

CARICOM-Cuba Trade and Economic Cooperation Agreement

Ministry of Foreign Affairs and
Foreign Trade

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Overview of the TECA

- The CARICOM-Cuba TECA is a reciprocal agreement which was signed on 5th July 2000 between thirteen (13) CARICOM Member States and the Republic of Cuba. The Bahamas and Haiti are not signatories to the agreement.
- The TECA is a Partial Scope Agreement, mainly focused on the trade in goods, which committed the Parties to working towards the eventual conclusion of a full Free Trade Agreement in 2001.
- The Less Developed Countries (LDCs) of CARICOM are not required to extend preferential duty access to Cuban exports.
- Outlines an agreed timetable for negotiating a trade in services regime, and commits the Parties to the adoption of a double taxation agreement, the reciprocal promotion and protection of investment, and the development and adoption of an agreement on Intellectual Property Rights.

Main provisions

- Establishment of a Joint Commission to, inter alia, supervise the implementation and administration of the TECA and resolve any disputes.
- Market access liberalization taking into account the asymmetries in the level of development between Cuba and the LDCs.
- Treatment of Goods produced in TPZ and EPZs, Transportation, Rules of Origin, Technical Standards, Safeguards, Unfair Trade Practices, Anticompetitive Business Practices and Dispute Settlement.
- Also includes Economic Cooperation, Trade Promotion, Business Facilitation, Trade Financing, Tourism, Investment, IP, Trade in Services, as well as Double Taxation Agreements.

Built-in Agenda

- **Investment Provision:** Develop and adopt an agreement for the reciprocal promotion, protection and facilitation of investments between them.
- Jamaica and Cuba concluded a bilateral Agreement on Reciprocal Promotion and Protection of Investments in 1994.
- **Double Taxation:** Work towards the adoption of a DTA.
- **Intellectual Property Rights:** Develop and adopt an agreement on IPRs taking into account their rights and obligations under the TRIPS Agreement.
- **Services:** Recognizes the importance of the trade in services for economic development, and committed the Parties to exchange information on their services sectors and exchange views on the development of a services regime.
- Committed to commencing negotiations for the establishment of a services regime between them, once a CARICOM Services Regime comes into force.
- **Anti-Competitive Business Practices:** Establish measures and mechanisms to facilitate and promote competition policy and ensure their application between the Parties.

Main products covered

- **Products allowed duty free entry into Cuba:** Meat, poultry, fish and seafood, milk and milk based products, eggs, vegetables, peas, fruits, spices, cereals, vegetable oils and extracts, sugar confectionery and cocoa products, juices, sauces and condiments, ice cream, water, fermented beverages, animal feed, ores, petroleum products, chemicals and oxides, medicaments, cosmetics, insecticides and fungicides, compounds and resins, bags and cases, wood and paper products, textiles and clothing, footwear, hats, tiles, glass products, jewellery, metal waste and scrap, metals and related products, household electrical machinery and equipment, lamps, bulbs, transportation equipment, furniture, mattresses, and toys.
- **Products for 4-yr phased duty reduction for entry into Cuba:** Cut flowers, sausages, other prepared meat, pasta, bread, pastry, cakes and biscuits, fruits and nuts, some sauces and condiments, packaging products, plastic tableware and kitchenware, plastic builders' wares, and cartons, boxes, cases, bags of paper, etc.

Main products covered

- **Products allowed duty free entry into CARICOM MDCs:** live animals, meat, fish and seafood, eggs, potatoes, fruits and vegetables, sugar confectionery and cocoa products, juices, soups and broths, ice cream, waters, alcoholic beverages, **tobacco products**, ores and other minerals, chemicals and oxides, **hormones, glands and organs**, medicaments, essential oils and extracts, cosmetic products, insecticides and the like, plastic products, hides and skins, leather, trunks, bags and cases, wood and paper products, textiles and clothing, footwear, hats and headgear, stone products, blocks, tiles, bricks, glass products, metals and related products, cooking apparatus, aluminum products, **knives, safes, boilers, turbines, pumps**, (household and industrial electrical machinery, equipment and parts), motor vehicles parts and accessories, **scientific instruments**, furniture, **pre-fabricated buildings**, toys, etc.
- **Products for 4-yr phased duty entry into CARICOM MDCs:** coffee, sausages, pasta, jams, jellies and marmalades, soups and broths, plastic tableware and kitchenware, cartons, boxes, cases and bags, cloth, grill, netting and fencing or iron or steel wire.

Main products traded

- **Top products exported to Cuba in 2013:** Other plant growth regulators (US\$942,283), herbicides (US\$786,233), insecticides (US\$548,876), other insecticides for retail sale (US\$943,947), aluminium hydroxide (US\$331,829), flavoured milk beverages (US\$88,015), electrical energy (US\$5,399), other felt of textile materials (US\$1,888).
- **Top 10 products imported from Cuba in 2013:** Wire of refined copper (US\$1,248,259), other rods nesoi (US\$407,906), ice cream (US\$390,956), mineral waters (US\$48,053), other cast articles of iron or steel (US\$30,295), medical, dental and surgical needles, catheters, cannulae etc. (US\$25,412), live shrimps and prawns for breeding and rearing (US\$16,200), medicaments in forms or packages for retail sale (US\$14,221), industrial machinery for the manufacture of food and drinks (US\$12,604), and women's or girls trousers and shorts, etc. (US\$11,455).
- **Trade balance:** Jamaica has reported a trade deficit with Cuba in each of the last 14 years except 2006, 2008, 2012 and 2013, with deficits ranging from a high of US\$10.6 million in 2007 to a low of US\$175,292 in 2009. The trade surplus peaked in 2012 at US\$5,305,665.

Rules of Origin

- Products eligible for duty free treatment must either be wholly produced within the territories of the Parties or they must undergo a process of substantial transformation, involving a change of tariff heading.
- Wholly produced goods include all minerals, plants and animals extracted, harvested, gathered, born, bred and captured within the territories of the Parties.
- In addition, products obtained beyond territorial waters and EEZs onboard ships will be deemed originating if the vessel is wholly or at least 50% owned by nationals of either party.
- Goods involving materials obtained from third parties will be considered originating if the final product is classified under a different tariff heading from the materials obtained from third parties, and/or where the value of the third party materials do not exceed 50% of the F.O.B price of the final good.

Recent developments

- The 8th CARICOM-Cuba Joint Commission met at Senior Officials Level from 31 September – 3 October 2014, Co-Chaired by Jamaica.
- Focused on three (3) priority areas for implementation: Trade Financing, Tourism and Transportation (air and maritime). Expert working groups will be established to develop these work programmes.
- Agreed to the exchange of export services portfolios.
- Considered market access difficulties experienced under the Agreement: currency controls, registration, regulations, information asymmetries, lack of transparency, complicated bureaucracy, high transportation and marketing costs, planned purchases, insufficient support structures for exporters in Cuba.

Recent developments

- Consideration of provisions on **Administrative Cooperation, and Rules of Procedure for the Joint Commission.**
- Exchanged views on the re-activation of the **CARICOM-Cuba Business Council**, which last met in 2008, in order to resuscitate trade. CARICOM is to identify an interlocutor to replace the CAIC.
- CARICOM is to submit a draft text on **Product Specific Rules of Origin** by the end of March 2015.
- Currently, goods qualify for preferential treatment by only satisfying the general criteria set out in Article 3 of Annex VI of the TECA on Rules of Origin.

Recent developments

- **Request for the expansion of preferential access by Cuba and CARICOM:**
- Cuba has offered further duty-free treatment for 297 products and has requested duty-free entry into CARICOM for 85 products, with a request for priority treatment of 8 of those 85 products.
- These 8 products include: Flour of Durum wheat; Pasta (unstuffed not containing eggs); Beer made from malt; Cigars; Black cigarettes; Cement clinkers; Portland cement; and mattresses.
- Of the 85 products requested by Cuba, CARICOM has indicated its ability to provide duty free treatment for 47 products, across the board, variable commitments for at least 23 products, while consultations are to continue on the remaining items.
- CARICOM will also be submitting its list of offensive requests to Cuba.
- Once these further negotiations are completed, a Protocol will be prepared for adoption by the Parties reflecting all the agreed amendments to the TECA.

Status of implementation of the TECA

- In 2010, the Cabinet gave approval for the ratification of the TECA and for the amendment of the Customs Act to allow for its full implementation.
- The Customs Act was amended on 4th March 2014 by the Parliament's Customs Tariff (CARICOM/Cuba Trade and Economic Cooperation Agreement) Resolution, 2014.
- The TECA is currently being provisionally implemented by Jamaica through the granting of Ministerial waivers for those tariff lines that were committed for liberalization under the Agreement.
- The completion of the legislative process, involving the formal Gazetting of the Act of Parliament, and which will give legal effect to the tariff concessions under the TECA, is imminent.
- Dominica, Grenada and Jamaica are the outstanding Member States.



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