may be refused in goods which benefit from export drawbacks in the country in which they have undergone the processes of production which form the basis for the claim of origin provided that the same treatment is accorded to imports consigned from all other member states⁷.

(iv) Quantitative Restrictions (Article 22 of the Annex to the Treaty)

Member states shall not apply restrictions on intra-CARICOM trade.

Nevertheless Members of the Common Market may take such measures as are necessary to prevent evasion of any prohibitions or restrictions which it applies to trade outside the Common Market, provided that member states receive no less favourable treatment than countries outside the Common Market.

However imports and exports may be restricted on general and security exceptions^{5/} (Articles 23 and 24 of the Annex) and in those schedules to the Annex dealing with special marketing arrangements for unrefined sugar cane (Schedule No. VII), for selected agricultural products (Schedule No. VIII) and the special arrangements for Belize (Schedule No. XI). During the Heads of Government meeting held in Port-of-Spain in July 1983 it was agreed that the AMP (Schedule No. III of the Annex to the Treaty) be abolished but that current arrangements will continue until new arrangements are put in place.

(v) Government Aids (Article 25 of the Annex to the Treaty)

Regarding exports from one Common Market member to another, there shall be no forms of aid to exports of goods, except in the case of exports from the LDCs and all the MDCs except Barbados.

^{4/} In this article export drawback means an arrangement for the refund or remission, wholly or in part, of import duties applicable to imported materials, provided that the arrangement, expressly or in effect, allows refund or remission on certain goods or materials when re-exported, but not if they are retained for home use. "Remission" includes the exemption for materials brought into free ports and other places which have similar customs privileges.

^{5/} See annex list of goods subject to restrictions.

Such government aids as listed in Schedule VI to the Annex are the following:

- currency restriction schemes or any similar practices which involve a bonus on exports or re-exports;
- the provision by government of direct subsidies to exporters;
- the exemption, in respect of exported goods, from charges or taxes, other than charges in connection with importation or indirect taxes levied at one or several stages on the same goods if sold for internal consumption;
- the charging of prices below world prices in respect of deliveries by governments or governmental agencies or imported raw materials for export business on different terms than for the domestic market;
- the charging of premiums in respect of government export credit guarantees which are manifestly inadequate to cover the long-term operating costs and losses of the credit insurance institutions;
- the grant by government (or special institutions controlled by governments) of export credits at rates below those which they have to pay in order to obtain the funds so employed;
- the bearing by government of all or part of the costs incurred by exporters in obtaining credit; and or
- any other forms of aid, the main purpose or effect of which is to frustrate the benefits expected from the removal or absence of duties and quantitative restrictions.

Exception is made of trade within the Common Market in any agricultural products until such time as its members agree upon a Common Market Policy with respect to production, marketing and the subsidization of agricultural products.

(vi) Difficulties in particular industries (Article 29 of the Annex to the Treaty)

Quantitative restrictions on imports from a member state of the Common Market - to a rate not less than the rate of imports during any period of 12 months which ended within a year of the date on which the restrictions come into force - can be imposed for a period of no more than 18 months if

any industry or particular sector of an industry experiences serious difficulties due to a substantial decrease in internal demand for a domestic product, and this decrease is due to an increase in imports consigned from other member states as a result of the establishment of the Common Market.

(vii) Promotion of industrial development in the Less Developed Countries (LDCs) (Article 56 of the Annex to the Treaty)

Suspension of the Common Market treatment on imports may be applied by the LDCs as a temporary measure, in order to promote the development of an industry in any of the LDCs. This has to be authorised by a majority decision^{6/} of the Common Market Council. So far the Council has only approved the application of quantitative restriction by the LDCs.

In the light of the special position of Barbados, that member state may, in relation to trade with the LDCs, suspend Common Market treatment on like imports from the LDCs during the period in which the LDCs have been authorized to suspend Common Market treatment or the period these countries have been authorized to impose quantitative restrictions.

(viii) Anti-Dumping Measures and Restrictive Business Practices (Article 19 and 30 of the Annex to the Treaty)

Action may be taken against dumped or subsidized imports. Additionally if any industry in any member state of the Common Market is suffering or is threatened with material injury as the result of the import of dumped or subsidized products into any other member state, the latter shall, at the request of the former, examine action to remedy the injury or prevent the threatened injury.

Action may be taken against restrictive business practices, which are considered to be incompatible with the removal or absence of duties and quantitative restrictions for intra-CARICOM trade. Such practices are recognized to be:

^{6/} For the purpose of Article 56 a majority means the affirmative vote of all the LDCs and at least two of the MDCs.

- agreements between enterprises, decisions by associations of enterprises and concerted practices between enterprises which have the object of preventing, restricting or distorting competition within the Common Market; and
- actions by which one or more enterprises take unfair advantage of a dominant position within the Common Market or a substantial part of it.

(ix) Revenue Duties and Internal Taxation (Article 17 of the Annex to the Treaty)

No direct or indirect fiscal charges in excess of those applied directly or indirectly to like domestic goods shall be applied to imported goods of Common Market origin, except in the case of the LDCs where special arrangements are contemplated (Schedules III and IV of the Annex) which provide a Reserve List and transitional arrangements for the removal of the protective element on revenue duties by the LDCs.

Neither shall fiscal charges be applied by a member state to imported goods of a kind which it does not produce or which it does not produce in substantial quantities. In other words, no protection shall be given to domestic production of substitutes which enter into direct competition with imports through direct or indirect fiscal charges on imports when such charges do not have equivalent bearing on the substitute.

(x) Public Undertakings (Article 26 of the Annex to the Treaty)

Regarding exports from one Common Market member state to another, and with the exception of exports originating from the LDCs and/or trade within the Common Market of agricultural products, there should be no public undertaking to control or influence trade within the Common Market.

Such public undertakings are defined as meaning any central, regional or local government authority, public enterprise or any other organization by which a member state of the Common Market, by law or in practice controls or appreciably influences imports from or exports any other part of the Common Market. Public undertakings shall not afford protection to domestic production by means of a duty or charge with equivalent effect, quantitative restrictions or government aids. Also prohibited is the discrimination on grounds of territorial origin insofar as it frustrates the benefits expected from the removal or absence of duties and quantitative restrictions.

(xi) Import Restrictions arising from Balance of Payments Difficulties
(Article 28 of the Annex to the Treaty)

Quantitative restrictions on imports may be introduced for the purpose of safeguarding a member's balance of payments for a period of 18 months after which the Common Market Council should examine the situation, especially regarding disturbances to the operation of the Common Market.

2. EXTRAREGIONAL TRADE

Common External Tariff (CET)

Article 31 of the Annex to the Treaty provides for a common external tariff in respect of all commodities imported from third countries.

The classification structure of the tariff is based on the Customs Co-operation Council Nomenclature (CCCN), formerly the Brussels Tariff Nomenclature (BTN). The statistical classification numbers which are shown against the tariff heading numbers are based on the Standard International Trade Classification, Revision 2 (SITC, Rev.2). The units for statistical classification and the specific rates of duty (except rates in respect of CCCN headings Nos. 22.03, 22.08 and 22.09) are based upon the metric system.

Essential products, raw materials, and parts for assembly are free from duty or are dutiable at low rates of up to 15% ad valorem.

Specific rates are denominated in Units of Account (U.A.). For this purpose the Unit of Account is equal to 0.395833 grams of fine gold.

When goods are dutiable by weight, the duty is levied upon the net weight or volume if such is marked on the package or if the package is commonly sold or reputed to contain a specific quantity. If packages are improperly labelled or not so commonly sold or reputed, duties are usually levied on the basis of gross weight.

The initial tariff entered into operation on 1 August 1973. This was a two-column structure which was changed to a single column set of rates on 1 January 1976. The CET was again changed on 1 January 1979 to conform with the 1978 edition of the CCCN, correlated to the SITC, Rev.2.

In the case of the LDCs, except for Montserrat, their existing tariffs were accepted, at dates cited in Article 31 of the Annex to the Treaty, as fulfilling their initial obligations towards the CET of the CARICOM Common Market. The LDCs, including Belize, were allowed to apply their tariffs in force when the Common External Tariff came into operation including introduction of a plan and schedule and rates not later than 1 August 1977 with a phasing period ending 1 August 1981; 1 August 1985 for Montserrat. This timetable has not been achieved and the Common Market Council is to decide on new target dates.

The rates of duty in the CARICOM Common External Tariff and the ECCM Common Tariff are the same in about 55% of the items. The tariff of Belize is the same in about 95% of the items.

An "exemption list" of goods conditionally exempt from those duties is appended to the CET naming those industries which can enjoy duty-free import of raw materials, plant equipment and supplies.

Also exempted are imports for governmental, diplomatic and certain other purposes.

3. EXPORT INCENTIVES

Since 1 February 1974 CARICOM has an agreement for the harmonization of fiscal incentives which contemplates the granting of export allowances and other tax holidays and customs duty rebates.

Three different categories of enterprises are contemplated, according to the percentage of value added locally in respect of value of sales, ex factory of the product.

Benefits under the Scheme are granted to approved enterprises only in respect of approved products. The extent of the benefits to be enjoyed by an enterprise is related to the contribution which the enterprise, in producing the approved products, makes to the national and regional economies. This contribution is measured in terms of "local value added", which can most simply be explained as the amount the entire CARICOM region (and not just the particular country) received in payment from a local or subregional manufacturer for local or subregional raw materials, labour, capital, services, etc.

The local value added is calculated by subtracting the following items from the amount the manufacturer receives from the sale of the approved products, ex factory:

- (i) Value of imports from outside the CARICOM region of raw materials, fuels, components, and the raw materials of locally produced components;
- (ii) Wages and salaries paid to workers who are not nationals of a CARICOM country;
- (iii) Profits remitted to individuals or companies outside the CARICOM region;
- (iv) Any amounts paid to foreign companies or individuals resident outside the CARICOM countries, as interest on loans payments, for technical services, management charges, royalties, etc.; and
- (v) Depreciation allowable under the national law with respect to imported plant equipment, machinery and spare parts.

The following is an example of how the local value added is calculated (taken from the Handbook of the Harmonization of Fiscal Incentives of the Caribbean Common Market, prepared by the Trinidad and Tobago Industrial Development Corp., February 1974):

Example 1

		\$	
Total Ex-factory sales of approved product		250,000	(1)
<u>Deduct:-</u>			
A. <u>Payments made in respect of:</u>			
	1. Cost of raw materials, fuel etc. imported from outside CARICOM	90,000	
	2. Salaries and Wages paid to non-CARICOM nationals	35,000	
	3. Profits and dividends paid to non-CARICOM Residents	-	
(4. Interest*	10,000	
(5. Management Charges	2,000	
(6. Royalties	2,500	
Paid or accruing to persons (including Companies not Resident in a CARICOM Country)	7. Licences	500	
(8. Fees	-	
(9. Professional Services	-	
(10. Other payments (give details)	-	
	TOTAL	140,000	(2)
	B. DEPRECIATION OF IMPORTED PLANT MACHINERY EQUIPMENT AND SPARE PARTS	15,000	
	TOTAL DEDUCTIONS	155,000	(3)
	EXCESS	95,000	(4)
Local Value Added - (4) x 100 - 95 x 100 - 38%			(5)
	(1) 250		

* Does not include paid interest to Resident Branch.

A weighting device related to the use of local labour is used to increase the length of the tax holiday for which enterprises may become eligible. This measure uses wages paid for local labour to "weight" or inflate the local value added. The calculation is done by using the formula $\frac{V (100 + W)}{100}$ where "V" is the local value added, expressed as a percentage of total sales of the approved product, and "W" is the wages and salaries paid to CARICOM nationals, expressed as a percentage of total sales of the approved product. In example 1 above, if local wages (to CARICOM nationals) was \$85,000 or 34% of sales, ex factory then the "weighted" local value added amounts to:
 $\frac{38 (100 + 34)}{100} = 50.92\%$.

Another example, taken from the same source is presented in Table 1.

In its efforts to ensure that the region as a whole benefits from a company's operations in any territory, the integration agreement states that if a country within the region produces raw materials used by the enterprise, at a comparable price and in sufficient quantity, then the enterprise must purchase its requirements from that territory rather than from a foreign country. If this condition of the Agreement is not fulfilled, then the enterprise must pay customs duty on the materials and quota restrictions may be put on such imports.

The scheme recognizes the need to avoid the danger that too many enterprises may be granted incentives in respect of the same product. The agreement therefore provides with respect to a MDC other than Barbados, that if 60% or more of its local market for any product is already being supplied by a domestic supplier, then that MDC shall not be permitted to grant income tax holidays to another enterprise for the manufacture of the same product in that country. In the case of Barbados, the same provision applies when 90% of its market is so supplied. This is the "established industry" condition.

No new tax holiday may be granted to an enterprise in a MDC in relation to any of the products listed below: aluminium products (tubular furniture, window frames, hollow-ware), automobile mufflers which are not produced as part of an integrated automobile exhaust system,

clocks, hats and caps, shirts and knitted underwear, packaging materials (plastic film, twine, paper bags, cardboard boxes, corrugated cardboard containers), tissue paper products, umbrellas, nails, brushes and mops, coir products, matting, mattresses, drinking straws, aerated waters, rum, beer, bakery products, cigarettes, concrete blocks, concrete pipes (non-asbestos), concrete tiles, copra, edible oils and fats from copra, handicraft items, phonograph records, pop corn, and others.

TABLE 1
CARICOM: HOW TO CALCULATE THE LOCAL VALUE ADDED
IN LOCAL PRODUCTION

<u>Example 2</u>	\$	\$	
Total ex-factory sales of approved product		950,000	(1)
Deduct: A. <u>Payments made in respect of:</u>			
(1) Cost of raw materials, fuels components, raw material content of locally produced components imported from outside CARICOM	632,000		
(2) Salaries and wages paid to non-CARICOM nationals	60,000		
(3) Profits and dividends paid to non-CARICOM residents	40,000		
(4) Interest*	25,000		
(5) Management Charges	15,000		
(6) Royalties	20,000		
(7) Licences	15,000		
(8) Fees	-		
(9) Professional services	-		
(10) Other payments (give details)	-		
TOTAL	807,000		(2)
B. <u>Depreciation of Imported Plant Machinery, Equipment and Spare Parts</u>	50,000		
TOTAL DEDUCTIONS		857,000	(3)
EXCESS		93,000	(4)

Local Value Added = $\frac{(4)}{950} \times 100 = 9.78\%$ (5)

Local Wages (wages paid to CARICOM nationals) = $\frac{45,000}{950} \times 100 = 47.37\%$ (6)

Weighted Local Value Added = $\frac{(6) (100 + (5))}{100}$
 $= \frac{47.37 (100 + 9.78)}{100} = 57.14\%$

* Does not include paid interest to Resident Branch.

4. OTHER AGREED MEASURES

(a) Common Market Industrial Programming

To promote a process of industrial development through industrial programming, the following objectives are undertaken, under the Treaty of Chaguaramas, which impinge on trade:

- (i) the greater utilisation of the raw materials available within the Common Market;
- (ii) the creation of production linkages both within and between the national economies of the Common Market;
- (iii) to minimise product differentiation and achieve economies of large-scale production, consistent with the limitations of the Common Market's size;
- (iv) the encouragement of greater efficiency in industrial production;
- (v) the promotion of exports to markets both within and outside the Common Market; and
- (vi) to pay attention to the need to locate more industries in the LDCs in order to achieve an equitable distribution of the benefits of industrialization.

(b) Marketing of Agricultural Products

Arrangements for the marketing of selected agricultural products were part of the integration scheme since its inception till, during the Fourth Heads of Government Meeting (Port-of-Spain, July 1983) the Agricultural Marketing Protocol was formally abolished. Current arrangements will be applied in the meantime. Additionally to this Protocol, Schedules VII, VIII and IX of the Annex to the Treaty of Chaguaramas contemplate the rationalisation of trade and production of, respectively, sugar cane, selected agricultural products and oils and fats. The objectives of these mechanisms are still:

- (i) the integration of agricultural development in the Common Market;

- (ii) the optimum utilisation of agricultural resources;
- (iii) increase the supply, through improvements in efficiency, of products for domestic consumption, export to regional and extraregional markets, and inputs for agro-based industries;
- (iv) replacement of imports on a regional basis;
- (v) increasing the income and standard of living of the rural population;
- (vi) contributing to the achievement of full employment; and
- (vii) the provision of greater opportunities to the LDCs for the expansions of agricultural production for export markets within and outside the Common Market.

(c) Monetary, payments and exchange-rate policies
(Article 43 of the Annex to the Treaty)

Within the Common Market there is freedom of payments on current and capital accounts necessary to further the objectives of the Common Market.

Member states recognise that exchange rate stability between themselves is necessary to promote the smooth functioning of the Common Market. Thus there is agreement on a policy of continuing consultation and the fullest possible exchange of relevant information on monetary payments and exchange matters.

Notes and coins of member states should be exchanged through arrangements of their Central Banks or Monetary Authorities at official par value, without exchange commission. In the OECS the members share, as of July 1983, a common Eastern Caribbean Central Bank - successor to the Eastern Caribbean Currency Authority (ECCA) - and a single currency, the Eastern Caribbean (EC) Dollar.

A multilateral clearing facility is part of the mechanisms in force for the operation of trade within the Common Market. Thus, trade may be effected in the national currency of the member countries concerned.

(d) CARICOM enterprise Status

In 1979 the CARICOM Council of Ministers agreed to expedite the establishment of a mechanism to facilitate a regime for the regional private enterprises. This is to be the legal framework under which business is set up in any member country in order to enjoy automatically rights and privileges in the others. It is designed to encourage the joint ownership of regional assets by businessmen from the area, who will have to own at least 51 percent of the shares and be nationals of at least two member states to qualify for preferential treatment under the CARICOM Enterprise Status.

5. CARIBBEAN COMMON MARKET INVOICE

With effect from 1 January 1981 a decision of the Council of Ministers of CARICOM became operative with regard to invoice content and invoice format, in order to standardize invoicing requirements for imports into member states. These requirements also apply to all intra-CARICOM transactions.

With regard to invoice format, the decision ruled that traders were free to adopt any document layout for the invoice (so long as the required information appeared), although it recommended that the format be aligned with the layout key drawn up by the United Nations Economic Commission for Europe (ECE). See specimen of recommended format attached.

6. SECRETARIAT ADDRESS

CARICOM Secretariat
Bank of Guyana Building, Third Floor
Georgetown, Guyana

7. SUBREGIONAL ASSOCIATIONS OR CHAMBERS OF COMMERCE

Chambers of Commerce of the British Caribbean
(incorporates national Chambers of the several states and territories)
P.O. Box 499
South Quay
Port-of-Spain, Trinidad and Tobago
Caribbean Association of Industry and Commerce (CAIC)
Barclay's Bank Building
Willey Plaza
St. Michael, Barbados.

SAMPLES OF DOCUMENTS
USED OR REQUIRED
BY THE CARICOM COMMON MARKET

NOTES FOR THE PREPARATION OF THIS FORM

A. Origin Criterion

The criterion on the basis of which Common Market origin is claimed must be stated in the column headed "Origin Criterion" against each item in the manner indicated below:

If each article comprised in the item has been -

- | | |
|---|--|
| (a) wholly produced within the Common Market. | The letters "CM" must be inserted; |
| (b) produced using materials imported from outside the Common Market or of undetermined origin in such a manner that the article falls to be classified in a tariff heading different from that in which any of those materials is classified, in accordance with the provisions of Article 14 of the Annex to the Treaty establishing the Caribbean Community; | The tariff heading number of the finished product preceded by the letter "X" must be inserted; |
| (c) produced in accordance with the conditions specified for that article in the List referred to in Article 14 of the Annex to the Treaty establishing the Caribbean Community and set out in Schedule II thereto; | The tariff heading number of the finished product preceded by the letter "L" must be inserted and where the condition to be satisfied is a percentage value-added condition the value of materials imported from outside the Common Market or of undetermined origin which have been used in the production of that article expressed as a percentage of the export price of the article must be inserted in brackets immediately following the tariff heading number. |
- B. The completion of this Form implies that the producer and the exporter will furnish to the appropriate authorities such information and supporting evidence as they may as necessary require for the purpose of verifying these declarations.
- C. PERSONS WHO FURNISH OR CAUSE TO BE FURNISHED UNTRUE DECLARATIONS RENDER THEMSELVES LIABLE TO PENALTIES.

CERTIFICATE OF ORIGIN - CARICOM

Exporter, (Name, full address, country)

Exporter's Ref. No.

Consignee (Name, full address, country)

CARIBBEAN COMMON MARKET COMBINED
DECLARATION BY EXPORTER AND
CERTIFICATE OF ORIGIN

Country of Issue.....
(country)

See notes overleaf

Transport information (vessel/aircraft,
place of loading, etc.)

Country of origin Country of
Destination

For Official Use

Item Number	Marks and numbers of packages	Number and kind of packages, description of goods

Origin criterion (see notes overleaf)	Gross weight or other quantity	Number and date of invoices

CERTIFICATION

It is hereby certified, on the basis
of control carried out, that the
declaration by the exporter is
correct.

.....
Place and date, signature and stamp of
certifying authority.

DECLARATION BY THE EXPORTER

I, the undersigned, hereby declare
that the above details and state-
ments are correct; that all the
goods were produced in
.....(country) and that
they comply with the provisions
governing the determination of
origin set out in Article 14 and
16 of and Schedule II to the
Annex to the Treaty establishing
the Caribbean Community

.....
Place and date, signature of
authorised signatory.

S A M P L E

CARIBBEAN COMMON MARKET

ADDITIONAL INFORMATION FURNISHED IN SUPPORT
OF DOCUMENTARY EVIDENCE OF ORIGIN

Part A

Particulars of the goods in respect of
which additional supporting evidence
of origin is required

1. Marks and number(s) of package(s)
2. Number and kind of package(s) and description of goods together with the Customs Co-operation Council Nomenclature heading(s)
3. F.O.B. export price of the goods
4. Consignee's name and address
5. Shipped by
6. Reference number and date of export invoice

Part B

Production process(es) carried out, materials used, particulars of costing, etc.

7. The process of production carried out in producing the goods was
8. Extraregional materials used in the manufacture of the goods described at 2 above, their C.I.F. values and Customs Co-operation Council Nomenclature headings are as follows:
9. Materials of Common Market origin used in the manufacture of the goods described at 2 above, their values and Customs Co-operation Council Nomenclature headings are as follows:
10. Retail containers or other forms of interior packing ordinarily sold with the goods when they are sold by retail or the materials used in their manufacture, their origin, c.i.f. values and Customs Co-operation Council Nomenclature headings are as follows:

- 11. Import duty, if any, paid on the importation of the items at 8 and 10
- 12. Direct labour costs, factory overheads
- 13. The cost of exterior packing
- 14. Profit mark-up on the finished goods
- 15. The cost of carriage or any other charges incurred in respect of the goods after manufacture up to the point of putting the goods aboard ship
- 16. The wholesale price of the goods in the country of manufacture

Part C

Declaration

I,
 (State name and capacity in which signing)
 of
 (Name of firm or company and address)

declare that the above details and statements are correct and that they are furnished in cognisance of the requirements of Article 14 of, and Schedule II to, the Annex to the Treaty establishing the Caribbean Community governing Common Market origin.

.....
 Signature

.....
 Date

NOTES

- 1. The unit quantity to which the manufacturing costs apply should be stated.
- 2. The period during which manufacture took place should be given.
- 3. If the c.i.f. value of any extraregional materials cannot be determined then the value to be inserted in Part B(8) is the earliest ascertainable price paid for them in the Member State where they were used in a process of production.
- 4. Where production of the goods set out in the Appendix to Schedule II takes place in a LDC and materials on the Basic Materials List are used, ~~these materials should be specified separately at Part B(8).~~

S A M P L E

APPLICATION FOR CERTIFICATE OF ORIGIN

I, the undersigned, exporter of the goods described in the attached declaration,

DECLARE that the goods were produced in
(country)

SPECIFY as follows the grounds on which the goods are claimed to comply with the provisions governing the determination of Common Market Origin:^{1/}

.....
.....
.....
.....

SUBMIT the following supporting documents:^{2/}

.....
.....
.....

UNDERTAKE to submit, at the request of the appropriate authorities, any additional supporting evidence which those authorities may require for the purpose of issuing the certificate of origin, and undertake, if required, to agree to any inspection of my accounts and to any check on the processes of manufacture of the above goods, carried out by the said authorities,

REQUEST the issue of a certificate of origin for these goods.

.....
Place and Date

.....
Signature of authorised signatory

1/ If materials imported from outside the Common Market or of undetermined origin have been used in the manufacture of the goods in question, the following information should be entered in this part:

- (a) the materials used and their CCCN heading(s);
- (b) their country of origin;
- (c) the manufacturing processes or other circumstances enabling the goods to qualify as being of Common Market origin;
- (d) the goods produced and their CCCN heading(s).

Where the condition to be complied with is a percentage value-added condition, give information enabling this percentage to be verified - for example, the value of imported materials and those of undetermined origin used and the export price of the finished product.

2/ For example, import entries, invoices, declaration by the producer, etc., relating to the materials used or the finished product.

/...

NOTES

A. Procedure for Claiming /Common Market/
/Community/ Origin

A declaration on the certificate of origin form must be prepared by the exporter of the goods and submitted together with a Common Market Origin application form to the certifying authority of the country of exportation which will, if satisfied, certify the certificate of origin and return it to the exporter for transmission to the importer in the country of destination. The certifying authority will itself retain the Common Market origin application form duly completed and signed by the exporter.

B. Sanctions

Persons who furnish or cause to be furnished untrue declarations render themselves liable to penalties.

SPECIMEN INVOICE (recommended format)

SELLER (Name, full address, country)		INVOICE DATE AND NO.	CUSTOMER'S ORDER NO.		
		OTHER REFERENCES			
CONSIGNEE (Name, full address, country)		BUYER (IF OTHER THAN CONSIGNEE)			
		PRESENTING BANK			
		COUNTRY OF ORIGIN OF GOODS			
PORT OF LADING		TERMS AND CONDITIONS OF DELIVERY AND PAYMENT			
COUNTRY OF FINAL DESTINATION	SHIP/AIR/ETC.				
OTHER TRANSPORT INFORMATION					
				CURRENCY OF SALE	
MARKS AND NUMBERS		DESCRIPTION OF GOODS	GROSS WEIGHT CUBE M ³ kg		
NO. AND KIND OF PKGS.	SPECIFICATION OF COMMODITIES (IN CODE AND/OR IN FULL)	NET WEIGHT kg	QUANTITY	UNIT PRICE	AMOUNT
IT IS HEREBY CERTIFIED THAT THIS INVOICE SHOWS THE ACTUAL PRICE OF THE GOODS DESCRIBED THAT NO OTHER INVOICE HAS BEEN OR WILL BE ISSUED AND THAT ALL PARTICULARS ARE TRUE AND CORRECT		PACKING			
		FREIGHT			
		OTHER COSTS (SPECIFY)			
		INSURANCE			
		TOTAL INVOICE AMOUNT			
SIGNATURE AND STATUS OF AUTHORISED PERSON					

INFORMATION REQUIRED IN COMMERCIAL INVOICE

SELLER (NAME, FULL ADDRESS, COUNTRY)

CONSIGNEE (NAME, FULL ADDRESS, COUNTRY)

Precise and detailed information should be provided.

PORT OF LADING

The port or place of loading of the goods in the country of export should be given.

COUNTRY OF FINAL DESTINATION

The country where the goods will enter into consumption should be stated here.

SHIP/AIR/ETC.

Identification of the means of transport and the inclusion of the name of the vessel or air carrier are required.

OTHER TRANSPORT INFORMATION

Other relevant transport data including transshipment arrangements should be stated.

INVOICE DATE AND NO.

The exporter's reference number and the date of preparation of the invoice are required.

CUSTOMER'S ORDER NO.

The reference number given by the buyer in his order should be stated here.

OTHER REFERENCES

The information to be given here may include references to the pro forma invoice and the confirmation of the order.

BUYER (IF OTHER THAN CONSIGNEE)

The name and address of the buyer where he is not also the consignee, as in the case where a buying agent is used, should be shown here.

PRESENTING BANK

The name of the bank handling the transaction must be given.

COUNTRY OF ORIGIN OF GOODS

The last country in which significant production or manufacture of the goods took place should be stated. The carrying out of minimal working on the goods in a country, for example changing the packing, sorting or grading, would not change the country of origin.

TERMS AND CONDITIONS OF DELIVERY AND PAYMENT

An accurate description of the terms of payment and delivery should be given.

CURRENCY OF SALE

The currency used on the invoice should be stated here.

MARKS AND NUMBERS

The markings and numbers used on the outside packages should be quoted.

DESCRIPTION OF GOODS

A general description of the contents of the packages should be given.

GROSS WEIGHT kg

The gross weight should be stated in kilograms.

CUBE m³

The cubic measurement of the outer packages should be stated in cubic metres.

NO. AND KIND OF PACKAGES

The number of outer packages and their type should be given.

SPECIFICATION OF COMMODITIES (IN CODE AND/OR IN FULL)

Each item should be identified in sufficient detail to allow for its recognition and for its correct classification under the Customs tariff.

NET WEIGHT kg

The net weight of the contents of the packages should be shown in kilograms.

QUANTITY

The quantity of each commodity should be given, preferably in the unit in which it is priced.

UNIT PRICE

The unit price of each commodity in the currency quoted in the column headed "Amount" should be shown.

AMOUNT

The gross value of each commodity should be quoted. Discounts granted should be shown in this column.

PACKING, FREIGHT, OTHER COSTS
(SPECIFIC), INSURANCE

These charges should be shown in as detailed a manner as possible.

TOTAL INVOICE AMOUNT

A grand total of the amount chargeable on the invoice should be included.

CERTIFICATION, SIGNATURE

The declaration should be signed by the seller or by someone in a position to attest to the accuracy of the information on the invoice.



APPENDIX

LIST OF RESTRICTED GOODS

Under articles 22 to 24 of the Annex to the Treaty, with regard to imports into the Common Market: Imports and exports of goods may be restricted, subject to prohibition, quotas or other restrictions, import licences or other controls, including administrative measures and requirements, on the following grounds:

- necessary to protect public morals;
- necessary to the prevention of disorder or crime;
- necessary to protect human, animal or plant life or health;
- necessary to secure compliance with laws or regulations relating to customs enforcement, or to the classification, grading or marketing of goods, or to the operation of monopolies by means of state enterprises or enterprises given exclusive or special privileges;
- necessary to protect industrial property or copyright or to prevent deceptive practices;
- relating to gold or silver;
- relating to the products of prison labour;
- imposed for the protection of national treasures of artistic, historic or archeological value;
- necessary to prevent or relieve critical shortages of foodstuffs in any exporting member state;
- relating to the conservation of exhaustible natural resources;
- necessary for the protection of a member state's essential security interests;
- in pursuance of any obligation to which a member state is subject for the purpose of maintaining international peace and security.

