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THE EASTERN CARIBBEAN COMMON
 EXTERNAL TRADE REGIME

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



UNITED NATIONS
 ECONOMIC COMMISSION FOR LATIN AMERICA Office for the Caribbean

THE EASTERN CARIBBEAN COMMON EXTERNAL TRADE REGIME

Since 1967 the Eastern Caribbean States of Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts-Nevis, St. Lucia and St. Vincent have operated an integration and cooperation system based on the establishment in 1966 of the West Indies Associated States (WISA) Council of Ministers and the later creation of the Eastern Caribbean Common Market (ECCM)^{1/}.

These mechanisms were supplemented by other functional cooperation arrangements as the Eastern Caribbean Currency Authority (ECCA), the Supreme Court of the West Indies Associated States, the Civil Aviation Directorate, and the Joint Diplomatic Commissions (in London and ^{Canada} Montreal). The origin of all these arrangements can be traced to the defunct West Indies Federation (1957-1962).

In 1981 this complex of institutions was subject to a new, deepening process based on the continued accession to independence of the majority of the former Associated States. Thus, on 18 June 1981, at Baseterre, was signed the Treaty establishing the Organisation of Eastern Caribbean States (OECS), where full members are those countries -independent or not- which were former members of WISA. Any other State or Territory -independent or not- in the Caribbean region may apply to become a full or associate member of the OECS, subject to the unanimous approval of the supreme authority of the OECS, which is constituted by the Heads of Government of the Eastern Caribbean States.

The agreement establishing the ECCM has been incorporated as Annex I to the OECS Treaty, as amended in 1975 and 1981. The provisions of the ECCM Treaty have legal binding force in all member states.

^{1/} The Treaty establishing the ECCM was signed in Grenada on 11 June 1968.

2. IMPORT REGIME

(a) Common Market Origin

Article 5 of the Annex to the OECS Treaty prohibits the application by the member states of taxes, surtaxes of customs or any other charges of equivalent effect whether fiscal, monetary or exchange on imports eligible for market area tariff treatment. Market area origin for tariff treatment is defined (article 6) by any one of the following conditions:

- that the goods are wholly produced within the market area;
- that the goods fall within a description of goods listed in a Process List. Materials listed in the Basic Materials List (which form the Schedule to Annex A -Rules Regarding Market Area Origin for Tariff Purposes- of Annex I to the OECS Treaty), used in the state described in a process of production within the Market area, may always be regarded as originating wholly within such market area;

- that they have been produced within the market area and that the value of any materials imported from outside or of undetermined origin which have been used at any stage of the production of such goods do not exceed 60 percent of the export price of such goods.

Common Market Area Origin is not given, for Market Area tariff treatment, to imports of oils and fats or manufactures thereof, as defined by the CARICOM Oils and Fats Agreement, when they are originating in an OECS Common Market member which is not party to the Oils and Fats Agreement of 26 January 1967 -originally signed by Barbados, Dominica, Grenada, Guyana, St. Lucia, St. Vincent and Trinidad and Tobago.

(b) Common Market Tariff (Article 7)

Member States agree to work progressively towards the establishment of a Common Customs Tariff on goods originating in non-member territories and countries. For this purpose members shall amend their external tariffs to a mutually agreed level, as established in the CARICOM Treaty.

3. EXPORT REGIME

For the purpose of defining origin of exports subject to common market treatment, "process of production; does not consist solely of one or more of the following: (i) packing, wherever the packing materials may have been produced; (ii) splitting into lots; (iii) sorting and grading; (iv) marking; and/or (v) putting up in sets. I.e. a process of production entails substantive modification of the inputted materials and a level of value added during such process.

Re-structure along lines of CARICOM's presentation of Moody

3. OTHER AGREED MEASURES

(a) Common Development Policies

A progressive harmonization of development, investment and industrial policies is sought. This shall involve common policies towards development planning, industrial development (including fiscal incentives to industry), non-resident persons and movement of capital.

(b) Monetary Policy

Members have formally abolished among themselves restrictions on the movement of capital belonging to persons resident in the Common Market Area. Current payments connected with movements of such capital between member states shall not be subject to any restriction.

Members share a single currency denomination, the Eastern Caribbean (EC) Dollar, administered by the Eastern Caribbean Currency Authority (ECCA), which shall become after July 1983 the Eastern Caribbean central Bank.

Each member state shall pursue policies aiming at using foreign currencies in those activities which result in maximum economic benefit to the member states, and encourage the use of local currency in all other projects, when available. Such policies shall include Common Treatment of non-resident capital and greater mobilisation of domestic capital for development purposes.

(c) Fiscal Policy

Member states agree to the progressive harmonization of fiscal policies, especially in the fields of taxation of companies and individuals and fiscal incentives extended to persons engaged in industry, agriculture and tourism.

4. SECRETARIAT ADDRESS

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