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Abstract

This policy brief examines the current state of trade relations between Canada and the Caribbean Community (CARICOM), identifying key trends, persistent challenges and emerging opportunities in an evolving global landscape. Despite longstanding diplomatic and economic ties and the preferences under the Canada-Caribbean Trade Agreement (CARIBCAN), trade flows between Canada and CARICOM Member States remain modest, and preference utilisation is low. While CARICOM once had a merchandise trade surplus, it now has a trade deficit with Canada. However, the region maintains a services trade surplus with Canada, mainly due to commercial services and travel services. Current geopolitical developments present challenges for both partners, but the new Canada-CARICOM Strategic Partnership and both partners' push for diversification away from US-dependence present avenues for deepening engagement. The brief outlines four main strategic policy recommendations aimed at revitalising trade and economic cooperation, enhancing trade facilitation and capacity-building support for CARICOM states, as well as fostering greater private sector and diaspora engagement.

Errata: Clarifications and corrections were made to **page 5** (to clarify the expansion of CARIBCAN product coverage in January 2025) and **page 19** (to note that there is now a Canadian-funded Caribbean Export Development Agency programme which specifically targets female entrepreneurs).

1. Introduction

It is common for Canadian and Caribbean Community (CARICOM)¹ politicians and diplomats to describe in glowing terms the close relations they have with each other, buttressed by the long-standing historical ties, shared democratic values, and people-to-people links. Deep Canadian development cooperation with post-independence Caribbean states and Canadian representation of the English-speaking Caribbean in the key Bretton Woods organisations, the World Bank and the International Monetary Fund (IMF), are examples of the collaboration and partnerships that exist.

The foundations of the Canada-CARICOM trading relationship stretch back to the colonial era, when trade between the British West Indies and British North America (now Canada), especially the Canadian Maritime provinces, involved an exchange of sugar, molasses, and rum for Canadian fish, lumber, and flour (Carrington 1988; Basdeo 1999). While that historical trade has evolved in form and content, the essence of mutual benefit remains. The relationship also extends to trade in services and investment. Canadian banks have had a presence in the Caribbean region as far back as the 1800s (Chaitoo 2013), and in Barbados, for example, Canadian firms remain the main investors in that country's global business sector.² Additionally, Canada is an important source market for tourist arrivals to many CARICOM countries. But while there is a range of international agreements in place between the two sides that give expression to the commercial relationship, trade commitments between them are particularly underdeveloped, operating mainly on a World Trade Organisation (WTO) Most Favoured Nation (MFN) basis or under unilateral preferential programmes extended by Canada, with CARIBCAN being the most significant.

It is becoming evident that the trade relationship, particularly merchandise trade, between Canada and CARICOM is practically moribund and in need of revival. Canada has been losing its share of merchandise trade with CARICOM, and CARICOM merchandise exports to Canada are flat or declining, and mainly concentrated in low value-added products. Services trade presents a slightly better picture as CARICOM maintains a surplus, but total bilateral levels remain low and have not grown significantly over the 10-year period reviewed. In short, the Canada-CARICOM trade relationship could be improved. The launch by leaders on both sides of a Canada and CARICOM Strategic Partnership in 2023 suggests that there is political-level interest in moving beyond the current state of affairs. This is particularly crucial now in a changing global landscape, which has witnessed a rise in unilateralism and shifting alliances, deepening the imperative to diversify trading partners.

This brief examines key elements of the Canada-CARICOM trade relationship and proposes measures that governments could undertake to revitalise this dimension of the partnership, given recent global geopolitical developments, including the

¹ The successor to the Caribbean Free Trade Agreement (CARIFTA), CARICOM was formed in 1973 and is a customs union and common market comprising 14 sovereign Caribbean countries and 1 British Overseas Territory. The Member States are Antigua & Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Antigua. Five territories have associate member status: Anguilla, Bermuda, British Virgin Islands, Cayman Islands and Turks & Caicos Islands. Martinique also signed an Accession Agreement to become a CARICOM member in February 2025.

² According to an interview conducted with Lynda Arsenault, Invest Barbados' representative in Canada in October 2025, Canadian investors also use Barbados as a hub to service the Caribbean region.

changing US-Canada trading relationship. Canada represents a market of approximately 41 million people, while CARICOM possesses a collective market of about 19 million.

The brief is grounded primarily on desk-based research, offering the authors' considered reflections on how Canada and CARICOM could leverage the current geopolitical context to strengthen their trading relationship and to provide food for thought as both sides consider ways to deepen the trade-related aspects of their partnership. While primary field research would further enrich the analysis, such work lies beyond the scope of this brief.

The remainder of the brief is organised as follows. **Section 2** reviews the current state of trade relations between Canada and CARICOM, including the extant trading framework and current trade flows. **Section 3** discusses the now shelved CARICOM-Canada FTA negotiations and what went wrong. **Section 4** discusses the Strategic Partnership agreed to by leaders at the Canada-CARICOM Summit in October 2023. **Section 5** outlines the challenges and opportunities for deepening the Canada-CARICOM trading relationship caused by the uncertainty of the current geopolitical climate. **Section 6** outlines recommendations for policymakers' consideration on both sides, in the context of the Strategic Partnership. **Section 7** concludes.

2. Current State of CARICOM Canada Trade Relations

Canada and CARICOM have several commercial agreements in place that form a foundation for trade and investment relations. Since 1979, there has been a Trade and Economic Cooperation Agreement between the Government of Canada and the Governments of the Member States of the Caribbean Common Market.³

The key elements of this framework agreement are as follows:

- Foster cooperation in trade in goods
- Most Favoured Nation (MFN) treatment
- Various commitments to consultations
- CARICOM to identify regional projects for support by Canada
- Industrial cooperation and consultations
- Established a Trade and Economic Cooperation Committee that was to meet annually.

As a practical matter, this Agreement has fallen into disuse. Indeed, today, Canada-CARICOM trade is anchored by CARIBCAN, a non-reciprocal preferential trade arrangement established under the Canadian Customs Tariff Act, 1986. Under the Commonwealth Caribbean Customs Tariff (CCCT), Canada grants unilateral duty-free access to eligible goods from Commonwealth Caribbean countries and territories.⁴ All CARICOM Member States, with the exception of the non-

³See Government of Canada. n.d. "A Trade and Economic Cooperation Agreement Between the Government of Canada and the Governments of the Member States of the Caribbean Common Market. Accessed August 13, 2025.

<https://www.treaty-accord.gc.ca/text-texte.aspx?id=104941>.

⁴ The CARICOM Members which are CARIBCAN beneficiaries are Antigua and Barbuda, Belize, Barbados, Saint Vincent and the Grenadines, Guyana, Dominica, Saint Kitts and Nevis, Grenada, Montserrat, Trinidad and Tobago, Jamaica, Saint Lucia, Bahamas. Non-CARICOM beneficiaries are Anguilla, Bermuda, BVI, Cayman Islands and Turks & Caicos Islands.

anglophone countries of Haiti and Suriname, are beneficiaries under this programme which originated out of a commitment by Canada at the Commonwealth Heads of Government meeting in Nassau, Bahamas, in October 1985.

CARICOM countries have been trading with Canada under this Agreement since 1986, as it allows most goods from the beneficiary countries to enter Canada duty-free. Under the original terms, goods of Harmonised System (HS) chapters 50 to 65 inclusive and certain other items, mainly textiles and apparel, were excluded. In an effort to expand trade and investment opportunities and further encourage industrial growth in the Caribbean region, duty-free treatment under the CCCT program was expanded to cover all textiles, apparel and made-up textile articles in Chapters 50 – 63 of the HS system, effective January 1, 2025 (Government of Canada 2024). It should be noted that CARIBCAN beneficiary countries and territories are not required to reciprocate by lowering duties on Canadian imports, reflecting the Agreement's original development-oriented rationale to enhance the region's export capacity, promote economic development, and stimulate regional integration.

While this is a unilateral preference programme designed to give CARICOM exporters preferential access to the Canadian market, the problem is that it exists in a dynamic national and international context. First, Canada has concluded several preferential agreements with other countries in the years since CARIBCAN was instituted, reducing the margin of preference that CARIBCAN beneficiaries had in some items.⁵ These include with developed countries and developing countries during the time CARIBCAN has existed. Second, Canada has also done its share of unilateral tariff reductions.

Third, this arrangement does not cover services, investment, nor does it address non-tariff barriers or regulatory issues that may hinder exports from beneficiary countries to the Canadian market. Moreover, it is subject to periodic renewals of a WTO waiver, as ordinarily it violates the World Trade Organisation's Most Favoured Nation (MFN) clause, which creates uncertainty for exporters and investors. Negotiations for a reciprocal trade agreement started in 2007, but stalled in 2014 due to divergent interests and expectations on both sides. Since then, there has been no formal mechanism to resume or advance the negotiations or address other trade-related matters. We discuss this later in the brief.

In addition to CARIBCAN, Haiti and Montserrat are beneficiaries under the Canadian General Preference Tariff (GPT) which came into effect in 1974, while Haiti, being a Least Developed Country (LDC), benefits further under the Least Developed Country Tariff (LDCT).

However, most trade between Canada and CARICOM members takes place under WTO MFN terms. Canada and all CARICOM Members, with the exception of The Bahamas⁶, are WTO members. **Figure 1** below summarises the tariff treatment accorded to various CARICOM-originating goods in the Canadian market.

⁵ A list of all of Canada's free trade and investment agreements can be found here: Government of Canada. n.d. "Canada's International Trade and Investment Agreements." Accessed September 6, 2025. <https://international.canada.ca/en/services/business/trade/agreements-negotiations/investment-agreements>.

⁶ The Bahamas is listed as being currently in the accession process of the WTO and is an observer member. See WTO. n.d. "Accessions – Bahamas," Accessed September 12, 2025. https://www.wto.org/english/thewto_e/acc_e/a1_bahamas_e.htm#status.

Figure 1: List of CARICOM Countries and Applicable Tariff Treatments

COUNTRY NAME	TARIFF TREATMENT			
	MFN	GPT	LDCT	Other
Antigua & Barbuda	X	-	-	CCCT
Bahamas*	X	-	-	CCCT
Belize	X	-	-	CCCT
Barbados	X	-	-	CCCT
Dominica	X	-	-	CCCT
Grenada	X	-	-	CCCT
Guyana	X	-	-	CCCT
Haiti	X	X	X	-
Jamaica	X	-	-	CCCT
Montserrat	X	X	-	CCCT
St Kitts & Nevis	X	-	-	CCCT
St. Lucia	X	-	-	CCCT
Suriname	X	-	-	-
St Vincent & the Grenadines	X	-	-	CCCT
Trinidad & Tobago	X	-	-	CCCT

Source: Authors' adaptation from Canada Customs Tariff revised January 2025. * - The Bahamas is not a WTO member.

In addition to the above-mentioned agreements, **Figure 2** shows several sectoral agreements which also serve to promote trade between Canada and CARICOM countries.

Figure 2: Sectoral agreements between Canada and CARICOM countries which facilitate trade

Air Transport Agreements	Agreements signed to facilitate air transportation, supporting the airlift necessary for tourism flows. Canada has agreements with most CARICOM states.
Bilateral Investment Treaties	These are treaties signed between governments to liberalise, protect and promote investment between them. Canada has BITs ⁷ with Trinidad & Tobago (1995) and Barbados (1996), both of which are signed and in force. ⁸

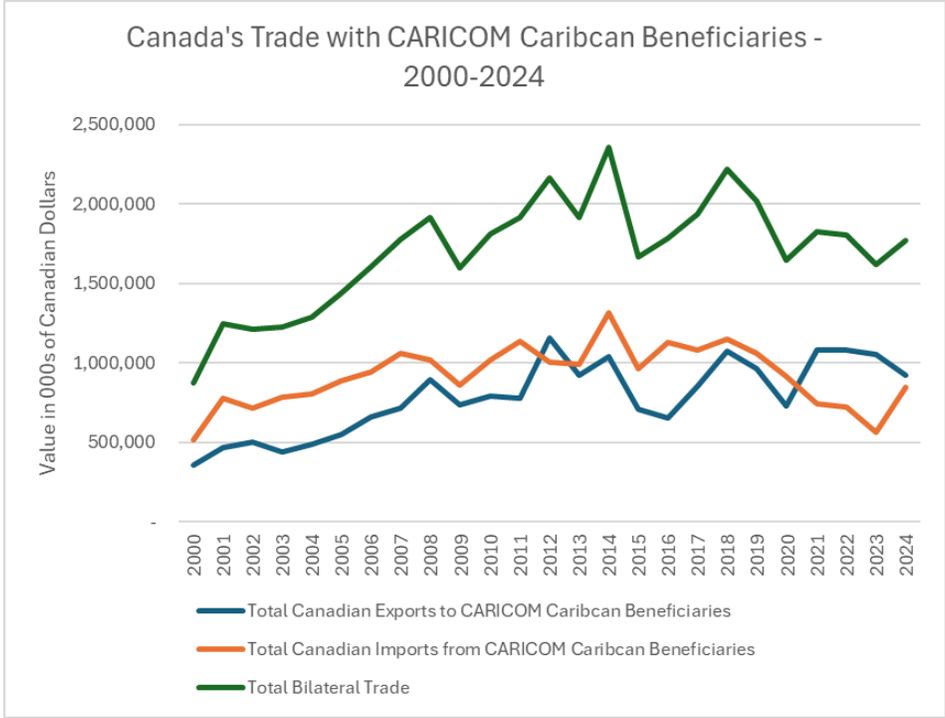
⁷ Canada refers to BITs as 'Foreign Investment Promotion and Protection Agreements'.

⁸ UNCTAD Investment Policy Hub. <https://investmentpolicy.unctad.org/international-investment-agreements/countries/35/canada> (Accessed September 19, 2025).

<p>Protocol on Rum between the Government of Canada and the Member States of the Caribbean Common Market</p>	<p>The Government of Canada agreed to use its good offices with the provincial authorities towards facilitating the accord of national treatment to rum that is the product of Member States of the Caribbean Common Market in respect of measures affecting the listing, delisting, distribution and mark-up of distilled spirit.</p>
<p>Seasonal Agricultural Workers' Programme</p>	<p>This is a programme on the Canadian side, which was first launched in 1966 with Jamaica. It was expanded to other Commonwealth Caribbean countries in 1967, following the success of the initial bilateral agreement.</p>
<p>Tax Conventions</p>	<p>These are treaties for the avoidance of double taxation. Among the CARICOM Member States, Canada has tax conventions in force with Barbados, Guyana, Jamaica and Trinidad & Tobago.</p>

Trade Flows

Figure 3



Source: Authors' compiled from data from Statistics Canada.

Figure 3 above shows Canada's merchandise trade with CARICOM CARIBCAN beneficiary countries based on data gleaned from Statistics Canada. Total bilateral merchandise trade between Canada and CARICOM countries which are CARIBCAN beneficiaries was CAD\$ 1.8 billion in 2024, an increase from 2023.⁹ The total value of merchandise trade between them has declined since a bump in 2014, but with a small uptick in 2024 due to a rise in exports from CARICOM. The trade dynamics have also shifted notably; while CARICOM once enjoyed a trade surplus with Canada, it now faces a trade deficit. Meanwhile, Canada's merchandise trade surplus with CARICOM is on a downward trajectory.

CARICOM countries have gradually seen eroding market share in the Canadian market over the period from 2014 to 2024, albeit with a slight uptick in 2024. In 2014, CARICOM's exports to Canada accounted for 0.17% of Canada's imports from the world, whereas in 2024, it was down to 0.12%. In 2024, Canada only accounted for 1.5% of CARICOM's imports from the world, down from 2.5% in 2014.

CARICOM-Canada merchandise trade remains undiversified and with CARICOM's exports to Canada largely concentrated in low value-added products and commodities. Gold accounted for a significant share of CARICOM's exports to Canada, followed by aluminium, methanol, urea, liquified natural gas and rum. Canada's main exports to the region are oil, wheat, iron ores, medicines, meat, and fish. This is based on 6-digit level HS data from ITC Trade map.¹⁰

Not only is CARICOM's merchandise trade to Canada concentrated in terms of product coverage, but also in terms of exporting countries. CARICOM exports to Canada originate primarily from four countries. Based on data obtained from Statistics Canada, Trinidad & Tobago (41%), Guyana (33%), Jamaica (16%), and Haiti (6%) accounted for the majority of Canadian imports from CARICOM in 2024.

Although in 2023 Canada requested and received another WTO waiver for CARIBCAN until December 2033, the margin of preference offered by the agreement to beneficiary countries is declining as Canada's trade liberalisation has proceeded both at the multilateral level and the bilateral level.¹¹ As **Figure 4** below shows, an examination of the top 10 exports of CARICOM to Canada shows that most of the products, which are low-value added, are tariff-free both at MFN and under CARIBCAN. However, where CARIBCAN clearly provides a benefit is with respect to higher value goods, such as rum, as well as jerseys and t-shirts, which were previously excluded and now enter duty-free as of January 1, 2025 once they meet the CARIBCAN rules of origin. This shows that while CARIBCAN's value is declining, there is still some benefit. The declining margin of preference offered by CARIBCAN partly explains why it remains underutilised by regional exporters since it makes little sense for exporters to seek to comply with restrictive rules of origin under CARIBCAN when the product could qualify for duty-free entry under MFN rules anyway. Moreover, that neither Haiti nor Suriname has requested inclusion in CARIBCAN could reflect other trade priorities or that the Agreement may not be deemed beneficial to them. This further illustrates that CARIBCAN's value is declining. Indeed, in 2021, 95% of Canadian imports from CARIBCAN beneficiary countries entered free of duty. Some CAD \$583 million of this entered under Canada's MFN free rate, while CAD \$3 million entered under General Preferential Tariff rates. Only CAD \$50 million entered under the CCCT. Moreover, other market

⁹ Statistics Canada's website. <https://www.statcan.gc.ca/en/start> (Accessed September 4, 2025).

¹⁰ International Trade Centre's Trade Map: www.trademap.com (Accessed September 10, 2025).

¹¹ As Canada signs FTAs with other countries and regions around the world, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Comprehensive Economic and Trade Agreement (CETA) with the European Union (EU), CARICOM's preferential access to the Canadian market is becoming less valuable and less secure.

access issues exist, including non-tariff barriers. Given that CARIBCAN is not reciprocal, Canadian companies continue to compete with firms from other countries in the CARICOM market at non-preferential tariff rates which can sometimes be significant.

Figure 4: Tariff Conditions for CARICOM's Top 10 Exports under MFN vs CCCT

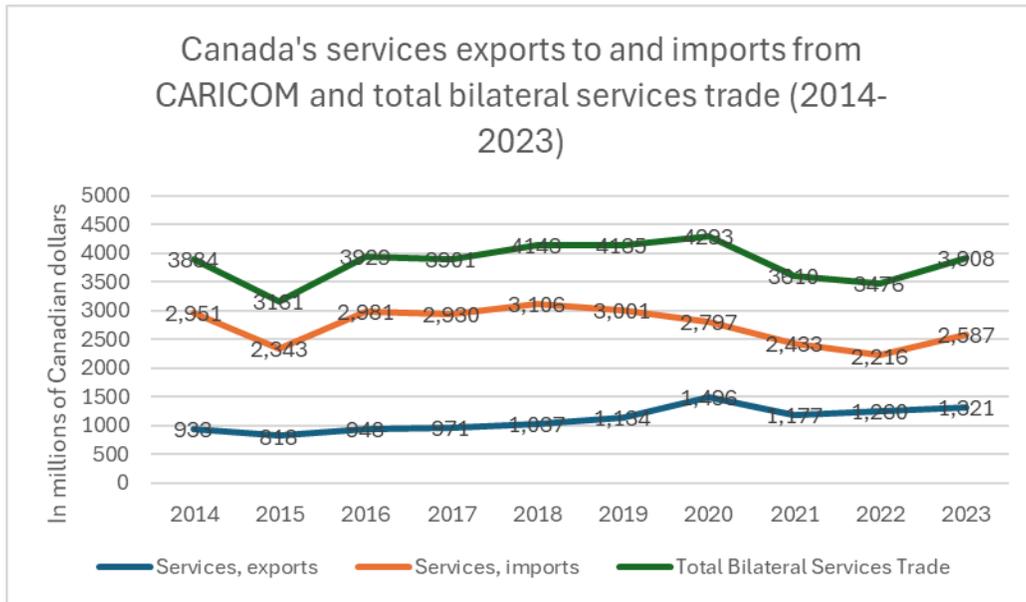
Product code	Product label	MFN	CCCT
'710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excl. gold in ...	Free	Free
'281820	Aluminium oxide (excl. artificial corundum)	Free	Free
'290511	Methanol "methyl alcohol"	Free	Free
'310210	Urea, whether or not in aqueous solution (excl. that in tablets or similar forms, or in packages ...	Free	Free
'271111	Natural gas, liquefied	Free	Free
'220840	Rum and other spirits obtained by distilling fermented sugar-cane products	24.5 cents per litre of absolute ethyl alcohol	Free
'610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	18%	Free
'720410	Waste and scrap, of cast iron (excl. radioactive)	Free	Free
'220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	Free	Free
'071430	Yams "Dioscorea spp.", fresh, chilled, frozen or dried, whether or not sliced or in the form ...	Free	Free
'611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted ...	18%	Free

Source: Authors' compilation based on ITC trade map data and the Canadian Customs Tariff 2025.

Many CARICOM countries also face declining competitiveness in their traditional export products, such as sugar, bananas, rum and textiles due to factors such as high production costs, low productivity, and environmental vulnerabilities largely driven by climate change.

With regard to services, things appear to be a bit better. Total bilateral services trade between Canada and CARICOM in 2023 was CAD\$ 3.9 billion, up from \$3.8 billion in 2014. Unlike with goods, Canada has a balance of services trade deficit with the Caribbean, as shown in **Figure 5** below. Although services trade increased from 2022 to 2023, there has not been much growth in total bilateral services trade over the ten-year period from 2014 to 2023.

Figure 5



Source: Authors' compilation from data gleaned from Statistics Canada

As shown in **Figure 6** below, this services trade deficit with CARICOM comes largely from commercial services, followed by travel services and distantly by transportation and government services, showing that services trade between the two trading partners is also concentrated.

Figure 6: Canada's services trade imports and exports from CARICOM (total in millions of Canadian dollars) from 2019-2023

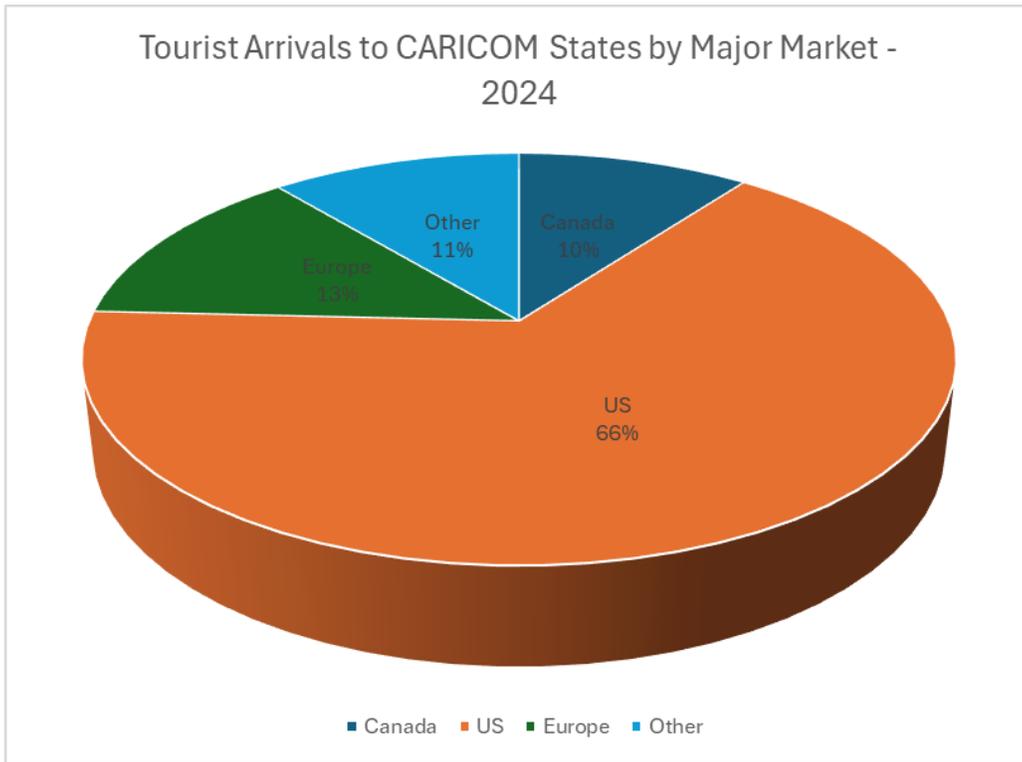
SERVICES BY CATEGORY AND BY TRADE	2019	2020	2021	2022	2023
SERVICES, EXPORTS	1,134	1,496	1,177	1,260	1,321
Travel, exports	219	228	161	289	412
Commercial services, exports	758	1,176	907	818	720
Transportation and government services, exports	156	93	108	153	189
SERVICES, IMPORTS	3,001	2,797	2,433	2,216	2,587
Travel, imports	699	479	96	313	640
Commercial services, imports	1,821	1,905	1,916	1,375	1,409
Transportation and government services, imports	480	413	420	528	538
SERVICES, BALANCES	-1,867	-1,301	-1,256	- 955	-1,266

Source: Statistics Canada.

Canada represents the third largest tourism source market for CARICOM states, after the US and Europe (including the UK), respectively, but fourth behind visitors from the 'Other' category. According to data the authors received from the Caribbean Tourism Organisation (CTO), of the 3 million Canadians who visited the Caribbean in 2024, some 808,000 of those visited CARICOM Member States, accounting for 10% of visitors to the bloc for that year.

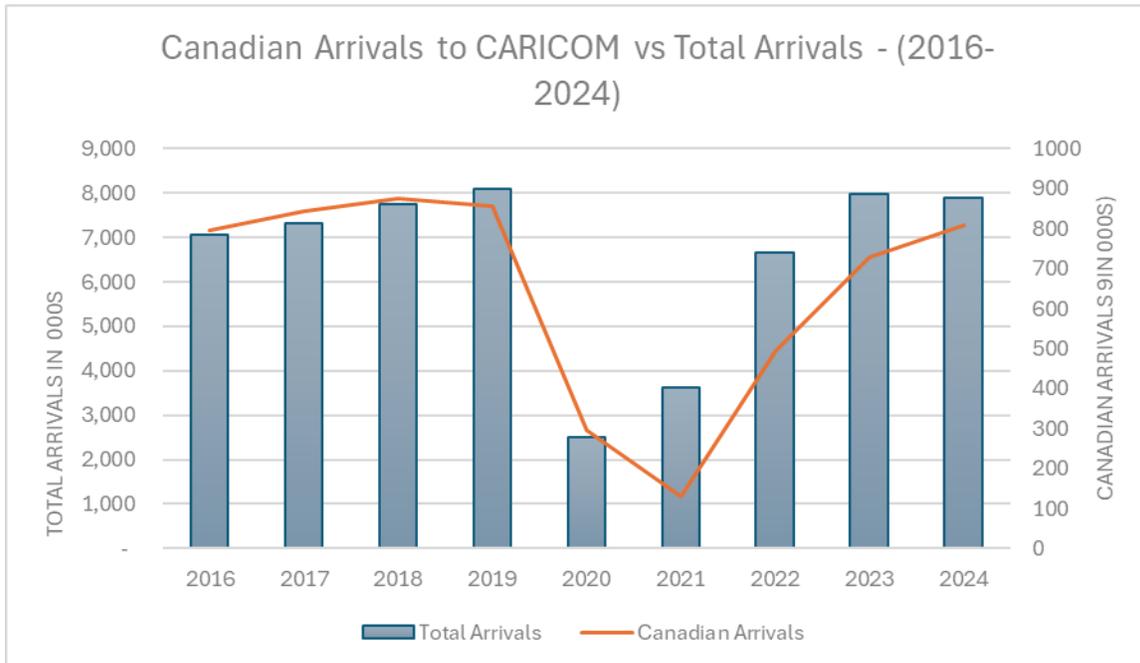
See **Figures 7** and **8** below:

Figure 7



Source: Authors' compilation from CTO data (2025)

Figure 8



Source: Authors' compilation from CTO data (2025)

Canadian investment in CARICOM varies by country, but with the largest recipients over the last 5 years generally being Barbados and the Bahamas, as seen in the figure below.

Figure 9: Canadian Direct Investment Abroad into CARICOM Member States

Canadian Direct Investment Abroad - Book Value (\$CAD - millions)	2020	2021	2022	2023	2024
Antigua and Barbuda	151	152	13
Bahamas	23,644	19,798	20,549	21,759	12,817
Barbados	48,317	86,752	85,410	108,474	120,562
Dominica	6	7	3	2	2
Grenada	36	1	..	-153	-154
Haiti	12	14	12	11	11
Jamaica	59	47	79	203	134
Saint Lucia	144	87	83	184	184
Trinidad and Tobago	117	218	215	144	-72

Source: Statistics Canada

Canadian companies are also the largest investors into Barbados' global business sector, particularly in financial services. This explains why Barbados' investment promotion agency, Invest Barbados, maintains a representative in the Canadian market. Canadians are also major investors in the mining (mainly in Jamaica and Guyana) and tourism sectors.¹² Moreover, services trade through mode 2 (consumption abroad) occurs as many CARICOM countries' students opt to pursue studies at Canadian universities, as well as mode 4 through Canada's temporary workers' programmes (Chaitoo 2013).

Although most CARICOM countries are CARIBCAN beneficiaries, the value of this agreement has been declining. In light of this, Canada and CARICOM attempted to upgrade the bilateral trade framework by seeking to conclude an FTA 20 years ago. We provide some reflections on these negotiations in the following section. Understanding some of the history of these negotiations is important to considering the next steps, which are explored later in the paper.

3. CARICOM-Canada FTA Negotiations¹³

On July 19, 2007 during a visit to Barbados, then Canadian Prime Minister, Stephen Harper and CARICOM Heads of State announced the launch of negotiations towards a Canada-CARICOM FTA (Global Affairs Canada 2017). Negotiations began in 2007 and eventually stalled due to divergent priorities. They eventually ended in 2015 with no agreement. Canada

¹² Government of Canada. n.d. "Canadian Mining Assets (CMAs), by Country and Region, 2022 and 2023." Accessed October 9, 2025. <https://natural-resources.canada.ca/maps-tools-publications/publications/canadian-mining-assets-cmas-country-region-2022-2023-p>.

¹³ This section is based on reflections from the Canadian Chief Negotiator at the time of the conclusion of negotiations. It is not meant to reflect conclusions or positions that the Government of Canada may have on the history of the negotiations.

indicated that this was due to the length of time the negotiations were taking and to the fact that the two sides had different objectives.

Ultimately, the two sides had gotten fairly close to finalising an agreement. Many of the technical chapters of the agreement were closed. There remained, however, some important divergent objectives and expectations.

What were the key issues?

While negotiations took place intermittently over 8 years, these agreements do take time to negotiate. Canada's agreement with Europe took 5 years, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) took 6 years. Canadian observations on the length of time for the negotiations probably speak to the incorrect assumption that it should have been able to conclude an agreement with a smaller market size partner faster than others. However, it should be noted that CARICOM is a regional grouping comprising 15 member states, all of which are at different levels of development, and with heterogeneous offensive and defensive interests. Therefore, negotiating with CARICOM is not necessarily easier.

Certainly, the negotiation period presented challenges. Canada's priority was on completing larger agreements with Europe and the Asia-Pacific, ensuring resources were going to negotiations that would produce the largest tangible results. At both the levels of negotiators and politicians, there was impatience as the negotiations progressed.

Related to these other negotiations, Canada was careful, in negotiations with CARICOM, not to make any precedent-setting proposals on FTA provisions that might have had an impact on negotiating positions with those other bigger partners.¹⁴ One of the issues that delayed the negotiations was development assistance which revealed itself as an area of fundamental misunderstanding between the parties. Canada had launched the negotiations with the announcement of a CAD \$600M development programme for CARICOM. With this new programme and the support it would provide to CARICOM's priorities, including trade-related projects, Canada insisted that the trade agreement should be concluded on its own merits and that additional development assistance should not be required (or forthcoming) to close the deal. CARICOM maintained the view that new incremental development assistance programmes would be necessary alongside an FTA if one were to be concluded. Moreover, CARICOM was concerned over Canada's sticking to its NAFTA-style template which does not usually include extensive development assistance or significant special and differential treatment provisions.

CARICOM, through CARIFORUM, had concluded an agreement with the European Union in December 2007. Canada sought an agreement with CARICOM that was at least as good as what CARICOM had offered to Europe, but did not seek to replicate what Europe negotiated with CARICOM. Canada wanted an agreement that responded to the specific interests of the Canadian export economy. This would have implied some specific new market access openings from CARICOM for Canada and not just a replication of the EU deal.

¹⁴ These include, for example, investor-state dispute settlement, the movement of natural persons and liquor boards, among other issues.

CARICOM, for its part, was worried about what this new market access would mean, given that it would result in increased competition in certain sectors. Further, there was also the more generic concern about the impact of additional tariff reductions on the revenues of some small Caribbean states, for which tariff revenue represented a significant source of national income. Canada's offer included significant proposals to ensure special long-term phase-ins in favour of CARICOM for tariff reductions with a view to minimising impacts on small island economies.

Additionally, with respect to market access, it must be noted that Canada's long standing CARIBCAN preferences meant that there was little in the way of practical value on the tariff side to gain for CARICOM from the negotiations. Canada was, in effect, the only demander in this element of negotiations (an area where there is usually a lot of give and take by both sides) seeking to level the playing field. With no need to push on this front, CARICOM could focus its efforts on other issues, which, while important, could be described as more tactical and more designed to exert demandeur pressure on Canada than representing access that might realistically be granted and technical. Near the end of negotiations, these began to predominate. Issues such as access for the "orange economy" (cultural industries), supply managed products (dairy etc.), and movement of persons (each well known to be all sensitive for Canada) came to the fore. Other issues also gained prominence, including, modalities for codifying services liberalisation and the definition of investment. Such issues often ran into Canada's unwillingness to move from standard text to new formulations which would have set new precedents that might have impacted other negotiations underway.

Finally, a key contextual factor for the Canada-CARICOM negotiations, was that unlike the other agreements being negotiated by Canada at the time, there was a marked absence of interest in the negotiations on the part of the business sector on either side. With seemingly little business support, there was little motivation on the part of governments to make the decisions required to conclude the agreement. In 2014, the negotiations were indefinitely shelved. Since trade agreements exist to support risk-taking businesses, low stakeholder interest typically indicates that the economic rationale for an FTA is lacking.

In 2023, Barbados' Minister of Trade, Kerrie Symmonds, spoke of the need to consider restarting these negotiations (Caribbean Broadcasting Corporation 2023). However, until there is a better, and mutual, understanding of some of the issues that proved difficult in the earlier negotiation, and unless there is meaningful private sector interest in moving forward, prospects are likely limited to see a new FTA negotiation concluded before the expiration of CARIBCAN's latest WTO waiver in 2033.

4. Strategic Partnership

The 2023 Canada-CARICOM Strategic Partnership, launched by leaders at the Canada-CARICOM Summit in Ottawa on October 18, 2023, marked an important milestone. This framework aims to serve as a permanent joint mechanism for regular dialogue, as well as for ad hoc consultations on issues of mutual interest, and to foster the existing relationship through regular meetings (Global Affairs Canada 2023).

It envisions the following levels of engagement:

- Canada-CARICOM Foreign Ministers' Group (CCFMG)
- Canada-CARICOM Ministerial Meetings
- Canada-CARICOM Senior Officials' Dialogue
- Canada-CARICOM Expert Dialogues
- Capacity Building and Technical Assistance
- Special ad-hoc meetings at the request of either party

Work at the officials' level is meant to support this enhanced engagement. However, neither side has indicated where this support is focused in terms of priorities and regular bilateral engagements appear to be slipping.

Thus, while the Strategic Partnership was an important step in the right direction, as we show below, there are concrete steps that can be taken to ensure the partnership is strategic and effective.

The bilateral meeting between Barbados' Prime Minister Mia Amor Mottley and Canadian Prime Minister Mark Carney on the sidelines of the United Nations General Assembly 2025, underscores the value of the Strategic Partnership, with both leaders expressing an interest in its renewal in aid of trade diversification and enhanced collaboration on regional security.

5. New international environment creates both challenges and opportunities

The international context within which Canada and CARICOM exporters trade is undergoing significant change. At the beginning of his second term in 2025, President Trump officially launched the "America First Trade Policy", which formalised and expanded upon many of the trade measures imposed during his first term. The Trump Administration, citing the "economic and national security implications" arising from a substantial and consistent yearly trade deficit in goods, imposed a "reciprocal tariff" on all countries based on their trade balance with the United States, as a strategy to address the US' trade deficit (The White House 2025). The newly implemented global tariffs include a baseline tariff of 10 per cent and country and sector targeted tariffs (Bardouille 2025).

The approach to international trade being pursued by the US Administration has been very disruptive to both the Canadian and CARICOM members' economies and to the relationships they have with the US. However, instability in primary trading relationships presents new opportunities for trade and investment diversification. As a result of the tariffs imposed on them, both Canada and CARICOM have indicated increased interest in diversifying trade and investment to no longer rely on the US to the extent they have in the past. Canadian Prime Minister Carney and his Ministers have visited Europe, Asia, and South America seeking to promote trade and investment opportunities. For its part, CARICOM has since 2019 deepened its successful engagement with African States to move forward with closer economic and political relations, as well as to strengthen their ties with Colombia, with which it has a partial scope agreement.

As important as foreign markets are, both sides have also indicated they will pursue liberalisation of their domestic markets, with Canada pursuing a fast-track programme to remove internal barriers to trade (Canada's One Economy Legislation) and CARICOM indicating they will move faster on implementing its Single Market programme.¹⁵

Preliminary data suggest that diversification is possible. Recent reporting from the Canadian Broadcasting Corporation (CBC) on the new US administration's impact on Canadian trade shows that while Canadian imports from the US have declined by 2% in the period January – June 2025 over the previous period in 2024, Canadian firms are importing more from other source markets (Canadian Broadcasting Corporation 2025). While the Caribbean is not separately mentioned, it is likely to be lumped under the figures for Central & South America where Canadian imports have increased by 20% over the previous period in 2024.

Although these trends are still preliminary, they indicate a growing interest among Canadian firms in diversifying away from reliance on the US by sourcing from alternative markets. This shift presents potential opportunities for CARICOM Member States to expand their presence in the Canadian market, including in product areas that have traditionally been supplied by US exporters. For example, declining Canadian imports and consumption of US alcoholic beverages could create space for Caribbean rum producers to strengthen their market share in Canada. Furthermore, the observed reduction in Canadian outbound travel to the US, particularly to warm-weather US destinations such as Florida, suggests that CARICOM tourism economies may benefit from intensified promotional efforts targeting Canadian travellers, including the use of coordinated or joint destination marketing strategies.

Indeed, both Canada and CARICOM currently seem to be missing the opportunity, and the necessity, that US tariffs represent, to work more closely together to expand/diversify bilateral trade. There are many reasons to do so:

- Geographic proximity with good air connectivity and shipping connections from Canada's East Coast
- Canada's Caribbean diaspora population and general consumer tastes that are similar to US suggest CARICOM could replace some of its US-bound trade to Canada
- Exporters and investors operating in either market will find, more or less familiar financial, legal and regulatory language and processes
- The existence of the Canada-CARICOM Strategic Framework represents a high-level commitment to working together. A new bilateral programme to enhance trade diversification would be entirely consistent with, and deliver on, the promise of that framework. As recently as September 24, 2025, when Canada announced a new global fund for trade promotion implemented by the Trade Facilitation Office, no mention was made of any Caribbean countries as beneficiaries.¹⁶

¹⁵ Four CARICOM member states have from October 1, 2025, implemented full free movement amongst themselves: Barbados, Belize, Dominica and St. Vincent and the Grenadines.

¹⁶ TFO Canada. 2025. "Launching "Trade for Resilient, Inclusive and Sustainable Economic Growth" Initiative to Empower SMEs in Developing Countries". <https://tfo.canada.ca/launching-triseg-initiative-to-empower-smes-in-developing-countries/> (Accessed October 20, 2025).

While it is outside this Brief's scope to identify all of the areas for potential greater trade, we believe that services trade presents the main area where Canada and CARICOM could see greater dynamism. Some areas for greater cooperation could be the creative industries, renewable energy, life sciences, financial services technology (fintech), niche manufacturing. These are already areas in which Canadian companies are increasingly seeking to target the region.

Based on the above, we offer some strategic recommendations below.

6. Strategic Recommendations

In considering ways in which CARICOM and Canada might take steps to improve their trade and investment relationship, this paper can draw some general conclusions.

- Trade and investment flows are off their historical performance;
- Canada and CARICOM have a reasonable, but incomplete, framework of agreements governing trade and investment;
- The two sides are not making use of their existing bilateral trade and investment consultation machinery;
- More work is required to better understand each other's priorities, and to identify business support, before attempting another FTA negotiation
- In response to uncertainty in global markets, CARICOM and Canada are both interested in trade diversification.
- The existence of a "Strategic Partnership" framework between the two sides suggests that leaders on both sides want to see the Canada-CARICOM relationship, including trade and investment, advanced.

Based on these findings, we offer the following recommendations for the Canadian and CARICOM governments. They are not ranked by priority, as implementation will depend on each government's political will and resources. Nevertheless, all four represent "low-hanging fruit" that could be pursued as "early wins" under the new Strategic Partnership.

Recommendation 1: Make use of the existing Canada CARICOM Trade and Economic Cooperation Agreement to formalise regular discussions on trade and investment.

This mechanism is similar to what CARICOM has in place, and uses, with the US, Europe, China, India and Brazil on a regular basis. It is disappointing that Canada and the CARICOM are not doing this already. Potential issues that this consultation mechanism could tackle include:

- Review developments in the bilateral market (including sharing data), in particular how trade policies can be used to diversify markets, particularly in the services and technology fields and changes to the regulatory environment in key sectors.
- Review the implementation of trade diversification and internal market liberalisation in Canada, and implementation of the CSME and Regional Trade Policy in CARICOM.
- Identify ways Canada and CARICOM can jointly work to ensure WTO and other trade policy work considers CARICOM priorities around climate change and the environment.

- Begin to narrow the different expectations around any future FTA; discuss issues that were difficult in the last round and perhaps deal with some outside of trade agreements.
- Consult business and other stakeholders and share the results to reveal priority issues that need government attention to increase diversification efforts of business.
- Advancing CARICOM implementation of WTO agreements (including by way of technical and other assistance) such as Services Domestic Regulation Agreement; Fisheries Subsidies Agreement; complete ratification and implementation of Trade Facilitation Agreement.
- Ensure that the goods, services, technology and people delivering priority development assistance or commercial activity related to the green/blue economies and climate change infrastructure enter CARICOM markets with the least friction possible.
- Report publicly on joint progress
- Canada and CARICOM could benefit from updating their bilateral investment treaties (BITs) to reflect contemporary standards—integrating development-friendly provisions, environmental safeguards, and mechanisms that encourage responsible investment.

Recommendation 2: Support the creation of a Caribbean-Canada Chamber of Commerce or Business Council to advise governments and support trade expansion and diversification.

Businesses are the world’s traders and investors, not Governments. It is the business sector that will have the best sense of what needs government attention on a priority basis. However, governments need an organised and efficient way in which to speak with businesses.

Governments also need to know that what they are doing actually matters to constituents. This was one of the important missing ingredients in the FTA negotiations. In moving forward with any recommendations, it will be important to have a mechanism to which governments can turn for advice and support.

There are several existing bilateral chambers in the region that could be approached to learn lessons and generate support for the creation of a regional body representing Canada-Caribbean bilateral business interests. This body, in turn, could take on a role of identifying trade and investment opportunities in concert with government agencies and the CARICOM Private Sector Organisation (CPSO). This may require governments to explicitly call on support from the business sector. This could be an early Strategic Partnership outcome and/or some initial kick-start financial support, particularly in smaller islands.

Recommendation 3: Mandate greater cooperation between Trade Promotion Agencies and fund them more effectively to ensure targeted Canada-Caribbean programming with a focus on diversifying our trade.

CARICOM and Canada both have trade and investment promotion agencies (Trade Facilitation Office, Trade Commissioner Service, Caribbean Export and others), but they have never really been instructed, or funded, to put a concentrated focus on Canada-Caribbean trade. Both sides reveal a preference for working with larger markets for the potential of bigger results. However, in an era in which our principal market is increasingly constrained, there is a strong rationale for both

sides to reassess and enhance the depth of their engagement. Moreover, the Canadian and Caribbean markets are of sufficient scale and strategic location that neither should be overlooked by the other.

- Review funding for the Canadian Trade Commissioner Service and the Canadian Trade Facilitation Office targeted in the Caribbean. The same should be done with respect to the Caribbean Export Development Agency (CEDA). This would enable a determination of whether these trade promotion agencies are properly resourced to fully service the Canada-CARICOM commercial relationship.
- Increase Canadian-funding into Canada-CARIFORUM CEDA projects.
- Encourage joint events and activities between Canadian and Caribbean export and investment agencies.
- Hold an annual “marquee” trade and investment event to promote bilateral business opportunities.

Subsequent to completing our research, we were advised that in February 2025, the Caribbean Export Development Agency (CEDA) launched the Caribbean Women Entrepreneurs Generating Resilient and Inclusive Trade (GRIT) project, a Canadian-funded four-year programme.¹⁷

It is quite likely that significantly scaling up this kind of cooperation will not be immediately embraced by the trade officials in Canada and CARICOM. Both sides will say that they face funding and capacity constraints within their bureaucracies to pursue a new, more active, trade promotion agenda with partners who have not been recent priorities. Canadian officials will refer to the fractured, small market that individual CARICOM states represent, which makes the prospect of serious trade interest or gains for their exporters unlikely. CARICOM officials will likely point to their greater interest in deepening trade with Europe, Latin America and Africa, as well as their need to maintain a focus on the US market.

Nevertheless, stepping back, both sides have an urgent interest in trade diversification and in maintaining and building the rules-based international economic system. Further, in the current international political/economic environment, both Canada and the Caribbean need to find, and keep, all the friends and allies they have. If trade officials are looking for an answer to the “what’s in it for us” question with respect to an enhanced programme to advance Canada-CARICOM bilateral trade and investment, we would suggest that the current uncertain times require creative thinking. Trade officials should consider, for example, not only how the two sides can work together to advance diversification of bilateral trade, but also the potential benefits of offering each other assistance in third markets in which they seek to grow.

Canada markets itself as a gateway to Europe and Asia by virtue of its framework of comprehensive trade agreements in those regions (Global Affairs Canada 2018). It would be consistent with Canada’s history of supporting CARICOM economic development to offer to profile CARICOM opportunities in those markets at the same time.

CARICOM, for its part, is embarking on a strategy of increased economic cooperation with Africa and appears to be achieving some success (The Caribbean Council 2025). Given Canada’s interest in its own Africa Strategy, but its rather lacklustre performance in the African markets to date, Canadian exporters/investors could do worse than to partner with CARICOM firms and organisations as they move into Africa (Black et al. 2025).

¹⁷ We thank Michelle Hustler for drawing this to our attention.

This kind of bilateral cooperation in third country markets has the additional advantage of demonstrating that the emerging Canada-CARICOM relationship is not simply a relationship built on the “development” programmes of the past, but rather a partnership built on collaboration of full partners. Canada-CARICOM cooperation for African markets could take the form of opening trade and investment promotion events to selected Canadian firms. Canada could do the same for CARICOM firms in Asia.

Recommendation 4. Encourage researchers in Canada and the Caribbean to collaborate to advance increased trade and other economic relationships by making use of the analytical resources available (including the SRC and CCI)

As they seek to advance the bilateral trade and investment relationship, Canada and CARICOM should gather the views of those in the region with knowledge and experience. This could include contracting research, participation in events and activities that leverage the convening power of collaborative organisations in the region, or providing ways in which researchers can contribute to government-to-government consultations.

7. Conclusion

When Prime Minister Carney met bilaterally with Prime Minister Mia Amor Mottley of Barbados and Prime Minister Andrew Holness of Jamaica on the margin of this year’s UN General Assembly, the “readouts” offered by the Canadian side suggested that the leaders “discussed their interest in renewing the Canada-Caribbean Community (CARICOM) Strategic Partnership to diversify trade and strengthen regional security co-operation” (Prime Minister of Canada 2025a) and discussed building stronger ties between Canada and Jamaica in trade, security, and commerce, including through the Canada-CARICOM Strategic Partnership (Prime Minister of Canada 2025b).

If the two sides are indeed serious about using the Strategic Partnership, in part to diversify and build stronger trade relations, the recommendations contained in this paper can serve as a roadmap for enhanced engagement to achieve practical results. They could be announced and implemented as part of a comprehensive trade “outcome” to a Strategic Partnership meeting, or, if a more gradual step-by-step approach is considered more appropriate, elements could be prioritised and implemented over time. In this latter case, we would urge early reinvigoration of the mechanisms for collaboration under the Trade and Economic Cooperation Agreement and those efforts be taken to increase trade and investment promotion along the lines we have outlined.

The future of trade for US dependent countries such as Canada and CARICOM countries will be challenging and shaped by uncertainty, but it need not be defined by this. The ideas the CCI and SRC have put forward are by no means going to solve all of our problems, but they offer practical recommendations for unlocking the untapped potential of this longstanding but under-performing trading relationship. Buoyed by the renewed commitment the Strategic Partnership of 2023 presents, policymakers, businesses and civil society of both sides should act now to advance a more ambitious Canada-CARICOM trade agenda.

The Caribbean diaspora in Canada and the Canadian diaspora in the Caribbean are natural bridges to driving trade, investment, cultural exchange and policy dialogue. Leveraging these linkages alongside targeted policy action can help

both Canada and CARICOM to build resilience and withstand an increasingly turbulent global geopolitical and geoeconomic environment. However, deepening CARICOM-Canada economic ties should not be treated as just a hedging measure in a volatile global economy. It is a strategic investment in shared prosperity, seizing on opportunities to collaborate not just in goods and services trade, but also digital trade, education, tourism and the green and blue economies. We would urge all interested in advancing the Canada-Caribbean trade relationship to consider the proposals we have outlined.

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