

INTERNATIONAL TRADE AGREEMENTS



Customs Brokers Training

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Performance Objective:

At the end of this lesson participants will be able to examine trade agreements and apply relevant information to advise their clients about the trade related provisions and their impact on their business transactions.

Enabling Objectives:

1. Identify the various trade agreement which impact trade with Dominica
2. Discuss the trade related provisions of the CARICOM Treaty and other RTAs
3. Assess the significance of the EU-CARIFORUM EPA on trade with Dominica
4. Examine the WTO Trade Facilitation Agreement and the implications for Dominica

Definitions

A trade agreement refers to a contractual arrangement between states concerning their trade relationships.

Trade between countries /regions are governed by trade agreements.

Trade agreements may be:

- **Bilateral** - between two states
- **Multilateral** - between more than two states.

A **bilateral trade agreement** usually includes a broad range of provisions regulating the conditions of trade between the contracting parties.

These include stipulations governing customs duties and other levies on imports and exports, commercial and fiscal regulations, and transit arrangements for merchandise, customs valuation bases, administrative formalities, quotas, and various legal provisions.

Most bilateral trade agreements, either explicitly or implicitly, provide for reciprocity, (2) MFN treatment, and (3) “national treatment” of non-tariff restrictions on trade. **Multilateral trade agreements** are between many nations at one time. For this reason, they are very complicated to negotiate, but are very powerful once all parties sign the agreement.

The primary benefit of multilateral agreements is that all nations get treated equally, and so it levels the playing field, especially for poorer nations that are less competitive by nature.

QUESTION TO CLASS:

Can you identify trade agreements which impacts on the trade with your country?
(Allow feedback and Provide example of trade agreements not mentioned)

Revised Treaty of Basseterre

Agreement Type: Sub-Regional

Contracting Partner(s): OECS Members

Date Signed: June 18, 2010

The Revised Treaty of Basseterre which established the Organization of Eastern Caribbean States Economic Union was signed by Dominica and the other five independent OECS Member states on June 18, 2010. The OECS is an inter-governmental organisations dedicated to economic harmonization and integration, protection of human and legal rights, and the encouragement of good governance between countries and dependencies in the Eastern Caribbean.

Revised Treaty of Chaguaramas

Agreement Type: Regional

Contracting Partner(s): CARICOM Members

Date Signed: July 5, 2001

The Revised Treaty of Chaguaramas is a revised edition of the original treaty which formed the Caribbean Common Market (CARICOM) transforming it into The Caribbean Single Market and Economy. Under this revision factors were allowed to move freely as a basis for internationally competitive production of goods and provision of services. Allowances were made for the subsequent inclusion in the Revised Treaty, by way of additional Protocols (defined by an Inter-Governmental Task Force (IGTF) which was composed of representatives of all Member States) for new issues such as e-commerce, government procurement, trade in goods from free zones, free circulation of goods, and the rights contingent on the free movement of persons.

CARICOM-Dominican Republic Free Trade Agreement

Agreement Type: Bilateral

Contracting Partner(s): CARICOM members and the Dominican Republic

Date Signed: August 22, 1998

A Free Trade Agreement signed in August 1998 and provisionally entered into force December 1, 2001. The Agreement grants CARICOM LDCs which includes non-reciprocal preferential market access to the Dominican Republic, while market access for MDCs of CARICOM is on a reciprocal basis.

CARICOM-Venezuela Trade and Investment Agreement

Agreement Type: Bilateral

Contracting Partner(s): CARICOM members and Venezuela

Date Signed: October 13, 1992

A Non-Reciprocal Preferential Agreement in favour of CARICOM, signed October 13, 1992. Venezuelan exporters do not benefit from preferential access to the CARICOM market. Preferential access for CARICOM exporters is restricted to certain product groups, while others including coconut oil, white rice, broken rice or frozen orange juice, do not benefit from Venezuela's liberalization.

CARICOM-Costa Rica Free Trade Agreement

Agreement Type: Bilateral

Contracting Partner(s): CARICOM members and Costa Rica

Date Signed: March 9, 2004

A Free Trade Agreement signed March, 2004 which provides for duty free treatment for all products except a list of products on which MFN treatment is maintained. Market access for CARICOM's MDC is based on reciprocity; however CARICOM's LDCs including Dominica are not required to provide reciprocal preferential market access to Cost Rica.

CARICOM-Colombia Trade and Technical Cooperation Agreement

Agreement Type: Bilateral

Contracting Partner(s): CARICOM members and Colombia

Date Signed: July 24, 1994

A Trade, Economic and Technical Cooperation Agreement signed July 24, 1994. Originally a non-reciprocal preferential agreement in favour of certain products from CARICOM. In 1998, four CARICOM More Developed Countries (MDCs) granted reciprocal preferential market access to a negotiated list of Colombian exports, while CARICOM LDCs which includes Saint Lucia, still benefit from preferential access to Colombia.

CARICOM Cuba Trade and Economic Cooperation Agreement

Agreement Type: Bilateral

Contracting Partner(s): CARICOM members and Cuba

Date Signed: July 5, 2000

A Trade and Economic Cooperation Agreement signed in 2000 with an additional protocol enabling provisional application signed on December 8, 2002. Negotiations for the expansion of products subject to preferential treatment under the agreement commenced in 2006 but have not been concluded thus far.

CARIFORUM-EU Economic Partnership Agreement (EPA)

Agreement Type: Bilateral

Contracting Partner(s): CARIFORUM states (CARICOM Members, the Dominican Republic) and the European Community

Date Signed: October 15, 2008

In accordance with the provisions of Article 37 of the 2000 Cotonou Partnership Agreement, Dominica as a member of the CARIFORUM Region of the ACP Group, participated in the negotiation of new formal trading arrangements with the European Community. These negotiations were completed and an Economic Partnership Agreement (EPA) was signed with the European Community by Dominica and other CARIFORUM Countries, on 15 October 2008. The duration of the EPA is indefinite, and it provides exporters of nearly all CARIFORUM originated goods with duty free and quota free access to the EU market. The Agreement was ratified by Dominica on 12 June 2012 and is being provisionally applied. It was notified to the WTO under GATT Article XXIV.

CARICOM Canada Trade and Development Agreement

Agreement Type: Bilateral

Contracting Partner(s): CARICOM members and Canada

Date Signed: On-going Negotiations (commenced on November 10, 2009)

CARICOM is currently negotiating a Trade and Development Agreement with Canada, as the current CARIBCAN Agreement between the two parties will expire. CARICOM's exports benefit from duty free tariff treatment under CARIBCAN across most product categories, including CARICOM's top 25 exports to Canada. CARICOM anticipates that the final agreement will be beneficial to the region, as a trade and development agreement with Canada will not require a WTO waiver and will be considered compatible with WTO rules, will include coverage of good including those which were excluded from coverage under CARIBCAN, and be a long term arrangement that locks in CARICOM's access to the Canadian market.

World Trade Organization

Agreement Type: Multilateral

Contracting Partner(s): WTO members (159 members as of March 2013)

Date Signed: January 1, 1995

The World Trade Organization (WTO) deals with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible. Dominica has been active in the WTO in the context of the Doha Development Round, (DDA) and in the negotiations has strongly advanced the argument that special and differential is integral to the process. It has joined with other members of CARICOM in advocating non-reciprocity in NAMA and for flexibilities for small and vulnerable economies in the negotiation process.



The Treaty of Chaguaramas

Originally signed on 4th July 1973 in Chaguaramas, Trinidad & Tobago came into effect on 1st August 1973

4 original Member States at that stage (Barbados, Jamaica, Guyana and Trinidad & Tobago)

The other eight territories - Antigua, Belize (British Honduras), Dominica, Grenada, St. Lucia, Montserrat, St. Kitts/Nevis and St. Vincent became members on 1st May 1974.

The Bahamas became the 13th member of the Caribbean Community but did not join the Caribbean common market.

Suriname became the 14th member on 4 July 1995; and the 15th Haiti became a full member on 3rd July 2002 (provisional membership from 4th July 1998)

There are currently 5 associated members
(Anguilla, Bermuda, BVI, Cayman Islands and Turks & Caicos Islands)

There are also observer countries like Aruba, Dom. Rep., P. Rico, Mexico

The member states of CARICOM are divided into two groupings:

The more developed countries (MDCs): Barbados, Guyana, Jamaica, Suriname And Trinidad & Tobago;

The less developed countries (LDCs) All other full members

Revised Treaty of Chaguaramas

The original treaty has now been revised to bring about The Caribbean Single Market and Economy (CSME)

The Revised Treaty was opened for signature at the Twenty-Second Regular Meeting of the Conference of Heads of Government (July 2001, The Bahamas) where it was signed by the following Member States: Barbados, Belize, Guyana, Jamaica, Suriname and Trinidad and Tobago.

It entered into force on 1 January 2006, following the deposit with the Secretary-General of the Twelfth Instrument of Ratification (pursuant to Article 234, as amended) by the Government of the Commonwealth of Dominica on 8 November 2005. .On January 1, 2006

Objectives of the CSME:

- Improved standards of living and work
- Full employment of labour and other factors of production
- Accelerated, co-ordinated and sustained economic development and convergence
- Expansion of trade and economic relations with third states
- Enhanced levels of international competitiveness
- Organisation for increased production and productivity
- The achievement of a greater measure of economic leverage and effectiveness of member states in dealing with third states, groups of states and entities of any description
- Enhanced co-ordination of member states' foreign and economic policies
- Enhanced functional cooperation, including –

- (I) More efficient operation of common services and activities for the benefit of its peoples
- (II) Accelerated promotion of greater understanding among its peoples and the advancement of their social, cultural and technological development
- (III) Intensified activities in areas such as health, education, transportation, telecommunication

The Caribbean Single Market (CSM) provides for reciprocal trading arrangements among member states

CARIFORUM –EU Economic Partnership Agreement

Overview of the EPA

The Partnership Agreement between the Members of the African, Caribbean and Pacific Group of States and the European Community and its Member States signed in Cotonou on 23 June 2000 and revised on 25 June 2005, hereinafter referred to as the 'Cotonou Agreement'

The CARIFORUM-EU EPA represents an agreement between the CARIFORUM States*, of the one part, and the European Community and its Member States, of the other part was signed in October 2008.

* CARIFORUM = CARICOM States + Dominican Republic

Objectives of EPA:

- Reduction / eradication of poverty
- Regional integration,
- Economic cooperation
- Good governance
- Increasing investment and private sector initiative
- Enhancing supply capacity and competitiveness
- Strengthening the existing relations

Structure of the EPA

- PART I -Trade Partnership for Sustainable Development (Articles 1 – 8)
- PART II - Trade and Trade-related Matters (Articles 9 – 201)
- PART III - Dispute Avoidance and Settlement (Articles 202 -223)
- PART IV – General Exceptions (Articles 224- 226)
- PART V – Institutional Provisions (Articles 227 – 232)
- PART VI – General and Final Provisions (Articles 233 – 250)

The CARIFORUM-EU EPA provides for reciprocal trading arrangements among member states

- **ANNEX II - CUSTOMS DUTIES ON PRODUCTS ORIGINATING IN CARIFORUM STATES**
- **ANNEX III - CUSTOMS DUTIES ON PRODUCTS ORIGINATING IN THE EC PARTY**
- **Appendix 1 to Annex III - Schedule of tariff liberalisation of the CARIFORUM States**



Background

The TFA has the potential to reduce trade costs thereby boosting trade between countries and raising world income.

Early estimates by the OECD suggested that implementation of the TFA would reduce trade costs by 10%. More recent OECD estimates increase this to 14.5%.

One frequently referenced report by the Peterson Institute estimates that trade facilitation reforms will expand global trade by as much as \$ 1 trillion annually.

The OECD estimates that 2/3rd of the gains from the TFA will accrue to the Developing Countries.

Entry Into Force

The Trade Facilitation Agreement (TFA), entered into force on 22 February 2017 after two-thirds of members completed their domestic ratification of a Protocol of Amendment and notified the WTO of their acceptance of this Protocol.

WTO Trade Facilitation Agreement

The Trade Facilitation Agreement contains 12 Articles with approximately 40 measures

- ✓ Art.1 - Publication and Availability of Information
- ✓ Art. 2 - Opportunity to comment, information before entry into force and consultations
- ✓ Art. 3 - Advance Rulings
- ✓ Art. 4 - Procedures for appeal or review
- ✓ Art. 5 - Other measures to enhance impartiality, non-discrimination and transparency
- ✓ Art. 6 - Disciplines on fees and charges
- ✓ Art. 7 - Release and Clearance of Goods
- ✓ Art. 8 - Border Agency Cooperation
- ✓ Art. 9 - Movement of goods intended for import under customs control
- ✓ Art. 10 - Formalities connected with importation, exportation and transit
- ✓ Art. 11 - Freedom of transit
- ✓ Art. 12 - Customs Cooperation

In the two years since taking effect, 141 out of 164 countries have ratified the agreement, accounting for 86% of WTO membership. 12 out of the remaining 22 countries are LDCs.

CARICOM Ratification Status

- ✓ Antigua and Barbuda
- ✓ Barbados
- ✓ Belize
- ✓ Dominica
- ✓ Grenada
- ✓ Guyana

- ✓ Jamaica
- ✓ Saint Kitts & Nevis
- ✓ Saint Lucia
- ✓ Saint Vincent & the Grenadines
- ✓ Suriname
- ✓ Trinidad & Tobago

CARICOM STATES (not ratified)

- o Bahamas
- o Haiti
- o Monserrat

CARICOM Notifications -Category A,B,C (refer to table in Appendix 1

Top Outcomes:

- ✓ Reduced customs clearance times
- ✓ Reduced other border agency clearance times
- ✓ Reduced costs of customs clearance

Top Impacts:

- ✓ Increased foreign investment
- ✓ Export market diversification
- ✓ Increased domestic investment
- ✓ Increase in consumer welfare
- ✓ Increase in employment

Conclusion

The international law equivalents of legislation are treaties and conventions.

Treaties are legally binding agreements between two or more states.

Conventions are legally binding agreements between states sponsored by international organisations such as the United Nations.

Customary laws are those rules that have been around for a long time or that are generally accepted.

Review Objectives

Link to next topic

Appendix 1 - CARICOM Notifications

Category A, B, C

Members	% in Cat. A	% in Cat. B	% in Cat. C
Antigua and Barbuda	37.0		
Barbados	36.6		
Belize	33.6	15.1	51.3
Dominica	50.8		
Grenada	73.5	8.0	18.5
Guyana	73.1	2.9	23.9
Jamaica	13.0	23.1	63.9
Saint Kitts and Nevis	67.6	8.0	24.4
Saint Lucia	49.2	29.4	21.4
Saint Vincent and the Grenadines	54.6	8.4	37.0
Suriname	10.1		
Trinidad and Tobago	21.4	8.0	70.6