



TRADE LIBERLIZATION

under the Revised Treaty of Chaguaramas



Community Rules of Origin speak to the specified rules relating to the determination and treatment of goods accorded originating status within the Community, as agreed by the Parties to the Revised Treaty of Chaguaramas (RTC).



“Community” means the Caribbean Community as established under Article 2 of the RTC - Establishment of the Community, being successor to CARICOM and the Common Market, and includes the Caribbean Single Market and Economy (CSME).

INTERNATIONAL & INDUSTRY LIAISON UNIT

TRADE BEAT

What is the CSME?

The Caribbean Single Market and Economy (CSME) is the regime established by the provisions of the Revised Treaty of Chaguaramas (RTC), which aims at creating one large market among participating Member states.

What Authority guides Trade Liberalization under the RTC?

Article 79 of the RTC - General Provisions on Trade Liberalization, states that Member States shall establish and maintain a regime for the free movement of goods and services within the CSME.

Article 79(2) of the RTC stipulates that Member States shall refrain from trade policies and practices, the object or effect of which is to distort competition, frustrate free movement of goods and services, or otherwise nullify or impair benefits to which other Member States are entitled.

Article 79(3) of the RTC states that new restrictions on imports or exports of Community Origin shall not be introduced by Member States save otherwise provided in the RTC.

What are the Objectives of the Community?

- Improved standards of living and work;
- Full employment of labour and other factors of production;
- Accelerated, coordinated and sustained economic development and convergence;
- Expansion of trade and economic relations with third states;
- Enhanced levels of international competitiveness;
- Organization 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 coordination of member states foreign and economic policies; and
- Enhanced functional cooperation.

Inside this issue:

• CARICOM & THE CSME	1
• Trade Liberalization under the RTC	1
• Community Trade Policy	2
• Most Favoured Nation	2
• Common External Tariff	3
• Community Rules of Origin	3-4
• Role of Customs	



What are the Organs of the Community?

The principal Organs of the Community are :

- The Conference of Heads of Government; and
- The Community Council of Ministers which shall be the second highest organ.

In the performance of their functions, the principal Organs shall be assisted by the following Organs:

- The Council for Finance and Planning (COFP);
- The Council for Trade and Economic Development (COTED);
- The Council for Foreign and Community Relations (COFCR); and
- The Council for Human and Social Development (COHSD)

What is the Community Trade Policy?

The Trade Policy for the Caribbean Community is the sustainable growth of trade amongst Member States as well as the international community. It seeks to ensure that the exchange of goods and services is mutually beneficial amongst Members, as well as between the Community and third States.

What are the Objectives of the Community Trade Policy?

- Single, Unified and Open Market Area – by integrating the national markets of all Member States.
- Expanding the market area of the Community.
- Export Promotion of Goods and Services of Community Origin.
- Most Favourable terms of trade for Community goods and services.

How can Community Trade Policy Objectives be achieved?

- Common instruments, services and joint regulations required for the efficient administration of internal and external commerce of the CSME.
- Common negotiating strategies in the development of mutually beneficial trade agreements with third states and groups of states.
- Participation and joint representation in international and regional organizations that negotiate, establish and apply disciplines governing international and regional trade.
- Prohibit new restrictions of imports and exports of Community Origin.
- Eliminate existing restrictions of imports and exports of Community Origin other than those authorized by the RTC.

Member State; or Third States. For e.g. If a third state is granted a preferential concession by one Community Member, then that Community Member is obligated to grant equivalent or further (better) concessions to all members of the Community.

This principle is consistent with the rules of the World Trade Organization (WTO), as each WTO Member agrees to accord MFN status to each other. However, exceptions to the MFN principle are allowed in the WTO for preferential treatment of developing countries, regional free trade areas and customs unions, all of which are applicable to the Caribbean Community. As such, a common external trade policy is necessary to delineate the treatment of third countries from the treatment of the Community.



What is MFN?

MFN means Most Favoured Nation and is referenced under **Article 8 of the RTC**. This Article states that each Member State, with respect to any rights covered by the Treaty, shall accord to another Member State treatment no less favourable than that accorded to a third



What is the CET?

The CET is the Common External Tariff established by the Community and is used in respect of all goods that do not qualify for Community Treatment. The CET should be applied uniformly throughout all Member States, allowing MFN rates of duty to be applied to goods not deemed to be originating within the Community.

The CET falls within the trade liberalization policy of the RTC under **Article 82 - Establishment of Common External Tariff** in accordance with plans and schedules set out in relevant determinations of the Council for Trade and Economic Development (COTED).



Which Community Organ Manages the CET?

The COTED manages the application of the CET and may decide to authorize its reduction or suspension in respect of imports of products subject to such terms and conditions as it may decide. In applying the CET, products imported from third countries should not be accorded more favorable treatment than similar products produced in Member States.



When can the CET be altered or suspended?

- When the product is not produced within the Community.
- The quantity of the product being produced in the Community does not satisfy the demand of the Community.
- The quality of the product being produced in the Community is below the Community standard or a standard authorized by the COTED.

What are the Rules to determine Community Origin?

(A) Under Article 84 of the RTC - Community Rules of Origin concerns *goods that have been consigned from one Member State to a consignee in another Member State* and shall be treated as being of Community Origin where the goods:



- (1) have been **wholly produced** within the Community; or
- (2) have been produced within the Community wholly or partly from materials imported from outside the Community or from materials of undetermined origin by a process which effects a **substantial transformation**.

(B) Goods that have been consigned from one Member State to a consignee in another Member State for repair, renovation or improvement shall, on their return to the Member State from which they were exported, be treated for the purpose of re-importation only, in like manner as goods which are of Community origin, provided that the goods are reconsigned directly to that Member State from which they were exported and the value of materials imported from outside the Community or of undetermined origin which have been used in the process of repair, renovation or improvement does not exceed:



- (1) in the case where the goods have undergone the process of repair, renovation or improvement in a More Developed Country, 65 per cent of the cost of repair, renovation or improvement;
- (2) in the case where the goods have undergone the process of repair, renovation or improvement in a Less Developed Country, 80 per cent of the cost of repair, renovation or improvement.



(C) Where there is an interruption or inadequacy of supplies of regional materials and the manufacturer of goods, for which the qualifying condition for Community origin is that of “wholly produced” or “produced from regional materials”, is unable by reason of circumstances beyond his control to obtain supplies of the regional materials, he shall so inform the competent authority.

(Trade Board Limited, in the case of Jamaica)

(D) The competent authority shall:

- after receipt of information from the manufacturer, cause investigations to be made into the matter, and if he is satisfied that the representation from the manufacturer is justified, submit to the Secretary-General in the prescribed instrument an application for a certificate provided for in this Article;
- at the time of making the application, inform the other Member States of the inability of the manufacturer to obtain the supplies of the required materials from within the Community with respect to quantities and specifications of the materials sought and the period during which the materials are required.

If satisfied that the claim is justified, and after completing their investigation, the Trade Board Limited (TBL) in consultation with the Ministry of Investment, Industry and Commerce (MIIC), will submit an application to the Secretary-General of CARICOM on behalf of the manufacturer. If the request is deemed valid through verifications by the Secretary-General, in consultation with other authorized bodies of the Community, then a certificate authorizing the use of extra-regional materials to confer origin would be issued, pursuant to paragraph 7 of Article 84 of the RTC.

In so doing, the safeguard mechanism would have been triggered, authorizing the preferential treatment of the specified items contained in the certificate, for the requesting Member State, for a specific time period.

(E) The issue of a certificate in accordance with paragraph 7 shall be reported by the Secretary-General to COTED at the Meeting of COTED next following the date of issue thereof.



SAVINGRAM

FROM: Secretary-General, Caribbean Community

TO: Minister of Foreign Affairs, Antigua and Barbuda
 Minister of Foreign Affairs, Barbados
 Minister of Foreign Affairs, Belize
 Minister of Foreign Affairs, Dominica
 Minister of Foreign Affairs, Grenada
 Minister of Foreign Affairs, Guyana
 Minister of Foreign Affairs, Jamaica
 Hon. Premier, Montserrat
 Minister of Foreign Affairs, St Kitts and Nevis
 Minister of External Affairs, Saint Lucia
 Minister of Foreign Affairs, St Vincent and the Grenadines
 Minister of Foreign Affairs, Suriname
 Minister of Foreign Affairs, Trinidad and Tobago

COPIED: Ministers of Trade (except Jamaica)
 Heads of Customs Administrations
 Executive Director, Barbados Investment and Development Corporation
 Trade Administrator, Trade Board, Jamaica
 Secretary-General, Chamber of Commerce and Industry, Suriname
 The Manager, Certification Unit, ExportTT Limited, Trinidad and Tobago

No. 478/2014

13 June 2014



**CERTIFICATE ISSUED PURSUANT TO PARAGRAPH 7 OF ARTICLE 84
 THE COMMUNITY RULES OF ORIGIN OF THE REVISED TREATY
 ESTABLISHING THE CARIBBEAN COMMUNITY, INCLUDING
 THE CARICOM SINGLE MARKET AND ECONOMY**

Please find attached Certificate under the Safeguard Mechanism issued to the Competent Authority of Jamaica, in respect of Tea Bags manufactured by Jamaica Teas Limited.

The decision to issue this Certificate under the Safeguard Mechanism for the requested items is in accordance with Paragraph 7 of Article 84 of the Revised Treaty.


 //SECRETARY-GENERAL

ROLE OF CUSTOMS

The Customs authority in each Member state has the responsibility of administering the mechanisms that allow for the free movement of goods under the Revised Treaty of Chaguaramas. In order to ensure that only the goods that qualify for preferential access within the Community, do in fact derive the benefits, Customs has the responsibility of safeguarding the Community from potential risks, such as trade deflection from third countries while facilitating legitimate trade within the Community, and with third countries.

In practical terms the Jamaica Customs Agency does this by:

- Ensuring that all goods applying for duty-free treatment under the RTC are duly accompanied by a valid, original certificate of origin,
- Verifying the direct consignment of goods being imported to Jamaica from an exporting Member



**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>

- Employing the proper free-codes for goods of Community origin:

- **Additional Stamp Duty - 001**

- **Import Duty - 900**

- Providing feedback to the International and Industry Liaison Unit, and the Post Clearance Audit Unit, where there is reasonable doubt regarding the validity of origin claims under the RTC.
- Conducting verification checks as necessitated by intelligence gathering or by random selection.
- Implementing and maintaining the rates and conditionalities as set by the CET, regarding goods that are not of Community Origin.



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