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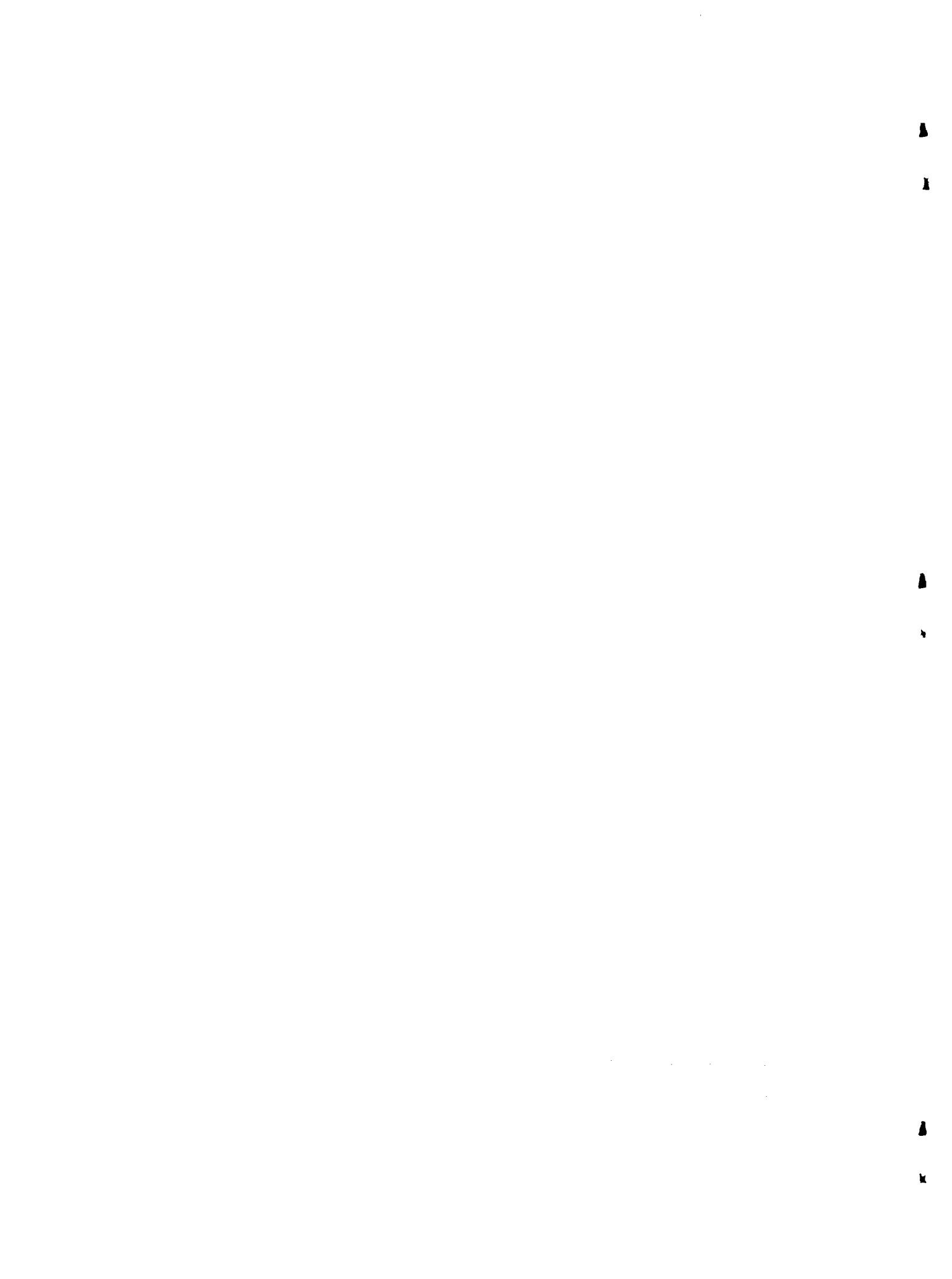
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TOWARDS
Multilateral ECONOMIC
CO-OPERATION
in the
CARIBBEAN

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P R E F A C E

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The "Caribbean Free Trade Association Agreement" is the consolidated text of the provisions in the Principal Agreement establishing the Caribbean Free Trade Association (CARIFTA), and the Supplementary Agreement negotiated by the Commonwealth Caribbean Governments. This consolidated text which was checked with the Pre-Secretariat Co-ordinator and the legal officers, and circulated to the Governments on 25 March 1968, has since been adopted into general usage.

The "Agreement establishing the East Caribbean Common Market" is the text finally adopted by the West Indies Associated States, following their consideration of the report and draft for a common market submitted at the end of March 1968.



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IN THE CARIBBEAN

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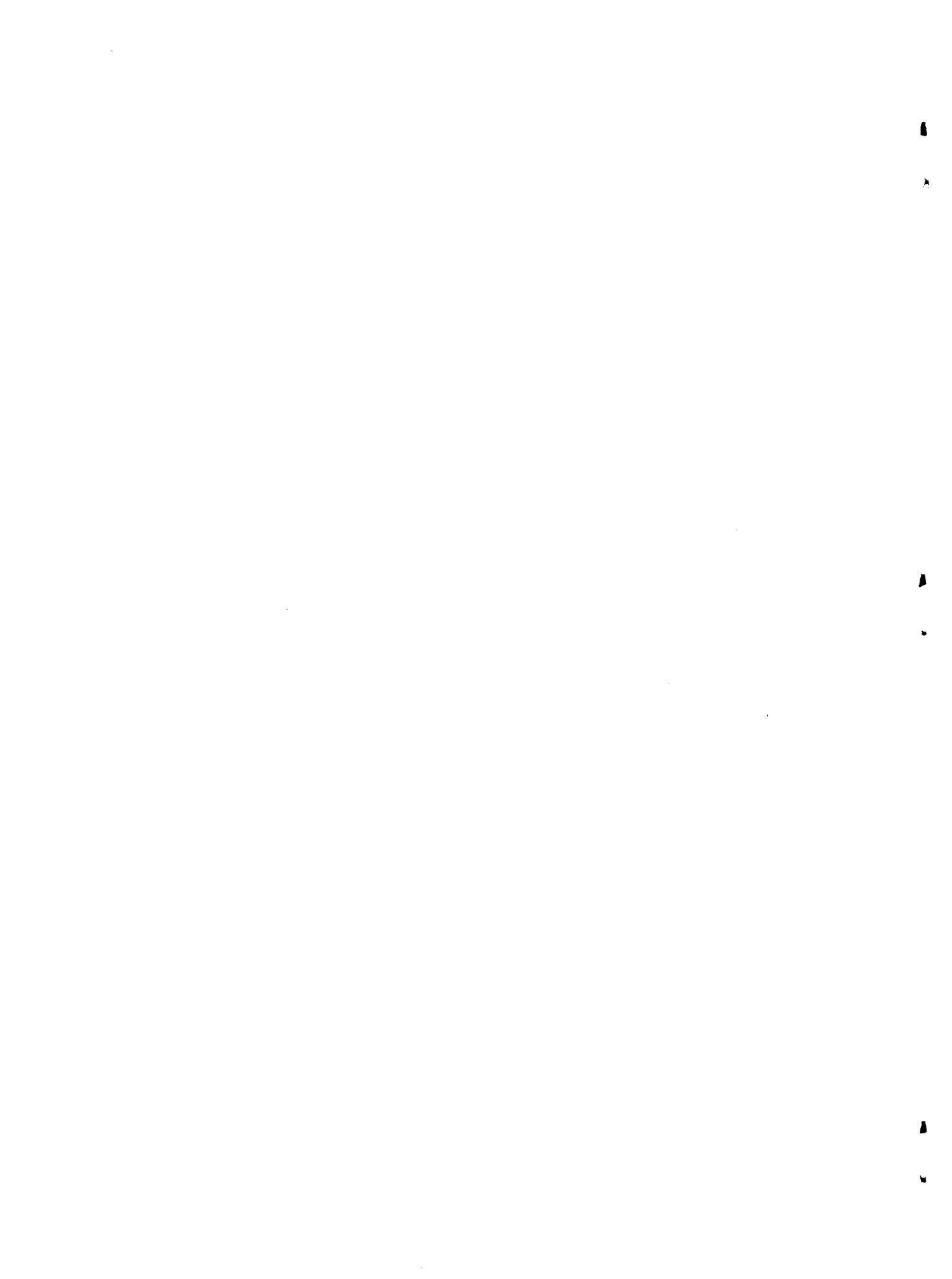
TEXT OF CARIBBEAN FREE TRADE ASSOCIATION

AGREEMENT (with Index to articles)

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RECENT STEPS TOWARDS INTERNATIONAL ECONOMIC
CO-OPERATION IN THE CARIBBEAN

1

There has been growing awareness of the need for closer economic co-operation in the Caribbean, especially among the newly independent States. These Governments are convinced that a higher rate of development is necessary if living standards are to be improved in the face of high rates of population growth, and high levels of unemployment; and it is the general consensus that this can be achieved only by inducing a process of economic growth, based on the re-orientation of their economies. It is also generally recognized that the re-orientation required has the potential to create new opportunities for the sub-region; and this has stimulated a movement towards intensification of trade through its liberalization, and the adoption of policies for closer economic harmonization by some countries in the sub-region.

The Background

2. The present situation in the Caribbean very largely reflects elements of the fragmentation of the colonial period, and traditional relationships are evident in the various links between the English-speaking countries in the Caribbean and the United Kingdom, the French Antilles and France, and the Netherlands Antilles and Suriname with the Netherlands. In addition, there are the island Republics which have since the last century developed special relationships within the Inter-American system and with North America. Constitutional changes in recent

years have led to the emergence to full independence of four of the former English colonies,^{1/} and the revised constitutional status of some of the Leeward and Windward Islands making them Associated States to the United Kingdom.^{2/} Martinique and Guadeloupe are now Departments of France, and Suriname and the Netherlands Antilles are integral parts of the Kingdom of the Netherlands.

3. The unique relationships with metropolitan centres has dictated the scope and nature of development in production and in trading relationships. The patterns of economic activity still retain much of the old orientation, the emphasis being on production of a few products for export to the metropolitan centres, and with correspondingly heavy dependence on imports from those centres of the goods they need for the production process and for consumption. By and large, all the countries in the region are producers of primary commodities and heavily dependent on agriculture and mining. In the majority of cases they provide raw materials for industries located outside the region, and their ability to import depends on the prices they receive, which in turn affect almost the whole range of inputs to production and goods for consumption. The result is that they compete with each other at the level of the world market, and are all similarly affected by movements in the terms of trade. Much of their trade has been conducted under special preferential arrangements with the related metropolitan country, and in exchange for such preferences on the items they export, (mainly sugar, fresh fruit and spices), they give preferences across the full range of import items.

^{1/} Jamaica August 1962, Trinidad & Tobago August 1962, Barbados November 1966, Guyana May 1966.

^{2/} The West Indies Associated States are: Antigua, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia.

4. These bilateral links between individual Caribbean countries and the metropolitan centres were in every case much stronger than the contacts among the Caribbean countries themselves, and this has served to keep them relatively isolated from each other. As a consequence there has not been a vigorous development of multilateral trading between the Caribbean countries, and correspondingly there is an absence of institutions or stimuli for assisting each other in mutual development.

5. In addition to their relative isolation from each other, the Caribbean economies face the major handicap of having small domestic markets. Taken individually, this places a marked limitation on the possibilities for growth and for economic diversification. Unquestionably, given a wider market, the possibilities for agricultural and industrial diversification and growth would increase, so that closer economic co-operation could help in surmounting some problems of small size. It is also evident that possibilities for strengthening their economic systems are greater if they can act together, than if they remain in isolation, as they could obtain more efficient utilization of the available resources, through co-ordination of their several economic programmes and policies. But in giving attention to problems of size and location, account must also be taken of the disparities between them in endowment of natural resources, in the levels of applied technology, and in available resources for investment. Such disparities have in the past hindered the gradual formation of a more inter-related sub-regional economic system.

6. Any attempt at initiating effective co-operation among these countries must therefore be seen as an effort in the first place to raise the level of intra-regional trade. This would be accompanied by introducing an active policy of regional import substitution and developing export oriented industries. To achieve such objectives, the countries of the region would need to restructure the patterns of their production so that they are more

directly related to their own, and to sub-regional requirements. The transition process therefore would need to be of a general nature aimed at altering the basic economic situation and promoting transformation of the existing production systems. Ideally, such a process would require that development be stimulated in the context of the outlook for the sub-region as a whole; and to achieve this would require a programme of multilateral co-operation at the sub-regional level, including the establishment and sharing of the relevant technical services.

7. Many of the problems impeding formulation of such a programme for the sub-region, derive in part from the differences in constitutional status, and in part from participation in different economic and political groupings. Nevertheless efforts to encourage economic co-operation among participants in different groupings and of different constitutional status are increasing; and have been supported by action of the United Nations, and Specialized Agencies and their subsidiary bodies.^{1/}

The New Initiatives

8. The present impetus towards formulating some process of closer economic co-operation in the Caribbean sub-region has centred mainly round the recent policies of the newly independent countries and the West Indies Associated States. These policies developed out of the recognition that the trade which these countries conduct in the sub-region is relatively small, and the expectation that intensification of intra-regional trade could help stimulate their mutual development.

9. The first step was taken when the Governments of Antigua, Barbados and Guyana, adopted the text of an agreement for a Caribbean Free Trade Association (CARIFTA) in December 1965; and although that agreement was

^{1/} In this regard it is significant that the embryonic trade groupings of the Caribbean cut across constitutional levels, in that they include not only independent countries but also at the other extreme, territories which continue to be in colonial status.

not put into effect, it later became, as the Principal Agreement of CARIFTA, the basis for wider ranging negotiations aimed at enlarging the membership and the scope of the Association.

10. By early 1967 all the governments of the English-speaking countries in the Caribbean had agreed that an attempt should be made to enlarge the area of economic co-operation, and accordingly authorised their senior officials to negotiate a set of proposals in conjunction with the United Nations ECLA, the UNDP and the Universities of the West Indies and of Guyana. The proposals formulated at the meeting of senior Government Officials held in Guyana, 14-18 August 1967, included creation of a free trade zone, establishment of a Caribbean Development Bank and recommendations for other measures of co-operation in trade and industry, with an outline for the necessary supporting institutions. These went forward as recommendations to the Heads of Governments who met at Barbados, 23-29 October 1967, and adopted most of the proposals.

11. Approval was therefore given to a programme for multilateral economic co-operation that authorised:

- (a) detailed negotiations to facilitate the creation of a free trade area on 1 May 1968;
- (b) preparation of a charter for a Regional Development Bank, which also should come into operation on that date;
- (c) the Economic Commission for Latin America be requested to carry out studies into a series of measures that may be instituted to further the integration process.

As the result of these decisions by the Heads of Governments, there followed a series of intense negotiations between the Governments as

to the specific terms of the Trade Association agreement, and the particular arrangements that could be made to promote a fair sharing of benefits, taking into account the unequal levels of development of the participating countries. The emphasis in the negotiations was to agree the modifications that should be made to the text of the existing CARIFTA agreement, lists of reserved items, basic materials and rules of origin, to accommodate a wider membership.

12. Through its staff members in the Office for the Caribbean, the Commission actively assisted these Governments of the sub-region in the series of formal negotiations on trade liberalization and closer economic co-operation. The results of those negotiations are reflected in the Supplementary Agreement of CARIFTA which, together with the Principal Agreement, constitute the legal instrument of the Association. These two texts have since been consolidated by the ECLA Office for the Caribbean to form a single text of the provisions contained in the two agreements. The consolidated text is at Appendix I.

13. In February 1968, the Ministers of Trade agreed the revised text of the CARIFTA Agreement, and the Free Trade Area came into effect on 1 May 1968 with four members - Antigua, Barbados, Guyana and Trinidad & Tobago. On 1 July 1968, the West Indies Associated States acceded to the Agreement, and on 1 August, Jamaica and Montserrat became members.^{1/}

^{1/} The present membership of CARIFTA is: Antigua, Barbados, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia, St. Vincent, Trinidad & Tobago.

II

MAIN FEATURES OF THE CO-ORDINATION PROCESS

The Provisions of CARIFTA

Abolition of Tariffs

14. The cardinal principle of the CARIFTA agreement is that there should be immediate removal of all the barriers to trade in goods originating in the sub-region. Therefore, except for those commodities which are specially accorded transitional arrangements and set down in the Reserve List, all tariffs were abolished among the participants immediately the agreement came into operation. In respect of the items on the Reserve List, duties are to be gradually removed over a five-year period by the more developed countries of Barbados, Guyana, Jamaica and Trinidad & Tobago, and over a ten-year period by the less developed countries of the Leeward and Windward Islands.^{1/}

15. The primary considerations in compiling the Reserve List of items were, that there should be avoidance of serious dislocations of production in a member country consequent on the abolition of tariffs, and that there should be avoidance of sudden loss of revenue resulting from the abrupt removal of import duties on a commodity which previously had been a significant revenue earner. The intention is that the gradual removal of tariff will permit the country to make the necessary adjustments

^{1/} It is worth comparing this approach with the usual practice in similar trade groupings where import duties on all products are usually phased out over an agreed transition period. The CARIFTA countries however, have opted for the more positive and accelerated approach in that all trade among member countries is to be freed immediately, except for a small number of items on the Reserve List to be freed gradually.

to deal with these problems. A longer transition period has been accorded the West Indies Associated States, which for purposes of the Agreement, are designated less developed countries, because of their lower level of economic development, their obvious need for greater protection to existing and potential manufacturing industries, and their inability to sustain a sharp and sudden reduction of revenue from import duties.^{1/}

16. The items included in the Reserve List^{2/} are of particular interest to the West Indies Associated States, and fall into two main categories. In the first category there are three products in respect of which the more developed countries remove import duties immediately, while the less developed countries have ten years within which to remove duties. The second category contains thirteen products on which the less developed countries have to remove duties within ten years and the more developed countries within five years.

17. In addition, transitional arrangements are also provided at Annex "D" of the Agreement for phasing out the "effective protective element" in revenue duties. This provision would ensure that a domestically produced good and the same goods imported from a CARIFTA country, must be treated alike for taxation purposes at the end of the transition period. For these purposes, the "effective protective element" in revenue duties is defined as the difference between the import duty and the excise duty. These items are grouped into categories according to those that are to be phased out by all countries in five years, and those where phasing is to be achieved in a

^{1/} The seven smaller territories are heavily dependent on import duties which provide on average 47% of government revenue.

^{2/} Annex "B" of the CARIFTA Agreement.

five-year period by the more developed countries and over a ten-year period by the less developed countries. Further, the provision is that where these duties are to be eliminated over a five-year period they should be reduced annually by 20% commencing on 1 May 1969; but where they are to be eliminated over a ten-year period, the reduction must be so phased as to total not less than 50% on 1 May 1973, and 100% or total elimination by 1 May 1978.

18. The considerable importance of customs duties in the revenue of most of these countries led the governments to adopt certain provisions to safeguard the revenue position of the participants, within the operations of the Agreement. These include in particular, the right of any participating country to levy taxes for purely revenue purposes, on the condition that such internal taxes would be imposed equally on products imported from other CARIFTA countries and similar goods of domestic production. The criterion which is being applied reciprocally is that CARIFTA countries should not be discriminated against in favour of home production, but both domestic and other CARIFTA goods should have an advantage over the products of third countries, which would be liable to both revenue taxes and import duties.

19. Since some of these countries also impose export duties for revenue purposes, the governments adopted in the Agreement a prohibition on the levying of export duties on products exported to other CARIFTA countries. However, although the more developed countries must remove those duties immediately, provision is made for the gradual phasing out of such duties over a ten-year period by the West Indies Associated States.

Removal of Quantitative Restrictions

20. Consistent with the principle of rapidly accelerating trade liberalization, and the decisions on abolition of tariffs among the participants, the Agreement prohibits the imposition of quantitative restrictions on trade between CARIFTA member countries, whether they take the form of restrictions on imports or on exports.^{1/} This general provision which takes effect on coming into operation of the Agreement, is not subject to transitional arrangements. However, certain specific exceptions to the prohibition of quantitative restrictions on imports and exports are permitted which fall under three broad classes: (a) the specific arrangements outlined in the Agricultural Marketing Protocol; (b) national regulations imposed by the necessity to protect health, law and order, or public morals; and (c) permissive provisions that a member country may impose quantitative restrictions against CARIFTA products where it is faced with balance of payments difficulties, or where the reduction of duties leads to a significant decline in domestic production and employment.

Area Origin of Goods

21. The general problem of guarding against deflections of trade which could arise where individual countries maintain their own levels of duties against third countries, led to the need to define and enforce rules governing the origin of goods. The conditions of origin that must be met for goods to qualify for Area tariff treatment are that they:

^{1/} Articles 13 and 14.

- (a) have been wholly produced in the area;
- or (b) have been produced within the area and that the value of any materials imported from outside the area and used in production of the goods does not exceed 50% of the export value;
- or (c) fall within a description of goods specified in a list of manufacturing processes and produced within a member country by the appropriate qualifying process.

22. Underlying the first two criteria is the Basic Materials List which comprises seventy-three items of raw materials and semi-manufactured goods used in fabrication processes.^{1/} Materials on this list where used in domestic production, are treated as being of local origin even if they are imported from outside the CARIFTA area. In effect therefore, the value of these imported materials is taken into account in determining the finished product satisfies the percentage origin criterion.

23. It was considered necessary for approved processes to be specified, not only because this could serve to encourage establishment of certain specific manufacturing processes, but having regard to the sub-region's heavy dependence on certain imported materials and components, the products of certain advanced techniques may not otherwise qualify for area treatment under the percentage criterion.

24. Application of the origin rules also require that before a claim for Free Trade treatment is accepted by the customs authorities in any

^{1/} Annex "C" of the CARIFTA Agreement.

CARIFTA country, appropriate evidence of origin and consignment must be submitted. This comprises a declaration of origin completed by the last producer of the goods within the area, together with a supplementary declaration completed by the exporter in cases where the producer is not the exporter, - and also a certificate by a governmental authority or authorised body empowered to issue such a certificate.

Incentives and Aids to Industry

25. In addition, the agreement contains provisions for the approximation of incentives to industry, with a view to their harmonization throughout the area. With coming into force of the Agreement, certain stand-still provisions begin to operate. In summary these are:

- (i) no member country may introduce more generous incentives than the most generous already obtaining in any of the member countries;
- (ii) Government subsidies to, or direct tax concessions on, exports to other CARIFTA countries must immediately cease;
- (iii) the granting of drawbacks of duty paid on imported materials when the finished good is exported to a CARIFTA country, is prohibited.

They are supplemented by the revenue provision that internal taxation should be non-discriminatory as between domestic production and similar goods from other CARIFTA countries.

26. It was also recognised in the negotiations that it is possible for some forms of government assistance, or the operation of public undertakings in agriculture or industry, to run counter to the objectives of free trade by giving preferred treatment to domestic producers as against other CARIFTA producers. Prohibition of any such discriminatory action was therefore

written into the Agreement; however, these provisions will not apply to agricultural products, until a regional policy has been adopted by member countries for agriculture.

The Provisions for Agriculture

27. The treatment envisaged for agriculture under CARIFTA can be outlined by the following brief summary. All tariffs and quantitative restrictions applied to products of CARIFTA origin must be removed from the coming into operation of the Agreement, except that the specific marketing arrangements outlined in the Agricultural Marketing Protocol will apply for those items annexed to the Protocol.^{1/} This Protocol was devised as a positive instrument for encouraging intra-regional trade in agricultural products, as it was recognised that free trade arrangements alone would not be sufficient to promote expanded intra-regional agricultural trade, since in most member countries there were already low or zero rates of import duties on food stuffs.

28. The essence of its operation is that member countries are prohibited from importing commodities covered by the Protocol from external sources, until they have used up the supplies available in the CARIFTA sub-region. Underlying this basic principle, is the concept that agricultural production should be eventually co-ordinated among the member countries of CARIFTA. But until such time as co-ordination is effected, member countries may develop their domestic agriculture through the imposition of

^{1/} It should be noted that the Oils and Fats Agreement which has similar operational provisions to this Protocol, and which has been in operation among most of the participating countries for the past ten years, will continue as a separate multilateral agreement.

quantitative restrictions on imports of those items from other CARIFTA countries, and give government aids through subsidies and price guarantees to farmers.

Provisions for Less Developed Countries

29. In accordance with the decisions of the Heads of Governments, special preferred conditions are stipulated in the Agreement for the less developed countries. The main concessions are:

- (i) longer transition periods for phasing out import tariffs on goods;
- (ii) provisions permitting the less developed territories to accelerate the removal of tariffs among themselves, while maintaining against the more developed countries the levels of tariffs outlined in the phasing arrangements;^{1/}
- (iii) the special provisions in the Agreement for the promotion of industrial development in the less developed countries;^{2/}
- (iv) the procedures adopted for harmonization of incentives should be so devised as to include special arrangements for inducing the location of industries in those territories.

In addition to (i) and (ii) above, the less developed countries can request the Council of CARIFTA to extend the phasing out period for a commodity on the Reserve List.^{3/} As regards (iii), the article provides that the less

^{1/} Para 8 Annex "B" and para 9 Annex "D".

^{2/} Article 39 and para 7 of Annex "A".

^{3/} Para 6 Annex "B".

developed countries can, with authority of the Council, impose tariffs against the more developed countries for the establishment of infant industries. Moreover, for future industrial projects, CARIFTA countries envisage the possibility of preferentially locating some industries in the less developed countries.

The Eastern Caribbean Common Market

30. Viewing as a whole the concessions available to them under the Agreement, the Associated States agreed to advance the process of integration among themselves, by creating the Eastern Caribbean Common Market (ECCM), to operate within the Free Trade Association. Preparation of the ECCM Agreement was undertaken by those governments in consultation with ECLA's Office for the Caribbean, and it came into operation on 15 July 1968. The text is presented at Appendix II.

31. The primary considerations in formulating these arrangements were (a) to create a common market that can work smoothly within the wider free trade zone, and through which the less developed countries, acting jointly, could take advantage of the concessions offered them in CARIFTA: and (b) to harmonize the approach of these countries in the main fields of economic policy, thereby eliminating as far as possible the restrictions which inhibit the movements of production factors between them.

32. The major principles incorporated in the ECCM Agreement are: ^{1/}

- (i) elimination, as between participants, of Customs duties and of quantitative restrictions on the importation and exportation of goods, as well as of all other measures with equivalent effect;

^{1/} Article 3 of the ECCM Agreement.

- (ii) establishment of common customs tariff and common commercial policies towards countries not parties to the Agreement, to be effected within three years;
- (iii) abolition, as between members of the Common Market, of obstacles to the free movement of services and capital, and the phased removal of obstacles to the freedom of movement of persons within the Common Market;
- (iv) the progressive harmonization of investment and development policies, including industrial development, development planning, and treatment accorded to non-resident business establishments;
- (v) the co-ordination of currency and financial policies;
- (vi) the progressive harmonization of taxation policies and incentive legislation in order to promote the equitable distribution of industries among member states;
- (vii) a co-operative approach to infra-structural development especially in the fields of transport and communication;
- (viii) a common policy to agricultural development.

Exclusions and Exceptions of the Agreements

33. Both the CARIFTA and the ECCM Agreements contain the provision that binding arrangements concluded contractually between members of the private sector and a participating government prior to the operative date of the trade agreements, would be excluded from the trade liberalization measures in the first instance. The products affected

would continue to receive the benefits of the contract arrangements in the individual country. However, the country concerned must report regularly to the Council on the steps being taken to reconcile the contractual obligations with the provisions of the Agreements. Moreover, other member countries have the right not to extend area treatment to such products.

34. In addition, both Agreements recognise that a country which is faced with balance of payments problems or other difficulties in particular sectors, may resort to the imposition of quantitative restrictions or generally limit its imports to correct the situation. The arrangements therefore provide for a member country to limit imports from other participants under such circumstances, after notification to the Council. A similar provision is made for limitation on imports from other member countries during the first five years of the operation of the agreements, if difficulties in particular sectors adversely affect demand and employment.

Transport Provisions of the Agreements

The Agreements reflect the concern of governments with the role of transport in their policies for the diversification of agricultural production and industrial growth. The CARIFTA Agreement imposes on the member governments the obligation to maintain and improve the services of regional carriers to facilitate the trade within the area, and to act to obtain rationalization of freight rates between the area and its main export and import markets. The Agreement on the Eastern Caribbean Common Market requires the parties to formulate a common transport policy within three years of coming into force of the Agreement. Member states should lay down common rules governing the operation and development of inter-territorial transport within the market area, non-discriminatory on the basis of origin or destination of goods carried within the market area.

III

PRESENT SITUATION, SOME PROBLEMS AND OBSTACLES

35. The implementation of these new arrangements quickly brought into focus a range of problems relating to actual supervision of trade, and administration of the various provision. A major general problem has been that of arriving at a measure of uniformity for the treatment of CARIFTA goods, both in Customs regulations and in procedures. Further, in a few cases there have been specific problems of interpretation of some provision in the CARIFTA Agreement, and this has necessitated re-examination of the text by the Council and the Governments.

36. The Council of CARIFTA acted promptly in establishing a Secretariat,^{1/} with terms of reference which were drafted by the ECLA Office for the Caribbean and adopted by the Governments. As regards the ECCM, supervision of the Common Market arrangements was entrusted to the already existing Inter-Governmental Secretariat that serves the Associated (West Indies) States. An immediate problem facing the Secretariats is the shortage of trained staff to cope with the volume of work involved in administering the Agreements.

Uniformity in Trade Classification

37. Classification of goods for customs purposes is not uniform as between the participants in the Agreements. The tariff classifications used in the majority of cases are based on the Standard International Trade Classification (SITC), either original or revised series. In one case a transition is being made from tariff classification based on the

^{1/} The Regional Secretariat which is located in Georgetown, Guyana, is financed jointly by the governments participating in the CARIFTA.

SITC, to utilization of the Brussels Tariff Nomenclature (BTN); and in three cases there are purely national classifications in use, related neither to the SITC nor the BTN.

38. It has been recognised that the Customs officials themselves would have to deal with problems of non-uniformity of tariff classifications until such time as a uniform classification is instituted.^{1/} The recommendations of the Comptrollers of Customs regarding uniform classification of items on the Reserve List and on the Basic Materials List have been adopted by the Council and are being observed in operation of both the CARIFTA and the ECCM Agreements.

Evidence of Origin

39. Prior to the coming into operation of the CARIFTA Agreement, the Comptrollers of Customs considered the problems of suitable documentary evidence for establishing CARIFTA origin of goods, and devised a set of forms to be used throughout the area for purposes of shipping invoice, certification of value, and declaration of origin. Although they have served these purposes reasonably well, it has already proved necessary to introduce revisions to meet day-to-day requirements; and this process may go on for some time.

40. Examination of the criteria for origin of goods revealed some problems of implementation relating to valuation of goods, actual means of satisfying the origin criteria, and some operations which the Council considers do not qualify for inclusion in the "list of processes".

^{1/} The Council of CARIFTA has already agreed that the uniform tariff classification to be adopted should be based on the BTN, and has initiated a study for this purpose.

Some of these problems stem from the fact that most of the Customs departments do not have an investigation branch, only a few have an independent valuation branch, and also because work is still continuing on finalization of the "process list". It has therefore been necessary for the Council to take certain operational decisions, based on recommendations from the Comptrollers of Customs and from the Technical Advisory Group of CARIFTA. These are as follows:

- (a) special provision should be made by each government to deal with problems of valuation;
- (b) the onus for establishment of origin of goods be placed on the exporter;
- (c) Competent Authorities be designated by each government to certify that the origin criteria have been met by the exporter;
- (d) with a view to minimising the complexity of Customs procedures, all the elements of invoice, valuation, certification of origin be combined into single presentations to satisfy the required documentation;
- (e) each government would submit to the Regional Secretariat a list of manufacturing processes already in operation in its territory, and this information would be used by the Council in finalising the "process list".

41. There are also the problems that derive from the range and variety of Customs rules and regulations relating to health and quarantine as they affect commodities and trade. These matters are still under active discussion with a view to clarifying and simplifying them, and agreeing to some measure of unification.

42. Regarding breaches of the free trade area arrangements, and penalties for such breaches, the principle is observed that there should be non-interference with the judiciary processes in the various member countries. Each government must therefore establish its own machinery for investigating reported breaches, but may call on assistance from other territories. As regards penalties, each participating country would apply its own penalty, in conformity with its scale of penalties for similar offences.

43. Another area where problems have become apparent has been in the treatment that should be accorded to fish and marine products in the free trade area. Examination has revealed that these particular problems are related to such matters as registration, ownership, and operation of vessels. Some governments have already begun to re-examine the whole range of circumstances affecting registration, ownership and operation of vessels, with a view to revising the framework of shipping legislation. So far specific solutions have not yet been reached on the problems of area treatment for marine products.

44. Although the CARIFTA Agreement has been in force since 1 May 1968, problems of implementation made it necessary to postpone the coming into operation of the Agricultural Protocol until early 1969. The principles for operating the Protocol require that practical mechanisms be initiated which can promote the co-ordination of supply and demand in the trade in agricultural products, so as to implement the policy of import substitution at the sub-regional level. The machinery envisaged was that participating governments would regularly supply information about requirements and available supplies, on the basis of which the Regional Secretariat would allocate markets for each commodity.

45. A major difficulty is that there presently exists little information, commodity by commodity, as to the level of current production in domestic agriculture in most of the CARIFTA countries. The expectation is that the gradual build-up of information on available supplies and requirements, would reveal not only sources and quantities, but also the geographical and seasonal patterns of trade in agricultural products. This is an important factor for market allocation of food crops in the area, as some countries may well be exporters of a particular item in one season, and be importers at another season.

46. As a basis for implementing a sub-regional programme of import substitution in agriculture, the Protocol establishes the priority that the countries meet their import needs from available surpluses within the area. Nevertheless, taking CARIFTA as a whole, the arrangement has some danger, at least in the short run, of being a static one concentrating on the marketing aspects of surpluses. This could stem from the freedom of each government to increase its production of any or all commodities, and to apply its own internal support policies in agriculture, without due regard to the eventual advantages of concentrating the additional production efforts on those items where natural conditions permit higher yields, greater productivity and lower unit costs of output. This danger is however somewhat mitigated by the decision already taken among the ECCM countries to pursue a common policy in agriculture.

47. Attention will therefore need to be given by the governments and the Secretariat to the encouragement of specialization, on the basis that each country would fully exploit production of the items in which it has a comparative advantage.

48. Another problem is the fixing of an area price for each commodity, as is required by the Protocol. No specific criteria have yet been determined for the purpose of fixing the area price. Obviously such criteria would need to take into account the variations in prices quoted by various exporting countries, the relationships to internal prices, and current international prices.

49. Notwithstanding these problems, the Agricultural Marketing Protocol is a good initial solution for tackling the very complex problems involved in a programme of sub-regional agricultural co-operation. It establishes an appropriate compulsory preference for commodities originating within the area, without running the risk of jeopardizing domestic production as a consequence of open competition.

50. While unusually rapid advance has been made with the creation of CARIFTA and the ECCM, there has been very little progress in setting up the Caribbean Development Bank. Since the Ministers of Finance meeting in April 1968 when the crucial problem of location of the Bank was discussed, there has been no further examination of the draft Charter.^{1/} Solutions to the key problems of location and participation in the Bank have not yet been found.

51. It is of significance that most countries participating in CARIFTA saw the Development Bank as a vital part of the integration process. This is reflected in the Resolution on integration adopted by the Heads of Governments and which is incorporated as Annex "A" to the CARIFTA Agreement. The Bank, which was to commence on the same day as CARIFTA,

^{1/} Preparation of the draft Charter was undertaken by the UNDP at the request of, and in co-ordination with, the Governments.

was seen as playing a complementary role in the field of development, and the co-ordination process initiated in the field of trade. Consequently, the possibility that delay in establishment of the Bank could have adverse repercussions on CARIFTA, cannot be discounted.

IV

THE PROSPECTS FOR EVOLUTION

Decisions Beyond CARIFTA

52. The recommendations on the subject of closer economic co-operation made to the Heads of Government and the decisions that were subsequently taken, imply that creation of the free trade area is widely regarded as the initial step in a wider ranging programme of multilateral economic co-operation. Those decisions included authorizations for studies to be conducted into other measures that could be implemented to further the integration process.

53. At the same time that the Heads of Governments approved establishment of the Free Trade Association, they also agreed that the Commonwealth Caribbean countries should "immediately take steps to initiate studies to determine whether the objective of achieving trade expansion to the mutual benefit of the member states can be facilitated by establishment of a common external tariff in whole or in part." ^{1/} Following up on this decision, the Council of CARIFTA directed that a small group of selected experts should commence work on the preparation of a schedule of common external tariffs. Concurrently with this, the members of the ECCM have been negotiating on the common set of tariffs that they should adopt.^{2/}

^{1/} Para 3 Annex "A" of the CARIFTA Agreement.

^{2/} It should be noted that since the Eastern Caribbean Common Market came into operation, this aspect of their relations has been governed by a special protocol which provides that until such time as a common external tariff is agreed by the Council of Ministers of the ECCM, there would be no alterations in customs treatment applicable among member states as regards other countries in respect of all commodities.

54. Depending on the outcome of these studies and the state of the political climate, there is the possibility that the co-operation process would extend to trade conducted with countries outside the sub-region. In the context of the historical development patterns in these countries, this would involve a re-examination of some traditional relationships.

55. Clearly the Governments envisaged the possibility that the process would not necessarily be limited to trade, but could be extended also to production. Already there are provisions in CARIFTA that will not be operational until agricultural production is co-ordinated among the member countries. Beyond this the Heads of Government have stated the principle that certain industries may require for their economic viability the whole or a large part of the entire sub-regional market protected by a common external tariff or other suitable instrument. Accordingly, they authorised that studies be undertaken to formulate criteria that could be applied in respect of such industries and their location, having special regard to the situation of the relatively less developed countries.^{1/}

56. The decisions regarding possible co-operation in the field of industry paid particular attention to the situation of the Associated States, as separate studies have been requested on the identification of industries suitable for location in those states.^{2/} The reports of these studies should present recommendations on the special measures to be introduced to facilitate the establishment of those industries.

^{1/} The ECLA was requested to mount these studies. See paragraph 19 of Annex "A".

^{2/} Paragraph 7 of Annex "A".

57. As these further steps would be supplemented by a harmonized policy of incentives to industry, already provided for in CARIFTA,^{1/} the scope for greater multilateral co-operation among the CARIFTA countries is really quite considerable. But it must be borne in mind that the nature and pace of implementation of such measures must take into account the particular relationships with international corporations which formed the basis of recent industrial development.^{2/}

58. A new approach of looking at some industrial sectors in the sub-regional context could pave the way for promoting a greater degree of specialization while reducing the level of duplication, and also enable the countries to take advantage of complementarity in industry.

CARIFTA and Wider Latin America

59. The CARIFTA Governments, at the time of concluding the arrangements for the Free Trade Association, were conscious of the need to develop throughout the whole Caribbean sub-region a higher level of intra-regional co-operation. They therefore made provisions for the accession of other countries to the Agreement. It is a matter of record that some of these governments envisage that in time a process of Caribbean economic integration of wider geographical scope might evolve, and are prepared

^{1/} Article 23 of the Agreement.

^{2/} Primary industries like bauxite in Guyana and Jamaica, and petroleum in Trinidad & Tobago were established and continue to operate under special licences negotiated between the Governments and the international corporations. Beyond this there have been the permissive and incentive arrangements that facilitated the establishment by foreign companies of locally registered firms and subsidiaries, under export encouragement laws and pioneer industries laws. These arrangements have made it possible for such businesses established locally to draw on the technological expertise of the parent firms abroad, and in some cases even to produce on order for the markets of the parent firms.

to support initiatives in that direction. Such initiatives may need to include solutions compatible with the variety of constitutional relationships, and formal links with extra-regional trade groups, that derived from the historical situation.^{1/}

60. While dependence of export agriculture on preferential markets is still one of the determining factors in the commercial policies of CARIFTA countries, it is significant that the responses to recent efforts by the United Kingdom to join the European Economic Community, included decisions (a) that there should be an accelerated effort to reduce the dependence on the British market through a restructuring of production; (b) that there should be established new economic relations with neighbours in the Latin America region; and (c) for most countries policies leading to a greater rapprochement with countries of the Inter-American system.^{2/}

61. The activities that ECLA will pursue in preparing a special programme of study in the Caribbean Basin, commencing with transport, could indicate areas of possible co-operation between, for example, CARIFTA and the CACM. In addition, the strengthening of ECLA's programmes of co-operation with the integration agencies could identify

^{1/} For example special relationships of some countries in the area with the EEC would need to be taken into account.

^{2/} At the 1967 Punta del Este Conference of Presidents of the Americas, Trinidad & Tobago, the only CARIFTA country represented, gave a commitment to participate in the efforts towards establishment of a Latin American Common Market by 1985. Recent announcements by the Government of Trinidad & Tobago indicate that serious consideration is being given to the possibility of joining the proposed Andean Common Market. Also, the Prime Minister of Barbados, addressing the OAS on 12 September 1968, announced his country's desire for a reorientation of foreign economic relations towards Latin America.

lines of common interest along which co-operation among the region's sub-groups might be promoted.

62. There is also a keenness already demonstrated by some members, for CARIFTA to be associated with the process of convergence that is being initiated between the Latin American Free Trade Association (LAFTA) and the Central American Common Market (CACM).^{1/} They have expressed a strong concern that this process should take into account sub-regional integration activities which have been initiated since the Declaration of the Presidents of the Americas. This would be consistent with the decisions of the Presidents that by co-ordinating sub-regional groupings more rapid progress can be made towards the economic integration of Latin America.

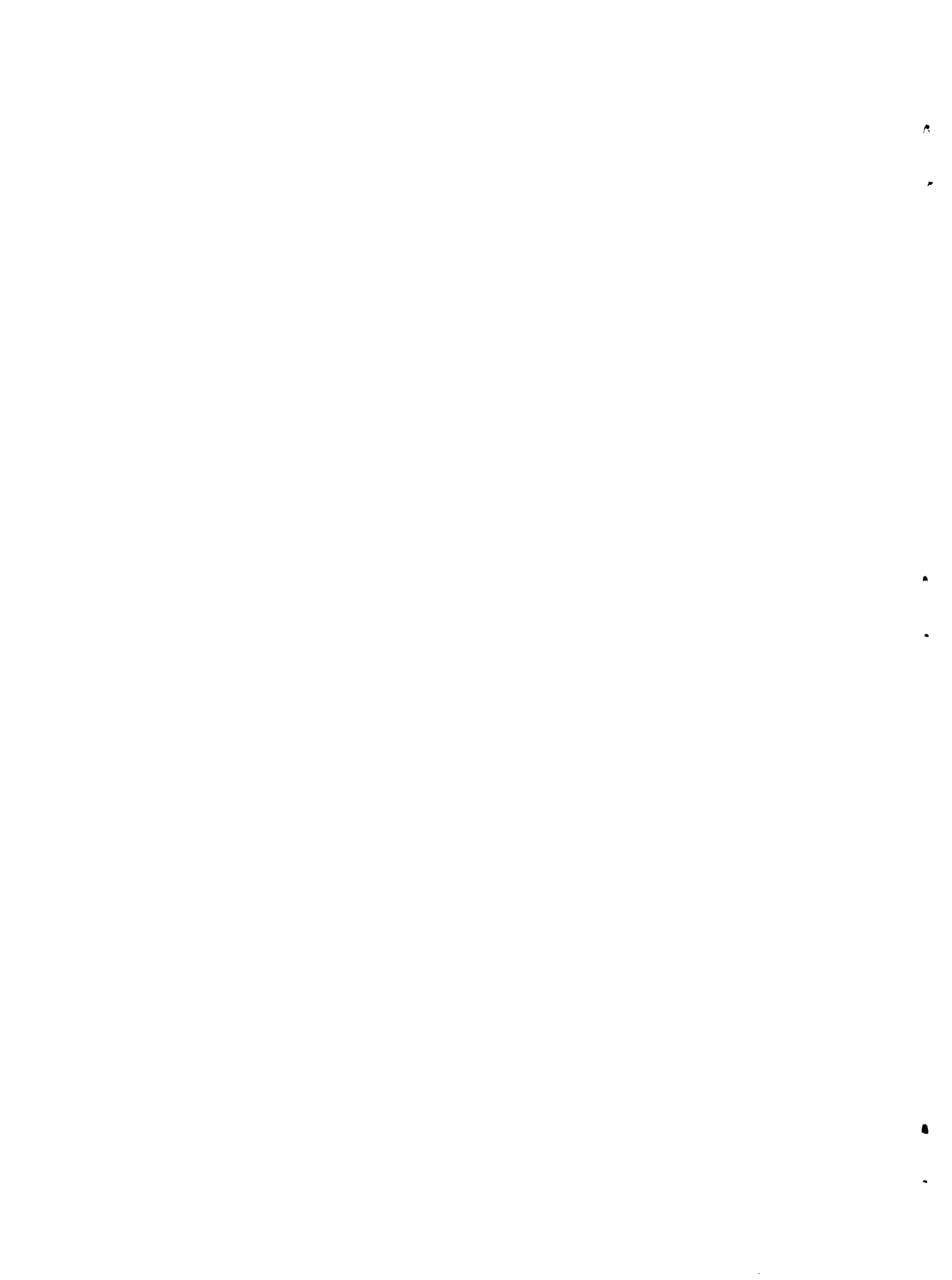
63. Inclusion of CARIFTA in the work of the ALALC/MCCA Co-ordinating Commission would allow these countries to organize reciprocally their economic relations. By co-ordinating their respective activities, and reducing gradually the existing disparities, they could encourage the evolution of an appropriate framework that would guarantee feasibility and compatibility with the general process of Latin American integration.

64. It is true that up to the present the potential gains which could accrue from closer association of the Caribbean countries with continental Latin America have not been specifically identified. But it would appear at first sight that there is little room for traditional export crops in the wider Latin American markets, and that the area of co-operation would therefore lie more in the trade of raw materials, processed foodstuffs and manufactured goods, and by exploring areas of complementarity.

^{1/} It is not entirely without significance that the ALALC/MCCA Co-ordinating Commission held its first session in a CARIFTA country - Trinidad & Tobago.

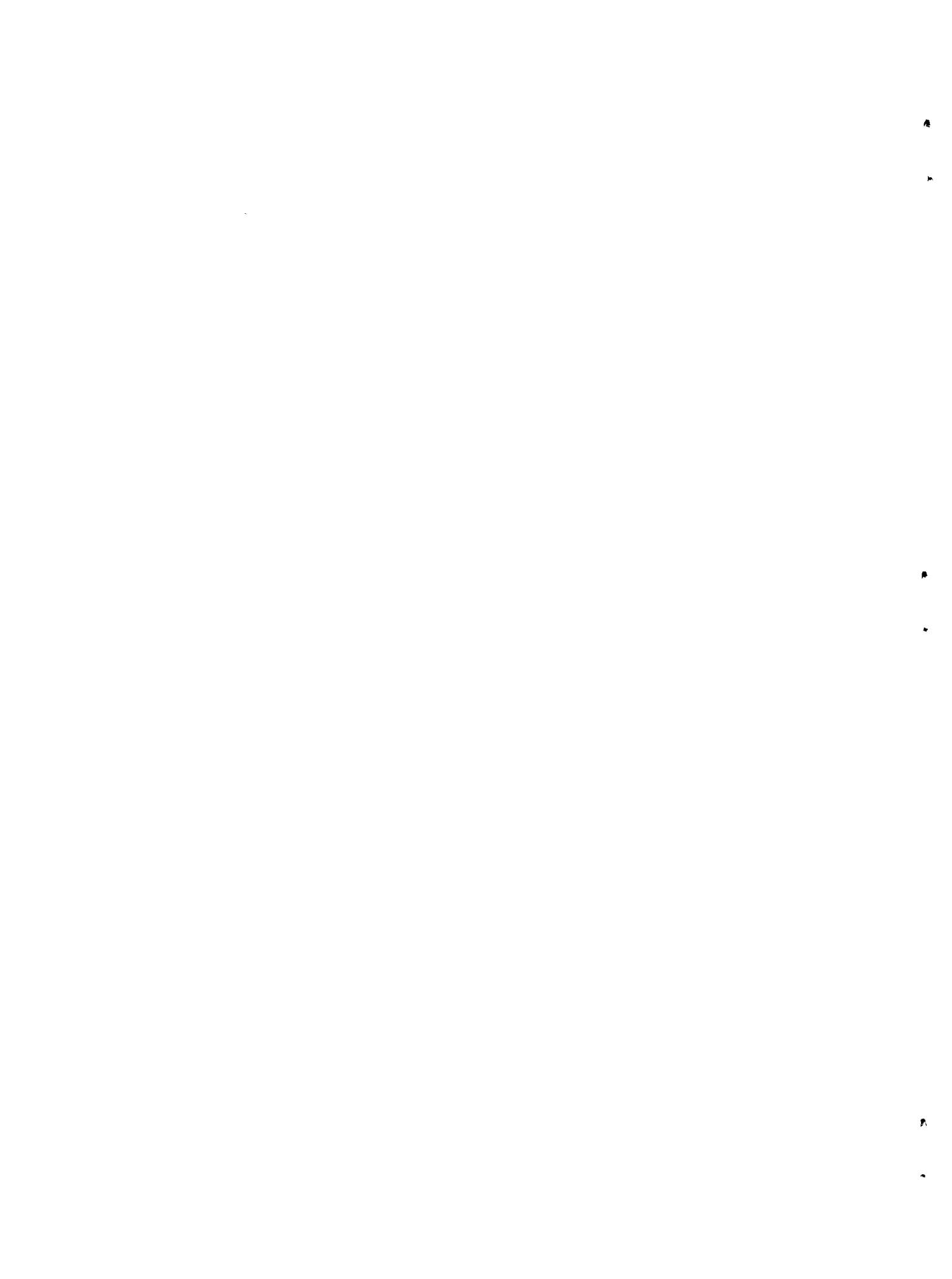






CARIBBEAN
FREE TRADE
ASSOCIATION

TEXT CONSOLIDATING THE PROVISIONS
OF
THE PRINCIPAL AGREEMENT
AND
THE SUPPLEMENTARY AGREEMENT

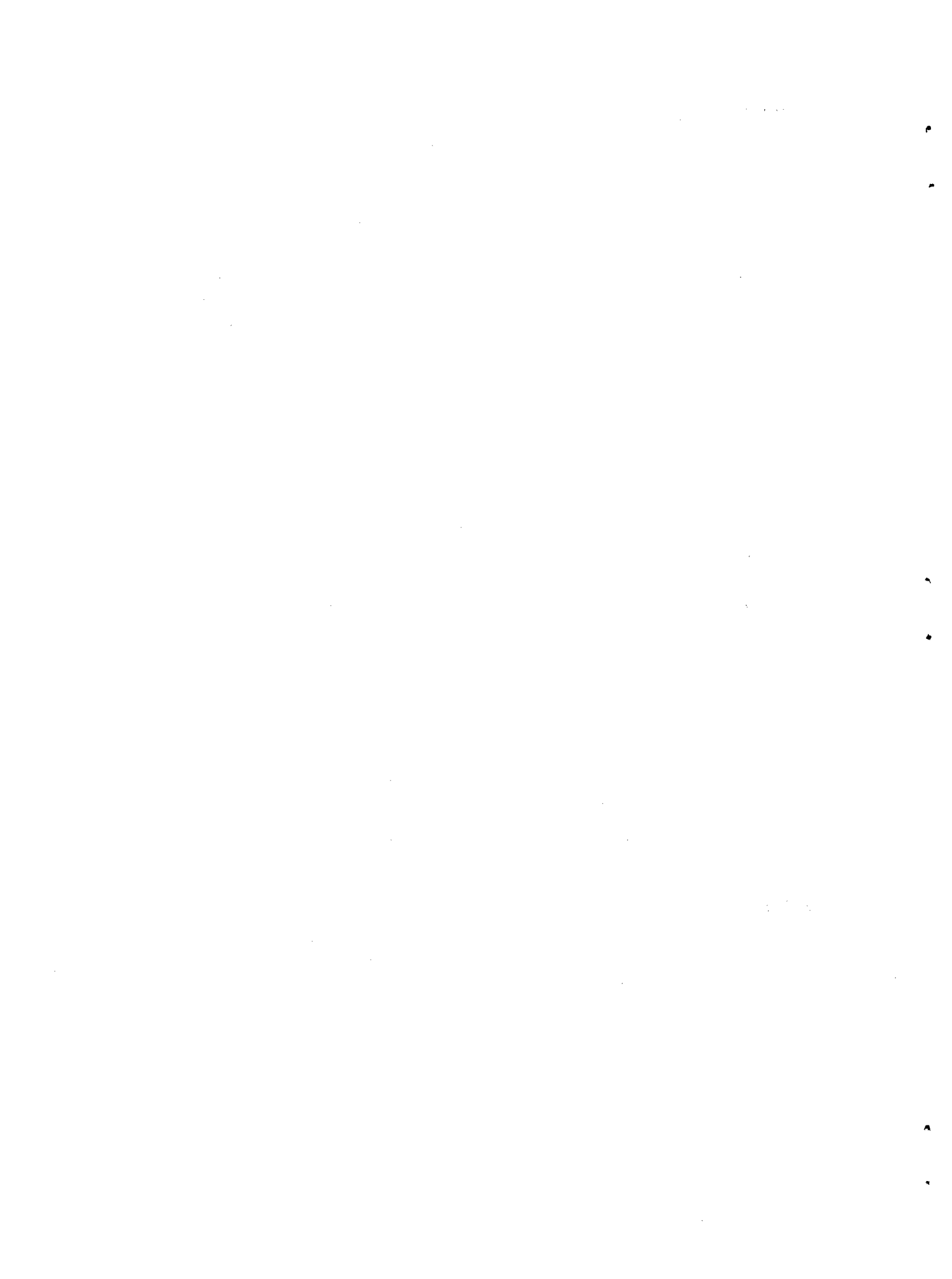


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AGREEMENT ESTABLISHING
THE CARIBBEAN
FREE TRADE ASSOCIATION

THE GOVERNMENTS OF THE SIGNATORY TERRITORIES -

SHARING a common determination to fulfil within the shortest possible time the hopes and aspirations of the peoples of the Caribbean Territories for full employment and improved living standards;

CONSCIOUS that these goals can most rapidly be attained by the optimum use of available human and other resources and by accelerated, co-ordinated and sustained economic development;

AWARE that the broadening of domestic markets through the elimination of barriers to trade between the Territories is a pre-requisite to such development;

CONVINCED that such elimination of barriers to trade can best be achieved by the immediate establishment of a free trade area which will contribute to the ultimate creation of a viable economic community of Caribbean Territories;

MINDFUL of the different levels of development attained by the Territories of the Caribbean;

HAVE AGREED as follows:-

ARTICLE 1

Association

1. An Association to be called the Caribbean Free Trade Association (hereinafter referred to as "The Association") is hereby established.

2. The Members of the Association, hereinafter referred to as "Member Territories" shall be the Territories on behalf of the Governments of which this Agreement is ratified in accordance with Article 31 and such other Territories as participate therein by virtue of paragraph 1 of Article 32, and for the purposes hereof, "Territories" includes sovereign states internationally recognised.

3. The institutions of the Association shall be a Council and such organs as are mentioned in paragraph 3 of Article 28.

4. The Caribbean Free Trade Association shall operate over the areas of the Member Territories collectively called the Caribbean Free Trade Area (hereinafter referred to as "The Area").

ARTICLE 2

Objectives

The objectives of the Association shall be -

- (a) to promote the expansion and diversification of trade in the area of the Association;
- (b) to secure that trade between Member Territories takes place in conditions of fair competition;
- (c) to encourage the balanced and progressive development of the economies of the Area in keeping with paragraphs 3 to 10 of the Resolution adopted at the Fourth Conference of the Heads of Government of Commonwealth Caribbean Countries and set out in Annex A;
- (d) to foster the harmonious development of Caribbean trade and its liberalisation by the removal of barriers to it;
- (e) to ensure that the benefits of free trade are equitably distributed among the Member Territories.

ARTICLE 3

Exclusion from this Agreement

1. The provisions of this Agreement shall not affect the rights and obligations under any agreements entered into by any of the Parties to this Agreement before the effective date hereof and notified to the Council:

Provided, however, that each Party shall take any steps at its disposal which are necessary to reconcile the provisions of any of such agreements with the purposes of this Agreement.

Provided further that, in case of any non-observance of any provisions of this Agreement on the part of a Member Territory pursuant to its exemption in that behalf by virtue of the foregoing provisions of this Article, any other Member Territory which considers that it would enjoy any benefit under this Agreement but for such exemption may, if no satisfactory settlement is reached between the Member Territories concerned, refer the matter to the Council, which may, by majority decision, authorise any Member Territory to suspend to the first-mentioned Member Territory the application of such obligations under this Agreement as the Council considers meet, due regard being had to the report of such committee (if any) as may have been constituted in accordance with Article 27 to examine the matter, and paragraphs 2 and 5 of Article 26 shall apply mutatis mutandis in the case of any reference under this proviso as they apply in the case of a reference under paragraph 1 of Article 26.

2. All such agreements shall be registered in such form as the Council shall decide and by way of such service in that behalf as shall be arranged pursuant to sub-paragraph (b) of paragraph 1 of Article 29.

3. The Council shall annually review the observance by Parties to this Agreement of the first proviso to paragraph 1 of this Article and may from time to time, by majority vote, recommend to any of them the taking of any steps for the purposes of that proviso.

4. For the purposes of this Article, "agreements" means any agreements concluded by instruments, or any arrangements made in writing which the Council decides, by majority vote, constitute agreements for those purposes, but does not include any agreements or arrangements entered into by a Party hereto, not being the Government of Grenada, in respect of which negotiations commenced after the 22nd February, 1968.

ARTICLE 4

Import Duties

1. Subject to the provisions of Annex B, Member Territories shall not apply any import duties on goods which are eligible for Area tariff treatment in accordance with Article 5.

2. For the purposes of this Article and Annex B, the term "import duties" means any tax or surtax of customs and any other charges of equivalent effect - whether fiscal, monetary or exchange - which are levied on imports, except duties notified under Article 7, and other charges which fall within that Article.

3. The provisions of this Article do not apply to fees and similar charges in respect of services rendered and nothing in paragraph 2 of this Article shall be construed to exclude from the application of paragraph 1 of this Article any tax or surtax of customs on any product neither the like of which, nor a competitive substitute for which, is produced in the importing Member Territory, or to extend such application to non-discriminatory internal charges on any such product.

4. For the purposes of paragraph 3 of this Article -

- (a) "non-discriminatory" means non-discriminatory as between goods eligible for Area tariff treatment as aforesaid and goods not so eligible;
- (b) a charge shall not be deemed other than internal by reason only that it is collected at the time and place of importation.

ARTICLE 5

Area Origin for Tariff Purposes

1. For the purposes of Articles 4 to 8, goods shall, subject to Annex C, be accepted as eligible for Area tariff treatment if they are consigned from a Member Territory to a consignee in the importing Member Territory and if they are of Area origin under any one of the following conditions -

- (a) that they have been wholly produced within the Area;
- (b) that they fall within a description of goods listed in a Process List to be established by decision of the Council and have been produced within the Area by the appropriate qualifying process described in that List;
- (c) that they have been produced within the Area and that the value of any materials imported from outside the Area or of undetermined origin which have been used at any stage of the production of the goods does not exceed 50 per cent of the export price of the goods.

2. For the purposes of sub-paragraphs (a), (b) and (c) of paragraph 1 of this Article, materials listed in the Basic Materials List which forms the Schedule to Annex C, which have been used in the state described in that List in a process of production within the Area, shall be deemed to contain no element imported from outside the Area.

3. Nothing in this Agreement shall prevent a Member Territory from accepting as eligible for Area tariff treatment any imports consigned from another Member Territory, provided that the like imports consigned from any Member Territory are accorded the same treatment.

4. Provisions necessary for the administration and effective application of this Article are contained in Annex C.

5. The Council may decide to amend the provisions of this Article, Annex C and the Process List established under sub-paragraph (b) of paragraph 1 of this Article.

6. The Council shall from time to time examine in what respect this Agreement can be amended in order to ensure the smooth operation of the origin rules.

7. Nothing in this Agreement shall require a Member Territory to accept as eligible for Area tariff treatment any imports consigned from another Member Territory and consisting of, or manufactured from, oils and fats as defined by clause 2 of the Oil and Fats Agreement, or any of such oils or fats, where the Government of one of such Territories is a party to the Oils and Fats Agreement, and the Government of the other of such Territories is not a party to that Agreement, being the Agreement made on the 26th January, 1967, between the Governments of Barbados, Dominica, Grenada, Guyana, St. Lucia, St. Vincent and Trinidad and Tobago or any Agreement amending or replacing the same.

ARTICLE 6

Deflection of Trade

1. For the purposes of this Article, trade is said to be deflected when -

- (a) imports into a Member Territory of consignments of a particular product from another Member Territory are increasing -
 - (i) as a result of the reduction or elimination in the importing Member Territory of duties and charges on that product in accordance with Article 4 or 7, and
 - (ii) because the duties or charges levied by the exporting Member Territory on imports of raw materials or intermediate products, used in the production of the product in question, are significantly lower than the corresponding duties or charges levied by the importing Member Territory, and
- (b) this increase in imports causes or would cause serious injury to production which is carried on in the importing Member Territory.

2. The Council shall keep under review the question of deflections of trade and their causes. It shall take such decisions are necessary in order to deal with the causes of deflection of trade by amending the rules of origin in accordance with paragraph 5 of Article 5 or by such other means as it may consider appropriate.

3. If a deflection of trade of a particularly urgent nature occurs, any Member Territory may refer the matter to the Council. The Council shall take its decision as quickly as possible and, in general, within one month. The Council may, by majority decision, authorise interim measures to safe-guard the position of the Member Territory in question. Such measures shall not continue for longer than is necessary for the procedure under paragraph 2 above to take place, and for not more than two months, unless in exceptional cases, the Council, by majority decision, authorises an extension of this period by not more than two months.

4. A Member Territory which is considering the reduction of the effective level of its duties or charges on any product not eligible for Area tariff treatment, shall, as far as may be practicable, notify the Council not less than thirty days before such reduction comes into effect, and shall consider any representations by other Member Territories that the reduction is likely to lead to a deflection of trade. Information received under this paragraph shall not be disclosed to any person outside the service of the Association or the Governments of Member Territories.

5. When considering changes in their duties or charges on any product not eligible for Area tariff treatment, Member Territories shall have due regard to the desirability of avoiding consequential deflections of trade. In case of any such change, any Member Territory which considers that trade is being deflected may refer the matter to the Council in accordance with Article 26.

6. If, in the consideration of any complaint in accordance with Article 26, reference is made to a difference in the level of duties or charges on any product not eligible for Area tariff treatment, that difference shall be taken into account only if the Council finds by majority vote that there is a deflection of trade.

7. The Council shall review from time to time the provisions of this Article and may decide to amend those provisions.

ARTICLE 7

Revenue Duties and Internal Taxation

1. Subject to the provisions of Annex D, Member Territories shall not -

- (a) apply directly or indirectly to imported goods any fiscal charges in excess of those applied directly or indirectly to like domestic goods, nor otherwise apply such charges so as to afford effective protection to like domestic goods; or
- (b) apply fiscal charges to imported goods of a kind which they do not produce, or which they do not produce in substantial quantities, in such a way as to afford effective protection to the domestic production of goods of a different kind which are substitutable for the imported goods, which enter into direct competition with them and which do not bear, directly or indirectly, in the country of importation, fiscal charges of equivalent incidence.

2. A Member Territory shall notify the Council of all fiscal charges applied by it where, although the rates of charge, or the conditions governing the imposition of collection of the charge, are not identical in relation to the imported goods and to the like domestic goods, the Member Territory applying the charge considers that the charge is, or has been made, consistent with sub-paragraph (a) of paragraph 1 of this Article. Each Member Territory shall, at the request of any other Member Territory, supply information about the application of paragraph 1 of this Article.

3. For the purposes of this Article and Annex D -

- (a) "fiscal charges" means revenue duties, internal taxes and other internal charges on goods;
- (b) "revenue duties" means customs duties and other similar charges applied primarily for the purpose of raising revenue; and
- (c) "imported goods" means goods which are accepted as being eligible for Area tariff treatment in accordance with Article 5.

ARTICLE 8

Export Drawback

Each Member Territory may refuse to accept as eligible for Area tariff treatment goods which benefit from export drawback allowed by Member Territories in which the goods have undergone the processes of production which form the basis of the claim to Area origin. In applying this paragraph, each Member Territory shall accord the same treatment to imports consigned from all other Member Territories.

For the purposes of this Article -

- (a) "export drawback" means any 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 if certain goods or materials are exported, but not if they are retained for home use;
- (b) "remission" includes exemption for materials brought into free ports and other places which have similar customs privileges;
- (c) "duties" means (i) all charges on or in connection with importation, except fiscal charges to which Article 7 applies and (ii) any protective element in such fiscal charges;
- (d) "materials" and "process of production" have the meanings assigned to them in Rule 1 of Annex C.

ARTICLE 9

Prohibition of export duties

1. Member Territories shall not apply any export duties.
2. The provisions of this Article shall not prevent any Member Territory from taking such measures as are necessary to prevent evasion, by means of re-export, of duties which it applied to exports to territories outside the Area.
3. For the purposes of this Article, "export duties" means any duties or charges with equivalent effect imposed on or in connection with the exportation of goods from any Member Territory to a consignee in any other Member Territory.
4. Nothing in this Article shall preclude a Member Territory from applying to any commodity listed in Annex E, within ten years from the effective date of this Agreement, export duty not exceeding that applicable by the Member Territory to such commodity immediately before the effective date of this Agreement.
5. Any Member Territory which, pursuant to paragraph 4 of this Article, applies or continues to apply export duty to any commodity listed in Annex E shall notify the Council of every commodity on which export duty is applied and the rate of such duty. The Council shall keep under review the question of such export duties and may at any time by majority vote make recommendations designed to moderate any damaging effect of those duties.

ARTICLE 10

Co-operation in customs administration

Member Territories shall take appropriate measures, including arrangements regarding administrative co-operation, to ensure that the provisions of Articles 4 to 8 and of Annexes B, C, and D are effectively and harmoniously applied, taking account of the need to reduce as far as is possible the formalities imposed on trade and of the need to achieve mutually satisfactory solutions of any difficulties arising out of the operation of those provisions.

ARTICLE 11

Freedom of Transit

Products imported into, or exported from, a Member Territory shall enjoy freedom of transit within the Area and shall only be subject to the payment of the normal rates for services rendered.

ARTICLE 12

Dumped and subsidised imports

1. Nothing in this Agreement shall prevent any Member Territory from taking action against dumped or subsidised imports consistently with any international obligations to which it is subject.

2. Any products which have been exported from one Member Territory to a consignee in another Member Territory and have not undergone any manufacturing process since exportation shall, when reimported into the first Member Territory, be admitted free of quantitative restrictions and measures with equivalent effect. They shall also be admitted free of customs duties and charges with equivalent effect, except that any allowance by way of drawback, relief from duty or otherwise, given by reason of the exportation from the first Member Territory, may be recovered.

3. If any industry in any Member Territory is suffering or is threatened with material injury as the result of the import of dumped or subsidised products into another Member Territory, the latter Member Territory shall, at the request of the former Member Territory, examine the possibility of taking, consistently with any international obligations to which it is subject, action to remedy the injury or prevent the threatened injury.

ARTICLE 13

Quantitative Import Restrictions

1. Subject to anything to the contrary in any agricultural marketing arrangements made pursuant to paragraph 6 of Annex A and laid down in a Protocol between the Parties to this Agreement, a Member Territory shall not apply any quantitative restrictions on imports of goods from any other part of the Area.

2. For the purposes of the preceding paragraph, "Quantitative restrictions" means prohibitions or restrictions on imports into any Member Territory from any other part of the Area whether made effective through quotas, import licences or other measures with equivalent effect, including administrative measures and requirements restricting import.

3. The provisions of this Article shall not prevent any Member Territory from taking such measures as are necessary to prevent evasion, of any prohibitions or restrictions which it applies to imports from territories outside the Area.

ARTICLE 14

~~Quantitative~~ Export Restrictions

1. Subject as mentioned in paragraph 1 of Article 13, a Member Territory shall not apply any prohibitions or restrictions on exports to any other part of the Area, whether made effective through quotas or export licences or other measures with equivalent effect.

2. The provisions of this Article shall not prevent any Member Territory from taking such measures as are necessary to prevent evasion, of any prohibitions or restrictions which it applies to exports to territories outside the Area.

ARTICLE 15

General Exceptions

Provided that such measures are not used as a means of arbitrary or unjustifiable discrimination between Member Territories, or as a disguised restriction on the inter-territorial trade of the Area, nothing in Articles 13 and 14 shall prevent the adoption or enforcement by any Member Territory of measures

- (a) necessary to protect public morals;
- (b) necessary for the prevention of disorder or crime;
- (c) necessary to protect human, animal or plant life or health;
- (d) 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;
- (e) necessary to protect industrial property or copyrights or to prevent deceptive practices;
- (f) relating to gold or silver;
- (g) relating to the products of prison labour;
- (h) imposed for the protection of national treasures of artistic historic or archaeological value; or
- (i) necessary to prevent or relieve critical shortages of foodstuffs in any exporting Member Territory.

ARTICLE 16

Security Exceptions

1. Nothing in this Agreement shall prevent any Member Territory from taking action which it considers necessary for the protection of its essential security interests, where such action -

- (a) is taken to prevent the disclosure of information;
- (b) relates to trade in arms, ammunition or war materials or to research, development or production indispensable for defence purposes, provided that such action does not include the application of import duties or the quantitative restriction of imports except in so far as such restriction is permitted in accordance with Article 15 or is authorised by decision of the Council;
- (c) is taken to ensure that nuclear materials and equipment made available for peaceful purposes do not further military purposes; or
- (d) is taken in time of war or other emergency in international relations.

2. Nothing in this Agreement shall prevent any Member Territory from taking action to perform any obligations to which it is subject for the purpose of maintaining international peace and security.

ARTICLE 17

Government Aids

1. A Member Territory shall not maintain or introduce -

- (a) the forms of aid to export of goods to any other part of the Area of the kinds which are described in Annex F; or
- (b) any other form of aid, the main purpose or effect of which is to frustrate the benefits expected from such removal or absence of duties and quantitative restrictions as is required by this Agreement.

2. If the application of any form of aid by a Member Territory, although not contrary to paragraph 1 of this Article, frustrates the benefits expected from such removal or absence of duties and quantitative restrictions as is required by this Agreement and provided that the procedure set out in paragraphs 1 to 3 of Article 26 has been followed, the Council may, by majority decision, authorise any Member Territory to suspend to the Member Territory which is applying the aid, the application of such obligations under this Agreement as the Council considers appropriate.

3. The Council may decide to amend the provision of this Article and of Annex F.

4. The provisions of this Article -

- (a) shall not apply in respect of inter-territorial trade within the Area in any agricultural products until such time as Member Territories shall agree upon the regional policy with respect to the production and marketing, including the subsidization, of agricultural products;
- (b) exclusive of sub-paragraph (a) of paragraph 1 and paragraph 3, shall not apply in respect of inter-territorial trade within the Area in any manufactured goods until Member Territories have agreed upon a regional policy with respect to incentives to industry.

ARTICLE 18

Public Undertakings

1. Member Territories shall ensure the elimination in the practices of public undertakings, of -

- (a) measures the effect of which is to afford protection to domestic production which would be inconsistent with this Agreement if achieved by means of a duty or charge with equivalent effect or quantitative restriction or Government aid; or
- (b) trade discrimination on grounds of Territorial origin in so far as it frustrates the benefits expected from such removal or absence of duties and quantitative restrictions as is required by this Agreement.

2. In so far as the provisions of Article 19 are relevant to the activities of public undertakings, that Article shall apply to them in the same way as it applies to other enterprises.

3. Member Territories shall ensure that new practices of the kind described in paragraph 1 of this Article are not introduced.

4. Where Member Territories do not have the necessary legal powers to control the activities of regional or local government authorities or enterprises under their control in these matters, they shall nevertheless endeavour to ensure that those authorities or enterprises comply with the provisions of this Article.

5. The Council shall keep the provisions of this Article under review and may decide to amend them.

6. For the purpose of this Article, "public undertakings" means central, regional, or local government authorities, public

enterprises and any other organisation by means of which a Member Territory by law or in practice controls or appreciably influences imports from, or exports to, any other part of the Area.

7. The provisions of this Article shall not apply in respect of inter-territorial trade within the Area -

- (a) in agricultural products until such time as Member Territories shall agree upon a regional policy with respect to the production and marketing, including the subsidization, of agricultural products;
- (b) in manufactured goods until Member Territories have agreed upon a regional policy with respect to incentives to industry.

ARTICLE 19

Restrictive Business Practices

1. Member Territories recognise that the following practices are incompatible with this Agreement in so far as they frustrate the benefits expected from such removal or absence of duties and quantitative restrictions as is required by this Agreement -

- (a) agreements between enterprises, decisions by associations of enterprises and concerted practices between enterprises which have as their object or result the prevention, restriction or distortion of competition within the Area;
- (b) actions by which one or more enterprises take unfair advantage of a dominant position within the Area or a substantial part of it.

2. If any practice of the kind described in paragraph 1 of this Article is referred to the Council in accordance with Article 26, the Council may, in any recommendation in accordance with paragraph 3 or in any decision in accordance with paragraph 4 of that Article, make provision for publication of a report on the circumstances of the matter.

- 3. (a) In the light of experience gained, the Council shall consider before 30th April 1970, and may consider at any time thereafter whether further or different provisions are necessary to deal with the effect of restrictive business practices or dominant enterprises on the inter-territorial trade of the Area.
- (b) Such review shall include consideration of the following matters -
 - (1) specification of the restrictive business practices or dominant enterprises with which the Council should be concerned;
 - (2) methods of securing information about restrictive business practices or dominant enterprises;
 - (3) procedures for investigations;
 - (4) whether the right to initiate inquiries should be conferred on the Council.
- (c) The Council may decide to make the provisions found necessary as a result of the review envisaged in subparagraphs (a) and (b) of this paragraph.

ARTICLE 20

Establishment

1. Each Member Territory recognises that restrictions on the establishment and operation of economic enterprises therein by persons belonging to other Member Territories should not be applied, through accord to such persons of treatment which is less favourable than that accorded in such matters to persons belonging to that Member Territory, in such a way as to frustrate the benefits expected from such removal or absence of duties and quantitative restrictions as is required by this Agreement.

2. Member Territories shall not apply new restrictions in such a way that they conflict with the principle set out in paragraph 1 of this Article.

3. A Member Territory shall notify the Council within such period as the Council may decide of particulars of any restrictions which it applies in such a way that persons belonging to another Member Territory are accorded in the first-mentioned Territory less favourable treatment in respect of the matters set out in paragraph 1 of this Article than is accorded to persons belonging thereto.

4. The Council shall consider before 30th April 1970, and may consider at any time thereafter, whether further or different provisions are necessary to give effect to the principles set out in paragraph 1 of this Article and may decide to make the necessary provisions.

5. Nothing in this Article shall prevent the adoption and enforcement by a Member Territory of measures for the control of entry, residence, activity and departure of persons where such measures are justified by reasons of public order, public health or morality, or national security of that Member Territory.

6. For the purposes of this Article -

(a) a person shall be regarded as belonging to a Member Territory if such person -

(i) is a citizen of that Territory;

(ii) has a connection with that Territory of a kind which entitles him to be regarded as belonging to, or, if it be so expressed, as being a native of, the Territory for the purposes of such laws thereof relating to immigration as are for the time being in force; or

(iii) is a company or other legal person constituted in the Member Territory in conformity with the law thereof and which that Territory regards as belonging to it, provided that such company or other legal person has been formed for gainful purposes and has its registered office and central administration, and carries on substantial activity, within the Area;

- (b) "economic enterprises" means any type of economic enterprises for production of or commerce in goods which are of Area origin, whether conducted by individuals or through agencies, branches or companies or other legal persons.

ARTICLE 21

Balance of Payments Difficulties

1. Notwithstanding the provisions of Article 13 any Member Territory may, consistently with any international obligations to which it is subject, introduce quantitative restrictions on imports for the purpose of safeguarding its balance of payments.
2. Any Member Territory taking measures in accordance with paragraph 1 of this Article shall notify them to the Council, if possible before they come into force. The Council shall examine the situation and keep it under review and may at any time by majority vote make recommendations designed to moderate any damaging effect of these restrictions or to assist the Member Territory concerned to overcome its difficulties. If the balance of payments difficulties persist for more than 18 months and the measures applied seriously disturb the operation of the Association, the Council shall examine the situation and may, taking into account the interests of all Member Territories, by majority decision devise special procedures to attenuate or compensate for the effect of such measures.
3. A Member Territory which has taken measures in accordance with paragraph 1 of this Article shall have regard to its obligation to resume the full application of Article 13 and shall, as soon as its balance of payments situation improves, make proposals to the Council on the way in which this should be done. The Council, if it is not satisfied that these proposals are adequate, may recommend to the Member Territories alternative arrangements to the same end. Decisions of the Council pursuant to this paragraph shall be made by majority vote.

ARTICLE 22

Difficulties in particular sectors

1. In a Member Territory -

- (a) a considerable rise in unemployment in a particular sector of industry or region is caused by a substantial decrease in internal demand for a domestic product, and
- (b) this decrease in demand is due to an increase in imports originating from other Member Territories as a result of the progressive reduction or the elimination of duties, charges and quantitative restrictions in accordance with Articles 4, 7 and 13, that Member Territory may, notwithstanding any other provisions of this Agreement -
 - (i) limit those imports by means of quantitative restrictions to a rate not less than the rate of such imports during any period of twelve months which ended within twelve months of the date on which the restrictions come into force; the restrictions shall not be continued for a period longer than eighteen months, unless the Council, by majority decision, authorises their continuance for such further period and on such conditions as the Council considers appropriate; and
 - (ii) take such measures, either instead of or in addition to restriction of imports in accordance with sub-paragraph (i) of this paragraph, as the Council may, by majority decision, authorise.

2. In applying measures in accordance with paragraph 1 of this Article, a Member Territory shall give like treatment to imports consigned from all Member Territories.

3. A Member Territory applying restrictions in accordance with sub-paragraph (i) of paragraph 1 of this Article shall notify them to the Council, if possible before they come into force. The Council may at any time consider those restrictions and may, by majority vote, make recommendations designed to moderate any damaging effect of those restrictions or to assist the Member State concerned to overcome its difficulties.

4. This Article shall have effect until 30th April 1973.

5. Before 1st May 1973, if the Council considers that some provision similar to those in paragraphs 1 to 3 of this Article will be required thereafter, it may decide that such provisions shall have effect for any period after that date.

ARTICLE 23

Approximation of Incentive Legislation

1. A tax of any kind in a Member Territory shall not, by the introduction or extension of incentive provisions at any time after this Agreement takes effect, be rendered liable to mitigation to any extent to which no tax of that kind elsewhere in the Area (if any) is rendered, by incentive provisions previously introduced or extended, liable to mitigation:

Provided that, in resolving any question whether any breach by a Member Territory of its obligations for the purposes of this Article is to be apprehended or has resulted from the introduction or extension of any incentive provisions, the Council shall take into account the overall level and structure of taxation and the general economic circumstances in that Member Territory as compared with other Member Territories.

2. The Council may, by majority decision, authorise any Member Territory to withhold, from imports of any products in relation to the manufacture of which it has been established to the satisfaction of a majority of the Council that any such breach by another Member Territory has resulted as aforesaid, treatment the benefit whereof is applicable in conformity with any provisions of this Agreement to such imports.

3. A Member Territory which is considering the introduction or alteration of any incentive provisions shall, as far as may be practicable, notify the Council not less than thirty days before such introduction or alteration comes into effect, and shall consider any representations with respect thereto by other Member Territories, any of which may refer the matter to the Council under Article 26 if a breach of this Article is apprehended. Information received under this paragraph shall not be disclosed to any person outside the service of the Association or the Governments of Member Territories.

4. The Council may on its own initiative recommend to Member Territories proposals for the approximation of incentive provisions within the Area. Such proposals may include schemes for the increase or reduction of concessions within the Area consistently with the provisions of the foregoing Articles of this Agreement, and may be implemented notwithstanding anything provided in paragraph 1 of this Article. The Council may take any appropriate measure provided for in this Agreement in furtherance of the objectives of this Article.

5. The Council may from time to time review the provisions of this Article and may decide to amend those provisions.

6. For the purposes of this Article -

"incentive provisions" means any legislation or practice providing for the granting of concessions for the purpose of encouraging the establishment or development of manufacturing industry;

"concessions" means any tax exemptions or remissions or refunds of tax;

"tax" includes any impost, duty or due.

ARTICLE 24

Economic and Financial Policies

Member Territories recognise that the economic and financial policies of each of them affect the economies of other Member Territories and intend to pursue those policies in a manner which serves to promote the objectives of the Association. They shall periodically exchange views on all aspects of those policies. The Council may make recommendations to Member Territories on matters relating to these policies to the extent necessary to ensure the attainment of the objectives of the smooth operation of the Association.

ARTICLE 25

Invisibles

The Council shall as soon as practicable, having due regard to international obligations, decide the treatment to be given to invisible transactions and transfer amongst Member Territories with a view to promoting the objectives of this Agreement.

ARTICLE 26

General Consultations and Complaints Procedure

1. If any Member Territory considers that any benefit conferred upon it by this Agreement or any objective of the Association is being or may be frustrated and if no satisfactory settlement is reached between the Member Territories concerned, any of those Member Territories may refer the matter to the Council.

2. The Council shall promptly, by majority vote, make arrangements for examining the matter. Such arrangements may include a reference to an examining committee constituted in accordance with Article 27. Before taking action under paragraph 3 of this Article, the Council shall so refer the matter at the request of any Member Territory concerned. Member Territories shall furnish all information which they can make available and shall lend their assistance to establish the facts.

3. When considering the matter, the Council shall have regard to whether it has been established that an obligation under this Agreement has not been fulfilled and whether and to what extent any benefit conferred by this Agreement or any objective of the Association is being or may be frustrated. In the light of this consideration and of the report of any examining committee which may have been appointed, the Council may, by majority vote, make to any Member Territory such recommendations as it considers appropriate.

4. If a Member Territory does not or is unable to comply with a recommendation made in accordance with paragraph 3 of this Article and the Council finds, by majority vote, that an obligation under this Agreement has not been fulfilled, the Council may, by majority decision, authorise any Member Territory to suspend to the Member Territory which has not complied with the recommendation the application of such obligations under this Agreement as the Council considers appropriate.

5. Any Member Territory may, at any time while the matter is under consideration, request the Council to authorise as a matter of urgency, interim measures to safeguard its position. If it is found by majority vote of the Council that the circumstances are sufficiently serious to justify interim action, and without prejudice to any action which it may subsequently take in accordance with the preceding paragraphs of this Article, the Council may, by majority decision, authorise a Member Territory to suspend its obligations under this Agreement to such an extent and for such a period as the Council considers appropriate.

ARTICLE 27

Examining Committees

The examining Committees referred to in Article 26 shall consist of persons selected for their competence and integrity, who, in the performance of their duties, shall neither seek nor receive instructions from any Territory or from any authority or organisation other than the Association. They shall be appointed, on such terms and conditions as may be decided, by majority vote of the Council.

ARTICLE 28

The Council

1. It shall be the responsibility of the Council -
 - (a) to exercise such powers and functions as are conferred upon it by this Agreement;
 - (b) to supervise the application of this Agreement and keep its operation under review;
 - (c) to consider whether further action should be taken by Member Territories in order to promote the attainment of the objectives of the Association and to facilitate the establishment of closer links with other countries, unions of countries or international organisations.
2. Each Member Territory shall be represented in the Council and shall have one vote.
3. The Commonwealth Caribbean Regional Secretariat shall be the principal administrative organ of the Association and the Council may entrust it, and may set up other organs, committees and bodies and entrust them, with such functions as the Council considers necessary to assist it in accomplishing its tasks. Decisions of the Council pursuant to this paragraph shall be made by majority vote.
4. In exercising its responsibility under paragraph 1 of this Article, the Council may take decisions which shall be binding on all Member Territories and may make recommendations to Member Territories.
5. Decisions and recommendations of the Council shall be made by unanimous vote, except in so far as this Agreement provides otherwise. Decisions or recommendations shall be regarded as unanimous unless any Member Territory casts a negative vote. A decision or recommendation of the Council pursuant to any such provision as aforesaid requires the affirmative votes of not less than two-thirds of all Member Territories, and reference to any such provision to a majority shall, in relation to the Council be construed accordingly.
6. The Council may, by its decision to confer any authority under this Agreement, impose conditions to which such authority shall be subject.

ARTICLE 29

Administrative Arrangements of the Association

1. The Council shall take decision for the following purposes -
 - (a) to lay down the Rules of Procedure of the Council and of any bodies of the Association, which may include provision that procedural questions may be decided by majority vote;
 - (b) to make arrangements for the Secretariat services required by the Association;
 - (c) to establish the financial arrangements necessary for the administrative expenses of the Association, and the procedure for establishing an annual budget.

2. The expenses of the Association shall be shared between Member Territories in conformity with the appropriate basis of Territorial contributions to the annual budget of the Commonwealth Caribbean Regional Secretariat, approved at the Conference of Ministers of Trade held in Guyana on 21st and 22nd February, 1968, or in such other manner as the Council may decide.

ARTICLE 30

Relations with International Organisations

The Council acting on behalf of the Association, shall seek to procure the establishment of such relationships with other international organisations as may facilitate the attainment of the objectives of the Association.

ARTICLE 31

Ratifications required for Effectiveness

1. This Agreement shall be subject to ratification by the Legislatures of all the Signatory Territories.
2. Instruments signifying such ratification shall be deposited with the Government of Antigua, which shall notify the other Signatory Territories, and, subject to the next following paragraph, this Agreement shall take effect as soon as the number of Signatory Territories has been ascertained consistently with paragraphs 4 and 5 of this Article and all such instruments have been so deposited.
3. If prior to the ratification of this Agreement by any Signatory Territory that Territory indicates by notice to the Government of Antigua that difficulties have arisen in relation to carrying any provision of this Agreement into effect, the Agreement shall not take effect with respect to that Territory except in accordance with the terms of a supplementary agreement between all the Signatory Territories providing for the resolution of such difficulties.
4. Any Commonwealth Caribbean Country by whose Government an instrument signifying its endorsement of the Resolution set out in Annex A has been deposited with the Government of Antigua shall be deemed for the purposes of this Agreement to be a Signatory Territory as from the date of such deposit, which shall be notified to the other Signatory Territories by the Government of Antigua.
5. Notwithstanding anything to the contrary in this Agreement, the preceding paragraph shall not apply on or after the 1st May, 1968, to a Commonwealth Caribbean Country unless, before that date, there has been deposited an instrument signifying ratification by its Legislature of this Agreement, pursuant to the deposit by its Government of an instrument of endorsement, in accordance with this Article.

ARTICLE 32

Joining Association

1. Any Territory, though it be not a signatory hereto, may participate in this Agreement, subject to prior approval of the Council of the Territory's participation in this Agreement on terms and conditions decided by the Council. The instrument duly signifying the agreement of the Government of the Territory to its participation in this Agreement on the terms and conditions decided as aforesaid shall be deposited with the Government of Antigua which shall notify all other Member Territories. This Agreement shall have effect in relation to the participating Territory as, and from the time, indicated in the Council's decision.
2. The Council may pursuant to any decision thereof in that behalf seek to procure the creation of an association consisting of Member Territories and any other Territory, union of Territories, or international organisation, and embodying such reciprocal rights and obligations, common actions and special procedures as may be appropriate.

ARTICLE 33

Withdrawal

Any Member Territory may withdraw from participation in this Agreement provided that the Government thereof gives twelve months' notice in writing to the Government of Antigua which shall notify the other Member Territories.

ARTICLE 34

Amendment

1. Except where provision for modification is made elsewhere in this Agreement, including the Annexes to it, an amendment to the provisions of this Agreement shall be submitted to the Governments of Member Territories for acceptance if it is approved by decision of the Council, and it shall have effect provided it is accepted by all such Governments. Instruments of acceptance shall be deposited with the Government of Antigua which shall notify the other Member Territories.

ARTICLE 35

Acquisition of Sovereign Status

1. If a Member Territory, upon becoming a sovereign state recognised internationally, intimates its willingness to continue to participate in this Agreement, then, notwithstanding its having become such a state, this Agreement shall continue to have effect in relation to it.

2. For the purposes of paragraph 1 of this Article, any intimation thereunder shall be given by notice to the Government of Antigua, which shall notify all other Member Territories.

ARTICLE 36

Annexes

The annexes to this Agreement are an integral part of this Agreement.

ARTICLE 37

Legal Capacity, Privileges and Immunities

1. The legal capacity, privileges and immunities to be recognised and granted by the Member Territories in connection with the Association shall be laid down in a Protocol to this Agreement.

2. The Council, acting on behalf of the Association, may conclude with the Government of the Territory in which the headquarters will be situated an agreement relating to the legal capacity and the privileges and immunities to be recognised and granted in connection with the Association.

ARTICLE 38

Protection of Guyanese petroleum products

1. Notwithstanding anything in this Agreement, any quantitative restriction within the meaning of Article 13 may, during any period for which the Government of Guyana is a party to any protective agreement in that behalf relating to a petroleum product produced in Guyana, be applied on imports into Guyana of that petroleum product from any other part of the Area:

Provided that no such restriction shall be so applied on imports of any petroleum product, other than Bunker C, asphalt or road oil, during any year except with a view to preventing the importation of that petroleum product into Guyana to any extent in excess of -

- (a) one third of such amount of that petroleum product as is reasonably considered by the Government of Guyana to be marketable in Guyana during such year; or
- (b) the difference between such amount of that petroleum product as is reasonably considered by the Government of Guyana to be marketable in Guyana during such year and any lesser amount of that petroleum product which is reasonably considered by the said Government to be producible in Guyana during such year,

whichever is more.

2. During any period first hereinbefore in this Article referred to in connection with a petroleum product produced in Guyana, customs duties shall, at rates not lower than those in force when this Agreement takes effect, be applicable to any permitted imports into Guyana of that petroleum product from outside the Area.

3. Not later than -

- (a) the commencement, during any year, of any period mentioned in paragraph 2 of this Article;
- (b) the commencement, during any such period, of any year,

Guyana shall notify to the Council the amounts mentioned in paragraph (b) of the proviso to paragraph 1 of this Article in relation to that year and shall, at the request of any Member Territory, inform the Council in strictest confidence of the reasons of the Government of Guyana for arriving at such amounts.

4. In this Article, "that petroleum product" includes any like or substitutable petroleum product.

5. This Article shall not have effect for longer than 15 years from the commencement of a period mentioned in paragraph 2 of this Article.

ARTICLE 39

Promotion of Industrial Development
in less-developed Territories

Upon any application made in that behalf by the less-developed Territories as defined in Annex B, the Council may, if necessary as a temporary measure in order to promote the development of an industry in any of those Territories, authorise by majority decision such Territories to suspend Area tariff treatment of any description of imports eligible therefor on grounds of production in the other Member Territories, any of whom may, during the period for which such authorisation is in force, suspend Area tariff treatment of the like description of imports eligible therefor on grounds of production in the less-developed Territories.

ANNEX A

RESOLUTION ADOPTED BY FOURTH HEADS OF GOVERNMENT CONFERENCE
ON REGIONAL INTEGRATION

Free Trade should be introduced with respect to all intra-Commonwealth Caribbean trade by 1st May, 1968, subject to a list of reserved commodities which would be freed within a five-year period for the more-developed countries and within a ten-year period for the less-developed countries; subject to special provisions for appeal by a less-developed Territory to the governing body of the Free Trade Area for further extension in any case where serious injury may be done to a territorial industry.

2. The Governments should approach the task of freeing of trade, by using the CARIFTA Agreement as a basis with suitable modifications.

3. The Commonwealth Caribbean Countries shall immediately take steps to initiate studies to determine whether the objective of achieving trade expansion to the mutual benefit of the member states can be facilitated by the establishment of a common external tariff in whole or in part.

4. The principle should be accepted that certain industries may require for their economic operation the whole or a large part of the entire regional market protected by a common external tariff or other suitable instrument. The location of such industries and the criteria to be applied in respect thereof, as well as the implementation of the principle accepted above, should be the subject of immediate study - such study to have special regard to the situation of the relatively less-developed countries.

5. Subject to existing commitments a regional policy of incentives to industry should be adopted as early as possible on the basis of studies mentioned in Resolution 7 below, bearing in mind the special needs of the less-developed countries for preferential treatment, such as soft loans.

6. Marketing agreements for an agreed list of agricultural commodities should be sought to come into effect at the same time as the commencement of free trade and the territories in the region should examine the possibility of restricting imports from extra-regional sources of agricultural products that are produced within the region and are available for satisfying regional demand.

7. The principle of seeking to establish more industries in the less-developed countries should be accepted and the ECLA Secretariat should be asked to undertake feasibility studies immediately with a view to identifying industries which should be located in the less-developed countries and to devising special measures for securing the establishment of such industries in these countries. These studies should be submitted to governments no later than one year after the commencement of free trade.

8. The Commonwealth Caribbean Countries should endeavour to maintain and improve regional carriers to facilitate the movement of goods and services within the region.

9. The Caribbean Countries should agree to negotiate with the Group of Conference the rationalisation of freight rates on extra-regional trade.

10. The CEA Secretariat for the Caribbean should be asked to undertake a series of studies, for example, studies on the harmonising of incentives and the feasibility of establishing certain regional industries.

11. A Committee of Ministers should be set up immediately, functioning as a sub-committee of the Heads of Government Conference, with general responsibility for the establishment of Free Trade Area.

ANNEX 'B'

1. Special arrangements are provided in this Annex for the progressive elimination by less-developed Territories, within ~~Ten~~ years from the effective date of this Agreement in conformity with paragraph 4, of import duties on such products as are itemised according to the Standard International Trade Classification (original) as follows:-

<u>SITC Item No.</u>	<u>Description of Product</u>
<u>Ex</u> 048-04	Biscuits, sweetened or unsweetened.
<u>Ex</u> 657-03	Coir products, mats and matting.
<u>Ex</u> 899-13	Brushes made with plastic bristles, except paint brushes and artists' brushes.

2. Special arrangements are provided in this Annex for the progressive elimination by less-developed Territories within ten years from the effective date of this Agreement in conformity with paragraph 4, and by other Member Territories within five years from that date in conformity with paragraph 3, of import duties on such products as are itemised according to the Standard International Trade Classification (original) as follows:-

<u>SITC Item No.</u>	<u>Description of Product</u>
053	Fruits preserved and fruit preparations, except frozen citrus concentrates and citrus segments.
121-01	Tobacco unmanufactured (including scrap tobacco and tobacco stems).
122	Manufactured tobacco except cigars.
<u>Ex</u> 533	Prepared paints, enamels, lacquer and varnishes. Ships' bottom compositions, putty and all other (including driers).
<u>Ex</u> 552-02	Cleansing preparations without soap (detergents).
<u>Ex</u> 632	Crates and wooden containers.
<u>Ex</u> 721-04	Radio and Television sets.
<u>Ex</u> 721-19	Accumulators.
<u>Ex</u> 821	Wood furniture, metal furniture.
<u>Ex</u> 821-09	Mattresses.

Ex 841	Underwear and shirts of knitted fabrics. Underwear, shirts and nightwear of fabrics other than knitted.
	Outerwear of non-knitted textile fabrics.
Ex 851-01	Slippers and house footwear, wholly or mainly of leather.
851-02	Footwear wholly or mainly of leather.

3. On and after each of the following dates, a Member Territory may apply an import duty on any product eligible for Area tariff treatment, being a product the duty on which is to be eliminated by the Member Territory within five years as mentioned in the foregoing provisions of this Annex, at a level not exceeding the percentage of the basic duty specified against that date:-

Effective date hereof	100 per cent
1st May, 1969	80 per cent
1st May, 1970	60 per cent
1st May, 1971	40 per cent
1st May, 1972	20 per cent
1st May, 1973	0 per cent

4. On and after each of the following dates, a less-developed Territory may apply import duty on any product eligible for Area tariff treatment, being a product the duty on which is to be eliminated by the Territory within ten years as mentioned in the foregoing provisions of this Annex, at a level not exceeding the percentage of the basic duty specified against that date:-

Effective date hereof	100 per cent
1st May, 1973	50 per cent
1st May, 1978	0 per cent

5. Notwithstanding anything hereinbefore provided, special arrangements for the progressive elimination by Member Territories of import duty on any product listed in this Annex shall, in case of its being produced in any such Member Territory at the effective date hereof, come into operation on that date and, in any other case, shall come into operation, in so far as applicable, if and when such production commences in any of the Member Territories to which any of such arrangements have for the time being reference and the percentages of basic duty which are therewith applicable as prescribed by this Annex in relation to that product may be applied thereto accordingly.

6. Any less-developed Territory which considers that serious injury may be done to an industry in such Territory by the total elimination of import duty on any product as required by paragraph 4 may refer the matter to the Council, which may, by majority decision, authorise the

continued application by any less-developed Territory of import duty on such product after the 30th April, 1978, due regard being had to the report of such committee (if any) as may have been constituted in accordance with Article 27 to examine the matter, and paragraphs 2 and 5 of Article 26 shall apply mutatis mutandis in the case of any reference under this paragraph as they apply in the case of a reference by a Member Territory to the Council under that Article.

7. For the purpose of this Annex -

- (a) "basic duty" means, in respect of any product imported into a Member Territory, the import duty applicable in that Territory, immediately before the effective date hereof, to imports of such a product from the other Territories becoming Members of the Association;
- (b) "paragraph" means a paragraph of this Annex;
- (c) "less-developed Territories" means Member Territories including neither Barbados, Guyana, Jamaica nor Trinidad and Tobago.

8. Nothing in this Agreement shall preclude any agreement made between the less-developed Territories, and notified by them to the Council, whereby their import duties on any of the products listed in this Annex and imported from the less-developed Territories shall at any time be eliminated by all the less-developed Territories or reduced by not less than such percentage of their respective basic duties as may be so agreed between them, notwithstanding that no corresponding elimination or reduction be made by them in respect of such products imported from the other Member Territories except in so far as it may be necessary so to do for the purposes of compliance with this Annex.

ANNEX 'C'

Rules regarding area origin for tariff purposes

For the purpose of determining the origin of goods under Article 5 and for the application of that Article, the following Rules shall be applied:

Rule 1 - Interpretative Provisions

1. In determining the place of production of marine products and goods produced therefrom, a vessel of a Member Territory shall be regarded as part of that Territory. In determining the place from which goods have been consigned, marine products taken from the sea or goods produced therefrom at sea shall be regarded as having been consigned from a Member Territory if they were taken by or produced in a vessel of a Member Territory and have been brought direct to the Area.

2. A vessel which is registered shall be regarded as a vessel of the Member Territory in which it is registered.

3. "Materials" includes products, parts and components used in the production of the goods.

4. Energy, fuel, plant, machinery and tools used in the production of goods within the Area, and materials used in the maintenance of such plant, machinery and tools, shall be regarded as wholly produced within the Area when determining the origin of those goods.

5. "Produced" in sub-paragraph (c) of paragraph 1 of Article 5 and a "process of production" in paragraph 2 of that Article include the application of any operation or process, with the exception of any operation or process which consists only of one or more of the following:-

- (a) packing, wherever the packing materials may have been produced;
- (b) splitting up into lots;
- (c) sorting and grading;
- (d) marking;
- (e) putting up into sets.

6. The term "producer" includes a grower and a manufacturer and also a person who supplies his goods otherwise than by sale to another person and to whose order the last process in the course of the manufacture of the goods is applied by that other person.

Rule 2 - Goods wholly produced within the Area

For the purposes of sub-paragraph (a) of paragraph 1 of Article 5, the following are among the products which shall be regarded as wholly

produced within the Area:-

- (a) mineral products extracted from the ground within the Area;
- (b) vegetable products harvested within the Area;
- (c) live animals born and raised within the Area;
- (d) products obtained within the Area from live animals;
- (e) products obtained by hunting or fishing conducted within the Area;
- (f) marine products taken from the sea by a vessel of a Member Territory;
- (g) used articles fit only for the recovery of materials, provided that they have been collected from users within the Area;
- (h) scrap and waste resulting from manufacturing operations within the Area;
- (i) goods produced within the Area exclusively from one or both of the following:-
 - (1) products within sub-paragraphs (a) to (h);
 - (2) materials containing no element imported from outside the Area or of undetermined origin.

Rule 3 - Application of Percentage Criterion

For the purposes of sub-paragraph (c) of paragraph 1 of Article 5 -

- (a) Any materials which meet the conditions specified in sub-paragraph (a) or (b) of paragraph 1 of that Article shall be regarded as containing no element imported from outside the Area.
- (b) The value of any materials which can be identified as having been imported from outside the Area shall be their 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 Member Territory where they were used in a process of production, less the amount of any transport costs incurred in transit through other Member Territories.
- (c) If the value of any materials imported from outside the Area cannot be determined in accordance with sub-paragraph (b) of this Rule, their value shall be the earliest ascertainable price paid for them in the Member Territory where they were used in a process of production.

- (d) If the origin of any materials cannot be determined, such materials shall be deemed to have been imported from outside the Area and their value shall be the earliest ascertainable price paid for them in the Member Territory where they were used in a process of production.
- (e) The export price of the goods shall be the price paid or payable for them to the exporter in the Member Territory where the goods were produced, that price being adjusted, where necessary, to an f.o.b. or free at frontier basis in that Territory.
- (f) The value under sub-paragraphs (b), (c), or (d) or the export price under sub-paragraph (e) of this Rule may be adjusted to correspond with the amount which would have been obtained on a sale in the open market between buyer and seller independent of each other. This amount shall also be taken to be the export price when the goods are not the subject of a sale.

Rule 4 - Unit of Qualification

1. Each article in a consignment shall be considered separately.
2. For the purposes of paragraph 1 of this Rule -
 - (a) where the original Standard International Trade Classification specifies that a group, set or assembly of articles is to be classified within a single item, such a group, set or assembly shall be treated as one article;
 - (b) tools, parts and accessories which are imported with an article, and the price of which is included in that of the article or for which no separate charge is made, shall be considered as forming a whole with the article, provided that they constitute the standard equipment customarily included on the sale of articles of that kind;
 - (c) in cases not within sub-paragraphs (a) and (b), goods shall be treated as a single article if they are so treated for purposes of assessing customs duties by the importing Member Territory.
3. An unassembled or disassembled article which is imported in more than one consignment because it is not feasible for transport or production reasons to import it in a single consignment shall, if the importer so requests, be treated as one article.

Rule 5 - Segregation of materials

1. For those products or industries where it would be impracticable for the producer physically to segregate materials of similar character but different origin used in the production of goods, such segregation may be replaced by an appropriate accounting system, which ensures that

no more goods received Area tariff treatment than would have been the case if the producer had been able physically to segregate the materials.

2. Any such accounting system shall conform to such conditions as may be agreed upon by the Member Territories concerned in order to ensure that adequate control measures will be applied.

Rule 6 - Treatment of mixtures

1. In the case of mixtures, not being groups, sets or assemblies of separable articles dealt with under Rule 4, a Member Territory may refuse to accept as being of Area origin any product resulting from the mixing together of goods which would qualify as being of Area origin with goods which would not so qualify, if the characteristics of the products as a whole are not essentially different from the characteristics of the goods which have been mixed.

2. In the case of particular products where it is, however, recognised by Member Territories concerned to be desirable to permit mixing of the kind described in the foregoing paragraph, such products shall be accepted as of Area origin in respect of such part thereof as may be shown to correspond to the quantity of goods of Area origin used in the mixing, subject to such conditions as may be agreed upon.

Rule 7 - Treatment of Packing

1. Where for purposes of assessing customs duties a Member Territory treats goods separately from their packing, it may also, in respect of its imports consigned from another Member Territory, determine separately the origin of such packing.

2. Where paragraph 1 of this Rule is not applied, packing shall be considered as forming a whole with the goods and no part of any packing required for their transport or storage shall be considered as having been imported from outside the Area, when determining the origin of the goods as a whole.

3. For the purpose of paragraph 2 of this Rule, packing with which goods are ordinarily sold by retail shall not be regarded as packing required for the transport or storage of goods.

Rule 8 - Documentary Evidence

1. A claim that goods shall be accepted as eligible for Area tariff treatment shall be supported by appropriate documentary evidence of origin and consignment. The evidence of origin shall consist of either -

- (a) a declaration of origin completed by the last producer of the goods within the Area, together with a supplementary declaration completed by the exporter in cases where the producer is not himself or by his agent the exporter of the goods; or

- (b) a certificate given by a governmental authority or authorised body nominated by the exporting Member Territory and notified to the other Member Territories together with a supplementary declaration completed by the exporter of the goods.

These declarations, certificates and supplementary declarations shall be in such form as may be agreed by the Governments of all the signatory Territories, and a copy of such Agreement shall be deposited with the Government of Antigua by which certified copies shall be transmitted to all other signatory and participating Territories. The agreed forms shall, for the purposes of paragraph 5 of Article 5, be deemed to form part of this Annex.

2. The exporter may choose either of the forms of evidence referred to in paragraph 1 of this Rule. Nevertheless the authorities of the country of exportation may require for certain categories of goods and evidence of origin shall be furnished in the form indicated in sub-paragraph (b) of that paragraph.

3. In cases where a certificate of origin is to be supplied by a governmental authority or an authorised body under sub-paragraph (b) of paragraph 1 of this Rule, that authority or body shall obtain a declaration as to the origin of the goods given by the last producer of the goods within the Area. The governmental authority or the authorised body shall satisfy themselves as to the accuracy of the evidence provided; where necessary they shall require the production of additional information, and shall carry out any suitable check. If the authorities of the importing Member Territory so require, a confidential indication of the producer of the goods shall be given.

4. Nominations of authorised bodies for the purpose of sub-paragraph (b) of paragraph 1 of this Rule, may be withdrawn by the exporting Member Territory if the need arises. Each Member Territory shall retain, in regard to its imports, the right of refusing to accept certificates from any authorised body which is shown to have repeatedly issued certificates in an improper manner, but such action shall not be taken without adequate prior notification to the exporting Member Territory of the grounds for dissatisfaction.

5. In cases where the Member Territories concerned recognise that it is impracticable for the producer to make the declaration of origin specified in sub-paragraph (a) of paragraph 1 or in paragraph 3 of this Rule, the exporter may make that declaration in such form as those Member Territories may for the purpose specify.

6. The Council may decide that further or different provisions concerning evidence of origin or of consignment shall apply to particular categories of goods or classes of transactions.

Rule 9 - Verification of Evidence of Origin

1. The importing Member Territory may as necessary require further evidence to support any declaration or certificate of origin furnished under Rule 8.

2. The importing Member Territory shall not prevent the importer from taking delivery of the goods solely on the grounds that it requires such further evidence, but may require security for any duty or other charge which may be payable.

3. Where, under paragraph 1 of this Rule, a Member Territory has required further evidence to be furnished, those concerned in another Member Territory shall be free to produce it to a governmental authority or an authorised body of the latter Territory, who shall, after thorough verification of the evidence, furnish an appropriate report to the importing Member Territory.

4. Where it is necessary to do so by reason of its legislation, a Member Territory may prescribe that requests by the authorities of importing Member Territories for further evidence from those concerned in the Member Territory shall be addressed to a specified governmental authority, who shall after thorough verification of the evidence furnish an appropriate report to the importing Member Territory.

5. If the importing Member Territory wishes an investigation to be made into the accuracy of the evidence which it has received, it may make a request to that effect to the other Member Territory or Territories concerned.

6. Information obtained under the provisions of this Rule by the importing Member Territory shall be treated as confidential.

Rule 10 - Sanctions

1. Member Territories undertake to introduce legislation, making such provision as may be necessary for penalties against persons who, in their territory, furnish or cause to be furnished a document which is untrue in a material particular in support of a claim in another Member Territory that goods should be accepted as eligible for Area tariff treatment. The penalties applicable shall be similar to those applicable in cases of untrue declarations in regard to payment of duty on imports.

2. A Member Territory may deal with the offence out of court, if it can be more appropriately dealt with by a compromise penalty or similar administrative procedure.

3. A Member Territory shall be under no obligation to institute or continue court proceedings, or action under paragraph 2 of this Rule -

- (a) if it has not been requested to do so by the importing Member Territory to which the untrue claim was made; or
- (b) if, on the evidence available, the proceedings would not be justified.

SCHEDULE

BASIC MATERIALS LIST

These materials may always be regarded as originating wholly within the "Area" when used in the state described in this list in a process of production within the "Area".

Note: The classification used in this List is in accordance with the original Standard International Trade Classification.

- 041-01 Wheat and spelt (including meslin) unmilled.
- 043-01 Barley unmilled.
- 045-01 Rye unmilled.
- ~~045-02~~ ~~Oats~~ unmilled.
- 045-09 Cereals unmilled (except rice and corn).
- 046-01 Semolina.
- 048-02 Malt.
- 051-04 Apples.
- 051-05 Grapes.
- 054-01 Potatoes (excluding sweet)
- 054-03 Hop Cones fresh or dried.
- 061-09 Lactose, glucose, maltose, caramel.
- 072-01 Cocoa beans (except flavoured cocoa).
- 075-01 Pepper (except sweet pepper, unground) and pimento whether unground, ground or otherwise prepared.
- 075-02 Spices other than ginger, cinnamon, nutmeg and mace.
- 221-05 Linseed.
- 231-02 Synthetic rubbers and rubber substitutes.
- 244-01 Cork, raw and waste (including natural cork in blocks and sheets).
- 261 Silk.
- 262 Wool and other animal hair.
- 264 Jute, including jute cuttings and waste.

265	Vegetable fibres except cotton, jute and coir fibre.
272-06	Sulphur.
272-16	Natural graphite.
284-01	Non-ferrous metal scrap.
<u>Ex</u> 291-09	Sponges, fish eggs (not for food) bristles, hair and their waste.
292-02	Natural gums, resins, balsam and lacs.
292-09	Kapok.
<u>Ex</u> 312-01	Crude petroleum.
411-01	Oils from fish and marine animals.
411-02	Animals oils, fats and greases (excluding lard).
412-01	Linseed oil.
412-11	Castor oil.
413-02	Hydrogenated oils and fats.
413-04	Waxes of animal or vegetable origin.
<u>Ex</u> 511-09	Calcium carvide, sodium pyrophosphate and white lead.
531-01	Coal tar, dyestuffs and natural indigo.
532-01	Dyeing extracts.
532-02	Tanning extracts.
532-03	Synthetic tanning materials.
551-01	Essential vegetable oils (except lime, bay, pimento, nutmeg and orange oils).
599-01	Synthetic plastic materials in blocks, sheets, rods, tubes, power and other primary forms.
599-04	Casein, albumen, gelatin, glue.
611	Leather with the exception of sole leather.
651	Textile yarn and thread.
652	Cotton fabrics.
653	Textile fabrics, other than cotton fabrics.

- Ex 653-06 Twine of cotton.
- Ex 655-06 Twine of hemp.
- 671-01 Silver, unworked and partly worked.
- 671-02 Platinum and other metal of platinum group, unworked and partly worked.
- 672-03 Pearls unworked.
- 681-01 Pig iron and sponge iron (including iron and steel powder).
- 681-02 Ferro-alloys.
- 681-03 Ingots, blooms, slabs, billets, sheet bars and tin-plate bars of iron and steel and equivalent primary forms.
- 681-04 Iron and steel bars.
- 681-05 Universals, plates and sheets of iron and steel, uncoated.
- 681-06 Hoop and strip of iron and steel (including tube strips and steel strip for springs) coated or not.
- 681-13 Steel tubes and fittings, welded or drawn.
- 681-14 Pipes and fittings, cast whether gray iron or malleable iron.
- 682-01 Copper and alloys not refined and refined unwrought.
- 682-02 Copper and alloys of copper, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings).
- 683-01 Nickel and nickel alloys unwrought.
- 683-02 Nickel and nickel alloys, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings).
- 684-01 Aluminium and aluminium alloys unwrought.
- 684-02 Aluminium and aluminium alloys, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings).
- 685-01 Lead and lead alloys unwrought.

- 685-02 Lead and lead alloys, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings).
- 689-01 Non-ferrous base metals employed in metallurgy and their alloys, n.e.s. unwrought.
- 689-02 Non-ferrous base metals employed in metallurgy and their alloys, n.e.s., worked (bars, rods, sheets, wire, pipes, tubes, castings and forgings).
- Ex 699-05 Expanded metal of iron and steel.
- Ex 699-06 Expanded metal of aluminium, copper, and other non-ferrous base metals.
- 899-05 Buttons and studs of all materials, except those of precious metals and precious stones.

ANNEX 'D'

1. Special arrangements are provided in this Annex for the progressive elimination by Member Territories, within five years from the effective date of this Agreement in conformity with paragraph 3, of the effective protective element in revenue duties (hereinafter referred to as protective revenue duty) applied to such imported goods as are itemised according to the Standard International Trade Classification (original) as follows:-

<u>SITC Item No.</u>	<u>Description of Product</u>
112-03	Beer, stout and ale.
112-04	Gin, vodka and whisky.
313	Petroleum Products.

2. Special arrangements are provided in this Annex for the progressive elimination by less-developed Territories within ten years from the effective date of this Agreement in conformity with paragraph 4, and by other Member Territories within five years from that date in conformity with paragraph 3, of protective revenue duty applied to imported goods itemised under the Standard International Trade Classification (original) as follows:-

<u>SITC Item No.</u>	<u>Description of Product</u>
112-04	Rum.

3. On and after each of the following dates, a Member Territory may apply, to any imported goods the protective revenue duty on which is to be eliminated by the Member Territory within five years as mentioned in the foregoing provisions of this Annex, a protective revenue duty at a level not exceeding the percentage of the basic protective revenue duty specified against that date:-

Effective date hereof	100 per cent
1st May, 1969	40 per cent
1st May, 1970	30 per cent
1st May, 1971	20 per cent
1st May, 1972	10 per cent
1st May, 1973	0 per cent

4. On and after each of the following dates, a less-developed Territory may apply, to any imported goods the protective revenue duty

on which is to be eliminated by the Territory within ten years as mentioned in the foregoing provisions of this Annex, a protective revenue duty at a level not exceeding the percentage of the basic protective revenue duty specified against that date:-

Effective date hereof	100 per cent
1st May, 1973	50 per cent
1st May, 1978	0 per cent

5. Before the 1st November, 1968, every Member Territory shall notify to the Council its basic protective revenue duty on each product to which the foregoing provisions of this Annex apply. Every Member Territory shall also notify to the Council the reductions which it intends to bring into effect in accordance with the said provisions.

6. Any less-developed Territory which considers that serious injury may be done to an industry in such Territory by the total elimination of protective revenue duty on any product as required by paragraph 4 may refer the matter to the Council, which may, by majority decision, authorise the continued application by any less-developed Territory of protective revenue duty on such product after the 30th April, 1978, due regard being had to the report of such committee (if any) as may have been constituted in accordance with Article 27 to examine the matter, and paragraphs 2 and 5 of Article 26 shall apply mutatis mutandis in the case of any reference under this paragraph as they apply in the case of a reference by a Member Territory to the Council under that Article.

7. For the purposes of this Annex -

- (a) the basic protective revenue duty, in respect of any product imported into a Member Territory, shall be the protective revenue duty applicable in that Territory, immediately before the effective date hereof, to imports of such a product from the other Territories becoming Members of the Association;
- (b) "less-developed Territories" shall have the meaning assigned thereto by paragraph 7 of Annex 'B';
- (c) "paragraph" means a paragraph of this Annex.

8. Notwithstanding anything hereinbefore provided, the foregoing provisions of this Annex shall, in respect of any imported goods itemised as aforesaid, apply to an importing Member Territory wherein neither like goods nor competitive substitutes therefor are produced, subject to the following modification, that is to say, the substitution for every reference in those provisions to protective revenue duty of a reference to import duty within the meaning of Article 4.

9. Nothing in this Agreement shall preclude any agreement made between the less-developed Territories, and notified by them to the Council whereby their protective revenue duties on any of the products listed in this Annex and imported from the less-developed Territories shall at any time be eliminated by all the less-developed Territories or reduced by not less than such percentage of their respective basis protective revenue duties as may be so agreed between them, notwithstanding that no corresponding elimination or reduction be made by them in respect of such products imported from the other Member Territories except in so far as it may be necessary so to do for the purpose of compliance with this Annex.

ANNEX 'E'

copra	nutmegs and mace	arrowroot
sugar	cocoa	eddoes
coconut oil	sweet potatoes	peanuts
		bauxite

ANNEX 'F'

List of Government aids referred to in paragraph 1 of Article 17:-

- (a) Currency retention schemes or any similar practices which involve a bonus on exports or re-exports.
- (b) The provision by governments of direct subsidies to exporters.
- (c) The remission, calculated in relation to exports, of direct taxes or social welfare charges on industrial or commercial enterprises.
- (d) 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, or the payment, in respect of exported goods, of amounts exceeding those effectively levied at one or several stages on these goods in the form of indirect taxes or of charges in connection with importation or in both forms.
- (e) In respect of deliveries by governments or governmental agencies of imported raw materials for export business on different terms than for domestic business, the charging of prices below world prices.
- (f) In respect of government export credit guarantees, the charging of premiums at rates which are manifestly inadequate to cover the long-term operating costs and losses of the credit insurance institutions.
- (g) The grant by governments (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.
- (h) The Government bearing all or part of the costs incurred by exporters in obtaining credit.

PROT O C O L S

T O

C A R I F T A



PROTOCOL LAYING DOWN AGRICULTURAL MARKETING ARRANGEMENTS MENTIONED
IN ARTICLE 13 OF THE AGREEMENT FOR ESTABLISHMENT OF THE
CARIBBEAN FREE TRADE ASSOCIATION

THE SIGNATORY GOVERNMENTS -

BEING the Governments of the Signatory Territories within the meaning of Article 31 of the Agreement for establishment of the Caribbean Free Trade Association;

DESIROUS of encouraging the agricultural development of the Caribbean Free Trade Area as a whole by ensuring that commodities capable of being produced in the Area are in fact produced and distributed at prices remunerative to growers and reasonable to consumers;

CONSCIOUS of the importance of agriculture in the economies of the region, particularly to those of the less developed Territories;

HAVE AGREED as follows:-

1. In this Protocol, unless the context otherwise requires -

"the Agreement" means the Agreement for establishment of the Association, as modified by a Supplementary Agreement for the purpose of widening the area of the Association;

"the Area" means the area widened as aforesaid;

"the Association" means the Caribbean Free Trade Association;

"commodity" means any commodity listed in the Annex to this Protocol;

"Member Territory" shall have the meaning assigned thereto by paragraph 2 of Article 1 of the Agreement;

"participating Government" means any Signatory Government belonging to a Member Territory;

"Secretariat" means the Secretariat providing services for which arrangements are made under sub-paragraph (b) of paragraph 1 of Article 29 of the Agreement.

2.(1) No participating Government shall import or permit the importation of any commodity, except in conformity with the terms of this Protocol.

(2) Except in conformity with the terms of any binding recommendations pursuant to sub-paragraph (1)(c) of paragraph 7 and sub-paragraph (2) of paragraph 8, no participating Government shall export any commodity mentioned in such list as may be established by virtue of any such recom-

recommendation in the light of negotiations between participating Governments with respect to the supply of specified amounts of the commodities so mentioned, account being taken in such negotiations of the objective of satisfying the demands of the Area and the desirability of maintaining and encouraging earnings from markets outside the Area.

(3) Pursuant to information supplied by participating Governments as required by paragraph 6 (in conformity with sub-paragraph (6) whereof "import" in the following provisions of this sub-paragraph shall be construed), the Secretariat will allocate markets for each commodity among Member Territories proportionately -

- (a) as regards importing Member Territories, to their respective import requirements; and
- (b) as regards exporting Member Territories, to the availability for export to the Area from them, respectively,

of the commodity in question.

3. Subject to paragraphs 4 and 5, imports of any commodity into a Member Territory shall be from within the Area:

Provided that, during a period of three years commencing with the date of the coming into operation of this Protocol, imports of any commodity into a Member Territory from outside the Area may, in the aggregate for each of those years, amount to not more than thirty per centum of the imports of such commodity into that Member Territory from outside the Area during the year 1966.

4.(1) Imports of any commodity into a Member Territory from outside the Area, not being allowed under the proviso to paragraph 3, are permissible by prior sanction of the Secretariat at the Member Territory's request made through notification thereof by its Government to the Secretariat.

(2) The Secretariat shall give such sanction only when a deficit in reference to the commodity in question has been declared to exist in the said Member Territory under sub-paragraph (4) of paragraph 6.

5. Any participating Government may import as mentioned in sub-paragraph (1) of paragraph 4, but without the sanction of the Secretariat, or may permit to be so imported, planting material for any crop, or breeding stock for livestock, of which any commodity is a product.

6.(1) Not later than the 30th September in every year, and before the commencement of each of such other periods as the Secretariat may from time to time appoint for the purpose, every participating Government shall notify estimates of its Territory's import requirements and production, and of the availability for export therefrom, of each commodity during the next following year or during that period, as the case may be, to the Secretariat.

(2) The Secretariat shall, in reference to each commodity produced in the Area, inform participating Governments regularly whether, and to what extent (if any) -

- (a) such production is likely to be available; and
- (b) there is likely to be a shortage of that commodity,

for export.

(3) The participating Government of every Member Territory shall from time to time inform the Secretariat of -

- (a) such imports of any commodity into that Territory as it requires to obtain by purchase; and
- (b) such exports from that Territory of any commodity produced in the Area as are suppliable on sale.

(4) A deficit of any commodity shall be deemed for the purposes of sub-paragraph (2) of paragraph 4 to exist when -

- (a) any purchase requirements of the commodity have, after being notified by the Government of any Member Territory to the Secretariat in conformity with sub-paragraph (3)(a) of this paragraph, remained unsatisfied; or
- (b) there has been any such shortage of the commodity as is mentioned in sub-paragraph (2) of this paragraph,

for such period not exceeding four weeks as the Secretariat shall consider appropriate for the purpose, and the Secretariat shall, upon the expiration of that period, declare the existence of such deficit in the said Member Territory or in the Member Territories affected by the said shortage, as the case may be.

(5) Participating Governments shall furnish the Secretariat at its request with such statistics and other information as may be required for the proper functioning of this Protocol.

(6) Every reference in the foregoing provisions of this paragraph to exportation shall be construed as a reference to exportation to Member Territories and no reference in those provisions to importation shall be construed to include a reference to importation under the proviso to paragraph 3 or paragraph 5.

7.(1) The Secretariat shall convene a Conference in every year for the following purposes -

- (a) to consider the f.o.b. price to be fixed under sub-paragraph (2) of paragraph 8 for exports during the next following year of each commodity from one Member Territory to another;

- (b) to review the list in the Annex to this Protocol, the working of this Protocol and the list, if any, established in pursuance of sub-paragraph (2) of paragraph 2;
- (c) to consider any matter connected with this Protocol and referred to the Conference by any participating Government,

and to make recommendations thereon.

(2) The Secretariat may convene a special Conference whenever the circumstances so require.

(3) Every Conference shall consist of the delegates of the participating Governments, one delegate (with such advisers as may be considered necessary) to be nominated by each Government.

(4) Every Conference shall elect its chairman from among the delegates nominated thereto.

(5) Every Conference shall be serviced by the Secretariat.

8.(1) Every such Conference as aforesaid shall be advisory to participating Governments and its decisions shall be framed in that sense.

(2) A recommendation of any such Conference when accepted by two-thirds of the participating Governments shall become binding on all the participating Governments, except with respect to matters in the case of which it has been prescribed, by agreement between the participating Governments, that unanimity among them is required for the purpose.

9.(1) It shall be the responsibility of the Secretariat -

- (a) to ensure that information with respect to export availability and import requirements is furnished, and imports are authorised, in conformity with the provisions of this Agreement;
- (b) to inform all participating Governments of requests and arrangements for the purchase and sale within the Area, and the importation into the Area, of any commodity;
- (c) otherwise, subject to the provisions of sub-paragraph (3) of this paragraph, to administer this Agreement.

(2) The Secretariat shall compile and circulate to participating Governments periodically and regularly statistics relating to production and trade in agricultural products in the Area.

(3) Every participating Government shall be responsible for the administration within its Territory of this Agreement and shall notify to the Secretariat all importations of any commodity into the Territory from outside the Area.

10. This Protocol shall come into operation when the Agreement takes effect.

IN WITNESS whereof the undersigned, duly authorised, have signed the present Protocol for the Governments herein below mentioned, respectively.

Done in a single copy which shall be deposited with the Government of Antigua by which certified copies shall be transmitted to all other Signatory Governments.

Signed by

for the Government

on the

day of

, 1968, at

etc.

etc.

etc.

A N N E X

- (1) Carrots
 - (2) Peanuts
 - (3) Tomatoes
 - (4) Red Kidney beans
 - (5) Black pepper
 - (6) Sweet pepper
 - (7) Garlic
 - (8) Onions
 - (9) Potatoes, not sweet
 - (10) Potatoes, sweet
 - (11) String beans
 - (12) Cinnamon
 - (13) Cloves
 - (14) Cabbage
 - (15) Plantains
 - (16) Pork and pork products
 - (17) Poultry meat
 - (18) Eggs
 - (19) Okra
 - (20) Fresh Oranges
 - (21) Pineapples
 - (22) Pigeon (Congo) Peas
-

PROTOCOL LAYING DOWN MARKETING ARRANGEMENTS FOR SUGAR PURSUANT
TO ARTICLE 13 OF AND PARAGRAPH 6 OF ANNEX "A" TO THE AGREEMENT
FOR ESTABLISHMENT OF THE CARIBBEAN FREE TRADE ASSOCIATION

THE SIGNATORY GOVERNMENTS -

BEING the Governments of the Signatory Territories within
the meaning of Article 31 of the Agreement for establishment of the
Caribbean Free Trade Association;

CONSCIOUS of the vital role which the production of sugar
plays in the economies of some territories in the Caribbean Free Trade
Area;

RECOGNISING that the different arrangements which exist for
determining the prices at which sugar is sold for consumption in the
territories of the Area could, under the terms of the Agreement, lead
to the movement of sugar from one sugar producing territory in the Area
to another;

Desirous of avoiding the adverse economic effects which such
movement of sugar from one sugar producing territory in the Area to
another is likely to produce,

HAVE AGREED as follows:-

1. For the purposes of this Protocol, unless the context other-
wise requires -

"the Agreement" means the Agreement for establishment of the
Association as modified by a Supplementary Agreement for the
purpose of widening the area of the Association;

"the Area" means the Area widened as aforesaid;

"the Association" means the Caribbean Free Trade Association;

"Member Territory" has the meaning assigned thereto by paragraph
2 of Article 1 of the Agreement;

"participating Government" means any Signatory Government of a
member Territory;

"sugar" means unrefined cane sugar.

2. Notwithstanding the provisions of Article 13 of the Agreement,
any Member Territory in which sugar is produced may, subject to
paragraph 3, and consistently with any international obligations
to which it is subject, apply any quantitative restriction within
the meaning of Article 13 on imports into that Territory of
sugar from any other part of the Area.

3. Any Member Territory taking measures in accordance with paragraph 2 shall notify them to the Council, if possible before they come into force.

4. This Protocol shall come into operation when the Agreement takes effect.

IN WITNESS whereof the undersigned, duly authorised, have signed the present Protocol for the Governments herein below mentioned, respectively.

Done in a single copy which shall be deposited with the Government of Antigua by which certified copies shall be transmitted to all other Signatory Governments.

Signed by

for the Government

on the

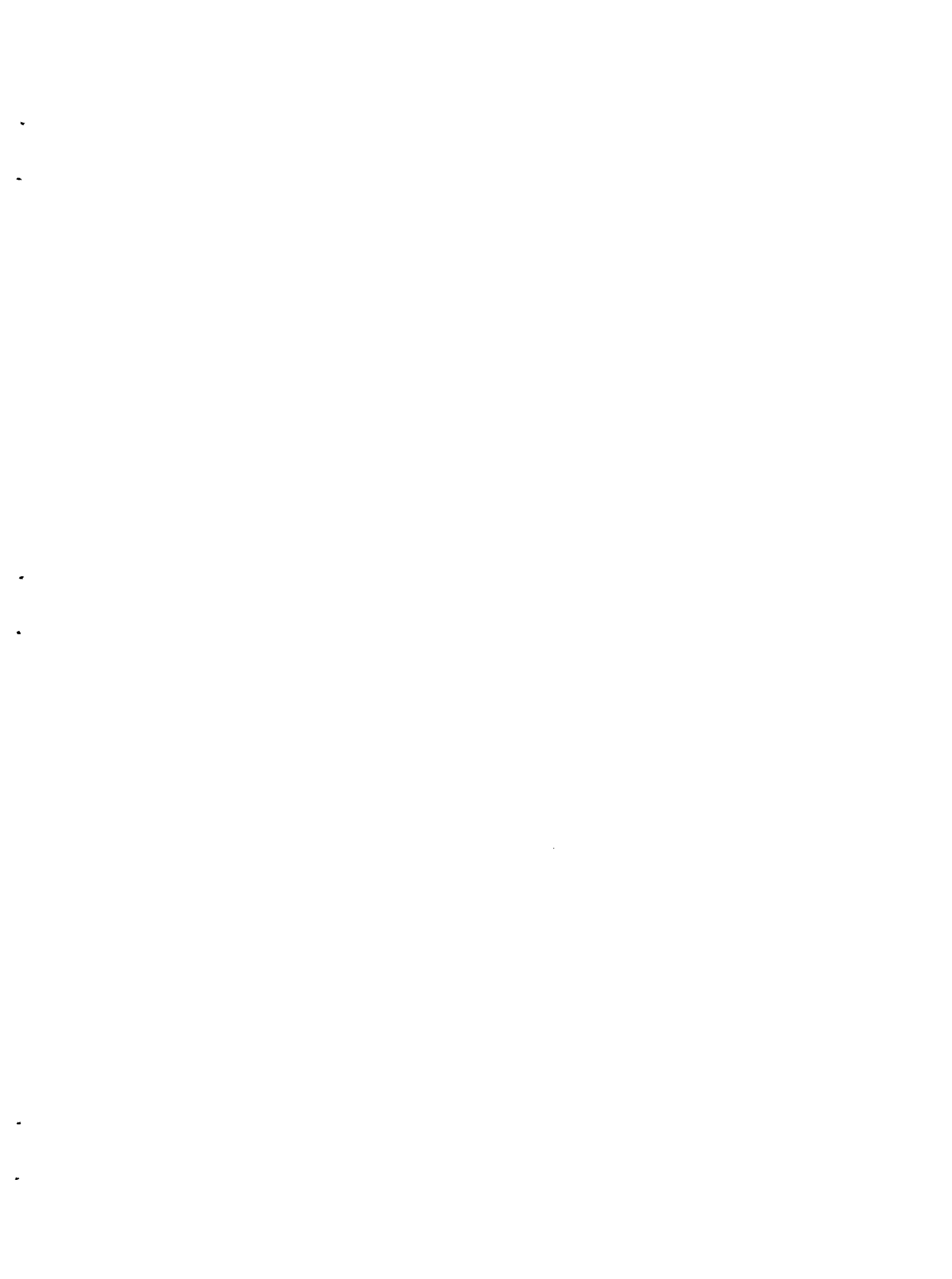
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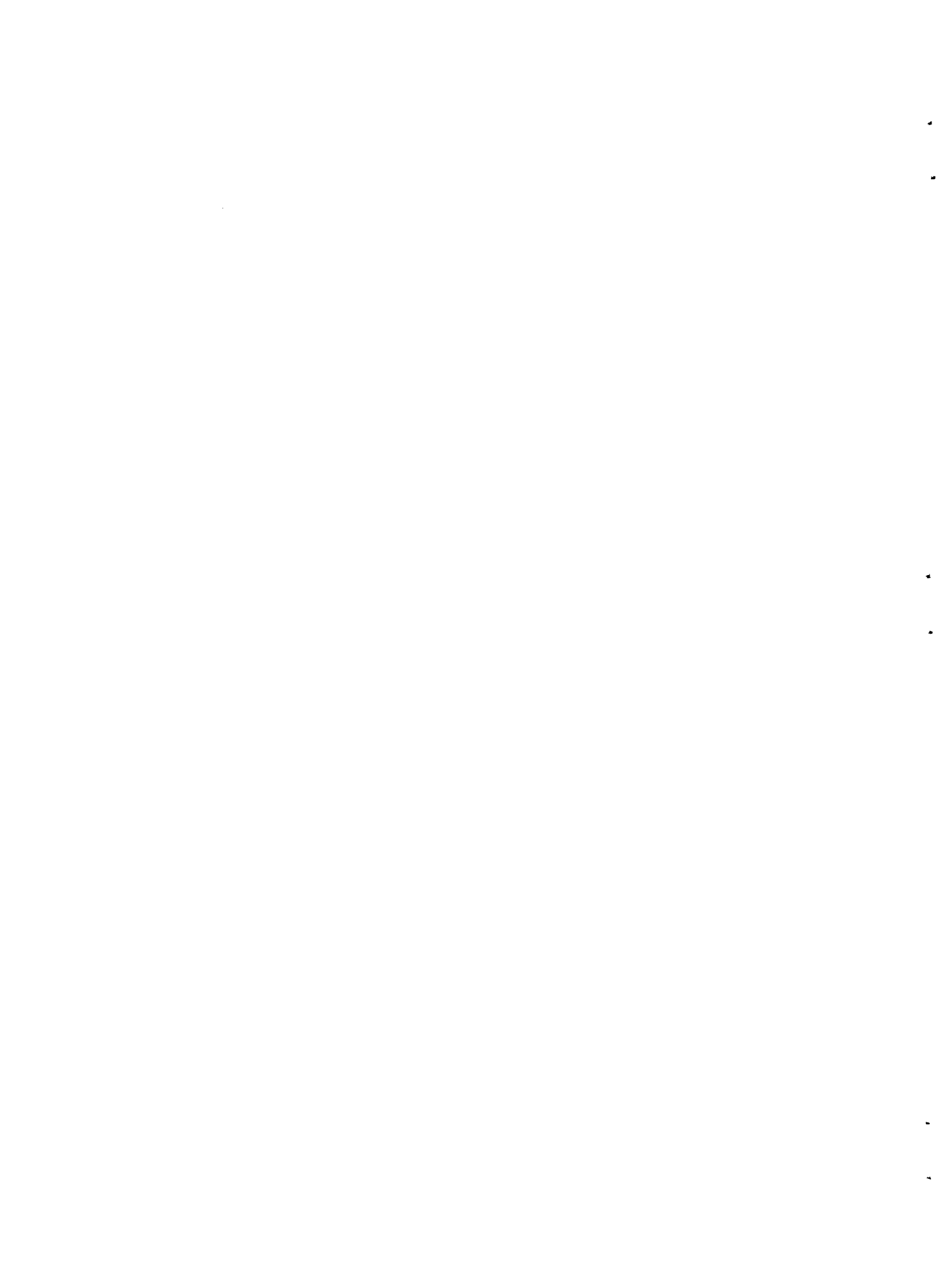
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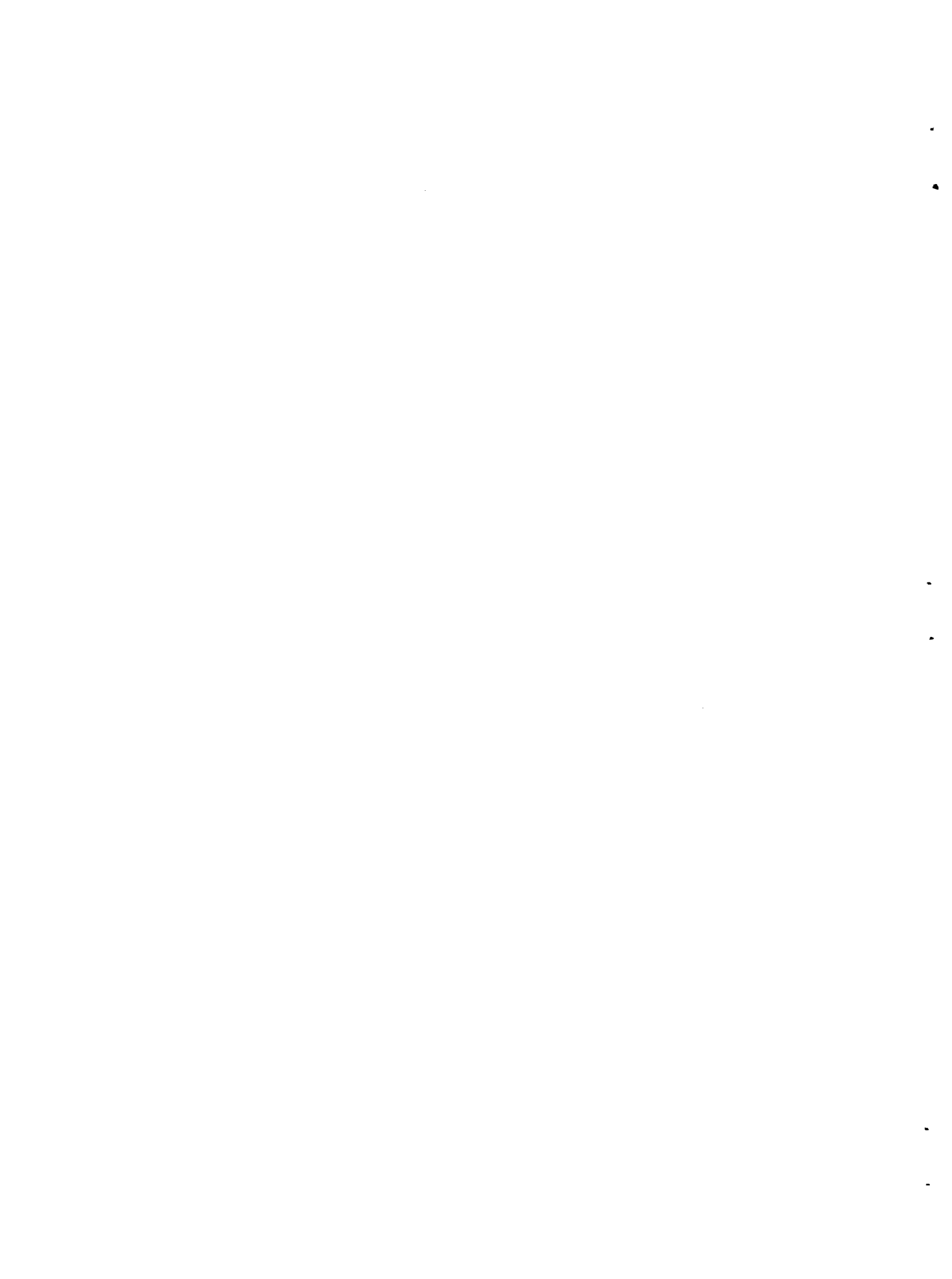
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AGREEMENT ESTABLISHING
THE
EAST CARIBBEAN COMMON MARKET
WITH
PROTOCOL LAYING DOWN ARRANGEMENTS
FOR
THE ESTABLISHMENT OF A COMMON
LEVEL OF DUTIES OF CUSTOMS
BY
MEMBER STATES



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**AGREEMENT ESTABLISHING
THE
EAST CARIBBEAN COMMON MARKET
THE GOVERNMENTS OF THE SIGNATORY STATES -**

DETERMINED to establish the foundation of a closer union among the peoples of the East Caribbean;

RESOLVED to ensure by common action economic and social development of their countries by eliminating the barriers which divide them;

AFFIRMING as the prerequisite to their efforts the continuing improvement of the living standards and working conditions of their people;

RECOGNIZING the need for concerted action in order to guarantee steady expansion, balanced trade, fair competition and equitable distribution of gains;

CONVINCED that the establishment of a Common Market among the Associated States of the West Indies and the participation of such States in the Caribbean Free Trade Association will contribute to the rapid growth of these States and to the ultimate creation of a viable economic community of Caribbean countries;

HAVE AGREED as follows:-

ARTICLE I

Common Market

1. A Common Market to be called the East Caribbean Common Market (hereinafter referred to as "the Common Market") is hereby established.

2. The Members of the Common Market (hereinafter referred to as "Member States") shall be the Associated States on behalf of the Governments of which this Agreement is ratified in accordance with Article 24 and such other States as participate therein by virtue of Article 25.

3. For the purposes hereof -

"Associated States" means those territories which have assumed and which maintain a status of association with the United Kingdom in accordance with the West Indies Act 1967, and includes the territories of Saint Vincent and Montserrat;

"State" means any of the Associated States and its dependencies (if any).

4. The Common Market shall operate over the territorial jurisdictions of the Member States (which jurisdictions are hereinafter collectively referred to as "the Market Area").

ARTICLE 2

Objectives

The objectives of the Common Market shall be -

- (a) to promote in Member States -
 - (i) harmonious development of economic activities;
 - (ii) continuous economic expansion;
 - (iii) fair distribution of benefits derived from the Common Market;
 - (iv) increased economic stability;
 - (v) accelerated improvement in the standard of living;
 - (vi) closer economic relations;
- (b) to facilitate the maximum inter-change of goods and services by the progressive approximating of the economic policies of Member States.

ARTICLE 3

Principles

To achieve the objectives set out in Article 2, the activities of the Member States shall include under the conditions and timing set out in this Agreement -

- (a) the elimination, as between Member States, of customs duties and of quantitative restrictions on the importation and exportation of goods, as well as of all other measures with equivalent effect;
- (b) subject to Article 22, the establishment of common customs tariffs and common commercial policies towards countries and territories, not parties to this Agreement;
- (c) the abolition, as between Member States, of the obstacles to the free movement of persons, services and capital;
- (d) the progressive harmonization of investment and development policies, including industrial development, treatment of non-resident business establishments and development planning;
- (e) the co-ordination of currency and financial policies;
- (f) the progressive harmonization of taxation policies and incentive legislation in order to promote the equitable distribution of industries among Member States;
- (g) a co-operative approach to infra-structural development especially in the fields of transport and communication;
- (h) a common policy to agricultural development.

ARTICLE 4

Structure of Common Market

The Common Market shall have -

- (a) a Council of Ministers
- (b) a Secretariat, and
- (c) such other organization as the Council of Ministers may set up.

ARTICLE 5

Import Duties

1. Member States shall not apply any import duties on goods which are eligible for Market Area tariff treatment in accordance with Article 6.

2. For the purposes of this Article the term "import duties" means any tax or surtax of customs and any other charges of equivalent effect - whether fiscal, monetary or exchange - which are levied on imports, except duties notified under Article 8 and other charges which fall within that Article.

3. The provisions of this Article do not apply to fees and similar charges in respect of services rendered and nothing in paragraph 2 of this Article shall be construed to exclude from the application of paragraph 1 of this Article any tax or surtax of customs on any product neither the like of which, nor a competitive substitute for which, is produced in the importing Member State, or to extend such application to non-discriminatory internal charges on any such product.

4. For the purposes of paragraph 3 of this Article -

- (a) "non-discriminatory" means non-discriminatory as between goods eligible for Market Area tariff treatment as aforesaid and goods not so eligible;
- (b) a charge shall not be deemed other than internal by reason only that it is collected at the time and place of importation.

ARTICLE 6

Market Area Origin for Tariff Purposes

1. For the purposes of Article 5 goods shall, subject to Annex A, be accepted as eligible for Market Area tariff treatment if they are consigned from a Member State to a consignee in the importing Member State and if they are of Market Area origin any one of the following conditions:-

- (a) that they have been wholly produced within the Market Area;
- (b) that they fall within a description of goods listed in a Process List to be established by decision of the Council of Ministers and have been produced within the Market Area by the appropriate qualifying process described in such List;

(c) that they have been produced within the Market Area and that the value of any materials imported from outside the Market Area or of undetermined origin which have been used at any stage of the production of such goods does not exceed 50 per centum of the export price of such goods.

2. For the purposes of sub-paragraphs (a), (b) and (c) of paragraph 1 of this Article, materials listed on the Basic Materials List which forms the Schedule to Annex A, which have been used in the state described in such List in a process of production within the Market Area, shall be deemed to contain no element imported from outside the Market Area.

3. Nothing in this Agreement shall prevent a Member State from accepting as eligible for Market Area tariff treatment any imports consigned from another Member State:

Provided that the like imports consigned from any other Member State are accorded the same treatment.

4. Provisions necessary for the administration and effective application of this Article are contained in Annex A.

5. The Council of Ministers shall from time to time decide to amend the provisions of this Article, Annex A and the Process List established under sub-paragraph (b) of paragraph 1 of this Article.

6. The Council of Ministers shall from time to time examine in what respect this Agreement can be amended in order to ensure the smooth operation of the rules relating to Market Area origin for tariff purposes.

7. Nothing in this Agreement shall require a Member State to accept as eligible for Market Area tariff treatment any imports consigned from another Member State and consisting of, or manufactured from, oils and fats as defined by clause 2 of the Oils and Fats Agreement, or any of such oils or fats where such Member State is a party to the Oils and Fats Agreement, and such other Member State is not a party to that Agreement, being the Agreement made on the 26th January, 1967, between the Governments of Barbados, Dominica, Grenada, Guyana, St. Lucia, St. Vincent, and Trinidad and Tobago or any Agreement amending or replacing the same.

ARTICLE 7

The Common Customs Tariff

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 Member States shall amend their tariffs applicable to non-member territories and countries to bring them to a mutually agreed level in such time not exceeding three years as the Council of Ministers may, by majority vote, decide.

ARTICLE 8

Revenue Duties and Internal Taxation

1. Member States shall not -

- (a) apply directly or indirectly to imported goods any fiscal charges in excess of those applied directly or indirectly to like domestic goods, nor otherwise apply such charges so as to afford effective protection to like domestic goods; or
- (b) apply fiscal charges to imported goods of a kind which they do not produce, or which they do not produce in substantial quantities, in such a way as to afford effective protection to the domestic production of goods of a different kind which are substitutable for the imported goods, which enter into direct competition with them and which do not bear, directly or indirectly, in the country of importation, fiscal charges of equivalent incidence.

2. A Member State shall notify the Council of Ministers of all fiscal charges applied by it where, although the rates of charge, or the conditions governing the imposition or collection of the charge, are not identical in relation to the imported goods and to the like domestic goods, the Member State applying the charge considers that the charge is, or has been, consistent with sub-paragraph (a) of paragraph 1 of this Article. Each Member State shall, at the request of any other Member State, supply information about the application of paragraph 1 of this Article.

3. For the purposes of this Article -

"fiscal charges" means revenue duties, internal taxes and other internal charges on goods;

"revenue duties" means customs duties and other similar charges applied primarily for the purpose of raising revenue; and

"imported goods" means goods which are accepted as being eligible for Market Area tariff treatment in accordance with Article 6.

ARTICLE 9

Export Drawback

Each Member State may refuse to accept as eligible for Market Area tariff treatment goods which benefit from export drawback allowed by Member States in which the goods have undergone the process of production which form the basis of the claim to Market Area origin. In applying this paragraph, each Member State shall accord the same treatment to imports consigned from all other Member States.

For the purposes of this Article -

"export drawback" means any 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 if certain goods or materials are exported, but not if they are retained for home use;

"remission" includes exemption for materials brought into free ports and other places which have similar customs privileges;

"duties" means -

(i) all charges on or in connection with importation, except fiscal charges to which Article 8 applies;
and

(ii) any protective element in such fiscal charges;

"materials" includes products, parts and components used in the production of the goods;

"process of production" includes the application of any operation or process, with the exception of any operation or process, which consists solely of one or more of the following:-

- (i) packing, wherever the packing materials may have been produced;
- (ii) splitting up into lots;
- (iii) sorting and grading;
- (iv) marking;
- (v) putting up into sets.

ARTICLE 10

Dumped and Subsidised Imports

1. Nothing in this Agreement shall prevent any Member State from taking action against dumped or subsidised imports consistent with any international obligations to which it is subject.

2. Any products which have been exported from one Member State to a consignee in another Member State and have not undergone any manufacturing process since exportation shall, when reimported into the first Member State, be admitted free of quantitative restrictions and measures with equivalent effect. They shall also be admitted free of customs duties and charges with equivalent effect, except that any allowance by way of drawback relief from duty or otherwise, given by reason of the exportation from the first Member State, may be recovered.

3. If any industry in any Member State is suffering or is threatened with material injury as the result of the importation of dumped or subsidised products into another Member State, the latter Member State shall, at the request of the former Member State, examine the possibility of taking, consistent with any international obligations to which it is subject, action to remedy the injury or prevent the threatened injury.

ARTICLE 11

Exclusion from this Agreement

1. The provisions of this Agreement shall not affect the rights and obligations under any agreements entered into by one or more Member States prior to the coming into force of this Agreement:

Provided however, that Member States shall take any steps at their disposal which are necessary to reconcile the provisions of any such agreements with the basic objectives of this Agreement:

Provided further that, in case of any non-observance of any provisions of this Agreement on the part of a Member State pursuant to its exemption in that behalf by virtue of the foregoing provisions of this Article, any other Member State which considers that it would enjoy any benefit under this Agreement but for such exemption only may, if no satisfactory settlement is reached between the Member States concerned, refer the matter to the Council of Ministers, who may, by majority vote, authorise any Member State to suspend as regards the first-mentioned Member State, the application of such obligations under this Agreement as the Council of Ministers considers fit, due regard being had to the report of such committee (if any) as may have been constituted in accordance with Article 21 to examine the matter, and paragraphs 2 and 5 of Article 20 shall apply mutatis mutandis in the case of any reference under this proviso as they apply in the case of a reference under paragraph 1 of Article 20.

2. All such agreements shall be registered in such forms and shall be served in such manner as the Council of Ministers may, by majority vote, decide.

3. The Council of Ministers shall annually review the observance by Member States of the first proviso to paragraph 1 of this Article and may from time to time, by majority vote, recommend to any of them the taking of any steps for the purpose of that proviso.

4. For the purposes of this Article "agreements" means any agreements concluded by instruments, or any arrangements made in writing which the Council of Ministers decides, by majority vote, constitute agreements for these purposes.

ARTICLE 12

Movement of Persons

1. The Council of Ministers shall keep under review and evaluate the steps (if any) taken by Member States to free the movement of persons within the Common Market.

2. The Council of Ministers, having due regard to limitations justified by reason of public order, public safety and public health, shall within a period of three years from the date of the entry into force of

this Agreement submit to Member States proposals for the phased removal of the obstacles to the freedom of movement of persons within the Common Market.

ARTICLE 13

Development Policies

1. Each Member State shall work towards the progressive harmonization of development, investment and industrial policies. This shall involve a common policy towards development planning, industrial development (including fiscal and other incentives to industry), non-resident persons and movement of capital.

2. The common policy towards development planning shall have as its ultimate objective the co-ordination of development plans, as well as, the introduction of special measures for securing the establishment and distribution of industries equitably among Member States, taking into account all relevant factors including the need for the continued and progressive development of each Member State, so as to facilitate complementarity, avoid unnecessary duplication and thereby more expeditiously achieve the basic aims of this Agreement.

3. The common industrial policy shall have as its objectives:

- (a) the utilization as efficiently as possible of the natural and human resources of Member States;
- (b) the increase of production and productivity in industry by ensuring the rational development of the units of production due consideration being given to the size of the market;
- (c) the encouragement of production among Member States of products which can be economically produced but which are currently imported from outside the Market Area;
- (d) ensuring that a fair proportion of the returns to industry accrue to residents of the Member States.

4. To achieve these objectives, Member States agree within a period of three years from the date of the entry into force of this Agreement, to the harmonization of incentives extended to encourage industrial activity consistent with this Agreement.

5. Member States shall, on the coming into force of this Agreement immediately abolish as between themselves, restrictions on the movement of capital belonging to persons resident

therein. Current payments connected with movements of such capital between Member States shall not be subject to any restrictions.

6. Member States shall, within a period of three years from the date of the entry into force of this Agreement, adopt a common policy towards movement of capital between Member States and elsewhere, and current payments associated with such capital.

ARTICLE 14

Monetary Policy

1. Each Member State shall pursue policies aimed at using foreign currencies in those activities which result in maximum economic benefit to the Member States and encouraging the use of local currencies in all other projects when available. Such policies shall include common treatment of non-resident capital and greater mobilization of domestic capital for developmental purposes.

2. The Council of Ministers shall keep under review the monetary and financial situation of individual Member States as well as the general payments system of Member States as a group.

ARTICLE 15

Fiscal Policy

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

ARTICLE 16

Transport

1. The objectives of this Agreement shall be pursued by Member States within the framework of a common transport policy.

2. With a view to the implementation of this Article, and having regard to the special aspects of transport, Member States shall within three years to the coming into force of this Agreement, lay down common rules governing the operation and development of inter-territorial transport within the Market Area. These rules shall be reviewed by the Council of Ministers

from time to time.

3. In the setting of common rules Member States shall ensure that such rules do not discriminate on the basis of origin or destination of goods carried within the Market Area.

4. In setting and reviewing the common rules due account shall be taken of the economic situation of the carriers, and the improvement and expansion of the transport service.

ARTICLE 17

Agriculture

1. Member States agree to adopt a common agricultural policy within two years of the coming into force of this Agreement. This policy shall relate to the products of the soil, livestock and fisheries.

2. Member States shall set up a Committee to make recommendations on the formulation and implementation of a common agricultural policy. Such policy should include a harmonized approach on such matters as subsidies, price supports and market guarantees. Member States shall keep such policy under constant review.

3. The Committee shall comprise one representative from each Member State, and the services of experts from other appropriate bodies may be co-opted.

ARTICLE 18

The Council of Ministers

1. The Council of Ministers shall consist of a representative at ministerial level of each of the Governments of Member States as members and each member shall have one vote.

2. The Council of Ministers shall be the principal organ of the Common Market and shall be responsible for:-

- (a) exercising such powers and functions as are conferred upon it by this Agreement;
- (b) supervising the application of this Agreement and keeping its operation under review;
- (c) considering whether further action should be taken by Member States in order to promote the attainment of the objectives of the Common

Market and facilitating the establishment of closer links with other countries, unions of countries or international organisations.

3. The powers of the Common Market shall be vested in the Council of Ministers and the Council of Ministers may delegate to the Secretariat such powers as it thinks fit.

4. In exercising its responsibility under paragraph 2 of this Article, the Council of Ministers may take decisions which shall be binding on all Member States and may make recommendations to Member States.

5. Decisions and recommendations of the Council of Ministers shall be made by unanimous vote, except in so far as this Agreement provides otherwise. Decisions or recommendations of the Council of Ministers shall be regarded as unanimous unless any Member State casts a negative vote. A decision or recommendation of the Council of Ministers pursuant to any such provision as aforesaid requires the affirmative votes of not less than two-thirds of all Member States, and reference in any such provision to a majority shall, in relation to the Council of Ministers be construed accordingly.

6. The Council of Ministers may, by its decision to confer authority under this Agreement, impose conditions to which such authority shall be subject.

7. The Council of Ministers shall take decision for the following purposes -

- (a) to lay down the Rules of Procedure of the Council of Ministers and of any bodies of the Common Market, which may include provision that procedural questions may be decided by majority vote;
- (b) to make arrangements for the Secretariat services required by the Common Market;
- (c) to establish the financial arrangements necessary for the administrative expenses of the Common Market and the procedure for establishing an annual budget.

8. The expenses of administering the Common Market shall be borne by Member States in equal shares or in such other manner as the Council of Ministers may decide.

ARTICLE 19

The Secretariat

1. The Secretariat shall be the principal administrative organ of the Common Market and the Council of Ministers may entrust it, and may set up other organs, committees and bodies and entrust them, with such functions as the Council of Ministers considers necessary to assist it in accomplishing its tasks. Decisions of the Council of Ministers pursuant to this paragraph shall be made by majority vote.

2. In order to ensure the adequate functioning of this Agreement, the Council of Ministers shall establish a Secretariat to administer the Common Market arrangements. Within three months of the coming into force of this Agreement, the Council of Ministers shall approve rules governing the proper functioning of the Secretariat.

3. The functions of the Secretariat shall be as follows:-

- (a) ~~servicing~~ of all meetings of the Council of Ministers;
- (b) collection, collation of analysis and distribution of all information pertinent to the workings of the Common Market;
- (c) co-ordinate the work of committees and other bodies established by the Council of Ministers, and service their meetings;
- (d) supervise the workings of this Agreement and report to the Council of Ministers all breaches of this Agreement;
- (e) report to the Council of Ministers all difficulties as they arise in the administration of this Agreement;
- (f) undertake such other functions for the furtherance of this Agreement as may be assigned it by the Council of Ministers from time to time.

ARTICLE 20

General Consultations and Complaints Procedure

1. If any Member State considers that any benefit conferred upon it by this Agreement or any objective of the Common Market is being, or, may be frustrated, and if no satisfactory settlement is reached between the Member States concerned, any of those Member States may refer the matter to the Council of Ministers.

2. The Council of Ministers shall promptly, by majority vote, make arrangements for examining the matter. Such arrangements may include a reference to an examining committee constituted in accordance with Article 21. Before taking action under paragraph 3 of this Article, the Council of Ministers shall so refer the matter at the request of any Member State concerned. Member States shall furnish all information which they can make available and shall lend their assistance to establish the facts.

3. When considering the matter the Council of Ministers shall have regard to whether it has been established that an obligation under this Agreement has not been fulfilled and whether and to what extent any benefit conferred by this Agreement or any objective of the Common Market is being or may be frustrated. In the light of this consideration and of the report of any examining committee which may have been appointed, the Council of Ministers may, by majority vote, make to any Member State such recommendations as it considers appropriate.

4. If a Member State does not or is unable to comply with a recommendation made in accordance with paragraph 3 of this Article and the Council of Ministers finds, by majority vote, that an obligation under this Agreement has not been fulfilled, the Council of Ministers may, by majority vote, authorise any Member State to suspend as regards the Member State which has not complied with the recommendations the application of such obligations under this Agreement as the Council of Ministers, by majority vote considers appropriate.

5. Any Member State may, at any time while the matter is under consideration, request the Council of Ministers to authorise as a matter of urgency, interim measures to safeguard its position. If it is found by majority vote of the Council of Ministers that the circumstances are sufficiently serious to justify interim action, and without prejudice to any action which it may subsequently take in accordance with the preceding paragraphs of this Article, the Council of Ministers may, by majority vote authorise a Member State to suspend its obligations under this Agreement to such an extent and for such a period as the Council of Ministers, by majority vote considers appropriate.

ARTICLE 21

Examining Committee

The examining committee referred to in Article 20

shall consist of persons selected for their competence and integrity, who in the performance of their duties, shall neither seek nor receive instructions from any territory or from any authority or organization other than the Common Market. They shall be appointed, on such terms and conditions as may be decided, by majority vote of the Council of Ministers.

ARTICLE 22

Difficulties in Particular Sectors

1. If, in a Member State -

- (a) an appreciable rise in unemployment in a particular sector of industry or region is caused by a substantial decrease in internal demand for a domestic product; and
- (b) this decrease in demand is due to an increase in imports consigned from other Member States as a result of the progressive reduction or the elimination of duties, charges and quantitative restrictions, that Member State may, notwithstanding any other provisions of this Agreement -
 - (i) limit those imports by means of quantitative restrictions to a rate not less than the rate of such imports during any period of twelve months which ended within twelve months of the date on which the restrictions come into force; the restrictions shall not be continued for a period longer than eighteen months, unless the Council of Ministers, by majority vote authorises their continuance for such further period and on such conditions as the Council of Ministers, by majority vote, considers appropriate; and
 - (ii) take such measure, either instead of or in addition to restriction of imports in accordance with subparagraph (i) of this paragraph, as the Council of Ministers may, by majority vote, authorise.

2. In applying measures in accordance with paragraph 1 of this Article, a Member State shall give like treatment to imports consigned from all Member States.

3. A Member State applying restrictions in accordance with sub-paragraph (i) of paragraph 1 of this Article shall notify them to the Council of Ministers, if possible before they come into force. The Council of Ministers may at any time consider those restrictions and may, by majority vote, make recommendations designed to moderate any damaging effect of those restrictions or to assist the Member State concerned to overcome its difficulties.

4. This Article shall have effect until 30th April, 1973.

5. Before 1st May, 1973, if the Council of Ministers considers that some provision similar to those in paragraph 1 to 3 of this Article will be required thereafter, it may decide that such provisions shall have effect for any period after that date.

ARTICLE 23

Relations with International Organisations

The Council of Ministers, shall seek to procure the establishment of such relationships with other international organisations as may facilitate the attainment of the objectives of the Common Market.

ARTICLE 24

Ratifications Required for Effectiveness

1. This Agreement shall be ratified by the Signatory States in accordance with their respective constitutional rules. The instruments of ratification shall be deposited with the Government of Saint Lucia on or before the 28th day of June, 1968. The Government of Saint Lucia shall notify the other Signatory States of such deposit.

2. This Agreement shall come into force on the 1st day of July, 1968.

ARTICLE 25

Accession

1. Any Territory, though it be not a signatory hereto, may participate in this Agreement, subject to

prior approval of the Council of Ministers of that Territory's participation in this Agreement on terms and conditions decided by the Council of Ministers. The instrument duly signifying the Agreement of the Governments of the Territory to its participation in this Agreement on the terms and conditions decided as aforesaid shall be deposited with the Government of Saint Lucia which shall notify all other Member States. This Agreement shall have effect in relation to such Territory, as, and from the time indicated in the decision of the Council of Ministers.

2. The Council of Ministers may pursuant to any decision thereof in that behalf seek to procure the creation of an association consisting of Member States and any other state, union of territories, or international organisations and embodying such reciprocal rights and obligations, common actions, and special procedures as may be appropriate.

ARTICLE 26

Withdrawal

Any Member State may withdraw from participation in this Agreement provided that the Government thereof gives twelve months notice in writing to the Government of Saint Lucia which shall notify the other Member States.

ARTICLE 27

Amendment

Except where provision for modification is made elsewhere in this Agreement, an amendment to the provisions of the Agreement shall be submitted to the Governments of Member States for acceptance if it is approved by decision of the Council of Ministers, and it shall have effect provided it is accepted by all such Governments. Instruments of acceptance shall be deposited with the Government of Saint Lucia which shall notify the other Member States.

ARTICLE 28

Annex

The annex to this agreement is an integral part of this Agreement.

ARTICLE 29

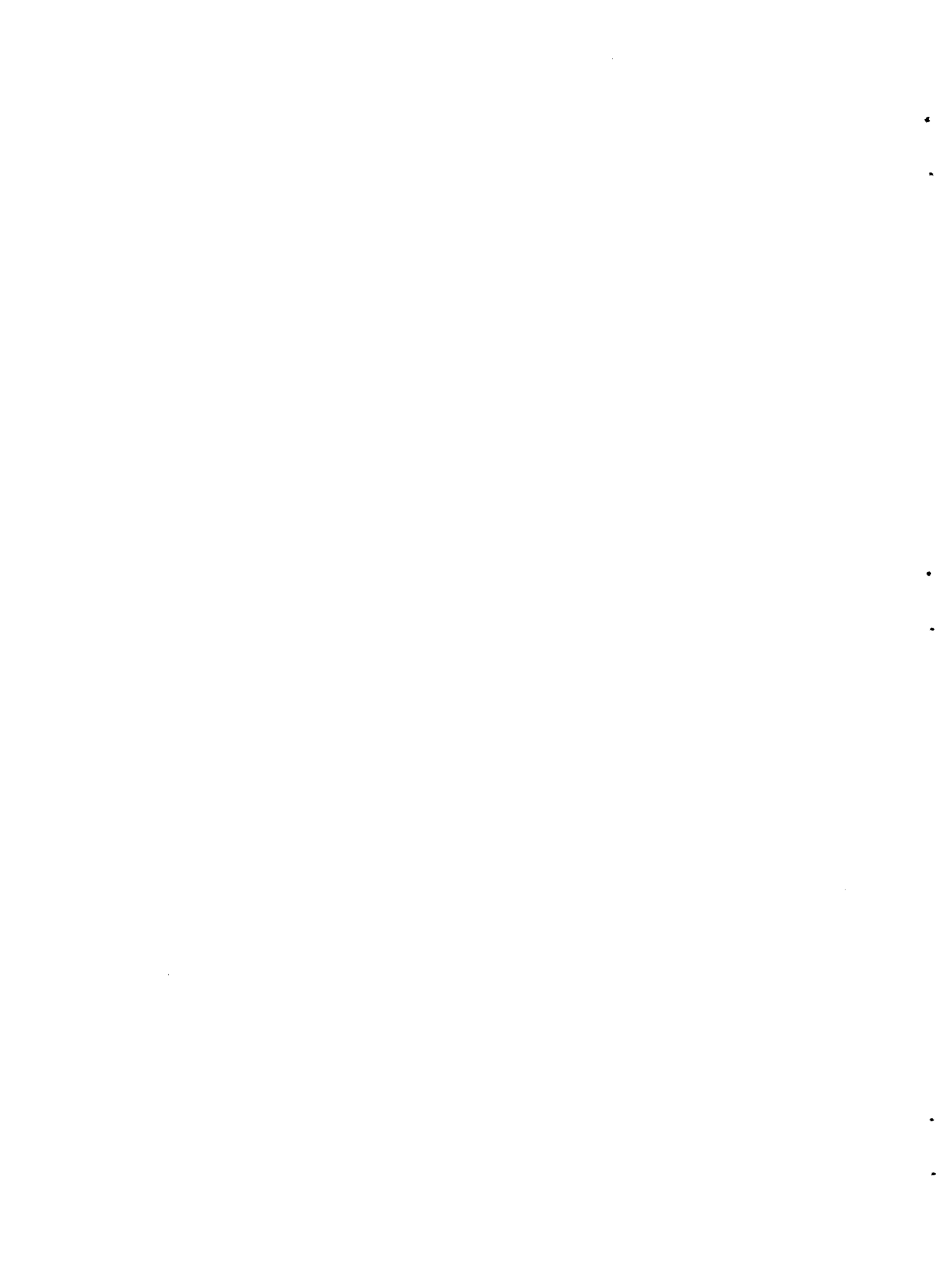
Legal Capacity, Privileges and Immunities

1. The legal capacity, privileges and immunities to be

recognised and granted by the Member States in connection with the Common Market shall be laid down in a Protocol to this Agreement.

2. The Council of Ministers, acting on behalf of the Common Market, may conclude with the Government of the State in which the headquarters will be situated an agreement relating to the legal capacity and the privileges and immunities to be recognised and granted in connection with the Common Market.

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Rules regarding Market Area origin for tariff purposes

For the purpose of determining the origin of goods under Article 6 and for the application of that Article, the following Rules shall be applied.

Rule I-Interpretative Provisions

1. In determining the place of production of marine products and goods produced therefrom, a vessel of a Member State shall be regarded as part of that State. In determining the place from which goods have been consigned, marine products taken from the sea or goods produced therefrom at sea shall be regarded as having been consigned from a Member State if they were taken by or produced in a vessel of a Member State and have been brought direct to the Market Area.

2. A vessel which is registered shall be regarded as a vessel of the Member State in which it is registered.

3. "Materials" included products, part and components used in the production of the goods.

4. Energy, fuel, plant, machinery and tools used in the production of goods within the Market Area, and materials used in the maintenance of such plant, machinery and tools, shall be regarded as wholly produced within the Market Area when determining the origin of those goods.

5. "Produced" in sub-paragraph (c) of paragraph 1 of Article 6 and a "process of production" in paragraph 2 of that Article include the application of any operation or process, with the exception of any operation or process which consists only of one or more of the following:-

- (a) packing, wherever the packing materials may have been produced;
- (b) splitting up into lots;
- (c) sorting and grading;
- (d) marking;
- (e) putting up into sets.

6. The term "producer" includes a grower and a manufacturer and also a person who supplies his goods otherwise than by sale to another person and to whose order the last process in the course of the manufacture of the goods is applied by that other person.

Rule 2 Goods wholly produced within the Market Area

For the purposes of sub-paragraph (a) of paragraph 1 of Article 6, the following are among the products which shall be regarded as wholly produced within the Market Area:-

- (a) mineral products extracted from the ground within the Market Area;
- (b) vegetable products harvested within the Market Area;
- (c) Live animals born and raised within the Market Area;
- (d) products obtained within the Market Area from live animals;
- (e) products obtained by hunting or fishing conducted within the Market Area;
- (f) marine products taken from the sea by a vessel of a Member State;
- (g) used articles fit only for the recovery of materials, provided that they have been collected from users within the Market Area;
- (h) scrap and waste resulting from manufacturing operations within the Market Area;
- (i) goods produced within the Market Area exclusively from one or both of the following:-
 - (1) products within sub-paragraphs (a) to (h);
 - (2) materials containing no element imported from outside the Market Area or of undetermined origin.

Rule 3-Application of Percentage Criterion

For the purposes of sub-paragraph (c) of paragraph 1 of Article 6 -

- (a) Any material which meet the conditions specified in sub-paragraph (a) or (b) of paragraph 1 of that Article shall be regarded as containing no element imported from outside the Market Area.
- (b) The value of any materials which can be identified as having been imported from outside the Market Area shall be their C.I.F. value accepted by the customs authorities on clearance for home use, or on temporary admission, at the time of the last importation into the Member State when they were used in a process of production, less the amount of any transport costs incurred in transit through other Member States.
- (c) If the value of any materials imported from outside the Market Area cannot be determined in accordance with sub-paragraph (b) of this Rule, their value shall be the earliest ascertainable price paid for them in the Member State where they were used in a process of production.
- (d) If the origin of any materials cannot be determined, such materials shall be deemed to have been imported from outside the Area and their value shall be the earliest ascertainable price paid for them in the Member State where they were used in a process production.

- (e) The export price of the goods shall be the price paid or payable for them to the exporter in the Member State where the goods were produced, that price being adjusted, where necessary, to an f.o.b. or free at frontier basis in that Member State.
- (f) The value under sub-paragraphs (b), (c), or (d) of the export price under sub-paragraph (e) of this Rule may be adjusted to correspond with the amount which would have been obtained on a scale in the open market between buyer and seller independent of each other. This amount shall also be taken to be the export price when the goods are not the subject of a sale.

Rule 4-Unit of Qualification

1. Each article in a consignment shall be considered separately.
2. For the purposes of paragraph 1 of this Rule -
 - (a) where the original Standard International Trade Classification specifies that a group, set or assembly of articles is to be classified within a single item, such a group set or assembly shall be treated as one article;
 - (b) tools, parts and accessories which are imported with an article, and the price of which is included in that of the article or for which no separate charge is made, shall be considered as forming a whole with the article, provided that they constitute the standard

equipment customarily included on the sale of articles of that kind;

- (c) in cases not within sub-paragraphs (a) and (b), goods shall be treated as a single article if they are so treated for purposes of assessing customs duties by the importing Member State.

3. An unassembled or disassembled article which is imported in more than one consignment because it is not feasible for transport or production reasons to import it in a single consignment shall, if the importer so requests, be treated as one article.

Rule 5-Segregation of materials

1. For those products or industries where it would be impracticable for the producer physically to segregate materials of similar character but different origin used in the production of goods, such segregation may be replaced by an appropriate accounting system, which ensures that no more goods received Market Area tariff treatment than would have been the case if the producer had been able physically to segregate the materials.

2. Any such accounting system shall conform to such conditions as may be agreed upon by the Member State concerned in order to ensure that adequate control measures will be applied.

Rule 6-Treatment of mixtures

1. In the case of mixtures, not being groups, sets or assemblies of separate articles dealt with under Rule 4, a Member State may refuse to accept as being of Market Area origin any product resulting from the mixing together of goods which would qualify as being of Market Area origin with goods which would not so qualify, if

the characteristics of the products as a whole are not essentially different from the characteristics of the goods which have been mixed.

2. In the case of particular products where it is, however, recognised by Member States concerned to be desirable to permit mixing of the kind described in the foregoing paragraph, such products shall be accepted as of Market Area origin in respect of such part thereof as may be shown to correspond to the quantity of goods of Market Area origin used in the mixing, subject to such conditions as may be agreed upon.

Rule 7-Treatment of Packing

1. Where for purposes of assessing customs duties a Member State treats goods separately from their packing, it may also, in respect of its imports consigned from another Member State, determine separately the origin of such packing.

2. Where paragraph 1 of this Rule is not applied, packing shall be considered as forming a whole with the goods and no part of any packing required for their transport or storage shall be considered as having been imported from outside the Market Area when determining the origin of the goods as a whole.

3. For the purpose of paragraph 2 of this Rule, packing with which goods are ordinarily sold by retail shall not be regarded as packing required for the transport or storage of goods.

Rule 8-Documentary Evidence

1. A claim that goods shall be accepted as eligible for Market Area tariff treatment shall be supported by appropriate documentary evidence of origin and consignment. The evidence of origin shall consist of either -

- (a) a declaration of origin completed by the last producer of the goods within the Market Area, together with a supplementary declaration completed by the exporter in

cases where the producer is not himself or by his agent the exporter of the goods; or

- (b) a certificate given by a governmental authority or authorised body nominated by the exporting Member State and notified to the other Member States together with a supplementary declaration completed by the exporter of the goods.

These declarations, certificates and supplementary declarations shall be in such form as may be agreed by the Governments of all the Signatory States, and a copy of such Agreement shall be deposited with the Government of St. Lucia by which certified copies shall be transmitted to all other Signatory and participating States. The agreed forms shall, for the purposes of paragraph 5 of Article 6 be deemed to form part of this Annex.

2. The exporter may choose either of the forms of evidence referred to in paragraph 1 of this Rule. Nevertheless the authorities of the country of exportation may require for certain categories of goods and evidence of origin shall be furnished in the form indicated in sub-paragraph (b) of that paragraph.

3. In cases where a certificate of origin is to be supplied by a governmental authority or an authorised body under sub-paragraph (b) of paragraph 1 of this Rule, that authority or body shall obtain a declaration as to the origin of the goods given by the last producer of the origin within the Market Area. The governmental authority or the authorised body shall satisfy themselves as to the accuracy of the evidence provided; where necessary they shall require the production of additional information

and shall carry out any suitable check. If the authorities of the importing Member State so require, a confidential indication of the producer of the goods shall be given.

4. Nominations of authorised bodies for the purpose of sub-paragraph (b) of paragraph 1 of this Rule, may be withdrawn by the exporting Member State if the need arises. Each Member State shall retain, in regard to its imports, the right of refusing to accept certificates from any authorised body which is shown to have repeatedly issued certificates in an improper manner, but such action shall not be taken without adequate prior notifications to the exporting Member State of the grounds for dissatisfaction.

5. In cases where the Member States concerned recognise that it is impracticable for the producer to make the declaration of origin specified in sub-paragraph (a) of paragraph 1 or in paragraph 3 of this Rule, the exporter may make that declaration in such form as those Member States may for the purpose specify.

6. The Council of Ministers may decide that further or different provisions concerning evidence of origin or of consignment shall apply to particular categories of goods or classes of transactions.

Rule 9-Verification of Evidence of Origin

1. The importing Member State may as necessary require further evidence to support any declaration or certificate of origin furnished under Rule 8.

2. The importing Member State shall not prevent the importer from taking delivery of the goods solely on the grounds that it requires such further evidence, but may require security for any duty or other charge which may be payable.

3. Where, under paragraph 1 of this Rule, a Member State has required further evidence to be furnished, those concerned in another Member State shall be free to produce it to a governmental authority or an authorised body of the latter State, who shall, after thorough verification of the evidence, furnish an appropriate report to the importing Member State.

4. Where it is necessary to do so by reason of its legislation, a Member State may prescribe that request by the authorities of importing Member States for further evidence from those concerned in the Member State shall be addressed to a specified governmental authority, who shall after thorough verification of the evidence furnish an appropriate report to the importing Member State.

5. If the importing Member State wishes an investigation to be made into the accuracy of the evidence which it has received, it may make a request to that effect to the other Member State or States concerned.

6. Information obtained under the provisions of this Rule by the importing Member State shall be treated as confidential.

Rule 10-Sanctions

1. Member States undertake to introduce legislation, making such provision as may be necessary for penalties against persons who, in their territory, furnish or cause to be furnished a document which is untrue in a material particular in support of a claim in another Member State that goods should be accepted as eligible for Market Area tariff treatment. The penalties applicable shall be similar to those applicable in cases of untrue declarations in regard to payment of duty on imports.

2. A Member State may deal with the offence out of court, if it can be more appropriately dealt with by a compromise penalty or similar administrative procedure.

3. A Member State shall be under no obligation to institute or continue court proceedings, or action under paragraph 2 of this Rule -

- (a) if it has not been requested to do so by the importing Member State to which the untrue claim was made; or
- (b) if, on the evidence available, the proceedings would not be justified.

SCHEDULE
BASIC MATERIALS LIST

These materials may always be regarded as originating wholly within the "Market Area" when used in the state described in this list in a process of production within the "Market Area".

Note: The classification used in this List is in accordance with the original Standard International Trade Classification.

041-01	Wheat and spelt (including meslin) unmilled.
043-01	Barley unmilled.
045-01	Rye unmilled.
045-02	Oats unmilled.
045-09	Cereals unmilled (except rice and corn).
046-01	Semolina.
048-02	Malt.
051-04	Apples.
051-05	Grapes.
054-01	Potatoes (excluding sweet).
054-03	Hop Cones fresh or dried.
061-09	Lactose, glucose, maltose, caramel.
072-01	Cocoa beans (except flavoured cocoa).
075-01	Pepper (except sweet pepper, unground) and pimento whether unground, ground or otherwise prepared.
075-02	Spices other than ginger, cinnamon, nutmeg and mace.
221-05	Linseed.
231-02	Synthetic rubbers and rubber substitutes.
244-01	Cork, raw and waste (including natural cork in blocks and sheets).
261	Silk.
262	Wool and other animal hair.

264	Jute, including jute cuttings and waste.
265	Vegetable fibres except cotton, jute and coir fibres.
272-06	Sulphur.
272-16	Natural graphite.
284-01	Non-ferrous metal scrap.
Ex 291-09	Sponges, fisheggs, (not for food) bristles, hair and their waste.
292-02	Natural gums, resins, balsam and lacs.
292-09	Kapok.
Ex 312-01	Crude petroleum.
411-01	Oils from fish and marine animals.
411-02	Animal Oils fats and grease (excluding lard)
412-01	Linseed oil.
412-11	Castor Oil.
413-02	Hydrogenated oils and fats.
413-04	Waxes of animal or vegetable origin.
Ex 511-09	Calcium carvide, sodium pyrophosphate and white lead.
531-01	Coal tar, dyestuffs and natural indigo.
532-01	Dyeing extracts.
532-02	Tanning extracts.
532-03	Synthetic tanning materials.
551-01	Essential vegetable oils (except lime, bay, pimento, nutmeg and orange oils).
599-01	Synthetic plastic materials in block, sheets, rods, tubes, power and other primary forms.
599-04	Casein, albumen, gelatin, glue.
611	Leather with the exception of sole leather.
651	Textile yarn and thread.
652	Cotton fabrics.
653	Textile fabrics, other than cotton fabrics.
Ex 655-06	Twine and cotton.
Ex 655-06	Twine of hemp.
671-01	Silver unworked and partly worked.
671-02	Platinum and other metal of platinum group, unworked and partly worked.

- 672-03 Pearls unworked.
- 681-01 Pig iron and sponge iron (including iron and steel powder).
- 681-02 Ferro-alloys.
- 681-03 Ingots, blooms, slabs, billets, sheet bars and tin-plate bars of iron and steel and equivalent primary forms.
- 681-04 Iron and steel bars.
- 681-05 Universals, plates and sheets of iron and steel, uncoated.
- 681-06 Hoop and strip of iron and steel (including tube strips and steel strip for springs) coated or not.
- 681-13 Steel tubes and fittings, welded or drawn.
- 681-14 Pipes and fittings, cast whether gray iron or malleable iron.
- 682-01 Copper and alloys refined, not refined, wrought or unwrought (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings)
- 682-02 Copper and alloys of copper, worked (bars, rods, plates, sheet wire, pipes, tubes, castings and forgings).
- 683-01 Nickel and nickel alloys unwrought.
- 683-02 Nickel and nickel alloys, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings).
- 684-01 Aluminum and aluminum alloys unwrought.
- 684-02 Aluminum and aluminum alloys, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings).
- 685-01 Lead and lead alloys unwrought.
- 685-02 Lead and lead alloys, worked (bars, rods, plates, sheets, wire, pipes, tubes, castings and forgings).
- 689-01 Non-ferrous base metals employed in metallurgy and their alloys, n.e.s. unwrought.
- 689-02 Non-ferrous base metals employed in metallurgy and their alloys, n.e.s. worked (bars, rods, sheets, wire, pipes, tubes, casting, and forging).

Ex 699-05	Expanded metal of iron and steel.
699-06	Expanded metal of aluminum, copper and other non-ferrous base metals.
899-05	Buttons and studs of all materials, except those of precious metals and precious stones.

PROTOCOL LAYING DOWN ARRANGEMENTS FOR THE
ESTABLISHMENT OF A COMMON LEVEL OF DUTIES
OF CUSTOMS BY MEMBER STATES

THE SIGNATORY GOVERNMENTS -

BEING the Governments of the Signatory States within the meaning of Article 1 and Article 24 of the Agreement for the establishment of the East Caribbean Common Market;

RECOGNISING that different arrangements and varying levels of import duties of customs exist in Member States and that the benefits to be derived from the East Caribbean Common Market could by the continuation of such tariff levels be frustrated;

ANXIOUS to achieve at the earliest possible date a common level of customs duties among Member States to ensure the harmonious development of their economies;

HAVE AGREED as follows:-

1. In this Protocol, unless the context otherwise requires -

"The Agreement" means the Agreement for establishing the East Caribbean Common Market; "Council of Ministers", "Market Area" and "Member States" have respectively the meanings assigned thereto in the Agreement.

2. From the coming into force of the Agreement and until such time as a common customs tariff on goods originating outside the Market Area or of undetermined origin is agreed upon by the Council of Ministers,

Member States agree not to alter their customs treatment of all commodities imported as aforesaid into Member States.

3. Nothing in the Agreement shall preclude any Member State from refusing to accord duty free entry to any commodity transhipped from any other Member State and which originated or was produced outside the Market Area or was of undetermined origin.
4. The principles, timing and methods to be applied in determining the levels of duties of customs of Member States and the Protocols for the special treatment of certain commodities shall be as the Council of Ministers may, decide.