



# Free Trade Agreement between the Caribbean Community and the Government of the Dominican Republic



If we walk into a supermarket and buy American apples, Trinidadian crackers and English tea we are reaping the benefits of international trade. International trade describes the exchange of goods and services between countries and allows consumers to obtain products which they may not have otherwise been able to access.

Goods available on the international market encompass all product types, and are grouped as imports and exports. A product that is sold on the global market is an export and a product that is bought on the global market is an import. Goods entering and leaving the country should do so under the agreed regimes that govern them.

Throughout the world, Customs has the responsibility of protecting the borders by administering the import/export process. Control of these processes have however been met with significant challenges due to the effects of globalization and trade liberalization. As a result, the need for specialized knowledge on trade-related matters has been created to effectively manage the cross border activities administered by the different trade related agencies.

This article seeks to explore the intricacies of the captioned agreement and may serve as a guide for persons involved in the administration of these processes.

## What is a Free Trade Area ?

Think of a geographic space consisting two or more countries that allow the free movement of goods, services or people across their borders, based on agreed terms.

A free trade area is created through the signing and implementation of a free trade agreement (FTA). FTAs are normally established to liberalize trade and increase the

competitiveness of the individual countries or the collective region. FTAs allow commerce to be conducted freely amongst its parties (signatories to the agreement), and reduces or eliminates barriers to trade such as tariffs or quotas between the parties.

Preferential treatment through the granting of concessions, is usually given by one party to the other, where

their goods and services are favoured over those belonging to third countries (not parties to the agreement). Such goods are subject to the Common External Tariff (CET), and attract the Most Favoured Nation (MFN) rate of duty. Countries that are not party to the particular agreement are subject to MFN, provided that they are Members of the World Trade Organization (WTO).

### Inside this issue:

Free Trade Area	1
CARICOM/DR FTA	2
Structure of the Agreement	2
Annexes to the Agreement	2
Rules of Origin	3
Certificate of Origin	3
Queries Received	6



*In order to respond to the challenges presented in the global market place, countries have found it necessary to collaborate and coordinate their trade policies as a strategy for trade. Trade amongst regional countries is seen as essential in creating market access opportunities, which may satisfy regional demand in traded commodities.*

## CARICOM/Dominican Republic FTA

On August 22, 1998 the Agreement establishing the Free Trade Area between the Caribbean Community (CARICOM) and the Dominican Republic (DR) was signed. The two parties (CARICOM and the DR) envisioned closer economic integration and a more significant joint presence in trade negotiations. It is the first FTA concluded by CARICOM, and allows duty-free market access to both parties. However, while benefitting from duty-free access to the DR, the Least Developed Countries (LDCs) of CARICOM, are not initially required to reciprocate preferential treatment.

The CARICOM/DR FTA provisionally entered into force on December 1, 2001 and functions under the supervision of a Joint Council, facilitating preferential trade.



Seaport of Rio Haina, Santo Domingo, Dominican Republic

Once the parties to the FTA have signed and agreed to all the terms and conditions set out in the various annexes, appendices and attachments, the agreement becomes a contract and is legally binding under international law. The agreement is said to “enter into force” when national legislation reflects the terms and conditions giving effect to the Agreement.

*The establishment of the CARICOM/DR free trade area aims to enhance levels of cooperation between the two parties and stimulate economic development through trade liberalization and increased competitiveness benefitting all Member countries. Sectors benefitting from the FTA includes among others, agriculture, mining, tourism, telecommunications, and banking.*

## Fundamentals of the CARICOM/Dominican Republic FTA

The Agreement begins by summarizing the overall document and names the Parties to the Agreement (CARICOM and the DR), specifying the territories and subjects covered by the Agreement.

The CARICOM countries covered by the Agreement are: Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago. The Bahamas, being non-party to the Caribbean Common Market, are not a part of the Agreement. CARICOM has identified among its membership, the More Developed Countries (MDCs)- namely Barbados, Guyana, Jamaica, Suriname and Trinidad and Tobago. All others are classified as LDCs.

Being Members of the WTO, the fundamental objective of the Parties is to strengthen their trade relations and conform with the principles, rights and obligations of the WTO. Through the liberalization of their markets, *inter alia*, elimination of the non-tariff barriers to trade, the establishment of a system of Rules of Origin, Customs Cooperation and

the Harmonization of the Technical Sanitary and Phyto-Sanitary Processes, the Parties have aligned themselves to international best practices enabling more efficient participation in global trade.

Generally, goods not specified in the Attachment listed in the related Annex will be granted duty free access on a reciprocal basis with the MDCs of CARICOM. Goods exported from LDCs to the DR will get preferential access on a non-reciprocal basis. Additionally, under the goods liberalization regime, special arrangements have been made for trade in selected agricultural products according to a stipulated timetable for the duty-free access of specified products.



Port Bustamante, Kingston, Jamaica

The Parties have also proposed the progressive liberalization of trade in services, the liberalization of movement of capital, the promotion and protection of investment aimed at improving market opportunities, and the strengthening of their competitiveness in global trade. Under the services regime, each party will confer to the service providers of the other, full market access and equal treatment in the respective countries. The Agreement also promotes the active participation of the private sector with the objective of deepening and expanding economic relations, including the promotion and establishment of joint ventures.

Safeguard mechanisms are also in place to protect local producers from illegal competition, harmful importations, subsidies for exports and other trade distorting practices. Additionally, in conformity with the WTO agreement on Sanitary and Phyto-Sanitary measures each country will be able to establish, adopt, maintain or apply such measures as needed for the protection of human and animal life and health, or to preserve produce in their territory.

# Agreement on Trade in Goods



Trade in Goods comprise the bulk of the FTA and essentially deals with duty-free access to markets based on the agreed terms. It outlines the kind of preferential tariff treatment expected from the Parties, as well as principles for trade facilitation, Customs cooperation and the safeguard mechanisms for the protection of local

industries and economies. There are currently three appendices to this Agreement namely the Rules of Origin, Technical barriers to Trade and the Agreement on Sanitary and Phyto-Sanitary Measures.

The Agreement on Trade in Goods concerns reciprocity in the removal of tariffs and the granting of MFN treatment. It establishes two negative lists; Products subject to phased reduction and products subject to MFN. All goods outside of those lists will be subject to immediate tariff elimination or reduction. Goods on Attachment I, include products such as pasta and biscuits and were progressively liberalized. Now that

the liberalization period has expired products on Attachment I are now duty free in the MDCs and the DR. Goods on Attachment II, including meats of bovine animals, fish and milk will be subject to MFN (duty payable) rate of duty in the DR and the MDCs and the LDCs.

Special trade arrangements for a list of agricultural products are specified with the relevant schedule of duty free treatment. The LDCs were not required to grant any treatment other than MFN rate of duty to goods originating in the DR up to the year 2005 subject to review.

## Attachments to the Agreement related to Trade in Goods



### Attachment I - Goods Which Shall Be Subject To Phased Reduction Of Most Favoured Nation (MFN) Rate Of Duty

- Goods on Attachment I have been fully liberalized from MFN duty rates. Vide MOF letter dated November 8, 2012, goods originating in the DR specified in Attachment I are hereby granted duty-free access to Jamaica with immediate effect.
- Import duty free code 900.20 is in place and should facilitate the clearance of such goods, provided an original certificate of origin duly stamped and signed is presented. Goods facilitated under free code 900.20 shall be directly consigned from the DR to Jamaica.

### Attachment II — Goods Which Shall Be Subject To Most Favoured Nation (MFN) Rate Of Duty

- Goods listed on Attachment II shall be ineligible for preferential access and are therefore subject to the full payment of import duties.

### Attachment III — Specific Criteria Under The Rules Of Origin

- Represents specified rules of Origin which should be met in order to be considered as such under the Agreement. Each HS Chapter contains rules specific to the products within the Chapter, that accords origin status to the product once extra-regional materials are used. (not wholly produced)
- There are a few HS chapters within the Agreement that no product specific rules of origin (PSROs) have been defined, namely products of chapter 15, chapters 84 to 94 and chapter 62. As a result, origin cannot be determined and they are therefore subject to MFN duty rates.



### Attachment IV— Certificate Of Origin

- Specimen of the Certificate of Origin to be used to gain preferential (duty-free) access by the Parties.
- Savingsgrams (official communication) issued by the competent authority (CARICOM Secretariat for governments of CARICOM), are disseminated to all Parties to the Agreement identifying the names and authorized signatures of the certifying officials.
- All goods eligible for duty free treatment must comply with the qualifying criteria and be certified by the designated Governmental Authority. (The Trade Board Limited in Jamaica)

### Attachment V— List And Schedules Of Selected Agricultural Products Which Shall Be Subject To Special Trade Arrangements

- A listing of sensitive agricultural products is identified, for which MFN is payable during the months of the highest production
- The Ministry of Agriculture as the competent Authority will issue the required notice at the start of the period when the MFN rates should apply.







**JAMAICA CUSTOMS AGENCY  
INTERNATIONAL & INDUSTRY LIAISON UNIT**

Myers Wharf  
New Port East  
P.O. Box 466  
Kingston 15

Phone: 8769225140-8 ext.3028/3182  
E-mail: international.liaison@jacustoms.gov.jm



**Country Above Self**

**We're on the Web!**  
<http://www.jacustoms.gov.jm>

*The CARICOM Desk of the International and Industry Liaison Unit is committed to raising the level of awareness on topics relating to the Caribbean Community, as well as issues concerning the wider topic of international trade, to both our internal and external stakeholders. Our monthly newsletter seeks to highlight global trade topics and their importance to Customs Administrations worldwide and specifically how they affect the Jamaica Customs Agency. As we realize our vision of becoming a modern Customs administration delivering excellent service, we recognize the importance of knowledge transfer in delivering our objectives and use this forum as our way of contributing to the vision of the JCA. The International Liaison Unit is located at the Myers Wharf head office and our officers are available to respond to your queries and clarify any points of concern.*

*Prepared by: CARICOM Officer—Marsha Wilson-Maxwell*

## CARICOM/DR FTA—Sample Queries

### 1. Can the following items be brought in duty free under the CARICOM/DR FTA:

Product	Tariff code	Duty-free
Aluminium profile	7610.909	yes
Plastic and metal squares	9015	yes
Metal tool box	7326.909	yes
Screws	7318	yes
Plugs	7326	yes

This query was finalized by determining the relevant tariff codes and verifying that the items could be imported duty free under the FTA. The customer was advised of the applicable free code of 900.20 for items being imported duty-free from the Dominican Republic.



The customer was further advised that a valid and duly signed certificate of origin must be submitted to Customs along with the relevant import documents to receive the preferential (duty free) treatment.

The customer was also advised of the other fees and charges applicable to importation such as General Consumption Tax (GCT), Customs Administrative Fee (CAF), Special Consumption Tax (SCT), and Environmental Levy (Envl.) if applicable.

### 2. Can furniture be imported duty free under the CARICOM/DR FTA?

No. Duties are payable on furniture of chapter 94, which as indicated on Attachment III of the FTA, does not have any product specific rules of origin. This means that there are no specified criteria for determining origin, therefore the origin criteria cannot be fulfilled.