

# TRADE AGREEMENTS IN THE CARIBBEAN: ALCOHOL, TOBACCO AND SSB'S

Sub-Regional Workshop on Alcohol,  
Tobacco and Sugar-Sweetened  
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# Objective

- This brief presentation aims to identify the treatment of tobacco, alcohol and sugar-sweetened beverages in the free trade agreements negotiated by Member States of the Caribbean Community (CARICOM)

# What is a free trade agreement

- A **free trade agreement** is an arrangement under which goods and services originating in one country or a group of countries are allowed to enter the market of another country or group of countries free from the payment of import duties.
- The Free Trade agreement contains a schedule of those goods for which the countries agree to liberalise the trade as well as goods which may be excluded from tariff liberalisation.

# What is a free trade agreement

- Goods which are not included in the tariff liberalisation schedule will generally be subject to non-preferential rates of duty, usually the Most Favoured Nation (MFN) duties, applied to countries outside a free trade agreement.

# Free Trade Agreements in CARICOM

- CARICOM Member States have concluded five bilateral trade agreements and one comprehensive Economic Partnership Agreement (EPA).
- The five bilateral trade agreements, which provide for duty free trade on selected goods, concluded by CARICOM are with the following countries: Venezuela (1993); Colombia (1994); Cuba (2000); Dominican Republic (2001); Costa Rica (2004). The EPA was signed in October 2008.

# Common External Tariff (MFN) rates on Tobacco, Alcohol and SSB's in CARICOM

- The CET is the rate of duty that CARICOM Member States have agreed to impose on goods which do not originate within CARICOM.
- Both Tobacco and Alcoholic Products are on List C of the CET. List C specifies the minimum rate that CARICOM Member States may apply for those products included in the List, along with the actual rates applied by Member States.

**RATES OF DUTY UNDER THE CARICOM EXTERNAL TARIFF (CET)**

	TOBACCO PRODUCTS		ALCOHOLIC PRODUCTS				
	Cigars, cheroots and cigarillos, containing Tobacco (2402.10)	Cigarettes containing Tobacco (2402.20)	Brandy (2208.20)	Whiskies (2208.30)	Rum (2208.40)	Gin (2208.50)	Vodka (2208.60)
<b>CARICOM CET</b>	15%	35%	15%	15%	25%	20%	20%
<b>Antigua and Barbuda</b>	25%	35%	20%	20%	45%	20%	20%
<b>Barbados</b>	\$44.09 per KG	\$44.09/ KG	\$11.45/ litre	\$11.67 / litre	\$12.99 / litre	\$12.53 / litre	\$14.31/ litre
			\$13.43/ litre	\$13.21 / litre	\$15.63 / litre	\$14.31/ litre	
<b>Belize</b>	\$26.67 / LB	\$34.40 / LB	\$91.00/ Imp. Gal.	\$90.00 / Imp. Gal.	\$90.00/ Imp. Gal.	\$90.00/ Imp. Gal.	\$90.00 / Imp. Gal.
<b>Dominica</b>	45%	45%	45%	45%	45%	45%	45%
<b>Grenada</b>	35%	35%	35%	35%	35%	35%	35%
<b>Guyana</b>	100%	100%	100%	100%	100%	100%	100%
<b>Jamaica</b>	30%	30%	30%	30%	30%	30%	30%
<b>Montserrat</b>	\$7.00/ lb	\$7.00 / lb	\$10 / L. Gal	\$10.00/L. Gal	\$12.00/L. Gal	\$10.00 /L. Gal.	\$10.00 /L. Gal.
<b>St. Kitts and Nevis</b>	\$18.00/KG	\$18.00/KG	\$28.00/ L. Gal.	\$28.00 /L.Gal	\$28.00 /L. Gal	\$28.00/ L. Gal	\$28.00/L.Gal
<b>Saint Lucia</b>	45%	45%	45%	45%	45%	45%	45%
<b>St. Vincent and the Grenadines</b>	35%	35%	\$30.00/L. Gal	\$30.00/ L. Gal	\$40.00 / L. Gal.	35%	35%
<b>Suriname</b>	50%	50%	50%	50%	50%	50%	50%
<b>Trinidad and Tobago</b>	35%	35%	\$35.00/ litre	\$35.00/ litre	\$35.00 / litre	\$35.00/ litre	\$35.00 / litre

# Common External Tariff (MFN) rates on Tobacco, Alcohol and SSB's in CARICOM

- For Cigars, cheroots and cigarillos the minimum tariff that may be applied is **15 %** (ad valorem)
- For cigarettes containing tobacco the minimum rate that may be applied is **35 %**
- The rates actually applied by CARICOM Member States range from **25% to 50 %** on cigars, cheroots and cigarillos and between **35% and 100 %** for Cigarettes containing Tobacco. Guyana appears to be the most stringent – 100% duty on both cigars and cigarettes containing tobacco.



# Common External Tariff (MFN) rates on Tobacco, Alcohol and SSB's in CARICOM

- The CET rate for alcoholic beverages range from **15%** on brandy and whiskies to **25 %** on rum produced from sugar-cane.
- The duties applied on alcohol among Member States are specific duties in some instances and *ad-valorem duties* in others. The *ad-valorem* duties range from **20 % to 100 %**. Guyana imposes the highest duty, 100% on all alcohol imports.

# Common External Tariff (MFN) rates on Tobacco, Alcohol and SSB's in CARICOM

- The CET on waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter and other non-alcoholic beverages, not including fruit or vegetable juices is **20 %**.
- In addition to import duties, tobacco and alcoholic beverages, and in some instances SSB's, are subject to payment of **Excise Taxes** in CARICOM Member States

# Treatment of Alcohol, Tobacco and SSB's in Trade Agreements

## CARICOM – Venezuela FTA

- The CARICOM-Venezuela FTA is non-reciprocal. Therefore the CET rates/ MFN duties are paid on imports of all products from Venezuela including tobacco, alcohol and SSBs.

## CARICOM-Colombia FTA

- This agreement is non-reciprocal with respect to the CARICOM LDCs. CET/ MFN duties are applied on all products from Colombia to the LDCs.
- unmanufactured tobacco not stemmed or stripped; tobacco, partially or wholly stemmed or stripped; and tobacco refuse may be traded duty free into CARICOM MDC's only.
- MFN duties are paid on cigarettes, alcohol and SSB's.

# Treatment of Alcohol, Tobacco and SSB's in Trade Agreements

## CARICOM- DR FTA

- Rum is the only alcohol product that may be traded freely under this Agreement and only into the CARICOM MDC's
- Tobacco and cigarettes may only be traded at the MFN/CET rates on entry into CARICOM
- Sugar- sweetened beverages are excluded from tariff liberalisation under this agreement. The CET of 20% applies.

# Treatment of Alcohol, Tobacco and SSB's in Trade Agreements

## CARICOM – Costa Rica

- Rum, Cigarettes containing Tobacco and Aerated waters are excluded from duty free treatment when imported into CARICOM from Costa Rica. MFN duties apply.

## CARIFORUM – EC Economic Partnership Agreement (EPA)

- Alcohol, Tobacco including cigarettes and all waters, including aerated waters and non-alcoholic beverages are excluded from liberalisation under the EPA and are therefore subject to the relevant MFN rates of duty when imported from the EU.

# Conclusion

- With the exception of imports of rum from the Dominican Republic and unmanufactured tobacco or tobacco partially or fully stemmed or stripped from Colombia, all alcoholic beverages, tobacco products and waters containing sugar, including aerated and non-alcoholic beverages, are subject to the imposition of the CARICOM External Tariff when imported into CARICOM.

# Conclusion

- CARICOM Member States therefore have the flexibility to apply positive rates of duty and, if necessary, increase those rates to a level no higher than the bounds rates contained in their WTO Schedule of Tariff Reduction Commitments (Schedule II) on imports of alcohol, tobacco and sugar-sweetened beverages from all sources, including imports from countries with which CARICOM has concluded free trade agreements.