United States International Trade Commission

# The Impact of the Caribbean Basin Economic Recovery Act

## Nineteenth Report 2007-2008

Investigation No. 332-227
USITC Publication 4102
September 2009

# U.S. International Trade Commission




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**Publication 4102** **September 2009**

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# PREFACE

Section 215 of the Caribbean Basin Economic Recovery Act (CBERA), as amended (19 U.S.C. 2704) ("the Act"), requires the U.S. International Trade Commission to provide biennial reports in odd-numbered years to the Congress and the President on the economic impact of the Act on U.S. industries and consumers and on the economy of beneficiary Caribbean Basin countries. This report constitutes the Commission's report for 2009 and covers the period 2007–08.

CBERA was originally enacted on August 5, 1983 (Public Law 98-67, 97 Stat.384, 19 U.S.C. 2701 et seq.). It authorized the President to proclaim duty-free treatment or other preferential treatment for eligible articles from designated beneficiary countries. The act has been amended several times, including by the United States Caribbean Basin Trade Partnership Act (CBTPA) in 2000. Among other things, the CBTPA amended section 215 of CBERA to change the frequency of Commission reports from annual reports to the current biennial reports in odd-numbered years.

This is the Commission's 19th report under CBERA and the fifth report since the 2000 amendments. However, it is noted that the current report covers fewer Caribbean Basin countries than prior reports, as four Central American countries (El Salvador, Guatemala, Honduras, and Nicaragua) ceased to be designated beneficiary countries in 2006, and a fifth country (the Dominican Republic) ceased to be a designated beneficiary country in 2007. During those two years, the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) entered into force with respect to those countries, and imports from those countries became eligible for U.S. duty-free or other preferential treatment under the free trade agreement.

The information provided in this report is for the purpose of this report only. Nothing in this report should be construed as indicating what the Commission's findings or determination would be in an investigation involving the same or similar subject matter conducted under another statutory authority.

# ABSTRACT

This report is the 19th in a series of reports prepared by the U.S. International Trade Commission pursuant to section 215 of the Caribbean Basin Economic Recovery Act (CBERA) (19 U.S.C. 2704) on the economic impact of the CBERA program on U.S. industries and consumers and on the economy of the beneficiary countries. The current study fulfills the Commission's reporting requirement for 2009 under the statute and covers the period 2007–08.

The overall effect of CBERA-exclusive imports (imports that could receive tariff preferences only under CBERA provisions), on the U.S. economy generally and on U.S. industries and consumers in particular, continued to be negligible in 2008. Based on the upper estimates and industry analysis, the Commission identified one U.S. industry—methanol—as potentially facing significant negative effects from CBERA-exclusive imports. U.S. industries supplying inputs to apparel producers in CBERA countries are benefiting from the enhancements added by the United States Caribbean Basin Trade Partnership Act (CBTPA) in 2000. U.S. imports of the leading CBERA-exclusive items for which analysis was possible, including methanol, all produced net welfare gains for U.S. consumers in 2008.

The probable future effect of CBERA on the United States, judging by an examination of export-oriented investment in the beneficiary countries, is also expected to be minimal for most products, as CBERA countries generally are small suppliers relative to the U.S. market. Some U.S. sources have expressed concerns about increasing ethanol imports from CBERA countries under the program, although this increase occurred at the same time as higher U.S. domestic ethanol production, making the effect on U.S. producers and consumers uncertain.

The impact of CBERA preferences on the beneficiary countries continues to be small, but positive. Its effects in individual countries have tended to be narrow rather than broad, as shown by an examination of CBERA's impacts on the three countries that have made the heaviest use of CBERA preferences in the past two years—Haiti, Jamaica, and Trinidad and Tobago. In Haiti, the impact of CBERA has been almost exclusively focused on the apparel assembly sector. CBERA has played an important role in Haiti's ability to develop and diversify its export sector, especially for offshore apparel assembly operations. For Jamaica, CBERA preferences provide an important incentive for exports of ethanol to the U.S. market; they have become less important with respect to Jamaica's other exports to the United States. For Trinidad and Tobago, the impact of CBERA has been almost exclusively on the energy sector.

For most other CBERA countries, recent investment activity has been increasingly focused on export-oriented services, such as tourism, financial, and telecommunications services, rather than on the production of CBERA-eligible exports. This has tended to dilute the impact of the CBERA program, since its preferences apply exclusively to exports of goods.

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# EXECUTIVE SUMMARY

The Caribbean Basin Economic Recovery Act (CBERA) became effective in 1984 as part of the Caribbean Basin Initiative (CBI) to encourage economic growth and development in the Caribbean Basin countries by promoting increased production and exports of nontraditional products. This report, the 19th in a series, assesses the actual and the probable future effect of CBERA on the U.S. economy generally, on U.S. industries and consumers, and on the economies of the Caribbean Basin beneficiary countries.[1]

The reduction in the number of CBERA beneficiary countries is a key factor driving the impact of CBERA on the U.S. economy during 2007–08 as well as the probable future effect of CBERA. The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) entered into force for El Salvador, Guatemala, Honduras, and Nicaragua during 2006 and for the Dominican Republic in 2007, removing major sources of imports entered under the CBERA program and altering the composition of U.S. imports entered under CBERA provisions. Costa Rica implemented CAFTA-DR on January 1, 2009, and a bilateral U.S. free trade agreement (FTA) with Panama is awaiting consideration by the Congress—hence, total imports under CBERA most likely will continue to decline.

## Impact of CBERA on the United States in 2008

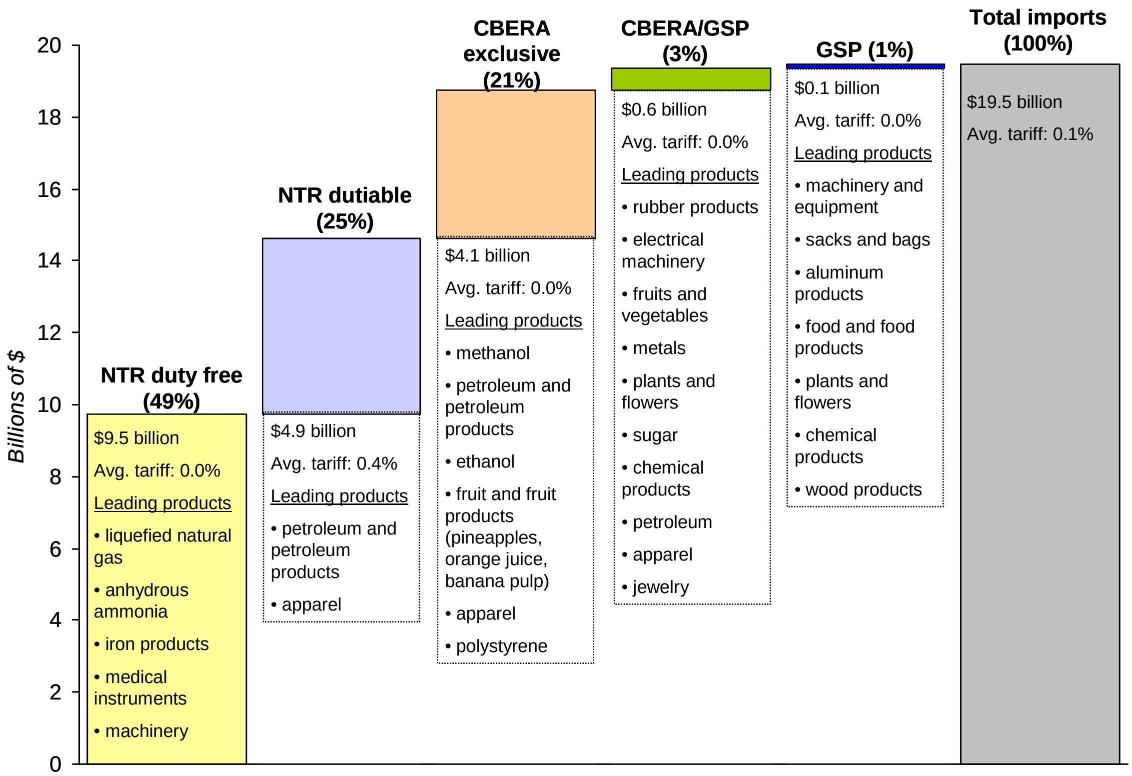
### *Overview*

- The overall effect of CBERA-exclusive imports (imports that could receive tariff preferences only under CBERA provisions) on the U.S. economy and U.S. consumers continued to be negligible in 2008. Total imports from CBERA countries represented a minor share (0.9 percent) of the total value of U.S. imports. CBERA-exclusive imports accounted for an even smaller share (0.2 percent) of the total value of U.S. imports.

- Of the $4.7 billion in U.S. imports that were entered under CBERA in 2008, imports valued at $4.1 billion could not have received tariff preferences under any other program. The remaining imports that were entered under CBERA could have been entered free of duty under the Generalized System of Preferences (GSP). U.S. imports from CBERA countries by import program are shown in figure ES.1. These CBERA-exclusive imports accounted for 21.1 percent of total U.S. imports from CBERA countries. The five leading items benefiting exclusively from CBERA in 2008 were methanol, light crude oil, fuel ethanol, fresh or dried pineapples, and knitted cotton T-shirts.

[1] Throughout this report, the term "CBERA" refers to CBERA as amended by the Caribbean Basin Trade Partnership Act (CBTPA), the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and 2008 (HOPE II) (jointly referred to in this report as the HOPE Acts), and other legislation.

**FIGURE ES.1** U.S. imports from CBERA beneficiary countries, by import program, 2008




*Notes*: "CBERA exclusive" imports are imports that could only receive preferential entry under CBERA. "CBERA/GSP" imports are imports that were entered under CBERA but were also eligible for duty-free entry under GSP. "Avg. tariff" is the ad valorem equivalent tariff. Other imports included in "total imports," but not in programs designated above, amounted to 1 percent of the total.

## *Consumer Surplus and Net Welfare Gains*

- Change in consumer surplus is a dollar measure of gains (or losses) to consumers resulting from lower (higher) prices. Fuel ethanol imported under CBERA provided the largest single gain in consumer surplus (between $77.1 million and $93.0 million), followed by methanol (between $60.0 million and $61.6 million).
- Net welfare gain is the gain in consumer surplus minus the loss of tariff revenues that result from duty-free treatment under CBERA. U.S. imports of each of the leading CBERA-exclusive items for which adequate data were available produced net welfare gains in 2008. Fuel ethanol yielded the largest net gain, valued at between $25.7 million and $32.9 million, followed by knitted cotton T-shirts and methanol.

## *Effects on U.S. Producers*

- The Commission's economic and industry analyses indicate that imports receiving CBERA preferences in 2008 in most cases had only minimal effects on competing U.S. industries, mainly because of low U.S. import market shares and/or low margins of preference. Methanol is the only U.S.

industry that may have experienced displacement of more than 5 percent of the value of U.S. production in 2008. The Commission estimates that U.S. methanol producers experienced displacement of between 4.9 percent and 9.7 percent of production, valued at $25.2 million to $49.6 million. Further analysis indicates that a large difference in natural gas feedstock prices between the United States and Trinidad and Tobago is the primary driver behind the decline in U.S. industry production and the increase in imports from Trinidad and Tobago in recent years.

## *CBERA and CAFTA-DR*

- During 2006 and 2007, CAFTA-DR entered into force for four Central American countries (El Salvador, Guatemala, Honduras, and Nicaragua in 2006) and the Dominican Republic (in 2007), at which time they ceased to be designated beneficiary countries under CBERA. CAFTA-DR did not enter into force for Costa Rica until January 1, 2009, so Costa Rica is included in the evaluation of the actual impact of CBERA in 2008; but not in the assessments of the probable future effects.

- In 2005, these five CAFTA-DR countries accounted for 62.7 percent of U.S. imports entered under CBERA provisions. The departure of the CAFTA-DR countries from CBERA was an important reason for the reduction in imports under CBERA provisions, from $12.3 billion in 2005 to $4.7 billion in 2008. However, even when these countries are excluded, imports under CBERA provisions decreased from $5.2 billion to $4.7 billion, or by 8.9 percent, from 2007 to 2008.

- CAFTA-DR also changed the product composition of U.S. imports entered under the CBERA program, and that change is expected to be more pronounced in future years. Apparel imports, which had come mainly from CAFTA-DR countries, have become less important, while energy-related imports originating in the remaining CBERA countries (nearly all from Trinidad and Tobago) have become more important, accounting for 59 percent of U.S. imports under CBERA in 2008.

## *Probable Future Effects*

- The future effects of CBERA on the U.S. economy will likely remain small and diminish even further over time. The Commission identified limited investment in the CBERA countries during 2007–08 for the production and export of CBERA-eligible products. Moreover, CBERA countries generally are small suppliers relative to the U.S. market, and investments identified are not likely to result in the production of exports that will have a measurable future economic impact on U.S. consumers and producers. Most of the effects of CBERA on the U.S. economy occurred shortly after the program's implementation in 1984, or shortly after implementation of each of the major enhancements to CBERA, including the Caribbean Basin Trade Partnership Act (CBTPA) and the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and 2008 (HOPE II).

- Future imports under CBERA preferences will likely decrease given that Costa Rica has moved from CBERA to CAFTA-DR, and an FTA with

Panama would have a similar but smaller effect. Costa Rica ranked as the second-leading supplier of imports under CBERA in 2008, accounting for 26.5 percent of imports under CBERA in that year. The country's January 1, 2009, shift from CBERA to CAFTA-DR is almost certain to result in a significant reduction in imports under CBERA beginning in 2009 compared to 2008. Panama ranked as the seventh-leading supplier of imports under CBERA in 2008, accounting for 1 percent of imports under CBERA in that year.

### *Textiles, Apparel, and Footwear*

- U.S. imports of textile and apparel products under CBERA have declined sharply in recent years—valued at $609 million in 2008, compared to $3.2 billion in 2006 and $6.6 billion in 2005. Most of the decline in imports can be attributed to implementation of CAFTA-DR during 2006–07 and to increased competition from lower-cost Asian suppliers.

- Haiti and Costa Rica were the leading suppliers of textiles and apparel imports under CBERA in 2008, accounting for 65 percent ($394.4 million) and 32 percent ($194.3 million), respectively. U.S. imports of textiles and apparel from Haiti declined by 9 percent during 2007–08, the first decline since 2002.

- The Dominican Republic was the longstanding leading supplier of footwear under CBERA. Since the Dominican Republic shifted from CBERA to CAFTA-DR in 2007, the total quantity and value of footwear imports under CBERA shrank to less than $500,000 in 2008 from $107 million in 2006.

## Impact of CBERA on the Beneficiary Countries

- CBERA has had small, but positive effects on the beneficiary countries. The Commission examined the economies of the leading suppliers of imports under CBERA in 2008—Haiti, Jamaica, and Trinidad and Tobago—to assess the extent to which CBERA beneficiary countries are diversifying their exports and are using the production of CBERA-eligible exports as part of an overall strategy for attaining sustainable economic growth. The recent economic literature as well as this series of reports generally has found that CBERA has had a small positive effect on exports—and hence on economic growth in the CBERA countries. The small positive effects of CBERA primarily involve a few countries and a small number of products.

- The effects of CBERA preferences were largely driven by: domestic economic policies; external factors such as fluctuations in the global—and especially the U.S.—business cycle; preferential trade programs offered by the European Union, Canada, and other countries; the erosion of CBERA tariff preference margins as a result of the phased reduction of tariffs under the Uruguay Round and U.S. free trade agreements with other partners; low international competitiveness, reflecting the high costs of doing business, labor market rigidities, and high transportation costs in the Caribbean region; and the fact that many CBERA countries have largely services-based economies.

## *Haiti*

- CBERA, particularly as enhanced by CBTPA, HOPE I, and HOPE II, was an important factor promoting apparel production and exports in Haiti during 2007–08. CBERA preferences covered 90.1 percent of all U.S. imports from Haiti in 2008, with six apparel categories accounting for 91.6 percent of those imports. The impact of CBERA has been almost exclusively focused on Haiti's apparel assembly sector, which employs more than 30 percent of Haiti's manufacturing labor force.

- The HOPE Acts in particular helped Haiti offset its low global economic competitiveness. It is unlikely that Haiti would be a competitive producer of apparel without the preferential tariff access offered by the HOPE Acts. However, Haiti's limited physical infrastructure, insufficient access to water and electricity, high bank interest rates, lack of spinning and weaving facilities, and lack of managerial expertise continue to discourage investors. Moreover, foreign investment in other sectors of the economy remained constrained by the country's prolonged political instability and economic stagnation.

## *Jamaica*

- The range of imports from Jamaica under CBERA remained limited and, since 2006, has been dominated by ethanol processed (dehydrated) from Brazilian hydrous ethanol feedstock. Fuel ethanol accounted for 79.3 percent of U.S. imports under CBERA from Jamaica in 2008. The value of U.S. fuel ethanol imports from Jamaica increased by 54 percent since 2006, largely as a result of increased U.S. demand. Textiles and apparel accounted for just 5.3 percent of imports under CBERA in 2008, down from 20.0 percent in 2006. Jamaica's apparel assembly sector has contracted sharply in recent years in the face of increasing global competition. Other imports under CBERA from Jamaica included fresh produce, processed foods, alcoholic and non-alcoholic beverages, and electrical parts; U.S. imports of these items, however, were low in value as many are niche products with limited demand in the United States.

- Foreign investment in Jamaica largely has been directed at the country's dynamic services industries and, more recently, at the ethanol industry. CBERA remains an important incentive for export diversification in Jamaica.

However, apart from fuel ethanol, CBERA-eligible exports make up a small part of Jamaica’s largely services-based economy.

### *Trinidad and Tobago*

- Just 26.3 percent of total U.S. imports from Trinidad and Tobago entered under CBERA in 2008. Of these, 98.4 percent were energy products, including methanol, crude petroleum, and naphthas. Trinidad and Tobago was the sole supplier of methanol, supplied 90.0 percent of crude petroleum, and was the sole supplier of naphthas entered under CBERA in 2008. Thus, the impact of CBERA was almost exclusively on the country’s energy sector.

- With a few notable exceptions, investment in Trinidad and Tobago has focused largely on the energy sector. However, government policies in Trinidad and Tobago have also sought to develop non-energy exports to promote greater diversification of the economy. Trinidad and Tobago has one of the most developed industrial manufacturing sectors in the Caribbean region, and it is the leading Caribbean supplier to other Caribbean countries. With an export-oriented manufacturing sector already supplying other Caribbean countries, Trinidad and Tobago appears to be well positioned to develop a more diversified range of exports for the U.S. market.

## Other Import and Export Information

- CBERA countries account for a very small share of U.S. trade. In 2008, total U.S. trade (exports plus imports) with CBERA countries was 1.3 percent of total U.S. trade with the world. CBERA countries accounted for 2.0 percent of total U.S. exports and 0.9 percent of total U.S. imports in 2008.

- In 2008, total U.S. imports of goods from CBERA countries (with and without trade preferences) increased 5.6 percent from 2007. Of the $19.5 billion in total imports from CBERA countries in 2008, energy products accounted for 53.2 percent, agricultural products 9.3 percent, textiles and apparel products 3.9 percent, and other mining and manufacturing products 29.4 percent. Trinidad and Tobago, Costa Rica, and Aruba were the leading sources of imports, accounting for more than 80 percent of all U.S. imports from CBERA countries in 2008.

- In 2008, imports of goods benefiting from CBERA preferences decreased 8.9 percent from 2007. Of the $4.7 billion in imports under CBERA in 2008, energy products accounted for 58.6 percent, agricultural products 18.3 percent, textiles and apparel (almost all apparel) products 12.9 percent, and other mining and manufacturing products 10.2 percent. Trinidad and Tobago, Costa Rica, Haiti, and Jamaica were the leading sources of imports, accounting for more than 90 percent of U.S. imports under CBERA in 2008.

- Imports of energy products under CBERA were valued at $2.8 billion in 2008. Methanol and light crude oil accounted for about 75 percent of all imports of energy products under CBERA in 2008. Trinidad and Tobago was the principal source of imports of energy products under CBERA, accounting for more than 80 percent of these imports.

- Imports of edible fruits and nuts, edible vegetables and roots, and prepared vegetables, fruits, and nuts accounted for 80 percent of all U.S. imports of agriculture products under CBERA in 2008. Costa Rica was the principal source of imports of agricultural products under CBERA, accounting for more than 80 percent of these imports.

- U.S. exports to CBERA beneficiaries totaled $23.5 billion in 2008, a 24.6 percent increase from $18.9 billion in 2007. Costa Rica and Panama were the main CBERA country markets for the United States in 2008. Energy products accounted for 26.9 percent of U.S. exports to the region, agricultural products 12.0 percent, textiles and apparel products 1.3 percent, and other mining and manufacturing products 51.3 percent. U.S. exports of textiles and apparel products to CBERA countries, mostly fabric and other inputs for producing apparel, have declined sharply in recent years. These exports declined because the largest apparel-producing CBERA countries, which use U.S. fabric and other U.S. apparel inputs, have moved to CAFTA-DR.

# FREQUENTLY USED ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| ATC | Agreement on Textiles and Clothing |
| ATPA | Andean Trade Preference Act |
| CAFTA-DR | Dominican Republic-Central America-United States Free Trade Agreement |
| CARICOM | Caribbean Community |
| CBERA | Caribbean Basin Economic Recovery Act |
| CBI | Caribbean Basin Initiative |
| CBTPA | Caribbean Basin Trade Partnership Act |
| ECCU | Eastern Caribbean Currency Unit |
| ECLAC | United Nations Economic Commission for Latin America and the Caribbean |
| EIU | Economist Intelligence Unit |
| EU | European Union |
| FDI | Foreign direct investment |
| FTA | Free trade agreement |
| FTAA | Free Trade Area of the Americas |
| GATT | General Agreement on Tariffs and Trade |
| GDP | Gross domestic product |
| GSP | Generalized System of Preferences |
| HOPE Acts | HOPE I *and* HOPE II (see below) |
| HOPE I | Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 |
| HOPE II | Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 |
| HS | Harmonized System |
| HTS | Harmonized Tariff Schedule (of the United States) |
| IADB | Inter-American Development Bank |
| IMF | International Monetary Fund |
| IPR | Intellectual property rights |
| LNG | Liquefied natural gas |
| NAFTA | North American Free Trade Agreement |
| n.e.s.o.i. | Not elsewhere specified or otherwise included |
| NTR | Normal trade relations (same as “most-favored-nation”) |
| OAS | Organization of American States |
| OECS | Organization of Eastern Caribbean States |
| OTEXA | Office of Textiles and Apparel, U.S. Department of Commerce |
| SMEs | Square meter equivalents |
| TRQ | Tariff rate quota |
| UN | United Nations |
| UNCTAD | United Nations Conference on Trade and Development |
| USAID | United States Agency for International Development |
| USITC | United States International Trade Commission |
| USTR | United States Trade Representative |
| WTO | World Trade Organization |

# DEFINITIONS OF FREQUENTLY USED TERMS

The following terms are presented in order of their use in the report:

**CBERA:** Caribbean Basin Economic Recovery Act, as amended by the Caribbean Basin Trade Partnership Act (CBTPA); the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 and 2008, and other legislation.

**CBERA-exclusive imports (or imports benefiting exclusively from CBERA):** Imports that enter the United States under either CBERA duty-free or CBERA reduced-duty provisions and are not eligible to enter free of duty under NTR rates or under other programs, such as GSP.

**Original CBERA:** The non-expiring provisions of CBERA.

**CBERA beneficiary countries (or CBERA countries):** Countries designated by the President as eligible for CBERA benefits. There were 19 CBERA beneficiary countries as of December 31, 2008. Those 19 countries were: Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Netherlands Antilles, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

**Current CBERA countries:** The 19 CBERA beneficiary countries as of December 31, 2008. See also the definition “former CBERA countries” below.

**Former CBERA countries:** Countries that were no longer eligible for CBERA benefits during 2008 because they had entered into a free trade agreement with the United States—namely, CAFTA-DR. Countries ceased being CBERA beneficiary countries upon entry into force of CAFTA-DR. For 2008, these countries (and date of entry into force of CAFTA-DR) were: El Salvador (March 1, 2006); Honduras and Nicaragua (April 1, 2006); Guatemala (July 1, 2006); and Dominican Republic (March 1, 2007). In this report, Costa Rica is considered a “current CBERA country” because CAFTA-DR did not enter into force for Costa Rica until January 1, 2009.

**CBTPA beneficiary countries (or CBTPA countries):** CBERA countries designated by the President as eligible for CBTPA benefits, and found by USTR to satisfy customs-related requirements established in the CBTPA. In 2008, those countries were: Barbados, Belize, Costa Rica, Guyana, Haiti, Jamaica, Panama, St. Lucia, and Trinidad and Tobago. CBTPA benefits are currently scheduled to expire on September 30, 2010.

**Fuel ethanol:** Includes the product categories: (1) undenatured ethyl alcohol of 80 percent volume alcohol or higher, for nonbeverage purposes (HTS 2207.10.60), and (2) ethyl alcohol and other sprits, denatured, of any strength (HTS 2207.20.00).

**Textiles and apparel**: Products classified in HTS Chapters 50–63.

# CHAPTER 1
# Introduction

The Caribbean Basin Economic Recovery Act (CBERA)[1] became effective in 1984 as part of the Caribbean Basin Initiative (CBI) to encourage economic growth and development in the Caribbean Basin countries by promoting increased production and exports of nontraditional products.[2] CBERA authorizes the President to proclaim preferential rates of duty on many products entering the United States from the region. The U.S. International Trade Commission (USITC or "the Commission") has issued reports on the impact of CBERA preferences on the U.S. economy since 1986.

This report fulfills a statutory mandate under CBERA, as amended, that the Commission report biennially on CBERA's economic impact on U.S. industries, consumers, the U.S. economy in general, and the economies of the beneficiary countries.[3] This report, the 19th in the series, covers the period 2007–08 but focuses mainly on developments in calendar year 2008. Throughout this report, the term "CBERA" refers to CBERA as amended by the Caribbean Basin Trade Partnership Act (CBTPA); the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and 2008 (HOPE II) (jointly referred to as the HOPE Acts); and other legislation. To identify the non-expiring provisions of CBERA, the term "original CBERA" will be used.[4] Table 1.1 summarizes the major provisions of CBERA.

The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) entered into force during 2006 and 2007 for five CBERA/CBTPA beneficiaries: El Salvador (March 1, 2006), Honduras (April 1, 2006), Nicaragua (April 1, 2006), Guatemala (July 1, 2006), and the Dominican Republic (March 1, 2007). At that time they ceased to be beneficiary countries under CBERA and CBTPA.[5] Unless otherwise noted, tables in this report referring to trade with CBERA countries do not include data for these five countries after they moved from CBERA to CAFTA-DR.

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[1] CBERA was enacted August 5, 1983, as Pub. L. 98-67, title II, 97 Stat. 384, 19 U.S.C. 2701 et seq., and became effective January 1, 1984 (Proclamation No. 5133, 48 Fed. Reg. 54453). Minor amendments to CBERA were made by Pub. Laws 98-573, 99-514, 99-570, and 100-418. Major amendments were made to CBERA by Pub. L. 106-200, the Caribbean Basin Trade Partnership Act. Further modifications were made by Pub. L. 107-210, the Trade Act of 2002; Pub. L. 109-53, the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act; Pub. L. 109-432, § 5001 et seq., the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE I); and Pub. L. 110-234, § 15401 et seq., the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II). CBERA beneficiary countries are listed in table 1.1.

[2] The principal components of the CBI were CBERA and a program of preferential access for certain apparel assembled in the region, described below.

[3] The reporting requirement is set forth in section 215(a) of CBERA (19 U.S.C. 2704(a)).

[4] Preferences provided in the CBTPA and the HOPE Acts have expiration dates, as detailed below, whereas preferences provided in other parts of CBERA, including provisions related to fuel ethanol, have no expiration date.

[5] Proclamations Nos. 7987 (February 28, 2006), 7996 (March 31, 2006), 8034 (June 30, 2006), and 8111 (February 28, 2007). Note that CAFTA-DR entered into force for a sixth country, Costa Rica, on January 1, 2009, whereupon Costa Rica ceased to be a CBERA/CBTPA beneficiary (Proclamation No. 8331, December 23, 2008).

# Organization of the Report

Chapter 1 summarizes the CBERA program, including amendments to the original CBERA by CBTPA, the Trade Act of 2002, and the HOPE Acts of 2006 and 2008, and describes the analytical approach used in the report. Chapter 2 analyzes U.S. trade with CBERA beneficiaries through 2008. Chapter 3 addresses the estimated effects of CBERA in 2008 on the U.S. economy generally, as well as on U.S. industries and consumers. Chapter 3 also examines the probable future effects of CBERA. Chapter 4 assesses the economic impact of CBERA on the beneficiary countries.

Appendix A reproduces the *Federal Register* notice by which the Commission solicited public comment on the CBERA program, and appendix B contains the hearing calendar. Appendix C contains a summary of the positions of interested parties. Appendix D explains the economic model used to derive certain of the findings presented in chapter 3. Appendix E includes tables presenting the data underlying some of the analysis of trade trends in chapter 2. Appendix F contains a listing of leading U.S. imports benefiting exclusively from CBERA in 2007.

# Summary of the CBERA Program

CBERA authorizes the President to grant certain unilateral preferential trade benefits to Caribbean Basin countries and territories. The program permits shippers from designated beneficiaries to claim duty-free or reduced-duty treatment for eligible products imported into the customs territory of the United States. If importers do not claim this status, the goods are dutiable under the general rates of duty column accorded to countries having normal trade relations (NTR) and generally known as NTR rates of duty.[6]

CBERA as initially enacted authorized the President to provide duty-free treatment to qualifying goods from beneficiary Caribbean Basin countries through September 30, 1995. The Caribbean Basin Economic Recovery Expansion Act (CBEREA) of 1990[7] repealed that termination date, made the program permanent, and expanded CBERA benefits in several respects.[8] In May 2000, the United States-Caribbean Basin Trade Partnership Act (CBTPA) further expanded the CBERA program and extended trade preferences to textiles and apparel from eligible countries in the region.[9] In August 2002, the Trade Act of 2002 amended CBERA to clarify and modify several CBTPA provisions.[10] In December 2006, HOPE I enhanced benefits under CBERA for Haiti. In May 2008, HOPE II extended and further enhanced benefits for Haiti.

[6] This is nondiscriminatory tariff treatment, which is commonly and historically called "most-favored-nation" (MFN) status and is called NTR status in the United States.

[7] The Caribbean Basin Economic Recovery Expansion Act of 1990 was signed into law on August 20, 1990, as part of the Customs and Trade Act of 1990 (Pub. L. 101-382, title II, 104 Stat. 629, 19 U.S.C. 2101).

[8] Among other things, the 1990 act provided duty reductions for certain products previously excluded from such treatment. For a comprehensive description of the 1990 act, see USITC, *The Impact of CBERA: Sixth Report*, 1991, 1-1 to 1-5.

[9] A description of CBTPA and the enhancement of the preference program is contained in a separate section of this chapter.

[10] Modifications to CBERA were made in section 3107 of the Trade Act of 2002 (Pub. L. 107-210).

**TABLE 1.1** Summary of CBERA preferential provisions, year-end 2008

| | |
|---|---|
| History | Enacted 8/5/83, effective 1/1/84: CBERA<br>Expanded and made permanent 8/20/90: CBEREA[a]<br>Enhanced 5/18/00: CBTPA;[b] CBTPA extended, 5/22/08[c]<br>Modified 8/6/02: Trade Act of 2002[d]<br>Enhanced for Haiti: HOPE Act 12/20/06,[e].HOPE II 5/22/08[f] |
| Benefits | Duty-free entry and reduced-duty entry granted on a non-reciprocal, non-MFN basis |
| Exclusions under original CBERA[g] | Most textiles/apparel, leather, canned tuna, petroleum and derivatives, certain footwear, certain watches/parts; over-TRQ agricultural goods |
| Duration | Originally 12 years, until 9/30/95<br>CBEREA: removed expiration date for original CBERA<br>CBTPA: until 9/30/10[h]<br>HOPE Acts: until 9/30/18 |
| Beneficiaries[i] | Full-year beneficiaries in 2008: Antigua and Barbuda, Aruba, The Bahamas, Barbados,* Belize,* British Virgin Islands, Costa Rica* (move to CAFTA-DR effective 1/1/09), Dominica, Grenada, Guyana,* Haiti,* Jamaica,* Montserrat, Netherlands Antilles, Panama,* St. Kitts and Nevis, St. Lucia,* St. Vincent and the Grenadines, and Trinidad and Tobago*<br>Part-year beneficiary in 2007: Dominican Republic* (move to CAFTA-DR effective 3/1/07) |
| Coverage (eligible provisions) | Approximately 5,700 8-digit tariff lines |
| Value of imports under the program | $4.726 billion |
| Significance in terms of U.S. trade: | |
| U.S. imports from the region as a share of total U.S. imports | 0.9% |
| U.S. imports from beneficiaries that receive program preferences as a share of total U.S. imports from beneficiary countries | 24.3% |

*Source*: Commission compilation.

[a] Caribbean Basin Economic Recovery Expansion Act of 1990.

[b] Caribbean Basin Trade Partnership Act, title II of the Trade and Development Act of 2000, effective October 2000. The measure gives certain preferential treatment to goods originally excluded from CBERA preferences.

[c] Pub. L. 110-234, § 15408.

[d] Pub. L. 107-210, § 3107.

[e] HOPE Act of 2006 (Pub. L. 109-432, § 5001 et seq.)

[f] HOPE Act of 2008 (Pub. L. 110-234, § 15401 et seq.)

[g] The CBTPA provides for the application of Mexico's NAFTA rates, where goods from CBTPA countries meet NAFTA rule-of-origin criteria, for most goods excluded from CBERA except for agricultural and textile/apparel products. Certain apparel and textile luggage made from U.S. inputs are eligible for duty-free entry. (See subchapter XX (20) of chapter 98 of the Harmonized Tariff Schedule. No other CBTPA benefits apply to excluded agricultural and textile/apparel products; that is, NAFTA parity is not accorded.)

[h] The CBTPA benefits expire on either September 30, 2010, or the date on which the Free Trade Area of the Americas or comparable agreement enters into force, whichever is earlier. When an FTA such as CAFTA-DR enters into effect for a country, that country loses its status as a CBTPA or CBERA beneficiary country, although for specific purposes, they are given special status as former beneficiaries.

[i] Asterisk (*) indicates CBTPA beneficiary countries.

For almost three and a half years, the United States operated CBERA without a waiver of U.S. obligations under Article I of the General Agreement on Tariffs and Trade (GATT) (nondiscriminatory treatment) from the World Trade Organization (WTO) after a prior waiver expired at the end of 2005. A renewal of the waiver was granted on May 27, 2009, effective through December 31, 2014.[11]

The following sections summarize CBERA provisions concerning beneficiaries, trade benefits, qualifying rules, and the relationship between CBERA and the U.S. Generalized System of Preferences (GSP) program. A description of the provisions of CBERA added by CBTPA concludes this chapter.

## *Beneficiaries*

Eligible imports from 19 countries (collectively referred to in this report as "CBERA beneficiary countries" or "CBERA countries"[12]) received CBERA tariff preferences during 2008.[13] Four other countries—Anguilla, Cayman Islands, Suriname, and Turks and Caicos Islands—are potentially eligible for CBERA benefits but have not requested that status.[14] The President can terminate beneficiary status or suspend or limit a country's CBERA benefits at any time as explained below.[15]

CBERA countries are required to afford internationally recognized worker rights under the definition used in the GSP program[16] and to provide effective protection of intellectual property rights (IPR), including copyrights for film and television material. The President may waive either condition if the President determines, and so reports to Congress, that designating a particular country as a beneficiary would be in the economic or security interest of the United States.[17] To date, the United States has withdrawn CBERA benefits from only one country, Honduras, on the basis of worker rights or U.S. intellectual property rights violations, and benefits were subsequently restored.[18]

In April 2008, the Office of the U.S. Trade Representative (USTR) released its annual review of country practices pertaining to IPR protection under the Special 301 provisions of the Trade Act of 1974, listing 46 countries that deny adequate and effective IPR protection.[19] Of countries that were CBERA beneficiaries in 2008, Belize was moved from USTR's Priority Watch List to its Watch List in 2007 and was removed from the

[11] Decision of the WTO General Council of May 27, 2009 (WT/L/753).

[12] For additional information, see the list of Acronyms and Abbreviations in the front of this report.

[13] Those were Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Netherlands Antilles, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. See Harmonized Tariff Schedule (HTS) general note 7. El Salvador, Honduras, Nicaragua, and Guatemala moved from CBERA to CAFTA-DR during 2006, as did the Dominican Republic in 2007. Dates of the moves are given in the text. CAFTA-DR provisions are set out in HTS general note 29.

[14] The Caribbean, Central American, and South American countries and territories potentially eligible for CBERA benefits are listed in 19 U.S.C. 2702(b).

[15] 19 U.S.C. 2702(e).

[16] 19 U.S.C. 2462.

[17] 19 U.S.C. 2702(b).

[18] Benefits were withdrawn on a limited number of products. See USTR, "USTR Barshefsky Announces Action to Address Honduran Failure to Protect Intellectual Property Rights," press release 97-94, Nov. 4, 1997, and 63 Fed. Reg. 16607–16608 (April 3, 1998); USTR, "Trade Preferences for Honduras Suspended," press release 98-36, Mar. 30, 1998; and USTR, "Trade Preferences for Honduras Restored," press release 98-65, July 1, 1998, and 63 Fed. Reg. 35633-35634 (June 30, 1998).

[19] USTR, *2008 Special 301 Report*.

Watch List in 2008. The Bahamas was removed from the "Watch List" in 2007; Costa Rica and Jamaica were among the countries that remained on the Watch List in 2008.[20]

CBERA countries must be separately designated by the President for the enhanced benefits of CBTPA—they are not automatically eligible for CBTPA preferences. In considering the eligibility of these countries for CBTPA beneficiary country status, the CBTPA requires the President to take into account certain criteria in addition to those normally required for CBERA eligibility, including the extent to which the country has carried out its WTO commitments, participated in the Free Trade Area of the Americas (FTAA) negotiation process, protected intellectual property rights, provided internationally recognized workers' rights, implemented its commitments to eliminate the worst forms of child labor, cooperated with the United States on counter-narcotics initiatives, implemented an international anticorruption convention, and applied transparent, nondiscriminatory, and competitive procedures in government procurement.[21]

During the summer of 2000, USTR conducted an extensive review of CBERA beneficiaries' compliance with the CBTPA requirements.[22] Based on this review, on October 2, 2000, President Clinton designated all 24 then-current CBERA beneficiaries as eligible for CBTPA preferences.[23] USTR subsequently found that only 10 countries satisfied the additional customs-related requirements established in the CBTPA.[24]. These 10 countries (Belize, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, and Panama) thus became fully eligible for benefits under the new legislation pursuant to USTR notices. Subsequently, Barbados, Guyana, St. Lucia, and Trinidad and Tobago have also qualified.[25]

When CAFTA-DR entered into force for El Salvador, Honduras, Nicaragua, and Guatemala in 2006, and for the Dominican Republic in 2007, they ceased to be CBTPA beneficiaries.[26]

## *Trade Benefits under CBERA*

CBERA provides duty-free or reduced-duty treatment to qualifying imports from designated beneficiary countries.[27] For some products, duty-free entry under CBERA is subject to statutory conditions in addition to normal program rules. In addition to these

[20] Ibid. and USTR, *2007 Special 301 Report*. The Television Association of Programmers (TAP) Latin America believes that the IPR provisions of CBERA are being violated by The Bahamas. The HBO Latin America Group (HBO LAG) supports TAP's position. The government of The Bahamas disagrees with their allegations. See the summary of their submissions and hearing testimony in appendix C.

[21] 19 U.S.C. 2703(b)(5)(B).

[22] 65 Fed. Reg. 60236-60237 (October 10, 2000).

[23] Proclamation No. 7351, To Implement the United States-Caribbean Basin Trade Partnership Act, 65 Fed. Reg. 59329-59338 (October 4, 2000).

[24] 65 Fed. Reg. 60236-60237 (October 10, 2000). The additional customs-related requirements are set forth in 19 U.S.C. 2703(b)(4).

[25] See HTS general note 17 and U.S. notes in subchapters II and XX of chapter 98 of the HTS. Although the list of eligible countries is currently the same in both the general note and in chapter 98, countries can be added to the general note list, dealing with nonapparel goods, without qualifying for the apparel articles benefits of chapter 98.

[26] See § 201 of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (Pub. L. 109-53). The same holds true for Costa Rica as of January 1, 2009.

[27] General note 3(c) to the HTS summarizes the special tariff treatment for eligible products of covered countries under various U.S. trade programs, including CBERA. General note 7 covers CBERA in detail.

basic preference-eligibility rules, certain conditions apply to CBERA duty-free entries of sugar, beef,[28] and ethyl alcohol.[29] Imports of sugar and beef, like those of some other agricultural products, remain subject to any applicable and generally imposed U.S. tariff-rate quotas (TRQs) and food-safety requirements.[30] Under the original CBERA, certain leather handbags, luggage, flat goods (such as wallets and portfolios), work gloves, and leather wearing apparel were eligible to enter at reduced rates of duty.[31] Not eligible for any preferential duty treatment under the original CBERA were cotton, wool, and man-made fiber textiles and apparel; certain footwear; canned tuna; petroleum and petroleum derivatives; and certain watches and parts.[32]

The CBTPA amended CBERA to authorize duty-free treatment during a transitional period described in the section on CBTPA for some products previously ineligible for CBERA preferences, most notably certain apparel. It also authorized treatment equivalent to that given Mexico under NAFTA for other products previously ineligible for duty-free treatment, including certain footwear; canned tuna; the above-mentioned handbags, luggage, flat goods, work gloves, and leather wearing apparel; petroleum and petroleum derivatives; and certain watches and watch parts.[33] Roughly 5,700 8-digit tariff lines or products are now covered by CBERA trade preferences, of which about 387 were added by CBTPA. The products that continue to be excluded by statute from receiving preferential treatment are textile and apparel articles not otherwise eligible for preferential treatment under CBTPA, certain footwear, and above-quota imports of certain agricultural products subject to tariff-rate quotas.

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[28] Sugar (including syrups and molasses) and beef (including veal) are eligible for duty-free entry only if the exporting CBERA country submits a stable food production plan to the United States, assuring that its agricultural exports do not interfere with its domestic food supply and its use and ownership of land. See 19 U.S.C. 2703(c)(1)(B).

[29] Ethyl alcohol produced from agricultural feedstock grown in a CBERA country is admitted free of duty; however, preferential treatment for ethyl alcohol dehydrated from non-CBERA agricultural feedstock is restricted to 60 million gallons (227.1 million liters) or 7 percent of the U.S. domestic ethanol market, whichever is greater. An additional 35 million gallons can enter free of duty if it contains at least 30 percent ethyl alcohol produced from local feedstock, and an unlimited amount can enter free of duty if it contains at least 50 percent ethyl alcohol produced from local feedstock. See 19 U.S.C. 2703(a)(1) and section 423 of the Tax Reform Act of 1986, as amended by section 7 of the Steel Trade Liberalization Program Implementation Act of 1989 (19 U.S.C. 2703 nt; Pub. L. 99-514, as amended by Pub. L. 101-221). CAFTA-DR countries are counted as CBERA countries in determining the quantity of non-local-feedstock ethanol they can export to the United States free of duty. El Salvador has a preferential access level that is subtracted from the total to determine what can be imported from other CBERA/CAFTA-DR countries. Effective January 1, 2009, Costa Rica also has a preferential access level. See U.S. note 3, subchapter I of chapter 99 of the HTS.

[30] These U.S. measures include tariff-rate quotas on imports of sugar and beef, established pursuant to sections 401 and 404 of the Uruguay Round Agreements Act (URAA). These provisions replaced absolute quotas on imports of certain agricultural products imported under section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624), the Meat Import Act of 1979 (Pub. L. 88-482), and other authority. The URAA also amended CBERA by excluding from tariff preferences any imports from beneficiary countries in quantities exceeding the new tariff-rate quotas' global trigger levels or individual country allocations. Imports of agricultural products from beneficiary countries remain subject to sanitary and phytosanitary restrictions, such as those administered by the U.S. Animal and Plant Health Inspection Service.

[31] These are articles that were not designated for GSP duty-free entry as of August 5, 1983. Under CBERA, beginning in 1992, duties on these goods were reduced slightly in five equal annual stages. See 19 U.S.C. 2703(h).

[32] See 19 U.S.C. 2703(b)(1). For discussions of products originally excluded from CBERA and subsequent modifications to the list of excluded products, see USITC, *The Impact of CBERA: Ninth Report*, 1994, 2-9, and *The Impact of CBERA: 10th Report*, 1995, 3-4.

[33] 19 U.S.C. 2703(b)(3).

## *Qualifying Rules*

CBERA generally provides that eligible products must either be wholly grown, produced, or manufactured in a designated CBERA country or be "new or different" articles made from substantially transformed non-CBERA inputs in order to receive duty-free entry into the United States.[34] The cost or value of the local (CBERA region) materials plus the direct cost of processing in one or more CBERA countries must total at least 35 percent of the appraised customs value of the product at the time of entry. These rules of origin allow goods incorporating value from multiple CBERA countries to meet the local-value-content requirement on an aggregated basis.[35] Also, inputs from Puerto Rico, the U.S. Virgin Islands, and former CBERA countries[36] may count in full toward the value threshold. As an advantage over the GSP program's 35 percent local-value-content requirements, the CBERA local-value-content requirement can also be met when the CBERA content is 20 percent of the customs value and the remaining 15 percent is attributable to U.S.-made (excluding Puerto Rican) materials or components.[37] To encourage production sharing between Puerto Rico and CBERA countries, CBERA allows duty-free entry for articles produced in Puerto Rico that are "by any means advanced in value or improved in condition" in a CBERA country.[38]

Qualifying rules for duty-free importation of apparel are complex and are discussed in the CBTPA section of this chapter.

## *CBERA and GSP*

All CBERA countries except Aruba, The Bahamas, Netherlands Antilles, Antigua and Barbuda, and Barbados are also GSP beneficiaries.[39] CBERA and GSP are similar in

[34] Certain products do not qualify. These include products that undergo simple combining or packaging operations, dilution with water, or dilution with another substance that does not materially alter the characteristics of the article. See 19 U.S.C. 2703(a)(2). However, articles, other than textiles and apparel or petroleum and petroleum products, that are assembled or processed in CBERA countries wholly from U.S. components or materials also are eligible for duty-free entry pursuant to note 2 to subchapter II, chapter 98, of the HTS. Articles produced through operations such as enameling, simple assembly or finishing, and certain repairs or alterations may qualify for CBERA duty-free entry pursuant to changes made in 1990. For a more detailed discussion, see USITC, *The Impact of CBERA Seventh Report*, 1992, 1-4.

[35] The Commission is not aware of any articles imported under CBERA that take advantage of the aggregated local-content requirement.

[36] The term "former beneficiary country" means a country that ceases to be designated as a beneficiary country under this title because the country has become a party to a free trade agreement with the United States. Pub. L. 109-53, § 402.

[37] See 19 U.S.C. 2703(a)(1).

[38] Any materials added to such Puerto Rican articles must be of U.S. or CBERA-country origin. The final product must be imported directly into the customs territory of the United States from the CBERA country. See 19 U.S.C. 2703(a)(5). A number of products have been entered in large volumes under the "Puerto Rico-CBI" coding in import data collected by the U.S. customs service in recent years, most notably fresh pineapples and seasonal cantaloupes in 2004 and 2005. Imports entered under the "Puerto Rico-CBI" coding are counted in this report as having entered under the original CBERA. See chapters 2 and 3 for additional information.

[39] The U.S. GSP program was originally enacted pursuant to title V of the Trade Act of 1974, Pub. L. 93-618, 88 Stat. 2066 et seq. and was renewed for an additional 10 years pursuant to title V of the Trade and Tariff Act of 1984, Pub. L. 98-573, 98 Stat. 3018 et seq. as amended by 19 U.S.C. 2461 et seq. Since that time, the GSP program has expired and been renewed several times. GSP expiration and renewal issues are discussed later in this section. Trinidad and Tobago will be graduated from GSP beneficiary status at the beginning of 2010 because the President has determined that it has become a "high income" country. See 73 Fed. Reg. 38300 (July 3, 2008). El Salvador, the Dominican Republic, Honduras, and Guatemala lost GSP beneficiary status when they moved from CBERA to CAFTA-DR. See Pub. L. 109-53 § 201. Costa Rica lost

many ways, and many products may enter the United States free of duty under either program at the choice of the importer. Both programs offer increased access to the U.S. market. Like CBERA, GSP requires that eligible imports (1) be imported directly from beneficiaries into the customs territory of the United States, (2) meet the substantial transformation requirement for any foreign inputs,[40] and (3) contain a minimum of 35 percent local-value content.

However, the programs differ in several ways that make U.S. importers of products from CBERA countries more likely to enter them under CBERA than under GSP. First, CBERA preferences apply to more tariff categories and products than the GSP program. CBERA extends duty-free or reduced-duty treatment to all tariff categories, except for certain categories excluded by statute (assuming that the imported good meets certain country of origin and other requirements). The GSP program, on the other hand, is more limited in scope and applies only to products in tariff categories designated as eligible for duty-free treatment after a review process. For example, certain textile and apparel products are eligible for duty-free treatment under CBERA but not under GSP. Second, U.S. imports under CBERA are not subject to GSP competitive-need limits and country-income graduation requirements. Under GSP, products that achieve a specified market penetration in the United States (the competitive-need limit) may be excluded from GSP eligibility.[41] Products so restricted may continue to enter free of duty under CBERA. Moreover, a country may lose all of its GSP privileges once its per capita income grows beyond a specified amount,[42] but it would retain its CBERA eligibility, because there are no income limits in CBERA. Third, CBERA qualifying rules for individual products are more liberal than those of GSP. GSP requires that 35 percent of the value of the product be added in a single beneficiary or in a specified association of eligible GSP countries,[43] whereas CBERA allows regional aggregation within CBERA (including former CBERA beneficiaries) plus the counting of limited U.S. content.

Fourth, the President's authority to provide duty-free and reduced duty treatment under original CBERA is permanent, whereas his authority to provide duty-free treatment under GSP has lapsed several times in recent years, with gaps between expiration and (always retroactive) renewal of one to 15 months.[44] Most recently, GSP was to expire on December 31, 2008, but in October 2008 it was extended through the end of 2009.[45] All imports claiming the GSP tariff preference that entered during periods when GSP was not in effect were subject to ordinary NTR duties at the time of entry unless other preferential treatment, such as CBERA, was claimed. Duties paid on such articles were eligible for refund after the GSP became operative again. During the lapses in GSP, however, suppliers in CBERA countries could use the preferential tariff provisions of CBERA that were known to be in force, rather than anticipating a retroactive extension of GSP. As a result, there was a marked shift away from using GSP to CBERA, particularly in 1995

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GSP beneficiary status on January 1, 2009, when it moved from CBERA to CAFTA-DR. Nicaragua, a CAFTA-DR country, was not a GSP beneficiary in recent years while it was a CBERA beneficiary country.

[40] In the GSP program a double substantial transformation standard is used. It involves transforming foreign material into a new or different product that, in turn, becomes the constituent material used to produce a second new or different article in the beneficiary country.

[41] A beneficiary developing country loses GSP benefits for an eligible product when U.S. imports of the product exceed the competitive-need limit, which is defined as either a specific annually adjusted value ($135 million in 2008) or 50 percent of the value of total U.S. imports of the product in the preceding calendar year (19 U.S.C. 2463(c)(2)).

[42] See 19 U.S.C. 2462(e).

[43] See 19 U.S.C. 2463(a)(2)(A)(ii).

[44] See USITC, *The Impact of CBERA: 17th Report*, 2007, 1-8.

[45] Pub. L. 110-436 § 4.

and 1996, and many Caribbean Basin suppliers continued to enter goods under CBERA even after GSP was reauthorized.[46]

## *Caribbean Basin Trade Partnership Act*

The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted May 18, 2000, was a major enhancement of the CBERA program.[47] Additional modifications and clarifications were made in the Trade Act of 2002, enacted August 6, 2002.[48] CBTPA became effective on October 2, 2000, as a transitional measure through September 30, 2008, or until the FTAA or a comparable free trade agreement (FTA) between the United States and individual CBERA countries enters into force.

The legislation authorized, for the first time, duty-free treatment for imports of qualifying cotton, wool, and man-made fiber apparel from CBERA countries. Key apparel provisions are summarized in table 1.2. For the most part, these CBTPA apparel goods must be made wholly of U.S. or regional inputs and assembled in an eligible CBTPA country listed in chapter 98 of the HTS.[49] The CBTPA also extended preferential treatment to a number of other products previously excluded from CBERA, including certain tuna, petroleum and petroleum products, certain footwear, and certain watches and watch parts. The rates of duty for these are identical to those accorded to like goods of Mexico, under the same rules of origin applicable under NAFTA pursuant to HTS general note 12. CBTPA also provided duty-free treatment for textile luggage assembled from U.S. fabrics made of U.S. yarns.[50]

A substantial apparel industry was developed in CBERA countries in the 1980s and 1990s, based on special U.S. production-sharing policies for CBERA countries that allowed virtually quota-free entry of apparel assembled in the region from U.S. formed and cut apparel components.[51] Such imports are dutiable only on the value added abroad. At their peak in 1997, apparel imports (defined as imports under HS chapters 61 and 62) from CBERA countries accounted for 17.0 percent of U.S. imports of apparel. However, production sharing in CBERA countries is no longer important because of the opportunities for duty-free entry of apparel under CBTPA, the HOPE Acts, and CAFTA-DR.[52]

## *HOPE Acts of 2006 and 2008*

Special new provisions for Haiti were added to CBERA by the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE I).[53] The tariff provisions proclaimed under HOPE I (section 5002), which differ significantly from those in the CBTPA (box 1.1), make Haiti eligible for new trade benefits for apparel

[46] See USITC, *The Impact of CBERA: 13th Report*, 1998, 22–23.
[47] See Trade and Development Act of 2000 (Pub. L. 106-200, title II).
[48] See Trade Act of 2002 (Pub. L. 107-210).
[49] Costa Rica, Barbados, Belize, Guyana, Haiti, Jamaica, Panama, Saint Lucia, and Trinidad and Tobago were eligible CBTPA beneficiary countries in 2008.
[50] See HTS 9820.11.21.
[51] See USITC, *The Impact of CBERA: 18th Report*, 2007, 1-12–1-13.
[52] The vast majority of pre-CBTPA production sharing occurred in countries that are now part of CAFTA-DR.
[53] Pub. L. 109-432, § 5001 et seq.

**TABLE 1.2** Textiles and apparel made in CBERA countries that are eligible for duty-free entry under CBTPA, as amended by the Trade Act of 2002

| Brief description of article[a] | Brief description of criteria and related information |
|---|---|
| Apparel assembled from U.S.-formed and -cut fabric<br><br>HTS 9802.00.8044 and 9820.11.03 (the latter provision is for apparel that underwent further processing, such as embroidering or stone-washing) | * Unlimited duty-free treatment<br>* Fabric must be made wholly of U.S. yarn and cut or knit-to-shape in the United States<br>* Fabric, whether knit or woven, must be dyed, printed, and finished in the United States |
| Apparel cut and assembled from U.S. fabric<br><br>HTS 9820.11.06 Knit and woven apparel<br>HTS 9820.11.18 Knit apparel | * Unlimited duty-free treatment<br>* Fabric must be made wholly of U.S. yarn<br>* Fabric, whether knit or woven, must be dyed, printed, and finished in the United States<br>* Apparel must be sewn together with U.S. thread |
| Certain apparel of "regional knit fabrics" – includes apparel knit to shape directly from U.S. yarn (other than socks) and knit apparel cut and assembled from regional or regional and U.S. fabrics<br><br>HTS 9820.11.09 Knit apparel except outerwear T-shirts<br><br>HTS 9820.11.12 Outerwear T-shirts | * Fabric must be made wholly of U.S. yarn<br>* Preferential treatment subject to "caps" for 12-month period beginning on October 1 of each year:<br><br>HTS 9820.11.09 970 million SMEs<br>HTS 9820.11.12 12,000,000 dozen<br><br>Note: SMEs are square meter equivalents. The caps apply to subsequent 12-month periods through September 30, 2010. |
| Brassieres cut and assembled in the United States and/or the region from U.S. fabric (HTS 9820.11.15) | * Producer must satisfy rule that, in each of seven one-year periods starting on October 1, 2001, at least 75 percent of the value of the fabric contained in the firm's brassieres in the preceding year was attributed to fabric components formed in the United States (the 75 percent standard rises to 85 percent for a producer found by Customs to have not met the 75 percent standard in the preceding year). |
| Textile luggage assembled from U.S.-formed and -cut fabric (HTS 9802.00.8046) or from U.S.-formed fabric cut in eligible CBTPA countries (HTS 9820.11.21) | * Fabric must be made wholly of U.S. yarn |
| Socks in which the sock toes are sewn together (HTS 6115.94.00; 6115.95.60; 6115.95.90; 6115.96.60; 6115.96.90; 6115.99.14; 6115.99.19; 6115.99.90) | * Knit to shape in the United States |
| Apparel cut and assembled in eligible CBTPA countries, otherwise deemed to be "originating goods" under NAFTA rules of origin in HTS general note 12(t) but containing fabrics or yarns determined under annex 401 to the NAFTA as being not available in commercial quantities (in "short supply") in the United States (HTS 9820.11.24)<br><br>Apparel cut and assembled from additional fabrics or yarns designated as not available in commercial quantities in the United States (HTS 9820.11.27) | * The fabrics and yarn include fine-count cotton knitted fabrics for certain apparel; linen; silk; cotton velveteen; fine wale corduroy; Harris Tweed; certain woven fabrics made with animal hairs; certain lightweight, high thread count polyester/cotton woven fabrics; and certain lightweight, high thread count broadwoven fabrics in production of men's and boys' shirts.[b]<br><br>* On request of an interested party, the President may proclaim preferential treatment for apparel made from additional fabrics or yarn if the President determines that such fabrics or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner.[c] |
| Handloomed, handmade, and folklore articles (HTS 9820.11.30) | * Must be certified as such by exporting country under an agreement with OTEXA |

*Source*: United States-Caribbean Basin Trade Partnership Act, as amended by the Trade Act of 2002.

[a] Includes articles ineligible for duty-free treatment under the 1983 CBERA (those of cotton, wool, and man-made fibers). The tariff provisions are set forth in subchapter XX of chapter 98 of the HTS.

[b] See U.S. House of Representatives, *Trade and Development Act of 2000: Conference Report to Accompany H.R. 434*, 106th Cong., 2d sess., H. Rept. 106-606, p. 77, which explains a substantially identical provision of the African Growth and Opportunity Act that is contained in CBTPA.

[c] Since the implementation of CAFTA-DR beginning in 2006, the ITC has not provided advice under the "commercial availability" provisions of the CBTPA. We note that CAFTA-DR parties (treated as "former CBTPA beneficiary countries") accounted for over 90 percent of U.S. imports of textiles and apparel under the CBTPA.

**BOX 1.1** Comparison of the rules of origin for apparel under CBTPA and the HOPE Acts of 2006 and 2008[a]

In general, apparel imported into the United States under CBTPA must be made from U.S. yarn that is made into fabric in either the United States or a beneficiary country. The approach of HOPE I is to allow inputs from beneficiary or nonbeneficiary countries, as long as a portion of the value-added content of the garment is from Haiti, the United States, or other beneficiary countries. The value-added requirement increases in subsequent years of the Act. Both programs allow certain exceptions, as noted below. Amendments under HOPE II allow for coproduction arrangements between Haiti and the Dominican Republic and indirect shipment to the United States and as permitted under the CBTPA.

| **CBTPA: Requirements concerning origin of inputs and processes, value added, and quantitative limits** | | | | | | |
|---|---|---|---|---|---|---|
| **Article** | **Yarn** | **Fabric** | **Cutting** | **Assembly** | **Value added** | **Quantitative Limit** |
| Apparel | U.S. | U.S. | U.S./CBTPA[b] | CBTPA | N/A | No |
| Knit apparel | U.S. | U.S. or CBTPA | CBTPA | CBTPA | N/A | Yes |
| T-shirts | U.S. | CBTPA | CBTPA | CBTPA | N/A | Yes |
| Brassieres | Any country | U.S. (75%) | U.S./CBTPA | U.S./CBTPA | N/A | No |
| Apparel of yarns/fabrics in short supply | Any country | Any country | CBTPA | CBTPA | N/A | No |
| **HOPE Acts: Requirements concerning origin of inputs and processes, value added, and quantitative limits** | | | | | | |
| **Article** | **Yarn** | **Fabric** | **Cutting** | **Assembly** | **Value added** | **Quantitative Limit** |
| Apparel | Any country | Any country | Any country | Haiti | 50% or more beneficiary country content[c] | Yes |
| Woven apparel | Any country | Any country | Any country | Haiti | No | Yes |
| Brassieres | Any country | Any country | Haiti/U.S. | Haiti/U.S. | No | No[d] |

[a] The tariff provisions are set forth in subchapter XX of chapter 98 of the HTS.

[b] The use of U.S. thread is also required if the articles are cut and sewn or otherwise assembled in one or more CBTPA countries.

[c] As noted in the discussion of HOPE I below, the value-added requirement increases from 50 percent to 55 percent in year four of the Act, and then to 60 percent in year five of the Act. Beneficiary countries include the United States, Haiti, and any country with which the United States has an FTA or preferential trading arrangement.

[d] As long as the brassieres (as well as luggage, headwear, and certain sleepwear) are wholly assembled or knit-to-shape in Haiti.

imports and give Haitian apparel producers more flexibility in sourcing. HOPE I became effective March 20, 2007. HOPE I grants duty-free treatment for a limited amount of apparel imported from Haiti if at least 50 percent of the value of inputs and/or costs of processing (i.e., being wholly assembled or knit-to-shape) are from Haiti, the United States, or any country that is an FTA partner with the United States during years one through three (through December 20, 2009) after HOPE I became effective. In year four, the percentage requirement for originating inputs rises to 55 percent or more, and in year five it increases to 60 percent or more. HOPE I includes a single-transformation rule of origin for apparel articles entering under subheading 6212.10 (brassieres) of the Harmonized Tariff Schedule, which allows the components of these garments to be sourced from anywhere as long as the garments are both cut and sewn or otherwise assembled in Haiti. HOPE I also authorizes duty-free treatment for three years for a specified quantity of woven apparel imports from Haiti made from fabric produced anywhere in the world—up to 50 million square meter equivalents (SMEs) in years one and two of the Act, and up to 33.5 million SMEs in year three.

On May 22, 2008, Congress passed HOPE II,[54] which amends the special provisions for apparel and other textiles from Haiti in section 213A(b) of CBERA, including provisions specified by HOPE I. On September 30, 2008, President Bush issued a proclamation to implement the amended tariff treatment for apparel and textiles under HOPE II.[55] The amended tariff treatment was designed to address the concerns raised about HOPE I. The provisions have been simplified and provide additional ways that Haitian apparel can qualify for duty-free treatment. They also authorize a new apparel-sector capacity-building and monitoring program to benefit labor (the Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program or "TAICNAR program").[56]

The principal provisions in HOPE II relating to apparel and textile trade with Haiti amend section 213A(b) of CBERA as follows: (1) most apparel preferences are extended for 10 years, until September 30, 2018; (2) the existing value-added rule (50 percent of the value of the finished product must be of U.S., Haitian, FTA, or preference program origin in years one through three and so forth as previously explained) is retained until the original five-year expiration date, but the quantitative cap is changed to 1.25 percent of total U.S. apparel imports for the duration of the provision; (3) the cap for woven apparel in HOPE I is expanded from 50 million SMEs to 70 million SMEs; (4) a new knit apparel cap of 70 million SMEs is created, subject to exclusions for certain men's/boys' T-shirts and sweatshirts; (5) an uncapped benefit for certain articles (brassieres, luggage, headwear, and certain sleepwear) is created for apparel wholly assembled or knit-to-shape in Haiti without regard to the source of the fabric; (6) an uncapped benefit is created for apparel wholly assembled or knit-to-shape in Haiti that meets a "3 for 1" earned import allowance (i.e., for every 3 SMEs of qualifying fabric purchased for apparel production by producers in Haiti, a 1-SME credit is received that can be used in the manufacture of apparel using non-qualifying fabric; the latter may enter the United States free of duty and not be subject to quantitative limitations); (7) an uncapped benefit is created for apparel made from non-U.S. fabrics deemed to be in "short supply"; and (8) direct shipment from and co-production in the Dominican Republic is allowed.

## *U.S. FTA with Central America and the Dominican Republic*

The United States completed negotiations for an FTA with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic during 2004.[57] President Bush signed legislation implementing the

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[54] The Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 or HOPE I,. Pub. L. 110-234 § 15401 et seq.

[55] 73 Fed. Reg. 57475 (October 3, 2008).

[56] See section 15403 of HOPE II.

[57] The United States completed FTA negotiations with El Salvador, Guatemala, Honduras, and Nicaragua on December 17, 2003; with Costa Rica on January 25, 2004; and with the Dominican Republic on March 15, 2004. The U.S. FTA with the five Central American countries was signed on May 28, 2004, and the FTA with the Dominican Republic was signed on August 5, 2004, integrating that country into the FTA with the Central American countries. USTR, "U.S., Central American Nations to Sign Free Trade Agreement," press release, May 13, 2004; "United States and Central America Sign Historic Free Trade

Dominican Republic-Central America-United States FTA (CAFTA-DR) on August 2, 2005.[58] CAFTA-DR entered into force for El Salvador, Honduras, Nicaragua, and Guatemala during 2006, and pursuant to section 201 of the CAFTA-DR implementing legislation, these countries ceased to be CBERA beneficiaries. CAFTA-DR entered into force for the Dominican Republic on March 1, 2007,[59] and for Costa Rica on January 1, 2009.[60] CAFTA-DR provides market access that is the same as or better than the access provided under CBERA.[61] It offers reciprocal access for U.S. products and services and will not be subject to periodic renewal.[62] CAFTA-DR also provides for significant and permanent enhancements of product eligibility relative to CBTPA as it relates to textiles and apparel. It provides for the immediate elimination of duties on textiles and apparel that meet the rules of origin specified in the FTA, retroactive to January 1, 2004.[63] Other key provisions include:

- A yarn-forward rule of origin applicable to most apparel articles and woven fabrics under the FTA, meaning that only apparel using yarn and fabric from the United States, the Central American countries, and the Dominican Republic qualifies for duty-free benefits;

- A de minimis foreign content rule that permits up to 10 percent of the total weight of the "essential character component" determining the good's tariff classification to consist of non-originating fibers or yarns (excluding elastomeric yarns, which must be made entirely in an FTA partner); and

- A cumulation provision for woven apparel allowing a limited amount of inputs from Mexico and Canada to be used in Central American/Dominican apparel that will still qualify for duty-free benefits in the United States, subject to a 100 million SME annual cap in the first calendar year of the FTA and as much as 200 million SMEs in succeeding years, based on the growth of FTA country exports of qualifying apparel made of woven fabrics.[64]

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Agreement," press release, May 28, 2004; and "CAFTA Policy Brief—Free Trade with Central America and the Dominican Republic: Highlights of the CAFTA," February 2005, http://www.ustr.gov (accessed June 1, 2005). The Commission also issued a report in accordance with section 2104(f) of the Trade Act of 2002. USITC, *Dominican Republic-Central America-United States Free Trade Agreement*, 2004.

[58] Pub. L. 109-53 (119 Stat. 462) (August 2, 2005).

[59] Proclamation No. 8111, 72 Fed. Reg. 10023–10028 (March 6, 2007).

[60] Proclamation No. 8331, 73 Fed. Reg. 79585–79587 (December 30, 2008).

[61] USTR, "Bilateral and Regional Negotiations," *2005 Trade Policy Agenda and 2004 Annual Report*, 172.

[62] USTR, "CAFTA Facts–CAFTA Benefits the American Family," CAFTA Policy Brief, May 2005, www.ustr.gov (accessed June 1, 2005).

[63] Ibid. and "CAFTA Facts–Textiles: United to Compete with Asia," CAFTA Policy Brief, April 2005, www.ustr.gov, accessed June 1, 2005. Additional information was obtained from USTR, "The Dominican Republic-Central America- United States Free Trade Agreement: Summary of the Agreement," www.ustr.gov (accessed August 8, 2005).

[64] Ibid.

## *U.S.-Panama FTA*

The United States and Panama completed negotiations on a free trade agreement on December 19, 2006, with the understanding that discussions would continue regarding labor. The agreement was signed on June 28, 2007, and is awaiting U.S. legislative consideration.[65]

## *Analytical Approach*

The core of the original CBERA is the duty-free treatment importers can claim when entering qualifying products of designated beneficiary countries (where goods are not specifically excluded from the program). In each case, the duty elimination for all eligible products occurred at once as countries were designated as beneficiaries. While there was generally no phase-in of duty preferences, the duty reductions for a few goods were phased in over five years.[66] Direct effects of such a one-time duty elimination can be expected to consist primarily of increased U.S. imports from beneficiary countries resulting from trade and resource diversion to take advantage of lower duties in the U.S. market, including (1) a diversion of beneficiary-country production away from domestic sales and non-U.S. foreign markets, and (2) a diversion of variable resources (such as labor and materials) away from production for domestic and non-U.S. foreign markets. In general, these direct effects are likely to occur within a short time (probably a year or two) after the duty elimination. It is therefore likely that these effects have been fully realized for the original CBERA program, which has been in effect since 1984, as well as for most provisions of CBTPA, implemented in October 2000, and minor changes added by the 2002 Trade Act.

The direct, short-term effects of the CBTPA provisions phased in starting in 2008 (the tariff elimination for canned tuna and footwear) are currently ongoing. Over a longer period, the effects of CBERA will flow mostly from investment in industries in beneficiary countries that benefit from the duty elimination or reduction. Both short-term and long-term effects are limited by the small size of the CBERA country economies, and the long-term effects are likely to be difficult to distinguish from other market forces in play since the program was initiated. Investment, however, has been tracked in past CBERA reports in order to examine the trends in, and composition of, investment in the region.

The effects of CBERA on the U.S. economy, industries, and consumers are assessed through an analysis of (1) imports entered under each program and trends in U.S. consumption of those imports; (2) estimates of gains to U.S. consumers, losses to the U.S. Treasury resulting from reduced tariff revenues, and potential displacement in U.S. industries competing with the leading U.S. imports that benefited exclusively from the CBERA program in 2008,[67] as well as gains to U.S. industries that supply inputs to CBERA-country producers; and (3) an examination of trends in production and other economic factors in the industries identified as likely to be particularly affected by such imports.

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[65] Panama approved the agreement on July 11, 2007. USTR, "Panama TPA," www.ustr.gov (accessed August 20, 2009).

[66] A number of previously excluded products were added for reduced-duty treatment under the Caribbean Basin Economic Recovery Expansion Act of 1990.

[67] That is, those that are not excluded or do not receive unconditional NTR duty-free treatment or duty-free treatment under other preference programs such as GSP.

As in previous reports in this series, the effects of CBERA are analyzed by estimating the differences in benefits to U.S. consumers, U.S. tariff revenues, and U.S. industry production that would likely have occurred if the tariffs had been in place for beneficiary countries in 2008. Actual 2008 market conditions are compared with a hypothetical case in which NTR duties were imposed for the year. The effects of CBERA duty reductions for 2008 are estimated by using a standard economic approach for measuring the impact of a change in the prices of one or more goods. Specifically, a partial-equilibrium model is used to estimate gains to consumers, losses in tariff revenues, and industry displacement or gains.[68] Previous analyses in this series have shown that since CBERA has been in effect, U.S. consumers have benefited from lower prices and higher consumption, competing U.S. producers have had lower sales, and tariff revenues to the U.S. Treasury have been lower.

Generally, the net welfare effect is measured by adding three components: (1) the change in consumer surplus, (2) the change in tariff revenues to the U.S. Treasury resulting from the CBERA duty reduction, and (3) the change in producer surplus.[69] The model used in this analysis assumes that the supply of U.S. domestic production is perfectly elastic; that is, U.S. domestic prices do not fall in response to CBERA duty reductions. Decreases in U.S. producer surplus are therefore not captured in this analysis. The effects of CBERA duty reductions on most U.S. industries are expected to be small.

Ranges of potential net welfare and industry displacement estimates are reported, which reflect a range of assumed substitutabilities between CBERA products and competing U.S. output. The upper estimates reflect the assumption of high substitution elasticities.[70] The lower estimates reflect the assumption of low substitution elasticities. Upper estimates are used to identify items that could be most affected by CBERA.

The analysis was conducted on the 20 leading product categories that benefited exclusively from CBERA tariff preferences in 2008 (see chapter 3).[71] Estimates of welfare and potential U.S. industry displacement and/or gains were made. Further analysis is done on industries for which the upper estimate of displacement is more than 5 percent of the value of U.S. production, the threshold traditionally used in this series for

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[68] A more detailed explanation of the approach can be found in appendix D.

[69] Consumer surplus is a dollar measure of the total net gain to U.S. consumers from lower prices. It is defined as the difference between the total value consumers receive from the consumption of a particular good and the total amount they pay for the good.

Producer surplus is a dollar measure of the total net loss to competing U.S. producers from increased competition with imports. It is defined as the return to entrepreneurs and owners of capital above what they would have earned in their next-best opportunities. See Walter Nicholson, *Microeconomic Theory*, for further discussion of consumer and producer surplus.

The welfare effects do not include short-run adjustment costs to the economy from reallocating resources among different industries.

[70] Commission industry analysts provided evaluations of the substitutability of CBERA products and competing U.S. products, which were translated into a range of substitution elasticities: 3 to 5 for high substitutability, 2 to 4 for medium, and 1 to 3 for low. Although there is no theoretical upper limit to elasticities of substitution, a substitution elasticity of 5 is consistent with the upper range of estimates in the economics literature. Estimates in the literature tend to be predominantly lower. See, for example, Clinton R. Shiells, Robert M. Stern, and Alan V. Deardorff, "Estimates of the Elasticities of Substitution Between Imports and Home Goods for the United States," 1986, 497–519; and Michael P. Gallaway, Christine A. McDaniel, and Sandra A. Rivera, "Short-Run and Long-Run Estimates of U.S. Armington Elasticities," 2003, 49–68.

[71] Commission industry analysts provided estimates of U.S. production and exports for the 20 leading items that benefited exclusively from CBERA, as well as evaluations of the substitutability of CBERA-exclusive imports and competing U.S. products.

selecting industries for further analysis. One U.S. industry—methanol—met that criterion in 2008.

Probable future effects of CBERA are assessed on the basis of a qualitative analysis of economic trends and investment patterns in beneficiary countries and in competing U.S. industries. Information on investment in CBERA-related production facilities was obtained mainly from U.S. embassies in the regions and other public sources.

CBTPA requires the Commission to report on the impact of CBERA on the economies of the beneficiary countries. The impact of CBERA is assessed in the context of the CBI goals of encouraging economic growth, economic development, and export diversification by assessing the extent to which CBERA beneficiary countries are diversifying their economies and using the production of CBERA-eligible exports as part of an overall strategy for attaining sustainable economic growth.

## *Data Sources*

General economic and trade data come from official statistics of the U.S. Department of Commerce and from relevant information developed by country/regional and industry analysts of the Commission. Other primary sources of information include U.S. embassies in the CBERA countries and reports by other U.S. government departments and offices, including the U.S. Department of Commerce and the U.S. Department of State; reports by international nongovernmental organizations, including the Inter-American Development Bank, the International Monetary Fund, the Organization of American States, the United Nations (UN), the UN Economic Commission for Latin America and the Caribbean (ECLAC), and the World Bank; official government sources of the CBERA countries; and other published sources for information on CBERA-related investment, production, and exports. The report also incorporates testimony presented at the Commission's June 23, 2009, public hearing for this investigation, as well as written public comments received in response to the Commission's *Federal Register* notice regarding the investigation.[72]

[72] A copy of the notice appears in appendix A of this report. The hearing calendar appears in appendix B of this report and summaries of the positions of interested parties appear in appendix C of this report.

# CHAPTER 2
# U.S. Trade with the Caribbean Basin

This chapter covers trade with the countries that were designated CBERA beneficiary countries (CBERA countries) for all or part of 2004-2008. Its principal purpose is to examine imports that entered under CBERA preferential tariff provisions (under CBERA) during 2007 and 2008, the 2-year period since the previous report. The analysis concentrates primarily on 2008, although trends or changes with respect to other years are highlighted when appropriate.

## Key Findings

The value of total U.S. imports from the 19 CBERA beneficiary countries was $19.5 billion in 2008, compared to $31.8 billion in 2005 (the last full calendar year in which there were 24 CBERA beneficiary countries). The departure of five countries from CBERA—the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua—that had been the leading CBERA suppliers of textiles and apparel, reduced the share of imports of apparel from CBERA countries to 1.0 percent of all U.S. imports of apparel in 2008, compared to 13.6 percent in 2005.

Imports under CBERA from the 19 current CBERA beneficiary countries amounted to $4.7 billion in 2008, compared to $12.3 billion in 2005 (when there were 24 CBERA beneficiary countries). Continuing the trend observed in the Commission's previous report in this series,[1] apparel imports make up a far smaller proportion of total U.S. imports under CBERA, while energy products make up a much larger one. Energy products, supplied mainly by Trinidad and Tobago, accounted for almost 60 percent of imports under CBERA in 2008. Textiles and apparel accounted for about 13 percent of imports under CBERA in 2008, down from more than one-half of imports under CBERA in 2005. Haiti was the leading supplier of textiles and apparel under CBERA in 2008—primarily apparel entering under CBTPA and the HOPE Acts. U.S. exports of textiles and apparel to CBERA countries (mostly fabric and other inputs for assembling apparel) are a small fraction of what they once were because in recent years the largest apparel-producing CBERA countries, which used U.S. fabric and other U.S. apparel inputs, have lost their CBERA eligibility upon accession to CAFTA-DR.

## Approach

The approach used by the Commission in this chapter typically compares trade with CBERA beneficiary countries during the most recent year (2008) to trade in previous years. Because of the staggered implementation of CAFTA-DR during 2006–07, the year 2005 is a particularly important benchmark for comparison, as this was the last full calendar year before CAFTA-DR began to enter into force. Hence, this chapter occasionally compares trade in 2005 (when there were 24 CBERA countries) with trade

[1] USITC, *The Impact of CBERA: 18th Report*, 2007, xiii.

in 2008 (when there were 19 CBERA countries) to highlight the extent to which the nature of trade with CBERA countries has changed now that the CAFTA-DR countries are no longer CBERA beneficiaries. Trade data for the CAFTA-DR countries ("former CBERA countries") are included in this chapter and appear in the tables and figures, but only for the period when these countries were eligible for CBERA benefits before CAFTA-DR entered into force.[2]

# Trade with CBERA Countries

Total U.S. trade (exports plus imports) with CBERA countries as a percentage of U.S. trade with the world was 1.3 percent in 2007 and 2008, compared to 2.4 percent in 2005. In 2008, CBERA countries accounted for 2.0 percent of total U.S. exports and 0.9 percent of total U.S. imports (table 2.1 and figure 2.1). Total U.S. trade with CBERA countries increased 10.8 percent to $43.0 billion in 2008 compared to 2007, but was still about 25 percent less than in 2005. The United States had a merchandise trade surplus with CBERA countries of $4.0 billion in 2008, an increase of $3.3 billion since 2007.

In 2008, 38.8 percent of total trade (exports plus imports) with CBERA countries was in energy products, while energy products accounted for 16.9 percent of U.S. total trade with the world, indicating that U.S. trade with CBERA countries was more than twice as concentrated in energy products as U.S. trade with the world. In 2005, energy products were 23.3 percent of U.S. trade with CBERA countries, compared to 12.2 percent for U.S. trade with the world.

# Total U.S. Imports

The value of total U.S. imports from CBERA countries was $19.1 billion in 2007 and $19.5 billion in 2008, compared to $31.8 billion in 2005. In 2008, U.S. imports from CBERA countries fell to 0.9 percent of U.S. imports from the world, from 1.0 percent in 2007 and 1.9 percent in 2005. In 2008, U.S. imports from current CBERA beneficiaries increased 5.6 percent—less than the increase for total U.S. imports, which was 7.6 percent. U.S. imports from CBERA countries were increasingly concentrated in energy products. Of the $19.5 billion in imports from CBERA countries in 2008, energy products accounted for 53.2 percent, agricultural products 9.3 percent, textiles and apparel 3.9 percent, and other mining and manufacturing products 29.4 percent. In contrast, in 2005 energy products accounted for 32.3 percent and textiles and apparel

[2] See the "Definitions of Frequently Used Terms" at the beginning of this report for the conventions used to describe CBERA country composition during 2006–08. CAFTA-DR is discussed in chap. 1 of this report.

**TABLE 2.1** U.S. trade with CBERA countries, 2004–08

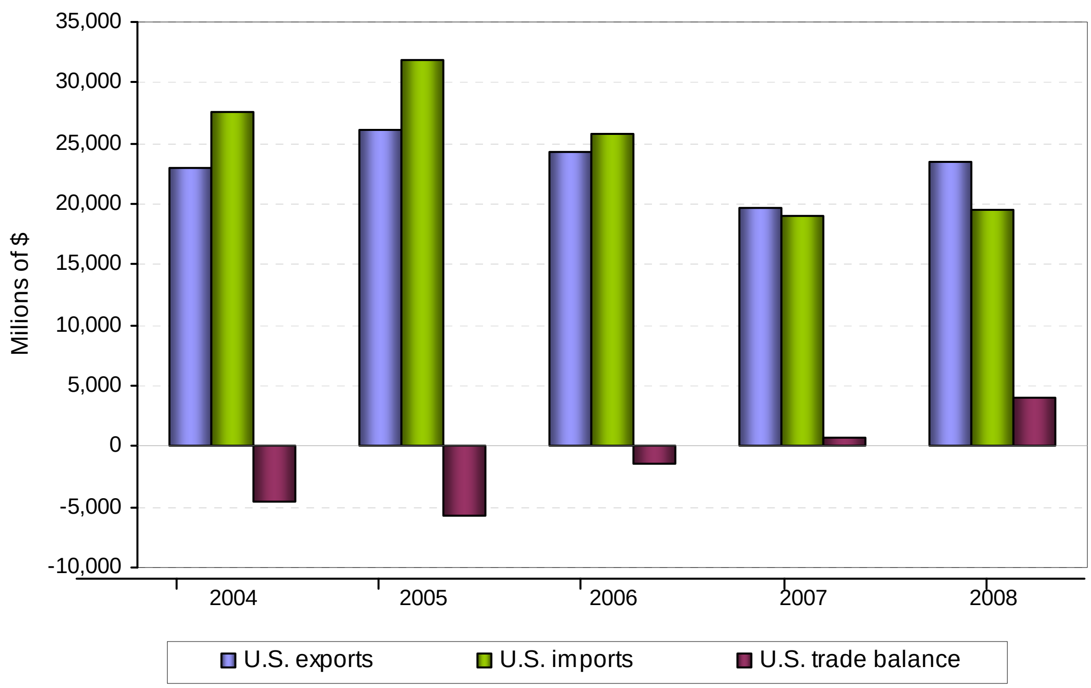
| Year | U.S. exports[a] | Share of U.S. exports to the world | U.S. imports[b] | Share of U.S. imports from the world | U.S. trade balance |
|---|---|---|---|---|---|
| | *Millions of $* | *Percent* | *Millions of $* | *Percent* | *Millions of $* |
| 2004 | 22,999 | 3.2 | 27,555 | 1.9 | -4,557 |
| 2005 | 26,061 | 3.2 | 31,814 | 1.9 | -5,753 |
| 2006 | 24,293 | 2.6 | 25,755 | 1.4 | -1,462 |
| 2007 | 19,724 | 1.9 | 19,058 | 1.0 | 666 |
| 2008 | 23,497 | 2.0 | 19,486 | 0.9 | 4,011 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits.

[a]Domestic exports, f.a.s. basis.
[b]Imports for consumption, customs value.

**FIGURE 2.1** U.S. trade with CBERA countries, 2004–08




*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits.

were 30.8 percent (figure 2.2).[3] This significant change in the composition of imports can be attributed to four main factors: the largest apparel-producing countries in CBERA acceding to CAFTA-DR; higher prices for energy products; the general decline in U.S. imports of apparel as a result of the 2008 economic downturn; and increased capacity to dehydrate ethanol in CBERA countries.

This section focuses on total U.S. imports from CBERA countries—that is, all goods regardless of CBERA eligibility. U.S. imports entering under CBERA preferences will be discussed in a later section (including those products that are also eligible for GSP). U.S. imports benefiting exclusively from CBERA are analyzed in chapter 3. Most of the discussion in the remainder of this chapter will focus on changes in U.S. trade with CBERA countries individually in order to avoid repeatedly accounting for the countries that have moved to CAFTA-DR.

## *Total U.S. Imports by Country*

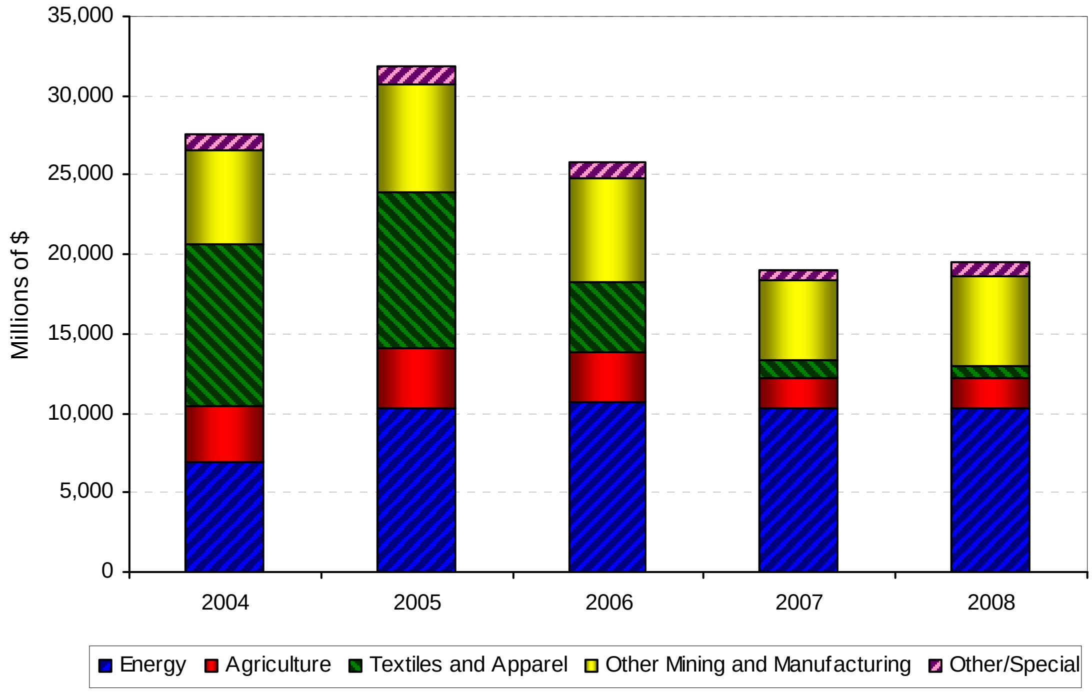
Table 2.2 shows total U.S. imports from CBERA countries from 2004 to 2008. Countries are grouped into those that were CBERA beneficiaries for the entire period (current CBERA beneficiaries), and those that moved from CBERA to CAFTA-DR before the end of 2008 (former CBERA beneficiaries). Trinidad and Tobago, Costa Rica, and Aruba were the leading CBERA country sources of imports, accounting for more than 80 percent of all U.S. imports from CBERA countries in 2008. The largest increases in the value of U.S. imports from CBERA countries from 2007 to 2008 were from Aruba, Trinidad and Tobago, The Bahamas, the Netherlands Antilles, and Belize.

Trinidad and Tobago accounted for almost half (46.2 percent) of U.S. imports from CBERA countries in 2008. U.S. imports from Trinidad and Tobago consisted mostly of petroleum and natural gas and their derivatives. U.S. imports from Trinidad and Tobago increased 2.6 percent to $9.0 billion in 2008, mainly because of the increase in the value of imports of natural gas derivatives, petroleum products, and iron and steel, and despite decreases in the value of imports of liquefied natural gas (LNG) and crude oil.

U.S. imports from Costa Rica were 20.2 percent of U.S. imports from CBERA countries and principally consisted of agricultural and manufactured products. U.S. imports from Costa Rica increased only slightly in 2008. U.S. imports from Aruba accounted for 16.3 percent of the value of U.S. imports from CBERA countries and consisted almost entirely of refined petroleum products. U.S. imports from Aruba increased 15.9 percent to $3.2 billion, almost exclusively because of the increase in the value of imports of refined petroleum products.

[3] Trade with CBERA countries has been grouped into four main categories: agricultural products (HTS chapters 1-24, excluding HTS 2207.10.60 and 2207.20.00 (fuel ethanol)); energy products (HTS chapter 27, HTS 2207.10.60 and 2207.20.00 (fuel ethanol) and HTS 2905.11.20 (methanol)); textiles and apparel (HTS chapters 50-63); and other mining and manufacturing (all others except HTS chapters 98 and 99). HTS chapters 98 and 99 are kept separate and are referred to as other/special because they are not easily classified. HTS chapters 98 and 99 (unique to the HTS) contain provisions that may provide additional duty treatment for the goods falling in the permanent tariff categories cited above, but do not alter their classification; importers must use both applicable tariff numbers on entry documents for shipments of eligible goods to benefit from any lower duty rates that might apply under chapters 98 or 99. Trade data as published do not readily indicate which special provision from chapter 98 or 99 might have been used for each shipment, and entries are designated with particular “rate provision codes” in the data collected by Census so that they can be identified.

**FIGURE 2.2** U.S. imports from CBERA countries, by major product categories, 2004–08




*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits.

The 10.8 percent increase in U.S. imports from the Netherlands Antilles of $77.1 million to $788 million can be largely attributed to an increase in imports of naphthas. U.S. imports from Belize increased 81.2 percent to $157 million, largely due to an $80.5 million increase in U.S. crude oil imports from Belize.

## *Product Composition and Leading Items*

Table 2.3 shows the leading U.S. imports from CBERA countries by major product categories (HTS chapters). Mineral fuels (HTS chapter 27) accounted for almost half (44.5 percent) of U.S. imports from CBERA countries in 2008. The five leading categories of U.S. imports from CBERA countries in 2008—mineral fuels (HTS chapter 27), inorganic chemicals (HTS chapter 28), organic chemicals (HTS chapter 29), instruments and precision manufactures (HTS chapter 90), and edible fruits and nuts (HTS chapter 08)—accounted for more than 70 percent of U.S. imports from CBERA countries. In 2008, increases in imports from CBERA countries of inorganic chemicals (HTS chapter 28), organic chemicals (HTS chapter 29), instruments and precision manufactures (HTS chapter 90, mostly medical equipment), and fuel ethanol (HTS 2207.10.60 and 2207.20.00) were partially offset by a small decrease in imports of

**TABLE 2.2** U.S. imports for consumption from select CBERA countries, by sources, 2004–08

| Source | 2004 | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|
| | Millions of $ | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Trinidad and Tobago | 5,842.3 | 7,792.6 | 8,398.5 | 8,764.2 | 8,996.4 | 2.6 |
| Costa Rica | 3,297.3 | 3,377.3 | 3,813.5 | 3,915.7 | 3,926.4 | 0.3 |
| Aruba | 1,642.1 | 2,817.2 | 2,605.7 | 2,747.4 | 3,185.5 | 15.9 |
| Netherlands Antilles | 445.8 | 944.5 | 1,100.6 | 710.7 | 787.7 | 10.8 |
| Jamaica | 308.1 | 341.4 | 470.9 | 685.4 | 704.2 | 2.8 |
| Bahamas | 632.7 | 697.7 | 435.7 | 394.4 | 595.7 | 51.0 |
| Haiti | 370.5 | 447.1 | 496.1 | 487.6 | 449.7 | -7.8 |
| Panama | 297.5 | 319.9 | 337.6 | 361.4 | 373.7 | 3.4 |
| Belize | 107.2 | 98.4 | 146.4 | 86.7 | 157.1 | 81.2 |
| Guyana | 119.9 | 119.9 | 125.0 | 122.9 | 145.8 | 18.6 |
| All other | 126.8 | 210.2 | 162.8 | 180.3 | 163.3 | -9.4 |
| Total | 13,190.2 | 17,166.1 | 18,092.7 | 18,456.7 | 19,485.5 | 5.6 |
| Former CBERA beneficiaries:[b] | | | | | | |
| Dominican Republic | 4,529.0 | 4,602.6 | 4,540.0 | 601.5 | 0.0 | -100.0 |
| Guatemala | 3,156.2 | 3,123.2 | 1,560.8 | 0.0 | 0.0 | N/A |
| Honduras | 3,636.7 | 3,758.4 | 903.3 | 0.0 | 0.0 | N/A |
| Nicaragua | 990.2 | 1,181.6 | 383.9 | 0.0 | 0.0 | N/A |
| El Salvador | 2,053.1 | 1,982.4 | 274.5 | 0.0 | 0.0 | N/A |
| Total | 14,365.3 | 14,648.2 | 7,662.5 | 601.5 | 0.0 | -100.0 |
| Grand Total | 27,555.5 | 31,814.3 | 25,755.2 | 19,058.2 | 19,485.5 | 2.2 |
| | Percent of total | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Trinidad and Tobago | 21.2 | 24.5 | 32.6 | 46.0 | 46.2 | 0.2 |
| Costa Rica | 12.0 | 10.6 | 14.8 | 20.5 | 20.2 | -0.4 |
| Aruba | 6.0 | 8.9 | 10.1 | 14.4 | 16.3 | 1.9 |
| Netherlands Antilles | 1.6 | 3.0 | 4.3 | 3.7 | 4.0 | 0.3 |
| Jamaica | 1.1 | 1.1 | 1.8 | 3.6 | 3.6 | ([c]) |
| Bahamas | 2.3 | 2.2 | 1.7 | 2.1 | 3.1 | 1.0 |
| Haiti | 1.3 | 1.4 | 1.9 | 2.6 | 2.3 | -0.3 |
| Panama | 1.1 | 1.0 | 1.3 | 1.9 | 1.9 | ([c]) |
| Belize | 0.4 | 0.3 | 0.6 | 0.5 | 0.8 | 0.4 |
| Guyana | 0.4 | 0.4 | 0.5 | 0.6 | 0.7 | 0.1 |
| All other | 0.5 | 0.7 | 0.6 | 0.9 | 0.8 | -9.4 |
| Total | 47.9 | 54.0 | 70.2 | 96.8 | 100.0 | 3.2 |
| Former CBERA beneficiaries:[b] | | | | | | |
| Dominican Republic | 16.4 | 14.5 | 17.6 | 3.2 | 0.0 | -3.2 |
| Guatemala | 11.5 | 9.8 | 6.1 | 0.0 | 0.0 | 0.0 |
| Honduras | 13.2 | 11.8 | 3.5 | 0.0 | 0.0 | 0.0 |
| Nicaragua | 3.6 | 3.7 | 1.5 | 0.0 | 0.0 | 0.0 |
| El Salvador | 7.5 | 6.2 | 1.1 | 0.0 | 0.0 | 0.0 |
| Total | 52.1 | 46.0 | 29.8 | 3.2 | 0.0 | -3.2 |
| Grand Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 0.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits. Table E.3 of appendix E is a longer version of this table which includes all 24 current and former CBERA beneficiaries.

[a] Countries that were CBERA beneficiaries as of December 31, 2008.
[b] Countries for which U.S.-CAFTA-DR entered into force before January 1, 2009.
[c] Absolute value less than 0.05 percent.

mineral fuels (HTS chapter 27) and a large decline in imports of knitted apparel (HTS chapter 61).

Table 2.4 shows the 20 leading items on an 8-digit HTS basis, ranked by their 2008 import value. The following discussion focuses on products that were mainly imported at NTR rates of duty. Those products that entered mostly under CBERA provisions are discussed in later sections.

More than one-half of the imports of mineral fuels from Trinidad and Tobago in 2008 were LNG (HTS 2711.11.00), and more than two-thirds of total U.S. imports of LNG came from Trinidad and Tobago. The value of imports of LNG from Trinidad and Tobago increased 9.4 percent in 2007 and fell 15.5 percent in 2008. The decline in import value in 2008 occurred despite a more than 20 percent increase in the unit value after the unit value was relatively unchanged in 2007. The quantity of imports of LNG from Trinidad and Tobago increased 9.7 percent in 2007 and decreased 30.3 percent in 2008. LNG has an NTR duty rate of free.

The value of imports of anhydrous ammonia (HTS 2814.10.00) from Trinidad and Tobago increased 59.2 percent to $2.0 billion after increasing 7.8 percent in 2007. These increases occurred despite a decline in volume of 12.5 percent in 2008 and an increase in volume of only 7.0 percent in 2007. Unit values for anhydrous ammonia, which is produced from natural gas, increased more than 80 percent between 2007 and 2008. Anhydrous ammonia has an NTR duty rate of free.

The value of U.S. imports of heavy fuel oil (HTS 2710.19.05) from CBERA countries increased 16.3 percent in 2008 after decreasing 6.5 percent in 2007, with virtually all imports entering at NTR rates of duty. Heavy fuel oil is eligible for duty-free entry under CBERA, but only from countries that are designated CBTPA beneficiaries. The NTR duty rate on heavy fuel oil of 5.25 cents per barrel is well below 0.1 percent ad valorem equivalent, so the effects of CBTPA preferences are minuscule compared to supply and demand forces. In 2008 the value of U.S. imports of heavy fuel oil from Aruba, which is not a CBTPA beneficiary, increased 13.4 percent to $1.8 billion due to unit values that were more than 35 percent higher than in 2007. The value of U.S. imports of heavy fuel oil from the Netherlands Antilles, also not a CBTPA beneficiary, declined 8.7 percent to $191 million on 35.8 percent lower quantities.

More than 80 percent of imports of naphthas (HTS 2710.11.25) and all imports of light fuel oil (HTS 2710.19.10) also entered at NTR rates of duty (10.5 cents/bbl). Other leading imports in table 2.4 that entered NTR duty free in 2008 were agricultural products such as bananas (HTS 0803.00.20) and coffee (HTS 0901.11.00), and manufactured products such as medical instruments (HTS 9018.90.80), semiconductors (HTS 8542.31.00), and artificial body parts (HTS 9021.39.00). Imports of artificial body parts from Costa Rica increased fourfold in 2008.

**TABLE 2.3** Leading U.S. imports for consumption from CBERA countries, by major product category, 2004–08

| HTS chapter | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| | | Millions of $ | | | | |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 6,349 | 9,385 | 9,385 | 8,980 | 8,670 |
| 28 | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes | 955 | 1,300 | 1,232 | 1,512 | 2,179 |
| 29 | Organic chemicals | 532 | 797 | 1,147 | 1,110 | 1,268 |
| 90 | Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof | 919 | 980 | 1,042 | 722 | 814 |
| 08 | Edible fruit and nuts; peel of citrus fruit or melons | 1,094 | 1,137 | 1,058 | 778 | 738 |
| 22 | Beverages, spirits and vinegar[a] | 183 | 295 | 394 | 423 | 606 |
| 61 | Articles of apparel and clothing accessories, knitted or crocheted | 6,376 | 6,444 | 2,772 | 750 | 555 |
| 72 | Iron and steel | 408 | 264 | 418 | 435 | 530 |
| 85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories | 1,456 | 1,475 | 1,186 | 574 | 504 |
| 84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof | 190 | 475 | 469 | 464 | 464 |
| | All other | 9,095 | 9,263 | 6,653 | 3,308 | 3,159 |
| | Total | 27,555 | 31,814 | 25,755 | 19,058 | 19,486 |
| | | Percent of total | | | | |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 23.0 | 29.5 | 36.4 | 47.1 | 44.5 |
| 28 | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes | 3.5 | 4.1 | 4.8 | 7.9 | 11.2 |
| 29 | Organic chemicals | 1.9 | 2.5 | 4.5 | 5.8 | 6.5 |
| 90 | Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof | 3.3 | 3.1 | 4.0 | 3.8 | 4.2 |
| 08 | Edible fruit and nuts; peel of citrus fruit or melons | 4.0 | 3.6 | 4.1 | 4.1 | 3.8 |
| 22 | Beverages, spirits and vinegar[a] | 0.7 | 0.9 | 1.5 | 2.2 | 3.1 |
| 61 | Articles of apparel and clothing accessories, knitted or crocheted | 23.1 | 20.3 | 10.8 | 3.9 | 2.8 |
| 72 | Iron and steel | 1.5 | 0.8 | 1.6 | 2.3 | 2.7 |
| 85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories | 5.3 | 4.6 | 4.6 | 3.0 | 2.6 |
| 84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof | 0.7 | 1.5 | 1.8 | 2.4 | 2.4 |
| | All other | 33.0 | 29.1 | 25.8 | 17.4 | 16.2 |
| | Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits.

[a] Includes fuel ethanol.

**TABLE 2.4** Leading U.S. imports for consumption from CBERA countries, 2004–08

| HTS number | Description | 2004 | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|---|
| | | Millions of $ | | | | | |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees a.p.i. | 1,446 | 2,484 | 2,697 | 2,523 | 2,934 | 16.3 |
| 2711.11.00 | Natural gas, liquefied | 2,630 | 3,293 | 2,918 | 3,187 | 2,692 | -15.5 |
| 2814.10.00 | Anhydrous ammonia | 939 | 1,261 | 1,169 | 1,260 | 2,006 | 59.2 |
| 2905.11.20 | Methanol (methyl alcohol), other than imported only for use in producing synthetic natural gas (sng) or for direct use as fuel | 465 | 713 | 1,038 | 1,030 | 1,196 | 16.1 |
| 2710.11.25 | Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bituminous minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils | 450 | 647 | 736 | 1,017 | 1,107 | 8.9 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees a.p.i. or more | 848 | 1,135 | 1,747 | 1,309 | 904 | -31.0 |
| 2710.19.10 | Distillate and residual fuel oil (including blends) derived from petroleum oils or oil of bituminous minerals, testing 25 degree a.p.i. or > | 494 | 1,000 | 516 | 351 | 588 | 67.3 |
| 7203.10.00 | Ferrous products obtained by direct reduction of iron ore | 58 | 20 | 39 | 332 | 493 | 48.5 |
| 2207.10.60 | Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes | 97 | 184 | 277 | 263 | 483 | 83.4 |
| 9018.90.80 | Instruments and appliances used in medical, surgical, dental or veterinary sciences, n.e.s.o.i., and parts and accessories thereof | 793 | 793 | 786 | 519 | 467 | -10.2 |
| 8473.30.11 | Printed circuit assemblies, not incorporating a cathode ray tube, of the machines of 8471 | ([a]) | ([a]) | ([a]) | 402 | 411 | 2.3 |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 99 | 223 | 246 | 378 | 394 | 4.1 |
| 0803.00.20 | Bananas, fresh or dried | 640 | 632 | 415 | 286 | 258 | -10.0 |
| 8542.31.00 | Processors and controllers, whether or not combined with memories, converters, logic circuits, amplifiers, clock and timing circuits, or other | ([b]) | ([b]) | ([b]) | 178 | 205 | 15.5 |
| 3102.10.00 | Urea, whether or not in aqueous solution | 65 | 101 | 84 | 159 | 197 | 24.3 |
| 0901.11.00 | Coffee, not roasted, not decaffeinated | 472 | 565 | 341 | 156 | 189 | 20.9 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 1,486 | 1,546 | 705 | 198 | 173 | -12.7 |
| 9021.39.00 | Artificial parts of the body (other than artificial joints) and parts and accessories thereof, n.e.s.o.i. | 4 | 30 | 34 | 40 | 167 | 322.5 |
| 2818.20.00 | Aluminum oxide, other than artificial corundum | 14 | 36 | 60 | 250 | 165 | -34.0 |
| 2710.19.15 | Kerosene-type jet fuel from petroleum oils and oils of bituminous minerals (o/than crude) or preps. 70%+ by wt. from petroleum oils | 60 | 164 | 202 | 122 | 159 | 30.8 |
| | All other | 16,496 | 16,987 | 11,745 | 5,099 | 4,300 | -15.7 |
| | Total | 27,555 | 31,814 | 25,755 | 19,058 | 19,486 | 2.2 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004-08 during which those countries were eligible for CBERA benefits. The abbreviation, "n.e.s.o.i." stands for "not elsewhere specified or included."

[a] Trade in 2004-06 reported under parts of item HTS 8473.30.10.
[b] Trade in 2004-06 reported under parts of items contained in HTS 8542.21 and HTS 8543.89.93.

**TABLE 2.5** U.S. imports for consumption of textiles and apparel[a] from CBERA countries, 2004–08

| Country | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| | Millions of $ | | | | |
| Current CBERA beneficiaries:[b] | | | | | |
| Haiti | 330.5 | 410.1 | 451.7 | 452.8 | 412.8 |
| Costa Rica | 527.5 | 492.7 | 474.7 | 430.4 | 314.4 |
| Jamaica | 85.5 | 56.4 | 49.0 | 36.7 | 16.8 |
| All other | 32.3 | 28.8 | 27.8 | 18.3 | 9.1 |
| Total | 975.8 | 988.0 | 1,003.2 | 938.2 | 753.1 |
| Former CBERA beneficiaries[c] | | | | | |
| Dominican Republic | 2,114.8 | 1,922.0 | 1,623.7 | 179.9 | 0.0 |
| Guatemala | 1,962.9 | 1,833.5 | 847.3 | 0.0 | 0.0 |
| Honduras | 2,753.0 | 2,700.2 | 594.7 | 0.0 | 0.0 |
| El Salvador | 1,756.4 | 1,645.8 | 214.9 | 0.0 | 0.0 |
| Nicaragua | 595.8 | 716.7 | 191.3 | 0.0 | 0.0 |
| Total | 9,182.8 | 8,818.3 | 3,472.0 | 179.9 | 0.0 |
| Grand total | 10,158.6 | 9,806.3 | 4,475.2 | 1,118.1 | 753.1 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: Because of rounding, figures may not add to totals shown.

[a]U.S. textile and apparel imports and exports in this table are classified in HTS chapters 50-63.
[b]Countries that were CBERA beneficiaries as of December 31, 2008.
[c]Countries for which CAFTA-DR entered into force before January 1, 2009.

The value of U.S. imports of textiles and apparel[4] from CBERA countries was $753 million in 2008 compared to $9.8 billion in 2005. CBERA countries accounted for 0.8 percent of the value of total U.S. textiles and apparel imports in 2008 (1.0 percent for apparel), compared to 10.6 percent in 2005 (13.6 percent for apparel). As mentioned earlier, much but not all of the decline is due to the shift of five leading apparel-supplying countries from the CBERA program to CAFTA-DR. In 2008, 16 percent of U.S. imports of textile and apparel from CBERA countries were dutiable at NTR duty rates.

Haiti and Costa Rica were the leading CBERA suppliers of textiles and apparel in 2008. Imports from Haiti were valued at $413 million, and accounted for 54.8 percent of U.S. imports of textiles and apparel from the region in 2008. U.S. imports from Haiti declined 8.8 percent from $453 million 2007 to $413 million in 2008, after steady increases from 2002 to 2007. Imports from Costa Rica were valued at $314 million in 2008, and accounted for 41.7 percent of U.S. imports from CBERA (table 2.5). Imports from Costa Rica dropped more sharply, plunging 36.3 percent between 2007 and 2008. Industry sources attribute most, if not all, of this decline to the general downturn in the U.S. economy in 2008.[5]

[4] Defined as products classified in HTS Chapters 50–63. Apparel traditionally has accounted for nearly all imports in this sector from the CBERA countries, rising to 99 percent of the total in 2008.

[5] Apparel goods assembled in Haiti are shipped almost exclusively to the U.S. market for companies like Sara Lee (United States) and Gildan (Canada) that have had long-term contracts in Haiti. *Just-style.com*, "Gildan Q3 Profit Rise," August 13, 2008.

# Total U.S. Imports Classified by Import Program

In addition to resulting in a decline in U.S. imports of apparel from CBERA countries, the movement of CBERA's five large apparel producers to CAFTA-DR has also caused a major shift in the distribution of imports among the trade promotion programs (table 2.6). In 2008, imports entered under CBTPA were only 8.7 percent of total imports from CBERA countries compared to 27.6 percent in 2005, the last year before CBERA beneficiaries began to move from CBERA to CAFTA-DR. Imports of apparel (HTS chapters 61 and 62) from now former CBERA beneficiaries had previously accounted for 75 percent or more of total imports under CBTPA. Though this change is mostly the result of the largest apparel-producing countries in CBERA moving to CAFTA-DR, the end of apparel quotas in 2005 and the general decline in U.S. imports of apparel as a result of the 2008 economic downturn have also contributed to this decline.

In 2008, NTR duty-free imports from CBERA countries were 48.7 percent of total imports from CBERA countries compared to 34.5 percent in 2005. This was due mostly to imports of ammonia (HTS 2814.10.00) from Trinidad and Tobago, which have nearly doubled in value since 2005, more than offsetting the decline in the value of imports of LNG (HTS 2711.11.00) from Trinidad and Tobago.

Imports entered under CBERA (excluding CBTPA) increased to 15.5 percent of total imports from CBERA countries in 2008 from 11.2 percent in 2005, because of increases in imports of methanol (HTS 2905.11.20) and fuel ethanol (HTS 2207.10.60 and 2207.20.00).

As noted above, imports of petroleum products were a larger share of total imports from CBERA countries in 2007 and 2008 than in previous years, partly because of the changes with respect to apparel, but also because of higher global energy prices. NTR dutiable imports from CBERA countries increased 16.1 percent to $4.9 billion, or 25.2 percent of total imports from CBERA countries, mostly due to an increase in the value of imports of dutiable refined petroleum products (HTS 2710) of 19.6 percent to $4.6 billion in 2008. Part of this increase in imports of dutiable refined petroleum products is a result of a major increase in the share imported at NTR rates of duty rather than under CBTPA in 2008, while total imports of those products were virtually unchanged.

# U.S. Imports under CBERA

In 2008, U.S. imports under CBERA preferences decreased 14.0 percent to $4.7 billion from $5.5 billion in 2007, partly as a result of the Dominican Republic's accession to CAFTA-DR during 2007, and partly because of decreases in imports under CBERA from Trinidad and Tobago, Costa Rica, and Haiti; these three countries accounted for more than 85 percent of imports under CBERA in 2008. U.S. imports under CBERA from current CBERA beneficiaries decreased 8.9 percent in 2008, whereas total U.S. imports from current CBERA countries increased 5.6 percent and total U.S. imports from all countries increased 7.6 percent. This section focuses on U.S. imports entering under the CBERA preferences.

**TABLE 2.6** U.S. imports for consumption from CBERA countries, by import program, 2004–08

| Program | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| | Millions of $ | | | | |
| NTR | | | | | |
| Dutiable | 6,261 | 7,580 | 5,214 | 4,224 | 4,906 |
| Duty-free | 9,669 | 10,989 | 9,848 | 8,972 | 9,498 |
| CBERA (excluding CBTPA) | 3,029 | 3,563 | 3,955 | 2,834 | 3,024 |
| CBTPA | 7,908 | 8,773 | 5,961 | 2,662 | 1,702 |
| GSP | 349 | 465 | 382 | 154 | 129 |
| Other (including U.S. Virgin Is) | 340 | 444 | 395 | 212 | 227 |
| Total | 27,555 | 31,814 | 25,755 | 19,058 | 19,486 |
| | Percent of total | | | | |
| NTR | | | | | |
| Dutiable | 22.7 | 23.8 | 20.2 | 22.2 | 25.2 |
| Duty-free | 35.1 | 34.5 | 38.2 | 47.1 | 48.7 |
| CBERA (excluding CBTPA) | 11.0 | 11.2 | 15.4 | 14.9 | 15.5 |
| CBTPA | 28.7 | 27.6 | 23.1 | 14.0 | 8.7 |
| GSP | 1.3 | 1.5 | 1.5 | 0.8 | 0.7 |
| Other (including U.S. Virgin Is) | 1.2 | 1.4 | 1.5 | 1.1 | 1.2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits.

## *U.S. Imports by Country under CBERA*

Table 2.7 shows total U.S. imports under CBERA by country from 2004 to 2008. Trinidad and Tobago, Costa Rica, Haiti, and Jamaica were the principal sources of imports under CBERA, accounting for more than 90 percent of all U.S. imports under CBERA in 2008. Of these four countries, only Jamaica experienced and increase in imports under CBERA in 2008.

## *Product Composition and Leading Imports*

In figure 2.3, changes in imports under CBERA by country are indicated in terms of four major product categories. Of the $4.7 billion in imports under CBERA in 2008, energy products accounted for 58.6 percent, agricultural products 18.3 percent, textiles and apparel (almost all apparel) 12.9 percent, and other mining and manufacturing 10.2 percent. The composition of imports under CBERA in 2008 was very different from that for 2005. Apparel accounted for more than one-half (53.4 percent) of imports under CBERA in 2005; energy products, for only 24.3 percent. This shift in the composition of imports under CBERA towards energy products and away from apparel was mainly due to apparel-producing countries losing their CBERA eligibility upon accession to CAFTA-DR; through higher prices for energy products; the general decline in U.S. imports of apparel as a result of the 2008 economic downturn; and increased capacity to dehydrate

**TABLE 2.7** U.S. imports for consumption under CBERA, by source, 2004–08

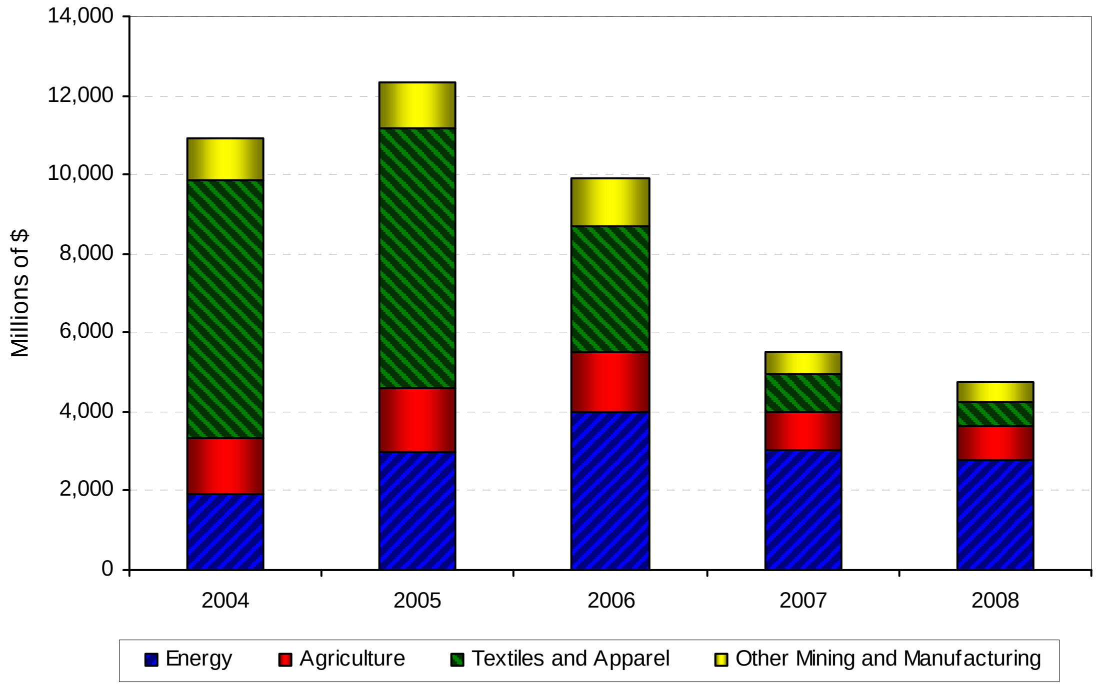
| Source | 2004 | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|
| | Millions of $ | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Trinidad and Tobago | 1,674.4 | 2,734.5 | 3,677.7 | 2,832.3 | 2,365.4 | -16.5 |
| Costa Rica | 1,079.0 | 1,157.8 | 1,382.1 | 1,417.9 | 1,252.8 | -11.6 |
| Haiti | 218.3 | 303.4 | 379.3 | 430.4 | 405.1 | -5.9 |
| Jamaica | 166.7 | 152.2 | 245.8 | 235.9 | 319.6 | 35.5 |
| Bahamas | 92.7 | 111.3 | 125.1 | 137.4 | 141.0 | 2.7 |
| Belize | 44.5 | 54.7 | 72.2 | 54.5 | 129.5 | 137.8 |
| Panama | 32.8 | 40.8 | 33.8 | 31.2 | 46.5 | 49.0 |
| Guyana | 21.0 | 6.7 | 5.1 | 10.1 | 20.6 | 104.1 |
| St. Kitts and Nevis | 29.7 | 25.2 | 24.8 | 16.2 | 14.1 | -13.1 |
| Netherlands Antilles | 5.2 | 6.8 | 2.2 | 3.6 | 11.9 | 231.6 |
| All other | 13.1 | 11.1 | 12.6 | 16.5 | 19.3 | 16.9 |
| Total | 3,377.3 | 4,604.5 | 5,960.6 | 5,185.9 | 4,725.7 | -8.9 |
| Former CBERA beneficiaries:[b] | | | | | | |
| Dominican Republic | 2,598.3 | 2,483.6 | 2,481.0 | 310.1 | 0.0 | -100.0 |
| Guatemala | 1,189.5 | 1,246.2 | 652.8 | 0.0 | 0.0 | N/A |
| Honduras | 2,314.5 | 2,372.3 | 555.9 | 0.0 | 0.0 | N/A |
| El Salvador | 1,125.8 | 1,226.0 | 154.1 | 0.0 | 0.0 | N/A |
| Nicaragua | 331.2 | 403.8 | 111.0 | 0.0 | 0.0 | N/A |
| Total | 7,559.3 | 7,731.9 | 3,954.9 | 310.1 | 0.0 | -100.0 |
| Grand total | 10,936.6 | 12,336.4 | 9,915.5 | 5,496.0 | 4,725.7 | -14.0 |
| | Percent of total | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Trinidad and Tobago | 15.3 | 22.2 | 37.1 | 51.5 | 50.1 | -1.5 |
| Costa Rica | 9.9 | 9.4 | 13.9 | 25.8 | 26.5 | 0.7 |
| Haiti | 2.0 | 2.5 | 3.8 | 7.8 | 8.6 | 0.7 |
| Jamaica | 1.5 | 1.2 | 2.5 | 4.3 | 6.8 | 2.5 |
| Bahamas | 0.8 | 0.9 | 1.3 | 2.5 | 3.0 | 0.5 |
| Belize | 0.4 | 0.4 | 0.7 | 1.0 | 2.7 | 1.7 |
| Panama | 0.3 | 0.3 | 0.3 | 0.6 | 1.0 | 0.4 |
| Guyana | 0.2 | 0.1 | 0.1 | 0.2 | 0.4 | 0.3 |
| St. Kitts and Nevis | 0.3 | 0.2 | 0.2 | 0.3 | 0.3 | ([c]) |
| Netherlands Antilles | ([c]) | 0.1 | ([c]) | 0.1 | 0.3 | 0.2 |
| All other | 0.1 | 0.1 | 0.1 | 0.3 | 0.4 | 0.1 |
| Total | 30.9 | 37.3 | 60.1 | 94.4 | 100.0 | 5.6 |
| Former CBERA beneficiaries:[b] | | | | | | |
| Dominican Republic | 23.8 | 20.1 | 25.0 | 5.6 | 0.0 | -5.6 |
| Guatemala | 10.9 | 10.1 | 6.6 | 0.0 | 0.0 | 0.0 |
| Honduras | 21.2 | 19.2 | 5.6 | 0.0 | 0.0 | 0.0 |
| El Salvador | 10.3 | 9.9 | 1.6 | 0.0 | 0.0 | 0.0 |
| Nicaragua | 3.0 | 3.3 | 1.1 | 0.0 | 0.0 | 0.0 |
| Total | 69.1 | 62.7 | 39.9 | 5.6 | 0.0 | -5.6 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 0.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits. Table E.4 of appendix E is a longer version of this table which includes all 24 current and former CBERA beneficiaries.

[a] Countries that were CBERA beneficiaries as of December 31, 2008.
[b] Countries for which U.S.-CAFTA-DR entered into force before January 1, 2009.
[c] Absolute value less than 0.05 percent.

**FIGURE 2.3** U.S. imports under CBERA, by major product categories, 2004–08




*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits.

ethanol in CBERA countries were also contributing factors. These factors are discussed in more detail in the relevant sections below as well as in chapter 3.[6]

## Mineral Fuels and Other Energy Products

The value of U.S. imports of energy products under CBERA was $3.1 billion in 2007 and $2.8 billion in 2008, compared to $3.0 billion in 2005 (table 2.8). In 2008, U.S. imports of energy products under CBERA from current CBERA beneficiaries increased 0.3 percent, whereas total U.S. imports of energy products increased 37.5 percent. Imports of methanol[7] (HTS 2905.11.20) and light crude oil (HTS 2709.00.20) accounted for about 75 percent of all U.S. imports of energy products under CBERA in 2008. Trinidad and Tobago was the principal source of imports of energy products under CBERA, accounting for more than 80 percent of these imports. The largest increases in U.S. imports of energy products under CBERA in 2008 were from Jamaica, Belize, and Costa Rica; imports from Trinidad and Tobago, however, declined.

[6] Tables showing imports for consumption under CBERA by major product categories (HTS chapter) and product (HTS subheading) can be found in appendix E (tables E.1 and E.2.). Additionally, table E.6 of appendix E gives imports for consumption under CBERA by product (HTS subheading) and source country.

[7] Methanol is discussed in more detail in chap. 3 of this report.

**TABLE 2.8** Energy products: leading U.S. imports for consumption under CBERA, by product and source, 2005–08

| Product Category (HS/HTS code) | Source | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|
| | | Millions of $ | | | | |
| Methanol (methyl alcohol), other than imported only for use in producing synthetic natural gas (sng) or for direct use as fuel (HTS 2905.11.20) | Trinidad and Tobago | 700.6 | 1,029.7 | 1,004.2 | 1,175.2 | 17.0 |
| | Dominican Republic | 0.0 | ([a]) | 0.0 | 0.0 | N/A |
| | Total | 700.6 | 1,029.7 | 1,004.2 | 1,175.2 | 17.0 |
| Petroleum oils and oils from bituminous minerals, crude (HTS 2709.00) | Trinidad and Tobago | 1,076.0 | 1,678.3 | 1,299.3 | 813.3 | -37.4 |
| | Belize | 0.0 | 15.5 | 10.2 | 90.7 | 792.8 |
| | Guatemala | 131.9 | 76.5 | 0.0 | 0.0 | N/A |
| | Total | 1,207.9 | 1,770.4 | 1,309.5 | 904.0 | -31.0 |
| Fuel ethanol (HTS 2207.10.60 and 2207.20.00) | Jamaica | 63.0 | 164.6 | 161.9 | 253.5 | 56.6 |
| | Trinidad and Tobago | 19.1 | 37.0 | 83.8 | 160.4 | 91.5 |
| | Costa Rica | 61.3 | 77.4 | 82.7 | 89.1 | 7.7 |
| | El Salvador | 40.4 | 10.2 | 0.0 | 0.0 | N/A |
| | Total | 183.8 | 289.2 | 328.4 | 503.1 | 53.2 |
| Light oils and preparations from petroleum oils & oils from bituminous min. or preps 70%+ by wt. from petro. oils or bituminous min. (HTS 2710.11) | Trinidad and Tobago | 381.4 | 316.8 | 333.1 | 165.0 | -50.5 |
| | All other | ([a]) | ([a]) | 0.0 | 0.0 | N/A |
| | Total | 381.5 | 316.8 | 333.1 | 165.0 | -50.5 |
| Petroleum oils & oils (not light) from bituminous minerals or preps n.e.s.o.i. 70%+ by wt. from petroleum oils or bituminous min. (HTS 2710.19) | Trinidad and Tobago | 517.9 | 577.4 | 76.9 | 13.9 | -81.9 |
| | Panama | 0.0 | 0.0 | ([a]) | 6.3 | ([b]) |
| | All other | 0.5 | 9.3 | 0.0 | 0.0 | N/A |
| | Total | 518.3 | 586.7 | 77.0 | 20.2 | -73.8 |
| Waste petroleum oils & oils from bituminous min. or preps n.e.s.o.i. 70%+ by wt. from petro. oils or bituminous min., n.e.s.o.i. (HTS 2710.99) | All countries | 0.0 | 0.1 | 0.1 | 0.3 | 356.8 |
| | Grand total | 2,992.1 | 3,992.8 | 3,052.2 | 2,767.8 | -9.3 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or otherwise included."

[a] Less than $50,000.
[b] Greater than 10,000 percent.

U.S. imports of energy products under CBERA from Trinidad and Tobago decreased 16.8 percent from $2.8 billion in 2007 to $2.3 billion in 2008. However, imports of methanol (HTS 2905.11.20) from Trinidad and Tobago increased 17.0 percent to $1.2 billion because of higher prices. Methanol accounted for more than one-half of all imports of energy products under CBERA from Trinidad and Tobago. Trinidad and Tobago was also the source for more than 90 percent of the imports of petroleum and petroleum products (HTS 2709 and 2710) under CBERA. Imports of light crude oil (HTS 2709.00.20) under CBERA from Trinidad and Tobago decreased 37.4 percent to $813 million due primarily to a more than 50 percent decline in quantity, while imports of fuel oil (HTS 2710.11 and 2710.19) from Trinidad and Tobago also declined sharply.[8]

[8] Although imports of fuel oil (HTS 2710.11 and 2710.19) under CBERA from Trinidad and Tobago were far lower in 2008 than they were in 2007, total imports of light and heavy oils from bituminous minerals from Trinidad and Tobago actually increased 1.6 percent. The reason for the difference in CBERA preference utilization from 2007 to 2008 has not been determined.

Besides Trinidad and Tobago, Belize was the only other source for imports of crude oil under CBERA in 2008. U.S. imports of light crude oil (HTS 2709.00.20) from Belize increased almost eight-fold to $90.7 million in 2008 because of increased Belizean production.[9]

### *Ethanol*

The United States provides a volumetric ethanol excise tax credit (VEETC) of 45 cents per gallon to U.S. companies that produce gasoline-ethanol blends using either domestically produced or imported ethanol.[10] The NTR ad valorem tariff rates for ethanol are 1.9 percent (denatured) and 2.5 percent (undenatured). There is an additional duty of 54 cents per gallon on imports of fuel ethanol entered nonpreferentially.[11] Section 7 of the Steel Trade Liberalization Program Implementation Act of 1989 allows CBERA countries to process (dehydrate) ethanol from non-indigenous feedstocks and ship it to the United States free of all duties.[12] Such imports are subject to a quota of 7 percent of U.S. consumption; U.S. consumption was 453 million gallons in 2008. The quota has never been filled. There is an additional quota (which has never been used) of 35 million gallons for ethanol processed from at least 30 percent indigenous feedstocks, and unlimited duty-free access is granted to ethanol processed from at least 50 percent indigenous feedstocks. However, it is believed that CBERA countries have yet to use indigenous feedstocks to process ethanol for shipment to the United States. Virtually all non-indigenous feedstocks in recent years have been hydrous ethanol from Brazil, though the government of Jamaica has indicated that it intends to process ethanol from locally grown sugarcane feedstock for shipment to the United States some time in the future.[13]

U.S. imports of fuel ethanol (HTS 2207.10.60 and 2207.20.00) under CBERA increased 53.2 percent from $328 million in 2007 to $503 million in 2008 due to mandated consumption in the United States, higher prices, and increased regional processing capacity. In Jamaica, a new dehydration plant came on line in the second half of 2007. The new plant increased Jamaica's processing capacity from 90 million gallons per year (mgy) to 150 mgy, increasing U.S. imports of fuel ethanol from Jamaica by 56.6 percent to $254 million in 2008.[14] In late 2007, Trinidad and Tobago doubled its annual ethanol dehydration capacity to 100 mgy through expansion of its processing facility.[15] As a result, imports of fuel ethanol from Trinidad and Tobago increased 91.5 percent to $160 million in 2008. Imports from Trinidad and Tobago are expected to increase further in the future after a new 100 mgy dehydration expansion is completed in the second half of 2009.[16] Costa Rica maintains a 60 mgy dehydration facility. Higher prices increased the value of U.S. imports of fuel ethanol from Costa Rica by 7.7 percent to $89.1 million in 2008, despite a 9.3 percent decline in volume.[17]

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[9] Department of Energy, Energy Information Administration, "Country Energy Profiles: Belize."

[10] The VEETC was 51 cents per gallon during 2008. Pub. L. 110-234 § 15331.

[11] This additional duty must be renewed periodically. It is currently set to expire on January 1, 2011. Pub. L. 110-234 § 15331. See HTS headings 9901.00.50 and 9901.00.52.

[12] Pub. L. 101-221, § 7(a).

[13] Embassy of Jamaica, written testimony to the USITC, June 30, 2009, 4–5.

[14] Industry representative, e-mail message to Commission staff, July 15, 2009.

[15] Ibid.

[16] Ibid.

[17] Costa Rica, like other CAFTA-DR beneficiaries, will continue to have access to the U.S. ethanol market on beneficial terms post accession to CAFTA-DR.

Several major ethanol policy changes during 2007–08 served to increase U.S. demand for ethanol and prompt increases in processing capacity in CBERA countries. In 2007, the Energy Independence and Security Act (EISA) substantially increased mandatory blending quantities for ethanol in motor fuels, created new categories of renewable fuels based on feedstocks, and established environmental restrictions, including greenhouse gas reduction standards.[18] In 2008, the Food, Conservation, and Energy Act of 2008 extended the additional fuel ethanol duty until January 1, 2011, and effectively eliminated a duty drawback provision that allowed duty-free imports of ethanol directly from Brazil.[19]

## Agricultural Products

The value of U.S. imports of agricultural products under CBERA was $957 million in 2007 and $866 million in 2008, compared to $1.6 billion in 2005 (table 2.9). In 2008, U.S. imports of agriculture products under CBERA from current CBERA beneficiaries decreased 9.5 percent, whereas total global U.S. imports of agricultural products increased 8.3 percent. Imports of edible fruits and nuts (HTS chapter 08), edible vegetables and roots (HTS chapter 07), and prepared vegetables, fruits, and nuts (HTS chapter 20) accounted for 80 percent of all U.S. imports of agriculture products under CBERA in 2008. Costa Rica was the principal source of imports of agricultural products under CBERA, accounting for more than 80 percent of these imports. The largest increases in U.S. imports of agricultural products under CBERA in 2008 were from Jamaica, Panama, and Belize, whereas imports from Costa Rica and Trinidad and Tobago decreased.

U.S. imports of agricultural products under CBERA from Costa Rica decreased 5.0 percent from $748 million in 2007 to $711 million in 2008. In 2008, imports of pineapples from Costa Rica increased 4.1 percent to $389 million and accounted for more than 80 percent of all U.S. imports of pineapples. More than one-half of U.S. imports of agricultural products under CBERA from Costa Rica were pineapples (HTS 0804.30). Other agricultural CBERA imports from Costa Rica experiencing growth in 2008 included cassavas (HTS 0714.10), yams (HTS 0714.90.20), and prepared bananas (HTS 2008.99.13). Imports of frozen orange juice (HTS 2009.11.00), however, decreased by more than one-half compared to 2007, dropping to $38.9 million or about their 2006 levels. In 2007, imports of frozen orange juice had increased by more than 100 percent to $80.7 million because U.S. crop damage from hurricanes, citrus canker disease, and a freeze increased the need for imports.[20] Imports under CBERA from Costa Rica of cantaloupes (HTS 0807.19.20), cane sugar (HTS 1701.11), and unrooted cuttings and slips of live plants (HTS 0602.10.00) all also decreased in 2008.

U.S. imports of agricultural products under CBERA from Jamaica increased 23.0 percent from $35.6 million in 2007 to $43.8 million in 2008. Yam imports (HTS 0714.90.20) increased 28.8 percent to $15.6 million, or more than one-third of imports of agricultural

[18] Pub. L. 110-140, § 202

[19] Pub. L. 110-234, §§ 15333–4. According to one source from Trinidad and Tobago, the current ethanol regime is critical to the survival of the ethanol industry in the Caribbean, because “an open and duty-free ethanol regime for all producers/exporters” would “seriously hinder the CBI/CBERA ethanol industry which cannot compete with Brazilian ethanol.” Trinidad Bulk Traders, Ltd., written submission to the USITC, June 30, 2009, 8–9.

[20] Ellis, “Fla. Orange Crop Expected To Be Lower This Year,” Savannah Morning News, March 11, 2007.

**TABLE 2.9** Agriculture: Leading U.S. imports for consumption under CBERA, by product and source, 2005–08

| Source | Product Category (HS/HTS number) | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|
| | | Millions of $ | | | | |
| Costa Rica | Pineapples, fresh or dried (HTS 0804.30) | 206.2 | 390.1 | 373.4 | 388.9 | 4.1 |
| | Cassava (manioc) fresh, chilled, frozen or dried, whether or not sliced or in the form of pellets (HTS 0714.10) | 33.9 | 25.6 | 28.2 | 43.7 | 54.8 |
| | Orange juice, frozen, unfermented and not containing added spirit (HTS 2009.11.00) | 25.0 | 38.1 | 80.7 | 38.9 | -51.8 |
| | Cantaloupes, fresh, if entered during the periods from January 1 through July 31 or September 16 to December 31, inclusive (HTS 0807.19.20) | 41.0 | 39.8 | 39.1 | 27.8 | -28.9 |
| | Unrooted cuttings and slips of live plants (HTS 0602.10.00) | 20.1 | 24.2 | 24.5 | 22.7 | -7.4 |
| | Fresh cut, anthuriums, alstroemeria, gypsophilia, lilies, snapdragons and flowers, n.e.s.o.i. (HTS 0603.19.00[a]) | 22.0 | 27.7 | 23.3 | 20.7 | -11.1 |
| | Banana pulp, otherwise prepared or preserved, n.e.s.o.i. (HTS 2008.99.13) | 9.2 | 12.5 | 15.1 | 17.1 | 13.1 |
| | Cane sugar, raw, in solid form, not containing added flavoring or coloring matter (HTS 1701.11) | 3.5 | 8.8 | 37.2 | 17.1 | -54.0 |
| | Meat of bovine animals, boneless, frozen (HTS 0202.30) | 14.3 | 11.7 | 10.3 | 15.1 | 46.5 |
| | Fresh or chilled yams, whether or not sliced or in the form of pellets (HTS 0714.90.20) | 10.7 | 7.9 | 10.7 | 13.9 | 30.0 |
| | All other | 91.1 | 95.5 | 105.6 | 104.8 | -0.8 |
| | Total | 477.1 | 681.9 | 748.1 | 710.6 | -5.0 |
| Jamaica | Fresh or chilled yams, whether or not sliced or in the form of pellets (HTS 0714.90.20) | 10.6 | 10.1 | 12.1 | 15.6 | 28.8 |
| | All other | 23.9 | 21.2 | 23.5 | 28.3 | 20.0 |
| | Total | 34.5 | 31.4 | 35.6 | 43.8 | 23.0 |
| Belize | Orange juice, frozen, unfermented and not containing added spirit (HTS 2009.11.00) | 16.6 | 13.3 | 19.2 | 25.6 | 33.0 |
| | Papayas (papaws), fresh (HTS 0807.20.00) | 12.9 | 15.6 | 13.4 | 10.9 | -18.7 |
| | All other | 8.6 | 9.8 | 1.0 | 1.3 | 29.1 |
| | Total | 38.1 | 38.7 | 33.7 | 37.8 | 12.3 |
| Panama | Cane sugar, raw, in solid form, not containing added flavoring or coloring matter (HTS 1701.11) | 15.7 | 8.2 | 7.9 | 15.9 | 102.2 |
| | All other | 14.7 | 17.0 | 18.5 | 14.8 | -20.3 |
| | Total | 30.4 | 25.2 | 26.4 | 30.7 | 16.2 |
| Trinidad and Tobago | Tunas, skipjack and bonito (sarda spp), prepared or preserved, whole or in pieces, but not minced (HTS 1604.14) | 19.4 | 19.3 | 15.7 | 15.1 | -3.5 |
| | All other | 7.1 | 5.7 | 8.4 | 6.7 | -19.7 |
| | Total | 26.5 | 25.0 | 24.0 | 21.8 | -9.2 |
| CAFTA-DR countries | Total | 962.9 | 711.0 | 69.0 | 0.0 | -100.0 |
| All other CBERA countries | Total | 15.8 | 16.4 | 19.8 | 21.4 | 8.3 |
| | Grand total | 1,585.5 | 1,529.6 | 956.6 | 866.1 | -9.5 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or otherwise included."

[a] Trade in 2005 and 2006 reported under HTS items 0603.10.70 and 0603.10.80.

products under CBERA from Jamaica. Imports of prepared sauces (HTS 2103.90) under CBERA from Jamaica increased 39.8 percent to $4.9 million.

U.S. imports of agricultural products under CBERA from Belize increased 12.3 percent from $33.7 million in 2007 to $37.8 million in 2008. Two-thirds of imports of agricultural products under CBERA from Belize were frozen orange juice (HTS 2009.11.00), which increased 33.0 percent to $25.6 million in 2008. There were also $1.2 million in new imports of unfrozen orange juice (HTS 2009.19.00) under CBERA from Belize in 2008.

## Textiles and Apparel Products [21]

The value of U.S. imports of textile and apparel products under CBERA (primarily CBTPA) was $609 million in 2008, down significantly from $927 million in 2007 and $6.6 billion in 2005 (table 2.10). As noted earlier, much of the change can be attributed to the movement of five leading suppliers of textiles and apparel to CAFTA-DR.[22] In addition, imports under CBERA faced increased competition from lower-cost Asian suppliers and lower U.S. demand due to the U.S. economic downturn in 2008.

Haiti and Costa Rica were the leading suppliers of textiles and apparel imports under CBERA in 2008 (table 2.10), with imports from Haiti accounting for 64.7 percent of the total. Imports from Haiti have increased modestly since 2005, rising to $421 million in 2007 before declining to $394 million in 2008 due mainly to a 71.1 percent decline in imports of man-made fiber T-shirts (HTS 6109.90.10) during 2007–08. Imports from Costa Rica accounted for 31.9 percent of all textile and apparel imports under CBERA in 2008. Imports from Costa Rica declined 36.3 percent to $194 million in 2008 from $305 million in 2007. Costa Rica’s labor rates are among the highest in the CBERA region, making its textile and apparel sector less competitive than its Central American and Caribbean neighbors. Jamaica, the third leading CBERA supplier of textiles and apparel to the United States, whose exports have been declining for over the past decade,[23] accounted for 2.2 percent of U.S. imports of textiles and apparel under CBERA in 2008. A 56.0 percent decline in imports from Jamaica from $35.8 million in 2007 to $15.7 million in 2008 can likely be attributed to the downturn in the U.S. economy in 2008 and decline in demand for apparel.

Table 2.11 shows U.S. imports of textiles and apparel from CBERA countries by duty treatment. Imports that entered free of duty under CBTPA and the HOPE Acts totaled $620.4 million in 2008 and represented 83 percent of total U.S. imports of textiles and apparel goods from the region. About 50 percent of the duty-free imports under CBTPA and the HOPE Acts consisted of apparel articles made from regional knit fabrics; and about 24 percent of the duty-free imports under CBTPA and the HOPE Acts consisted of apparel articles cut and assembled from U.S. fabrics. About 12 percent of the apparel

[21] Defined as products classified in HTS Chapters 50–63.

[22] In 2005, apparel accounted for more than one-half (53.3 percent) of imports under CBERA, of which 89.1 percent were imports from former CBERA beneficiaries Honduras ($2.2 billion), the Dominican Republic ($1.5 billion), El Salvador ($1.1 billion), Guatemala ($765 million), and Nicaragua ($259 million).

[23] According to a representative of the Government of Jamaica, the country’s textile and apparel sector began losing much of its competitive advantage in 1994 when NAFTA went into effect. Marcia E. Thomas, Senior Director, Foreign Trade Department, Ministry of Foreign Affairs and Foreign Trade, “Written statement submitted to the U.S. International Trade Commission in connection with Public Hearing on the Caribbean Region: Review of Economic Growth and Development, Washington, DC. January 29, 2008.”

**TABLE 2.10** Textiles and Apparel: Leading U.S. imports for consumption under CBERA, by product and source, 2005–08

| Source | Product Category (HS/HTS number) | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|
| | | Millions of $ | | | | |
| Haiti | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton (HTS 6109.10.00) | 99.8 | 159.6 | 148.9 | 154.7 | 3.8 |
| | Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesoi (HTS 6110.20.20) | 88.2 | 83.6 | 132.8 | 144.3 | 8.6 |
| | Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, not knitted or crocheted (HTS 6203.42) | 17.8 | 22.7 | 27.8 | 32.7 | 17.7 |
| | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers (HTS 6109.90.10) | 34.5 | 67.8 | 60.1 | 17.4 | -71.1 |
| | Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibers, not knitted or crocheted (HTS 6203.43) | 13.0 | 16.6 | 18.3 | 14.3 | -22.0 |
| | All other | 35.6 | 14.7 | 32.9 | 31.1 | -5.5 |
| | Total | 289.0 | 365.0 | 420.8 | 394.4 | -6.3 |
| Costa Rica | Stockings, socks, etc. nesoi (not surgical and not containing lace or net), knitted or crocheted, of cotton (HTS 6115.95.90[a]) | ([a]) | ([a]) | 58.6 | 64.0 | 9.1 |
| | Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, not knitted or crocheted (HTS 6203.42) | 74.7 | 75.6 | 72.4 | 18.2 | -74.9 |
| | Men's or boys' underpants and briefs, knitted or crocheted, of cotton (HTS 6107.11.00) | 23.5 | 22.1 | 16.2 | 16.4 | 1.0 |
| | Girdles and panty-girdles (HTS 6212.20.00) | 20.1 | 16.0 | 17.7 | 11.2 | -36.7 |
| | Brassieres, whether or not knitted or crocheted (HTS 6212.10) | 8.8 | 9.0 | 7.4 | 10.9 | 46.4 |
| | All other | 225.4 | 213.1 | 132.7 | 73.7 | -44.5 |
| | Total | 352.4 | 335.8 | 305.1 | 194.3 | -36.3 |
| Jamaica | Total | 52.0 | 46.6 | 35.8 | 15.7 | -56.0 |
| CAFTA-DR countries | Total | 5,869.9 | 2,418.1 | 150.4 | 0.0 | -100.0 |
| All other CBERA countries | Total | 21.4 | 22.1 | 15.0 | 4.9 | -67.4 |
| | Grand total | 6,584.7 | 3,187.6 | 927.1 | 609.3 | -34.3 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or otherwise included."

[a] Trade in 2005 and 2006 reported under part of HTS 6115.92.90.

articles that entered the United States duty-free in 2008 entered under the HOPE Acts. Imports under HOPE I began in July 2007, and accounted for 3 percent ($13.6 million) of total U.S. imports of apparel from Haiti by year-end 2007. In 2008, the first full calendar year of operation of HOPE I and the first partial year of HOPE II, apparel imports entered under the Acts increased more than fivefold to almost $75 million and accounted for 18.2 percent of total U.S apparel imports from Haiti.

**TABLE 2.11** Textiles and apparel: U.S. general imports from CBERA countries, by duty treatment 2008

| | Costa Rica[a] | Haiti[b] | Jamaica | All other | Total |
|---|---|---|---|---|---|
| | Millions of $ | | | | |
| **Duty-free under CBTPA, HOPE I, and HOPE II:** | | | | | |
| Apparel assembled from U.S.-formed and -cut fabric[c] | 67.8 | 1.2 | 0.1 | 0.3 | 69.3 |
| Apparel cut and assembled from U.S. fabric[d] | 91.9 | 40.4 | 12.1 | 4.3 | 148.7 |
| Certain apparel of "regional knit fabrics"[e] | 22.1 | 288.7 | 3.6 | 0.0 | 314.3 |
| HOPE Acts | - | 75.0 | - | - | 75.0 |
| All other | 10.6 | 2.5 | 0.0 | 0.0 | 13.1 |
| Total | 192.4 | 407.7 | 15.7 | 4.6 | 620.5 |
| **Non-preferential imports:** | | | | | |
| Under HTS 9802.00.80[f] | 99.5 | 0.4 | 0.8 | 0.6 | 101.3 |
| At NTR duty rates | 15.3 | 4.3 | 0.0 | 4.4 | 24.0 |
| Total | 114.8 | 4.7 | 0.8 | 5.0 | 125.3 |
| Grand total | 307.2 | 412.4 | 16.6 | 9.6 | 745.8 |

*Source:* Compiled from official statistics of the U.S. Department of Commerce, found at http://otexa.ita.doc.gov.

*Note*: Because of rounding, figures may not add to totals shown (except as noted in footnotes a, b, and c). Data in this table (U.S. general imports) are not comparable to data in table 2.10 (U.S. imports for consumption).

[a] Does not include imports under original CBERA, which are included in table 2.10.
[b] Includes imports under HOPE Acts not entered under CBTPA, which are not included in table 2.10.
[c] HTS 9802.00.8044 and 9820.11.03. See table 1.2 for more detail.
[d] HTS 9820.11.06 and 9820.11.18. See table 1.2 for more detail.
[e] HTS 9820.11.09 and 9820.11.12. See table 1.2 for more detail.
[f] Under HTS 9802.00.8068 (articles assembled from any fabric cut in the United States) and 9802.00.8015 (apparel assembled from U.S.-formed and -cut fabric), U.S. importers receive a partial duty exemption for articles assembled abroad in whole or in part of U.S. components. In general, the duty is assessed only on the value added abroad (mainly the cost of sewing the garment parts together). The fabric for making the garment parts can be of either U.S. or foreign origin as long as the fabric was cut to shape (components) in the United States, exported ready for assembly, and not advanced in value abroad except by assembly and incidental operations. Imports under this program have decreased substantially in recent years because of preferential treatment offered under the CBTPA and most recently under the HOPE Acts and also because of increased sourcing from Asian suppliers. Because CAFTA-DR entered into force for Costa Rica (previously the largest beneficiary under this provision) on January 1, 2009, U.S. imports entering under this provision from CBERA countries in the future will likely be negligible.

### Other Mining and Manufacturing Products [4]

U.S. imports of other mining and manufacturing products under CBERA preferences were $561 million in 2007 and $483 million in 2008, compared to $1.2 billion in 2005 (table 2.12). However, in 2008, the value of U.S. imports of other mining and manufacturing products under CBERA from current CBERA beneficiaries increased 2.8 percent, slightly outpacing growth in the value of total global U.S. imports of other mining and manufacturing products, which increased 2.2 percent. Imports of plastic products (HTS chapter 39) and rubber products (HTS chapter 40) accounted for more than one-half of all U.S. imports of other mining and manufacturing products under CBERA in 2008. Costa Rica and The Bahamas were the principal sources of imports of other mining and manufacturing products under CBERA, accounting for more than 80 percent of these imports. The largest increases in U.S. imports of other mining and manufacturing products under CBERA in 2008 were from Guyana and the Netherlands Antilles; imports from Costa Rica and St. Kitts and Nevis decreased.

**TABLE 2.12** Other mining and manufacturing: Leading U.S. imports for consumption under CBERA, by product and source, 2005–08

| Source | Product Category (HS/HTS number) | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|
| | | Millions of $ | | | | |
| Costa Rica | New pneumatic radial tires, of rubber, of a kind used on motor cars (including station wagons and racing cars) (HTS 4011.10.10) | 58.7 | 63.7 | 79.6 | 91.7 | 15.3 |
| | Electrical apparatus for protecting electrical circuits, for a voltage not exceeding 1,000 v, n.e.s.o.i. (HTS 8536.30.80) | 0.0 | 0.0 | 27.1 | 29.4 | 8.3 |
| | Nonadhesive plates, sheets, film, foil and strip, cellular, of polymers of vinyl chloride, combined with textile materials, n.e.s.o.i. (HTS 3921.12.19) | 5.4 | 17.7 | 19.9 | 20.7 | 3.9 |
| | Gaskets, washers and other seals, of noncellular vulcanized rubber other than hard rubber (HTS 4016.93.50) | 49.9 | 51.3 | 34.9 | 12.2 | -65.1 |
| | Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal n.e.s.o.i. (HTS 7113.19.50) | 17.4 | 20.4 | 12.2 | 9.8 | -19.8 |
| | Pencils & crayons, with leads encased in a rigid sheath (HTS 9609.10.00) | 11.4 | 10.9 | 8.8 | 9.2 | 5.1 |
| | Jewelry articles of precious or semiprecious stones, valued over $40 per piece (HTS 7116.20.15) | 7.2 | 9.5 | 11.9 | 8.3 | -30.2 |
| | All other | 116.9 | 108.1 | 87.6 | 77.6 | -11.4 |
| | Total | 266.9 | 281.5 | 281.9 | 258.8 | -8.2 |
| Bahamas | Polystyrene, expandable, in primary forms (HTS 3903.11.00) | 107.5 | 121.5 | 133.2 | 135.5 | 1.8 |
| | All other | 0.5 | 0.5 | 0.4 | 0.3 | -34.5 |
| | Total | 108.0 | 122.0 | 133.6 | 135.8 | 1.6 |
| Guyana | Gold, nonmonetary, unwrought (o/than gold bullion and ore) (HTS 7108.12.50) | 0.0 | 0.0 | 0.0 | 13.1 | N/A |
| | All other | 1.3 | 0.2 | 2.5 | 3.0 | 18.2 |
| | Total | 1.3 | 0.2 | 2.5 | 16.1 | 538.7 |
| CAFTA-DR countries | Total | 726.4 | 735.2 | 90.7 | 0.0 | -100.0 |
| All other CBERA countries | Total | 71.7 | 66.5 | 51.3 | 71.9 | 40.2 |
| | Grand total | 1,174.1 | 1,205.5 | 560.1 | 482.5 | -13.8 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or otherwise included."

U.S. imports of other mining and manufacturing products under CBERA from Costa Rica decreased 8.2 percent, from $282 million in 2007 to $259 million in 2008. Imports of automobile tires (HTS 4011.10.10) increased 15.3 percent to $91.7 million, mainly because of higher prices. Imports under CBERA of electrical circuit protectors (HTS 8536.30.80) from Costa Rica increased 8.3 percent to $29.4 million, while polymers of vinyl chloride combined with textile materials (HTS 3921.12.19) increased 3.9 percent to $20.7 million in 2008.

Essentially all U.S. imports of other mining and manufacturing products under CBERA from The Bahamas were expandable polystyrene in primary forms (HTS 3903.11.00), which increased 1.7 percent from $133 million in 2007 to $136 million in 2008, mainly because of higher prices.

***Footwear and footwear parts***

The CBTPA granted NAFTA-equivalent tariff treatment to most footwear and certain other articles that were ineligible for duty-free treatment under the original CBERA.[24] U.S. imports of footwear (except footwear uppers and parts) from CBERA countries have traditionally been small, accounting for less than 1 percent of the total quantity and value of total U.S. footwear imports in recent years. For years, the Dominican Republic accounted for over 90 percent of all of the footwear imported into the United States from the CBERA region. Since the Dominican Republic moved from CBERA to CAFTA-DR in March 2007, the total quantity and value of U.S. footwear imports under CBERA has contracted substantially, totaling less than $50,000 in 2008.

# Total U.S. Exports

Total U.S. exports to CBERA beneficiary countries were $19.7 billion in 2007 and $23.5 billion in 2008, compared to $26.0 billion in 2005 (figure 2.4). In 2008, U.S. exports to CBERA countries were 2.0 percent of all U.S. exports, compared to 1.8 percent for current CBERA beneficiary countries in 2007. In 2005, CBERA countries accounted for 3.2 percent of U.S. exports. In 2008, U.S. exports to CBERA countries grew 19.1 percent—more than total global U.S. exports, which grew 11.8 percent. Of the $23.5 billion in exports to CBERA countries in 2008, energy products accounted for 26.9 percent, agricultural products 12.0 percent, textile and apparel 1.3 percent, and other mining and manufacturing 51.3 percent.

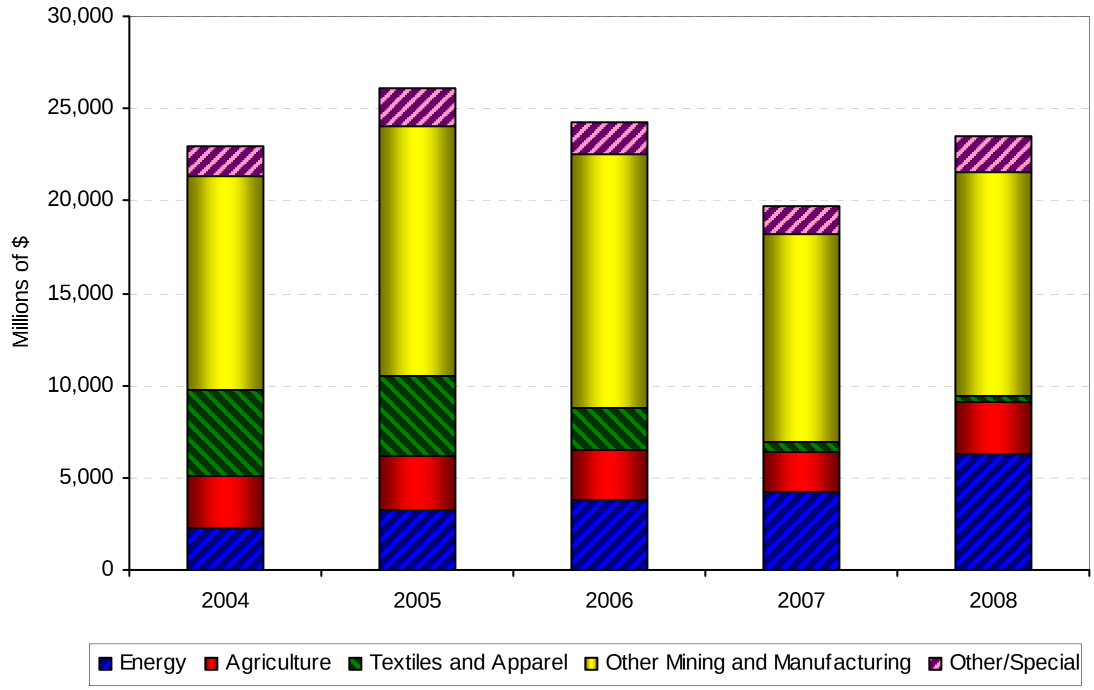
The composition of exports to CBERA countries in 2008 contrasts greatly with that of 2005. Energy products more than doubled as a share of total exports, from 12.4 percent of exports in 2005 to 26.9 percent in 2008, mainly due to increased prices and consumption. Meanwhile, U.S. exports of textiles and apparel to CBERA countries (mostly fabric and other inputs for producing apparel) were only a small fraction of what they once were because the largest apparel-producing CBERA countries (which use U.S. fabric and other U.S. apparel inputs) lost their CBERA eligibility upon accession to CAFTA-DR. In 2005, exports of textiles and apparel were 16.6 percent of U.S. exports to CBERA countries.

## *U.S. Exports by Country*

Table 2.13 shows total U.S. exports to CBERA countries from 2004 to 2008. Costa Rica, Panama, the Netherlands Antilles, The Bahamas, Jamaica, and Trinidad and Tobago were the leading CBERA country destinations for U.S. exports, accounting for more than 80 percent of all U.S. exports to CBERA countries in 2008. The largest dollar value increases in U.S. exports to CBERA countries in 2008 were to Panama, the Netherlands Antilles, Costa Rica, Trinidad and Tobago, and Jamaica. U.S. exports to Panama increased 32.1 percent to $4.6 billion, owing mainly to increased exports of refined petroleum products (HS 2710.11 and 2710.19) and corn (HS 1005.90). U.S. exports to the Netherlands Antilles increased 43.8 percent to $2.7 billion, primarily due to increased exports of refined petroleum products (HS 2710.11 and 2710.19) and jewelry (HS

[24] Zoris (thonged sandals), disposable footwear, and most footwear uppers and parts, however, were eligible for duty-free treatment under NTR duty rates or the original CBERA.

**FIGURE 2.4** U.S. exports to CBERA countries, by major product categories, 2004–08




*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits.

7113.19). The 19.5 percent increase in U.S. exports to Costa Rica to $5.0 billion was mainly due to increased exports of processors or controllers (HS 8542.31), fuel oil (HS 2710.19), and corn (HS 1005.90). U.S. exports to Trinidad and Tobago increased 27.8 percent to $2.1 billion due to higher exports of parts for boring or sinking machinery (HS 8431.43) and wheat (HS 1001.90). The 14.3 percent increase in U.S. exports to Jamaica of $321 million to $2.6 billion was driven mostly by increased exports of fuel oil (HS 2710.19), sodium hydroxide (HS 2815.12), and wheat (HS 1001.90).

## *Product Composition and Leading Exports*

Table 2.14 shows the leading U.S. exports to CBERA countries by major product category, while table 2.15 shows exports by individual product. In 2008, the largest product categories of U.S. exports to CBERA countries were mineral fuels (HS chapter 27), non-electrical machinery (HS chapter 84), electrical machinery (HS chapter 85), cereals (HS chapter 10), and plastics (HS chapter 39). Collectively, these product categories accounted for more than half of all U.S. exports to CBERA countries in 2008. Mineral fuels accounted for 26.9 percent of U.S. exports to CBERA countries in 2008, up from 21.3 percent in 2007.

**TABLE 2.13** U.S. exports to select CBERA countries, by source, 2004–08

| Market | 2004 | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|
| | Millions of $ | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Costa Rica | 3,028.8 | 3,296.8 | 3,877.1 | 4,224.3 | 5,047.8 | 19.5 |
| Panama | 1,642.7 | 1,981.9 | 2,523.6 | 3,492.4 | 4,614.6 | 32.1 |
| Netherlands Antilles | 717.5 | 974.8 | 1,324.4 | 1,897.0 | 2,728.6 | 43.8 |
| Bahamas | 1,121.4 | 1,703.4 | 2,224.5 | 2,422.8 | 2,697.0 | 11.3 |
| Jamaica | 1,320.6 | 1,595.6 | 1,944.4 | 2,236.7 | 2,557.4 | 14.3 |
| Trinidad and Tobago | 1,150.5 | 1,366.5 | 1,511.6 | 1,679.1 | 2,146.0 | 27.8 |
| Haiti | 649.9 | 674.7 | 772.9 | 696.2 | 921.7 | 32.4 |
| Aruba | 338.5 | 502.4 | 481.9 | 492.5 | 629.2 | 27.8 |
| Barbados | 303.1 | 355.2 | 402.2 | 418.3 | 454.6 | 8.7 |
| Belize | 143.7 | 209.8 | 230.0 | 227.9 | 342.6 | 50.3 |
| All other | 630.9 | 859.7 | 1,030.4 | 1,063.0 | 1,357.2 | 27.7 |
| Total | 11,047.6 | 13,520.8 | 16,322.9 | 18,850.3 | 23,496.7 | 24.6 |
| Former CBERA beneficiaries:[b] | | | | | | |
| Dominican Republic | 4,116.1 | 4,351.2 | 5,033.1 | 874.1 | 0.0 | N/A |
| Guatemala | 2,436.9 | 2,665.8 | 1,627.3 | 0.0 | 0.0 | N/A |
| Honduras | 3,019.2 | 3,155.1 | 831.5 | 0.0 | 0.0 | N/A |
| El Salvador | 1,811.5 | 1,778.4 | 308.6 | 0.0 | 0.0 | N/A |
| Nicaragua | 567.5 | 589.5 | 169.4 | 0.0 | 0.0 | N/A |
| Total | 11,951.2 | 12,540.2 | 7,970.0 | 874.1 | 0.0 | -100.0 |
| Grand Total | 22,998.8 | 26,061.0 | 24,292.9 | 19,724.4 | 23,496.7 | 19.1 |
| | Percent of total | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Costa Rica | 13.2 | 12.7 | 16.0 | 21.4 | 21.5 | 0.1 |
| Panama | 7.1 | 7.6 | 10.4 | 17.7 | 19.6 | 1.9 |
| Netherlands Antilles | 3.1 | 3.7 | 5.5 | 9.6 | 11.6 | 2.0 |
| Bahamas | 4.9 | 6.5 | 9.2 | 12.3 | 11.5 | -0.8 |
| Jamaica | 5.7 | 6.1 | 8.0 | 11.3 | 10.9 | -0.5 |
| Trinidad and Tobago | 5.0 | 5.2 | 6.2 | 8.5 | 9.1 | 0.6 |
| Haiti | 2.8 | 2.6 | 3.2 | 3.5 | 3.9 | 0.4 |
| Aruba | 1.5 | 1.9 | 2.0 | 2.5 | 2.7 | 0.2 |
| Barbados | 1.3 | 1.4 | 1.7 | 2.1 | 1.9 | -0.2 |
| Belize | 0.6 | 0.8 | 0.9 | 1.2 | 1.5 | 0.3 |
| All other | 2.7 | 3.3 | 4.2 | 5.4 | 5.8 | 0.4 |
| Total | 48.0 | 51.9 | 67.2 | 95.6 | 100.0 | 4.4 |
| Former CBERA beneficiaries:[b] | | | | | | |
| Dominican Republic | 17.9 | 16.7 | 20.7 | 4.4 | 0.0 | -4.4 |
| Guatemala | 10.6 | 10.2 | 6.7 | 0.0 | 0.0 | 0.0 |
| Honduras | 13.1 | 12.1 | 3.4 | 0.0 | 0.0 | 0.0 |
| El Salvador | 7.9 | 6.8 | 1.3 | 0.0 | 0.0 | 0.0 |
| Nicaragua | 2.5 | 2.3 | 0.7 | 0.0 | 0.0 | 0.0 |
| Total | 52.0 | 48.1 | 32.8 | 4.4 | 0.0 | -4.4 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 0.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits. The abbreviation, "n.e.s.o.i." stands for "not elsewhere specified or included." Table E.5 of appendix E is a longer version of this table which includes all 24 current and former CBERA beneficiaries.

[a] Countries that were CBERA beneficiaries as of December 31, 2008.
[b] Countries for which U.S.-CAFTA-DR entered into force before January 1, 2009.

Exports of mineral fuels (HS chapter 27) increased $2.1 billion, or 50.0 percent, to $6.3 billion in 2008. This increase is due mainly to the increased exports of fuel oil (HS 2710.19), which increased 51.0 percent to $5.5 billion, and light oils (HS 2710.11), which increased 40.3 percent to $749 million (table 2.15). Non-electrical machinery (HS chapter 84) increased 12.7 percent to $2.4 billion. Aircraft exports (HS chapter 88) increased 44.4 percent to $514 million. Electrical machinery exports (HS chapter 85) increased 1.5 percent to $2.2 billion, due to an increase in exports of processors or controllers (HS 8542.31), which increased 28.6 percent to $931 million. Exports of cereals (HS chapter 10) increased 44.2 percent to $1.1 billion, primarily due to large increases in exports of both wheat (HS 1001.90) and corn (HS 1005.90). Exports of wheat (HS 1001.90) increased 74.7 percent to $367 million, while exports of corn (HS 1005.90) increased 25.8 percent to $352 million.

Exports of textiles and apparel (consisting primarily of yarns, fabrics, and cut garment parts for use in producing apparel for export to the United States) declined 43.2 percent from $556 million in 2007 to $316 million in 2008 (table 2.16) due to the Dominican Republic acceding to CAFTA-DR on March 1, 2007.

U.S. exports of cut garment pieces, yarns, and fabrics to Haiti fell sharply in 2008, by 43.3 percent from $65.6 million in 2007 to $37.2 million in 2008. One industry source in Haiti attributes this decline to a shift in the location of manufacturing activities.[25] Although Haiti used to assemble many T-shirts from fabric wholly formed and cut in the United States or fleece products from fabric made in Canada and cut in the United States, some of the textile mills producing this fabric have recently relocated to Honduras and the Dominican Republic.[26] Also, even before the implementation of HOPE,[27] yarn-spinning capacity to produce fabric had been growing in the region, especially in the Dominican Republic. Fabric produced in the Dominican Republic from U.S. yarn is likely shipped to Haiti, where it is cut and sewn into apparel.[28]

[25] Industry representative, e-mail to Commission staff, June 30, 2009.
[26] Industry representative, e-mail to Commission staff, June 30, 2009.
[27] U.S. exports of yarn to the Dominican Republic more than quadrupled between 2005 to 2008, rising from $50.5 million to $238 million. Based on official statistics of the U.S. Department of Commerce.
[28] USITC, *Textiles and Apparel: Effects of Special Rules for Haiti on Trade Markets and Industries*, 2008, 2-7.

**TABLE 2.14** Leading U.S. exports to CBERA countries, by major product categories, 2004–08

| HS chapter | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| | | Millions of $ | | | | |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 2,291 | 3,216 | 3,842 | 4,209 | 6,315 |
| 84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof | 2,068 | 2,637 | 2,455 | 2,145 | 2,417 |
| 85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories | 2,534 | 2,693 | 2,973 | 2,186 | 2,219 |
| 10 | Cereals | 1,066 | 1,095 | 942 | 746 | 1,076 |
| 39 | Plastics and articles thereof | 1,098 | 1,216 | 1,074 | 722 | 750 |
| 87 | Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof | 585 | 759 | 810 | 705 | 728 |
| 71 | Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin | 577 | 708 | 866 | 682 | 621 |
| 90 | Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof | 535 | 676 | 709 | 564 | 533 |
| 88 | Aircraft, spacecraft, and parts thereof | 329 | 360 | 428 | 356 | 514 |
| 48 | Paper and paperboard; articles of paper pulp, paper or paperboard | 711 | 761 | 672 | 464 | 472 |
| | All other | 11,204 | 11,940 | 9,521 | 6,945 | 7,851 |
| | Total | 22,999 | 26,061 | 24,293 | 19,724 | 23,497 |
| | | Percent of total | | | | |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 10.0 | 12.3 | 15.8 | 21.3 | 26.9 |
| 84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof | 9.0 | 10.1 | 10.1 | 10.9 | 10.3 |
| 85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories | 11.0 | 10.3 | 12.2 | 11.1 | 9.4 |
| 10 | Cereals | 4.6 | 4.2 | 3.9 | 3.8 | 4.6 |
| 39 | Plastics and articles thereof | 4.8 | 4.7 | 4.4 | 3.7 | 3.2 |
| 87 | Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof | 2.5 | 2.9 | 3.3 | 3.6 | 3.1 |
| 71 | Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin | 2.5 | 2.7 | 3.6 | 3.5 | 2.6 |
| 90 | Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof | 2.3 | 2.6 | 2.9 | 2.9 | 2.3 |
| 88 | Aircraft, spacecraft, and parts thereof | 1.4 | 1.4 | 1.8 | 1.8 | 2.2 |
| 48 | Paper and paperboard; articles of paper pulp, paper or paperboard | 3.1 | 2.9 | 2.8 | 2.4 | 2.0 |
| | All other | 48.7 | 45.8 | 39.2 | 35.2 | 33.4 |
| | Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits.

**TABLE 2.15** Leading U.S. exports to CBERA countries, 2004–08

| HS number | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
| --- | --- | --- | --- | --- | --- | --- |
| | | Millions of $ | | | | |
| 2710.19 | Petroleum oils & oils (not light) from bituminous minerals or preps n.e.s.o.i. 70%+ by wt. from petroleum oils or bituminous min. | 1,805.7 | 2,714.6 | 3,281.1 | 3,611.7 | 5,454.5 |
| 8542.31 | Processors or controllers | ([a]) | ([a]) | ([a]) | 724.6 | 931.4 |
| 2710.11 | Light oils and preparations from petroleum oils & oils from bituminous min. or preps 70%+ by wt. from petro. oils or bituminous min. | 397.6 | 404.4 | 430.5 | 533.4 | 748.6 |
| 1001.90 | Wheat and meslin (other than durum wheat) | 335.5 | 358.4 | 283.5 | 209.9 | 366.7 |
| 1005.90 | Corn (maize), other than seed corn | 396.5 | 412.8 | 380.6 | 280.1 | 352.4 |
| 7113.19 | Jewelry and parts thereof, of precious metal other than silver | 262.6 | 289.2 | 394.7 | 320.7 | 315.0 |
| 8802.40 | Airplanes and other aircraft n.e.s.o.i., of an unladen weight exceeding 15,000 kg | 187.6 | 109.3 | 163.9 | 189.5 | 240.3 |
| 1006.30 | Rice, semi-milled or wholly milled, whether or not polished or glazed | 137.8 | 127.9 | 148.7 | 135.1 | 219.2 |
| 8431.43 | Parts for boring or sinking machinery, n.e.s.o.i. | 157.8 | 150.7 | 143.1 | 189.8 | 216.6 |
| 7116.20 | Articles of precious or semiprecious stones (natural, synthetic or reconstructed) | 114.7 | 239.0 | 256.0 | 218.0 | 201.7 |
| 8517.12 | Telephones for cellular networks or for other wireless networks | ([b]) | ([b]) | ([b]) | 184.3 | 170.1 |
| 4804.11 | Kraftliner, uncoated, unbleached, in rolls or sheets | 181.0 | 195.0 | 210.6 | 156.0 | 158.1 |
| 2304.00 | Soybean oilcake and other solid residues resulting from the extraction of soybean oil, whether or not ground or in the form of pellets | 143.5 | 221.9 | 186.0 | 108.9 | 149.5 |
| 2815.12 | Sodium hydroxide (caustic soda), in aqueous solution (soda lye or liquid soda) | 52.7 | 131.0 | 137.2 | 123.4 | 146.2 |
| 8703.23 | Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc | 170.5 | 273.4 | 261.0 | 159.5 | 144.6 |
| 8802.30 | Airplanes and other aircraft n.e.s.o.i., of an unladen weight exceeding 2,000 kg but not exceeding 15,000 kg | 33.7 | 126.4 | 137.6 | 61.3 | 144.1 |
| 3901.10 | Polyethylene having a specific gravity of less than 0.94, in primary forms | 184.6 | 202.1 | 168.0 | 114.5 | 125.6 |
| 1201.00 | Soybeans, whether or not broken | 75.7 | 85.3 | 71.5 | 106.8 | 121.5 |
| 9018.90 | Instruments and appliances for medical, surgical or veterinary sciences, n.e.s.o.i., and parts and accessories thereof | 123.3 | 137.6 | 142.4 | 141.7 | 120.0 |
| 8473.30 | Parts and accessories for automatic data processing machines and units thereof, magnetic or optical readers, transcribing machines, etc., n.e.s.o.i. | 228.3 | 269.8 | 256.5 | 94.8 | 109.9 |
| | All other | 18,009.5 | 19,612.1 | 17,240.1 | 12,060.2 | 13,060.8 |
| | Total | 22,998.8 | 26,061.0 | 24,292.9 | 19,724.4 | 23,496.7 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004–08 during which those countries were eligible for CBERA benefits. The abbreviation, "n.e.s.o.i." stands for "not elsewhere specified or otherwise included."

[a] Trade in 2004-06 reported under parts of items contained in HS subheadings 8542.21, 8542.29, and 8542.60.
[b] Trade in 2004-06 reported under parts of items contained in HS subheading 8425.20.

**TABLE 2.16** U.S. textile and apparel[a] sector exports to CBERA beneficiary countries, 2004–08

| Item | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| | | | Millions of $ | | |
| Apparel | 1,785.9 | 1,514.3 | 820.3 | 194.2 | 89.2 |
| Textiles | 2,911.7 | 2,808.1 | 1,455.0 | 362.1 | 227.1 |
| Total sector | 4,697.6 | 4,322.4 | 2,275.3 | 556.4 | 316.2 |
| | | | Percent of total | | |
| Apparel | 38.0 | 35.0 | 36.1 | 34.9 | 28.2 |
| Textiles | 62.0 | 65.0 | 63.9 | 65.1 | 71.8 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: Data for 2006 include U.S. exports to El Salvador, Guatemala, Honduras, and Nicaragua only for the period during which those countries were eligible for CBERA benefits before CAFTA-DR entered into force. Data for 2007 include U.S. exports to the Dominican Republic only for the first two months of the year during which the Dominican Republic was eligible for CBERA benefits before CAFTA-DR entered into force in March 2007.

[a] U.S. apparel exports are classified in HTS chapters 61-62. U.S. textile exports are classified in HTS chapters 50-60 and 63.

# CHAPTER 3
# Impact of CBERA on the United States and Probable Future Effects

This chapter addresses the impact of the CBERA preference program on the economy of the United States in 2008, as well as its probable future effects. Products most affected by CBERA preferences in 2008 are identified in an impact analysis, focusing on products that can enter free of duty only under CBERA preferences. The main basis for the analysis of probable future effects is information on CBERA-related investment in the beneficiary countries. Most of the information on investment has been collected from U.S. embassies in the countries of the region.

## Key Findings

The overall effect of CBERA-exclusive imports (imports that can receive tariff preferences only under CBERA provisions) on the U.S. economy and on U.S. industries and consumers continued to be negligible in 2008. The five leading products benefiting exclusively from CBERA in 2008 were methanol, light crude oil, fuel ethanol, fresh or dried pineapples, and knitted cotton Tshirts. Fuel ethanol provided the largest single gain in consumer surplus and the largest net welfare gain. Methanol is the only U.S. industry that may have experienced displacement of more than 5 percent of the value of U.S. production in 2008. A large difference in natural gas feedstock prices between the United States and Trinidad and Tobago was the prime driver behind the decline in U.S. industry production and the increase in imports from Trinidad and Tobago in recent years.

The Commission analyzed 2007–08 investment trends in the CBERA countries for the near-term production and export of CBERA-eligible products. The Commission finds that this investment is not likely to result in imports that will have a measurable economic impact on U.S. consumers and producers, as CBERA countries generally are small suppliers relative to the U.S. market. Most of the effects of CBERA on the U.S. economy happened shortly after the program's implementation in 1984, or shortly after implementation of each of the major enhancements to CBERA, including CBTPA. Moreover, several countries that historically have been leading suppliers of imports under CBERA are no longer eligible for CBERA benefits, as those countries have implemented CAFTA-DR.

## Impact of CBERA on the United States in 2008

CBERA has had a minimal effect on the overall economy of the United States since its implementation in 1984. The value of U.S. imports entered under CBERA remained less than 0.04 percent of U.S. gross domestic product (GDP) in each year from 1984 through 2000. Starting in 2001, CBERA country producers took advantage of expanded opportunities under CBTPA and imports under CBERA increased considerably. However, even at their peak (2002–2005), they came to only 0.10 percent of U.S. GDP. Imports under CBERA fell to 0.03 percent of GDP in 2008, reflecting the movement of five countries from CBERA to CAFTA-DR during 2006 and 2007. As pointed out in chapter 2, the total value of U.S. imports from CBERA countries remained small in 2008, amounting to 0.9 percent of total U.S. imports. The impact of CBERA on U.S. industries and consumers was also minimal in 2008, as it has been in recent years.

CBTPA increased the number of products and sharply increased the value of imports benefiting from CBERA, especially apparel and petroleum and petroleum products. However, the value of the CBERA program to beneficiary countries and its potential to affect the U.S. economy, consumers, and industries has declined since implementation because the margin of preference for many products has eroded as NTR duty rates have fallen (to free in some instances) on many products produced in the region. In addition, the advantages of preferential access to the U.S. market have been diluted as more countries have received preferential access under other programs or FTAs, and as apparel quotas under the Agreement on Textiles and Clothing (ATC) ended in 2005.[1]

To evaluate the impact of CBERA, it is appropriate to consider only the portion of U.S. imports that can receive preferential treatment *only* under CBERA. Because some CBERA-eligible products are also eligible for duty-free entry under GSP, they were excluded from the analysis. Many apparel articles that became eligible for CBERA duty-free entry as a result of CBTPA contain U.S.-cut parts that are not dutiable under production-sharing arrangements (HTS heading 9802.00.80). The value of U.S.-cut parts incorporated in such articles, therefore, does not benefit exclusively from CBERA. In addition, because El Salvador, Honduras, Nicaragua, Guatemala, and the Dominican Republic lost CBERA eligibility upon acceding to CAFTA-DR during 2006 and 2007, data are included for these countries only for the period for which they were still CBERA beneficiaries in those years.

Because tariff preferences under the original CBERA legislation are permanent, this ensures that products from CBERA beneficiary countries that are also eligible for GSP can continue to enter the United States free of duty, making investment in such products more attractive than would be the case in the absence of CBERA.[2] Investment that depends solely on GSP for duty-free preferences can be seen as riskier because of the uncertainties surrounding the periodic renewals of GSP and because certain products from particular countries may exceed competitive-need limits and may therefore lose GSP eligibility, as was discussed in chapter 1. Quantifying these effects is beyond the scope of this study.

This section defines products that benefit exclusively from CBERA; presents quantitative estimates of the impact of CBERA on U.S. consumers, the U.S. Treasury, and U.S. industries whose goods compete with CBERA imports; and describes the U.S. imports that benefited exclusively from CBERA in 2008 and had the largest potential impact on competing U.S. industries.

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[1] For most intents and purposes, CBERA countries were not subject to apparel quotas. See USITC, *The Impact of CBERA: 17th Report*, 2005, chap. 3, for more detail on the erosion of the margin of preference.

[2] With the exception of 11 tariff lines, none of the products excluded from permanent CBERA provisions are eligible for normal GSP treatment. A limited number of products excluded from permanent CBERA provisions—mostly canned tuna and petroleum and petroleum products—are eligible for GSP treatment if they originate in least-developed GSP beneficiary countries. Haiti is the only such least-developed country among CBERA countries.

## *Products That Benefited Exclusively from CBERA in 2008*

U.S. imports of products benefiting exclusively from CBERA are defined as those that enter under either CBERA duty-free or CBERA reduced-duty provisions and are not eligible to enter free of duty under NTR rates or under other programs, such as GSP.[3] Consistent with this definition, GSP-eligible items imported from CBERA countries that entered under CBERA preferences are considered to benefit exclusively from CBERA only if they originated in a country that is not currently a designated GSP beneficiary or if imports of the item from a certain country exceeded GSP competitive-need limits.[4]

From the implementation of CBERA in 1984 until 2000, U.S. imports that benefited exclusively from CBERA accounted for a relatively small portion of total U.S. imports from CBERA countries. This portion rose steadily through 1993, mainly through growth in imports of products that had exceeded GSP competitive-need limits. From 1993 onward, with the exception of 1995 and 1996, the portion ranged from 8.4 to 10.1 percent before dropping significantly in 1999 to less than 7.0 percent.[5] Starting in 2001, the first full year that CBTPA was in effect, the share of U.S. imports benefiting exclusively from CBERA rose significantly and increased again in 2002 before stabilizing around 30–32 percent during 2002–2006, as CBERA-country textile and apparel producers adjusted production patterns and petroleum importers took greater advantage of CBERA provisions (table 3.1).

The value of U.S. imports that benefited exclusively from CBERA decreased from $4.9 billion in 2007 to $4.1 billion in 2008, or by 15.3 percent (table 3.1). Such imports accounted for 21.1 percent of total U.S. imports from CBERA countries in 2008, compared with 25.5 percent in 2007. The reduction is partly as a result of a shift in imports of refined petroleum products from Trinidad and Tobago from CBERA to NTR.

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[3] Since the CBTPA amended CBERA, the two categories—"imports under CBERA" and "imports benefiting exclusively from CBERA"—include imports made eligible for preferential treatment by CBTPA.

[4] In 2008, Antigua and Barbuda, Aruba, The Bahamas, Barbados, and the Netherlands Antilles, were the only CBERA countries that were not designated GSP-beneficiary countries. Trinidad and Tobago is slated to lose its GSP-beneficiary status effective January 1, 2010.

A beneficiary developing country loses GSP benefits for an eligible product when U.S. imports of the product exceed either a specific annually adjusted value or 50 percent of the value of total U.S. imports of the product in the preceding calendar year—the so-called competitive-need limit (sec. 503(c)(2) of the Trade Act of 1974, as amended). CBERA has no competitive-need limits. Thus, eligible products that are excluded from duty-free entry under GSP because their competitive-need limits have been exceeded can still receive duty-free entry under CBERA. Statistics reported for the customs value of U.S. imports generally include the U.S. value of items imported under production-sharing provisions (HTS heading 9802.00.80). Such U.S. value is generally free of duty. As such, it is excluded from the value of imports that benefit exclusively from CBERA in 2008. In addition, items that are free of duty under NTR rates are sometimes erroneously recorded as entering under CBERA provisions. Such items have been excluded from the total value of imports benefiting exclusively from CBERA in table 3.1 in 2004–08.

[5] The "exclusively benefiting" shares were markedly higher in 1995 and 1996, mainly because of the lapse in the GSP program from August 1, 1995, through September 30, 1996, and subsequent increased use of CBERA provisions to ensure duty-free entry. See USITC, *The Impact of CBERA: 12th Report*, 1997, 35–36, for further explanation of the assumptions and analysis used to deal with the lapse in GSP. Because of the assumptions about GSP made in the 1995 and 1996 CBERA reports, the findings derived from the analysis in those reports are not strictly comparable to the findings in subsequent reports in this series or in reports previous to the 1995 report, despite the similar analytical approach used.

**TABLE 3.1** Total imports from CBERA beneficiaries, imports entered under CBERA provisions, and imports that benefited exclusively from CBERA provisions, 2004–08

| Item | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| Total imports from CBERA beneficiaries: | | | | | |
| Value (*millions of $*[a]) | 27,555 | 31,814 | 25,755 | 19,058 | 19,486 |
| Imports entered under CBERA provisions:[b] | | | | | |
| Value (*millions of $*[a]) | 10,937 | 12,336 | 9,915 | 5,496 | 4,726 |
| Percent of total | 39.7 | 38.8 | 38.5 | 28.8 | 24.3 |
| Imports that benefited exclusively from CBERA provisions: | | | | | |
| Value (*millions of $*[a]) | 8,304 | 9,834 | 8,175 | 4,862 | 4,120 |
| Percent of total | 30.1 | 30.9 | 31.7 | 25.5 | 21.1 |

*Source*: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

[a] Customs value.
[b] Includes articles entered free of duty or at reduced duties under CBERA provisions.

The 20 leading items that benefited exclusively from CBERA are shown in table 3.2. The most notable change in the value of such imports was for fuel ethanol (HTS 2207.10.60). Imports of fuel ethanol increased by 83.4 percent from 2007 to 2008.[6] Other notable changes occurred with respect to light crude oil (HTS 2709.00.20), down 31.0 percent, and methanol (HTS 2905.11.20) from Trinidad and Tobago, up 17 percent. All of the apparel items, except knitted cotton tops, experienced substantial drops in CBERA-exclusive imports, reflecting the movement of the Dominican Republic, a major apparel-producing country, from CBERA to CAFTA-DR during 2007.

Eight products not on the list in 2006 were added to it in 2008: naphthas (HTS 2710.11.25); frozen orange juice (HTS 2009.11.00); fresh, chilled, or dried cassava (HTS 0714.10.20) from Costa Rica; knitted cotton socks (HTS 6115.95.90); banana pulp (HTS 2008.99.13) from Costa Rica; denatured fuel ethanol (HTS 2207.20.00); frozen cassava (HTS 0714.10.10) from Costa Rica; and frozen boneless beef (HTS 0202.30.50). Costa Rica is the sole or main source of all of these imports except naphthas and denatured ethanol, both of which come from Trinidad and Tobago. The eight products that were replaced were light oil mixtures (HTS 2710.19.50); precious metal jewelry (HTS 7113.19.50) from the Dominican Republic, The Bahamas, Aruba, and the Netherlands Antilles; higher priced cigars (HTS 2403.10.80) from the Dominican Republic, The Bahamas, and Nicaragua; raw cane sugar (HTS 1701.11.10) from the Dominican Republic; brassieres not containing lace (HTS 6216.10.90); women's or girls' woven cotton pants (HTS 6204.62.40); and fresh pineapples, reduced in size (HTS 0801.30.60). The Dominican Republic was the sole or main source of all of these products except light oil mixtures and pineapples.

CAFTA-DR countries were the main source of imports under CBERA in past years, and the departure of these countries from CBERA has removed products that came from these countries from the list of products benefiting exclusively from CBERA. As a result, only

[6] The leading imports benefiting exclusively from CBERA in 2007 are reported in table F.1. The large change in exclusively benefiting imports of fuel ethanol (undenatured) under HTS 2207.10.60 reflects price increases common to most energy-related products and also an increase in total import volume. When imports of denatured fuel ethanol (HTS 2207.20.00) are included, imports of fuel ethanol under both HTS numbers increased 53.2 percent.

**TABLE 3.2** Value of leading imports that benefited exclusively from CBERA, 2008
(*1,000 dollars*)

| HTS number | Description | Customs value | C.i.f. value |
|---|---|---|---|
| 2905.11.20[a] | Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel | 1,175,155 | 1,260,465 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 903,986 | 925,635 |
| 2207.10.60 | Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes | 483,064 | 507,289 |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 393,138 | 455,369 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 168,880 | 172,232 |
| 6110.20.20 | Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i. | 145,801 | 149,711 |
| 2710.11.25 | Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils | 143,645 | 147,653 |
| 3903.11.00[b] | Polystyrene, expandable, in primary forms | 135,522 | 138,774 |
| 2009.11.00 | Orange juice, frozen, unfermented and not containing added spirit | 64,689 | 66,978 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc | 50,873 | 52,133 |
| 0714.10.20[c] | Cassava (manioc), fresh, chilled or dried, whether or not sliced or in the form of pellets | 25,500 | 30,774 |
| 6115.95.90 | Stockings, socks, etc. n.e.s.o.i. (not surgical and not containing lace or net), knitted or crocheted, of cotton | 22,496 | 24,111 |
| 6109.90.10 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers | 22,105 | 22,496 |
| 2008.99.13[c] | Banana pulp, otherwise prepared or preserved, n.e.s.o.i. | 17,116 | 22,420 |
| 2207.20.00 | Ethyl alcohol and other spirits, denatured, of any strength | 20,003 | 21,549 |
| 0714.10.10[c] | Cassava (manioc), frozen, whether or not sliced or in the form of pellets | 18,222 | 20,938 |
| 6107.11.00 | Men's or boys' underpants and briefs, knitted or crocheted, of cotton | 20,407 | 20,834 |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 19,571 | 20,347 |
| 6203.43.40 | Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc, cont under 36% wt wool, n/water resist, not k/c | 18,998 | 19,380 |
| 0202.30.50 | Bovine meat cuts, boneless, not processed, frozen, descr in add. US note 3 to Ch. 2 | 15,066 | 15,893 |

*Source*: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

*Note*: The abbreviation n.e.s.o.i. stands for “not elsewhere specified or otherwise included.”

[a] Includes only imports from Trinidad and Tobago. Item is GSP-eligible, but imports from Trinidad and Tobago exceeded the competitive-need limit and thus were eligible for duty-free entry only under CBERA.
[b] Includes only imports from The Bahamas. Item is GSP-eligible, but imports from The Bahamas exceeded the competitive-need limit and thus were eligible for duty-free entry only under CBERA.
[c] Includes only imports from Costa Rica. Item is GSP-eligible, but imports from Costa Rica exceeded the competitive-need limit and thus were eligible for duty-free entry only under CBERA.

one leading import that was identified in previous annual CBERA reports as benefiting exclusively from CBERA in each year between 1984 and 2007 continued to rank among the 20 leading U.S. imports in 2008. That product was fresh or dried pineapples in crates (HTS 0804.30.40).

## *Welfare and Displacement Effects of CBERA on U.S. Industries and Consumers in 2008*

The analytical approach for estimating the welfare and displacement effects of CBERA is described in the introduction to this report and is discussed in more detail in appendix D. A range of estimates is reported, reflecting those made assuming higher substitution elasticities (upper estimate) and those made assuming lower substitution elasticities (lower estimate).

The analysis was conducted on the 20 leading items that benefited exclusively from CBERA (table 3.2).[7] Estimates of welfare effects and potential effects on U.S. industry were calculated. Estimates of potential U.S. industry displacement effects were small, with only one industry—methanol—having an upper estimate of displacement of more than 5.0 percent, the cutoff traditionally used in this series for selecting industries for further analysis. A number of U.S. producers benefited from CBERA preferences because they supplied inputs to apparel assembled in CBERA countries. Those U.S. producers supplying cut apparel parts are included in the welfare and industry effects analysis. Those supplying fabric and yarn are not explicitly analyzed because of data limitations.[8]

### Items Analyzed

Although a large number of products are eligible for duty-free or reduced-duty entry under CBERA, a relatively small group of products accounts for most of the imports that benefit exclusively from CBERA. As noted previously, table 3.2 presents the 20 leading items that benefited exclusively from CBERA in 2008. They are ranked on the basis of their c.i.f. (customs value plus insurance and freight charges) import values that benefited exclusively from CBERA.[9] Those products represented 93.8 percent of the $3.9 billion in imports that benefited exclusively from CBERA during 2008.[10] The five leading CBERA-exclusive imports in 2008 were: (1) methanol from Trinidad and Tobago, (2) light crude oil, (3) undenatured fuel ethanol, (4) fresh or dried pineapples in crates, and (5) knitted cotton T-shirts.[11] Light crude oil and methanol ranked first and second, respectively, in 2006.

[7] USITC industry analysts provided estimates of U.S. production and exports for the 20 leading items that benefited exclusively from CBERA, as well as evaluations of the substitutability of CBERA-exclusive imports and competing U.S. products.

[8] To estimate the impact of CBERA on U.S. textile producers, it would be necessary to separate imports of apparel made with U.S. fabric and yarn from imports made from regional fabric. Data necessary to allow this distinction to be made are not available.

[9] In the analysis, U.S. market expenditure shares were used to compute estimates of welfare and domestic production displacement effects. U.S. expenditures on imports necessarily include freight and insurance charges and duties, when applicable. Therefore, where indicated in the text and supporting tables, the analysis used c.i.f. values for duty-free items and landed, duty-paid values for reduced-duty items benefiting exclusively from CBERA and for the remaining imports. Technically, landed, duty-paid values are equal to c.i.f. values for items entering free of duty. Because no duty is assessed on the U.S. value of imports entered under the production-sharing provisions of HTS heading 9802.00.80, such value is excluded from the value benefiting exclusively in table 3.2. To compute the market expenditure shares reported in table 3.3 and used in the analysis, the U.S. value was included.

[10] The import values reported in tables 3.2 and 3.3 do not include imports under each HTS provision on which full duties were paid. Even though all these products were eligible for CBERA tariff preferences, full duties were paid on a certain portion of imports under each HTS provision for a variety of reasons, such as failure to claim preferences, insufficient documentation, or because CBTPA requirements were not met.

[11] Leading CBERA suppliers are shown in tables 2.7–2.10.

For any particular item, the size of the U.S. market share accounted for by CBERA-exclusive imports (value of imports benefiting exclusively from CBERA relative to apparent consumption) was a major factor in determining the estimated impact on competing domestic producers.[12] Market shares varied considerably in 2008 (table 3.3). For instance, the market share of CBERA-exclusive imports of fresh pineapples (HTS 0804.30.40) was approximately 80 percent, whereas the market share of CBERA-exclusive imports of two of the three petroleum items was less than 1.0 percent.

## Estimated Effects on Consumers and Producers

Tables 3.4 and 3.5 present the estimated impact of CBERA tariff preferences on the U.S. economy in 2008.[13] Estimates of the gains in consumer surplus and the losses in tariff revenue, as well as measures of the potential displacement of U.S. production, are discussed below.

*Effects on U.S. consumers*

In 2008, fuel ethanol (both denatured and undenatured) provided the largest gain in consumer surplus ($77.1–$93.0 million) resulting exclusively from CBERA tariff preferences (table 3.4). The price U.S. consumers would have paid for imports of such ethanol from CBERA countries would have been about 24 percent higher (the ad valorem equivalent duty rate, adjusted for freight and insurance charges) without CBERA. Methanol from Trinidad and Tobago provided the second-largest gain in consumer surplus ($60.0–$61.6 million). Without CBERA, the import price of methanol from CBERA countries would have been about 5 percent higher. In general, items providing the largest gains in consumer surplus also have either the highest NTR tariff rates or the largest volumes of imports from CBERA countries, or both.

CBERA preferences also reduced U.S. tariff revenues, offsetting much of the gain in consumer surplus. For example, for fuel ethanol, reduced tariff revenues offset 57–72 percent of the gain in consumer surplus; for frozen orange juice, the offset was 61–75 percent. For many of the other items listed in table 3.4, especially those items with low NTR duty rates, lower tariff revenues offset nearly all of the gain in consumer surplus.

Overall, the estimated net welfare effects of CBERA were small. The gain in consumer surplus (column A of table 3.4) was greater than the corresponding decline in tariff revenue (column B) for all of the products analyzed for which data were available. Of the resulting net welfare gains, the largest for 2008 were for fuel ethanol ($25.7–$32.9 million) and methanol from Trinidad and Tobago ($2.9 –$4.3 million). Fuel ethanol also had the largest net welfare gain in 2006.[14]

[12] Other factors include the ad valorem equivalent tariff rate; the substitutability among beneficiary imports, nonbeneficiary imports, and domestic production; and the overall demand elasticity for the product category.

[13] The methodology is described in appendix D.

[14] See USITC, *The Impact of CBERA: 18th Report*, 2007, table 3-4, 3-9.

**TABLE 3.3** Value of leading imports that benefited exclusively from CBERA, apparent U.S. consumption, and CBERA-exclusive market share, 2008

| HTS number | Description | Imports from CBERA countries (c.i.f. value) A[a] | Apparent U.S. consumption B[b] | Market share (A/B) |
|---|---|---|---|---|
| | | Thousands of $ | | Percent |
| 2905.11.20 | Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel | 1,260,465 | 2,599,478 | 48.49 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 925,635 | 298,114,581 | 0.31 |
| 2207.10.60[c] | Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes | 507,289 | 22,954,363 | 2.30 |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 455,369 | 566,676 | 80.36 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 172,262 | 4,253,439 | 4.05 |
| 6110.20.20 | Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i. | 149,711 | 10,375,920 | 1.44 |
| 2710.11.25 | Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils | 147,653 | 13,115,514 | 1.13 |
| 3903.11.00 | Polystyrene, expandable, in primary forms | 138,774 | 679,862 | 20.41 |
| 2009.11.00 | Orange juice, frozen, unfermented and not containing added spirit | 66,978 | 1,706,995 | 3.92 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc | 52,133 | ([d]) | ([d]) |
| 0714.10.20 | Cassava (manioc), fresh, chilled or dried, whether or not sliced or in the form of pellets | 30,774 | ([d]) | ([d]) |
| 6115.95.90 | Stockings, socks, etc. n.e.s.o.i. (not surgical and not containing lace or net), knitted or crocheted, of cotton | 65,578 | ([d]) | ([d]) |
| 6109.90.10 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers | 22,497 | 1,163,471 | 1.93 |
| 2008.99.13 | Banana pulp, otherwise prepared or preserved, n.e.s.o.i. | 22,420 | ([d]) | ([d]) |
| 2207.20.00[c] | Ethyl alcohol and other spirits, denatured, of any strength | 21,549 | - | - |
| 0714.10.10 | Cassava (manioc), frozen, whether or not sliced or in the form of pellets | 20,938 | ([d]) | ([d]) |
| 6107.11.00 | Men's or boys' underpants and briefs, knitted or crocheted, of cotton | 20,834 | ([d]) | ([d]) |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 20,347 | 184,805,302 | 0.01 |
| 6203.43.40 | Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc, cont under 36% wt wool, n/water resist, not k/c | 19,444 | ([d]) | ([d]) |
| 0202.30.50 | Bovine meat cuts, boneless, not processed, frozen, descr in add. US note 3 to Ch. 2 | 15,893 | 40,717,947 | 0.04 |

*Source*: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

*Note*: The abbreviation, n.e.s.o.i., stands for “not elsewhere specified or otherwise included.”

[a] Includes value of U.S. components incorporated in imports entered under HTS heading 9802.00.80.
[b] Apparent U.S. consumption defined as U.S. production plus total imports (landed, duty-paid basis) minus exports.
[c] Apparent consumption for HTS 2207.10.60 and 2207.20.00 was aggregated into one category and reported under HTS 2207.10.60.
[d] U.S. production and/or export data not available.

**TABLE 3.4** Estimated welfare effects on the United States of leading imports that benefited exclusively from CBERA, 2008

| HTS number | Description | Gain in consumer surplus (A) Upper estimate | Gain in consumer surplus (A) Lower estimate | Loss in tariff revenue (B) Upper estimate | Loss in tariff revenue (B) Lower estimate | Net welfare effect (A-B) Upper estimate | Net welfare effect (A-B) Lower estimate |
|---|---|---|---|---|---|---|---|
| | | Thousands of $ | | | | | |
| 2905.11.20 | Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel | 60,021 | 61,568 | 55,704 | 58,649 | 4,317 | 2,919 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 902 | 903 | 900 | 901 | 2 | 1 |
| 2207.10.60 | Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes | 77,050 | 93,040 | 44,176 | 67,314 | 32,873 | 25,727 |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 6,645 | 6,664 | 6,608 | 6,646 | 38 | 19 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 22,440 | 24,916 | 17,980 | 22,311 | 4,460 | 2,605 |
| 6110.20.20 | Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i. | 19,330 | 21,508 | 15,449 | 19,257 | 3,881 | 2,252 |
| 2710.11.25 | Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils | 143 | 143 | 143 | 143 | ([a]) | ([a]) |
| 3903.11.00 | Polystyrene, expandable, in primary forms | 7,765 | 8,145 | 6,825 | 7,527 | 940 | 618 |
| 2009.11.00 | Orange juice, frozen, unfermented and not containing added spirit | 9,197 | 10,901 | 5,615 | 8,169 | 3,582 | 2,733 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 0714.10.20 | Cassava (manioc), fresh, chilled or dried, whether or not sliced or in the form of pellets | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 6115.95.90 | Stockings, socks, etc. n.e.s.o.i. (not surgical and not containing lace or net), knitted or crocheted, of cotton | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 6109.90.10 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 2008.99.13 | Banana pulp, otherwise prepared or preserved, n.e.s.o.i. | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 2207.20.00 | Ethyl alcohol and other spirits, denatured, of any strength | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) |
| 0714.10.10 | Cassava (manioc), frozen, whether or not sliced or in the form of pellets | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 6107.11.00 | Men's or boys' underpants and briefs, knitted or crocheted, of cotton | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 20 | 20 | 19 | 20 | ([a]) | ([a]) |
| 6203.43.40 | Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc, cont under 36% wt wool, n/water resist, not k/c | 3,734 | 4,420 | 2,594 | 3,699 | 1,140 | 721 |
| 0202.30.50 | Bovine meat cuts, boneless, not processed, frozen, descr in add. US note 3 to Ch. 2 | 204 | 207 | 197 | 203 | 7 | 4 |

*Source*: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.
*Note*: The abbreviation n.e.s.o.i. stands for “not elsewhere specified or otherwise included.”

[a] Less than $500.
[b] Welfare and displacement effects were not calculated because of the unavailability of U.S. production and/or export data.
[c] Analysis for HTS 2207.10.60 and 2207.20.00 is combined under HTS 2207.10.60.

**TABLE 3.5** Estimated effects on the production of U.S. industries of leading imports that benefited exclusively from CBERA, 2008

| HTS number | Description | U.S. production | Change in U.S. production: Value, Upper estimate | Change in U.S. production: Value, Lower estimate | Change in U.S. production: Share, Upper estimate | Change in U.S. production: Share, Lower estimate |
|---|---|---|---|---|---|---|
| | | Thousands of $ | | | --------Percent-------- | |
| 2905.11.20 | Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel | 510,000 | -49,558 | -25,219 | -9.72 | -4.94 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 129,226,505 | -1,608 | -839 | ([a]) | ([a]) |
| 2207.10.60 | Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes | 22,000,000 | -439,352 | -221,284 | -2.00 | -1.01 |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 60,000 | -1,530 | -416 | -2.55 | -0.69 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 69,600 | -279 | -63 | -0.40 | -0.09 |
| 6110.20.20 | Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i. | 6,700 | -28 | -6 | -0.42 | -0.09 |
| 2710.11.25 | Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils | 5,178,830 | -235 | -123 | ([a]) | ([a]) |
| 3903.11.00 | Polystyrene, expandable, in primary forms | 420,000 | -14,518 | -7,477 | -3.46 | -1.78 |
| 2009.11.00 | Orange juice, frozen, unfermented and not containing added spirit | 1,400,000 | -41,243 | -21,203 | -2.95 | -1.51 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 0714.10.20 | Cassava (manioc), fresh, chilled or dried, whether or not sliced or in the form of pellets | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 6115.95.90 | Stockings, socks, etc. n.e.s.o.i. (not surgical and not containing lace or net), knitted or crocheted, of cotton | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 6109.90.10 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 2008.99.13 | Banana pulp, otherwise prepared or preserved, n.e.s.o.i. | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 2207.20.00 | Ethyl alcohol and other spirits, denatured, of any strength | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) |
| 0714.10.10 | Cassava (manioc), frozen, whether or not sliced or in the form of pellets | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 6107.11.00 | Men's or boys' underpants and briefs, knitted or crocheted, of cotton | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 142,500,000 | -61 | -32 | ([a]) | ([a]) |
| 6203.43.40 | Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc, cont under 36% wt wool, n/water resist, not k/c | ([b]) | ([b]) | ([b]) | ([b]) | ([b]) |
| 0202.30.50 | Bovine meat cuts, boneless, not processed, frozen, descr in add. US note 3 to Ch. 2 | 39,876,100 | -883 | -480 | ([a]) | ([a]) |

*Source*: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

*Note*: The abbreviation, n.e.s.o.i., stands for ‘not elsewhere specified or otherwise included.”

[a] Absolute value less than 0.005 percent.
[b] Welfare and displacement effects were not calculated because of the unavailability of U.S. production and/or export data.
[c] Analysis for HTS 2207.10.60 and 2207.20.00 is combined under HTS 2207.10.60.

*Effects on U.S. producers*

Estimates of the potential effects of CBERA on domestic production are shown in table 3.5.[15] Estimates of the potential displacement of domestic production were small for most of the individual sectors.[16] The analysis indicates that the largest potential displacement effects were for methanol (4.9–9.7 percent displaced, valued at $25.2–$49.6 million); polystyrene (1.8–3.5 percent displaced, valued at $7.5–$14.5 million); frozen orange juice (1.5–3.0 percent displaced, valued at $21.2– $41.2 million); fresh or dried pineapples (0.7–2.6 percent displaced, valued at $0.4–$1.5 million); and knitted cotton T-shirts (1.0–2.0 percent displaced, valued at $63,000–$279,000). The estimated displacement share for other products experiencing net displacement was around 1.0 percent or less, even in the upper range of estimates.

In addition, the U.S. textile industry benefits from CBERA by supplying yarn and fabric directly to beneficiary country apparel producers, as well as to the U.S. producers of exported cut fabric parts.[17]

Overall, the above estimates suggest that the impact of CBERA in 2008 on the U.S. economy, industries, and consumers was minimal, mainly because of the very small portion of U.S. imports that come from CBERA countries. Only one of the items that benefit exclusively from CBERA (methanol) had any significant displacement impact on U.S. production. On the other hand, some U.S. producers benefit from CBERA preferences, most notably producers of yarn, fabric, thread, and cut apparel parts, although estimates of the impact of CBERA on U.S. production have been possible only for apparel parts.

## *Highlights of U.S. Industries Most Affected by CBERA*

Industries having estimated displacements of 5 percent or more, based on upper estimates, were chosen for further analysis. In 2008, as mentioned above, only one product that benefited exclusively from CBERA met this criterion—methanol from Trinidad and Tobago. Methanol is discussed in greater detail in the following section.

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[15] CBERA requires the Commission to assess the effect of CBERA on the "domestic industries which produce articles that are like, or directly competitive with, articles being imported into the United States from beneficiary countries." Defining these industries is not always clear cut, especially in the apparel sector. Resources used in the apparel sector, such as sewing machines, fabric cutters, and operators of these machines, can, for the most part, be easily reallocated from one type of apparel to another. This is due both to the nature of the machinery and operators and to frequent changes in consumer fashion preferences, which requires flexibility. For analytical purposes, industries have been defined in terms of estimated production of particular types of apparel, but the number of apparel "industries" is actually much smaller than this analysis implies.

[16] U.S. market share, ad valorem equivalent tariff rate, and elasticity of substitution between beneficiary imports and competing U.S. production are the main factors that affect the estimated displacement of U.S. domestic shipments. In general, the larger the CBERA share of the U.S. market, ad valorem equivalent tariff rate, and substitution elasticity, the larger the displacement of domestic shipments.

[17] In principle, it is possible for a U.S. industry or firms within an industry to experience a positive net effect as a result of CBERA preferences. The positive net effect could occur for firms that produce cut apparel parts that are assembled in beneficiary countries. These firms experience a negative effect (displacement) from competition with imports from beneficiary countries and a positive effect from their exports of apparel parts to the beneficiary countries. There were no industries that experienced a positive net effect in 2008. Estimates of the impact of CBERA on U.S. textile producers are not possible because of data limitations.

## Methanol

In 2008, U.S. imports of methanol under HTS 2905.11.20 (methanol other than for use in producing synthetic natural gas or for direct use as a fuel) were dutiable at the NTR rate of 5.5 percent ad valorem or were eligible for duty-free or reduced-duty treatment under a number of preferential programs and FTAs, including CBERA.[18] U.S. imports of methanol under HTS 2905.11.10 (methanol for use in producing synthetic natural gas or for direct use as a fuel) were subject to an NTR duty rate of free.

U.S. imports of methanol under HTS 2905.11.20 from all sources increased 15.3 percent to $1.96 billion in 2008. The 16.1 percent ($165.8 million) increase in imports from Trinidad and Tobago accounted for 63.8 percent of the increase ($259.7 million) in imports of methanol from all sources in 2008 as that nation maintained its share of the expanding U.S. import market. Trinidad and Tobago became the primary source of methanol imports under HTS 2905.11.20 in 1998, and between 2004 and 2006 it greatly expanded its share of U.S. imports, peaking at 64.0 percent in 2006 before declining slightly to 61 percent in 2007 and 2008.[19]

U.S. production of methanol was estimated at 0.89 million metric tons (mt) in 2008.[20] After peaking at 5.98 million mt in 1997, U.S. production declined rapidly.[21] The number of operating U.S. plants followed a similar trend, falling from 17 in the late 1990s to 4 in 2008.[22] High North American prices for natural gas (the primary input for methanol) and increased competition in the methanol industry made it unprofitable for many U.S. producers to remain operating. In 2008, all U.S. production of methanol was for captive consumption.[23]

Other countries with significant natural gas resources have transformed the geographic composition of this industry by investing in new, large-scale production facilities to leverage their access to cheap natural gas and to take advantage of the fact that it is more cost-effective and easier to ship methanol than to ship natural gas. In Trinidad and Tobago and the Middle East, new megafacilities with capacities of 1–2 million mt have been added; this has shifted the bulk of global production from the developed economies of Europe and North America to these areas.[24] In general, these producers are supplying the merchant market rather than captively consuming the methanol.

The driving force in the geographic redistribution of methanol production is the relative cost of natural gas, the main input for most methanol production processes. Even Methanex, the world's largest methanol producer, shuttered its North American methanol plant in 2005 when U.S. natural gas prices reached a level more than five times the level in Trinidad and Tobago. Although this price multiple for natural gas has fallen to around three or four, the feedstock cost disparity ensures that Trinidad and Tobago will continue to supply a large share of the U.S. methanol market. [25] Even in the absence of imports

[18] Imports entered under 2905.11.20 were eligible for duty-free treatment under GSP (from all designated beneficiary developing countries except Trinidad and Tobago in 2008), ATPA, CBERA, CAFTA-DR, NAFTA, and free trade agreements with Australia, Bahrain, Chile, Israel, Jordan, and Morocco, and were eligible for reduced-duty treatment under the FTA with Singapore.

[19] USITC, Dataweb.

[20] Staff correspondence with Dick Simmons, DeWitt Consulting, May 15, 2009.

[21] Chemical Economics Handbook Program, *Methanol Market Report*, June 2008.

[22] Staff correspondence with Dick Simmons, DeWitt Consulting, July 9, 2007, and June 23, 2009.

[23] Chemical Economics Handbook Program, *Methanol Market Report*, June 2008.

[24] Ibid.

[25] American Chemistry Council, "Testimony of the American Chemistry Council on the Impact of High Energy Costs," May 19, 2005.

from Trinidad and Tobago, other producers with access to natural gas at costs comparable to those of Trinidad and Tobago (e.g., Bolivia, the countries bordering the Persian Gulf, Russia) would be able to supply the U.S. market with methanol at prices well below those of domestic producers. Therefore, the impact of CBERA is minimal on the U.S. methanol industry.

Another factor contributing to the geographic redistribution is the lower cost and relative ease of transporting methanol compared to natural gas. The transition from natural gas exports to methanol exports is logical because it is cheaper to ship methanol than natural gas, and the countries with the natural gas reserves get to retain the extra value added.

Methanex is the world's largest methanol producer, with capacities of 3.8 million mt per year in Chile, 1.9 million mt per year in Trinidad and Tobago, and 530,000–1.4 million mt per year in New Zealand, as well as a projected capacity of 1.3 million mt per year at a plant under construction in Egypt that is expected to become operational in 2010.[26] In addition to Methanex, one other company produces methanol in Trinidad and Tobago: Methanol Holdings (Trinidad) Ltd., which has five methanol plants in the country with a total capacity of over 4 million mt.[27] The Saudi Basic Industries Corporation (SABIC) now produces more than 3 million mt of methanol per year in its four plants.[28] In total, the Middle Eastern countries have increased their annual methanol capacity by over 4 million mt since the end of 2005. [29] Russia also has some large-scale producers, and other countries such as China have numerous smaller producers. [30]

U.S. consumption of methanol peaked at 8.77 million mt in 2000 before beginning a gradual decline to 6.47 million mt in 2007.[31] The demand for methanol to produce methyl tert-butyl ether (MTBE) increased throughout the 1990s, as MTBE was used to enhance octane in fuels. However, this pattern reversed in 1999 when California and other states began to phase out MTBE in fuel due to groundwater contamination, and methanol demand has been declining ever since.[32] Although tert-amyl methyl ether (TAME), one of the fuel additives used to replace MTBE, can also be produced from methanol, the use of methanol to produce TAME has been insufficient to fully offset the MTBE-related decline in methanol demand.[33]

Other major uses of methanol in the United States include formaldehyde and acetic acid production. Formaldehyde production has become the primary use of methanol in the United States. Formaldehyde resins are used in the production of plywood, particle board, paints, and adhesives. Acetic acid is an input for other intermediate chemicals that go into plastic bottles, paints, adhesives, and synthetic fibers. Smaller quantities of methanol are used to manufacture dimethyl terephthalate, methyl methacrylate, methylene chloride, solvents, and windshield washer fluid.[34]

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[26] Methanex, "Company Profile" (accessed July 25, 2009).
[27] Methanol Holdings (Trinidad), Ltd., Web site.
[28] SABIC, *Report and Accounts 2008*.
[29] Chemical Economics Handbook Program, *Methanol Market Report*, June 2008.
[30] Ibid.
[31] Ibid.
[32] California Energy Commission, "Energy Commission MTBE Study"; and Department of Energy, Energy Information Administration, "Status and Impact of State MTBE Bans," revised March 27, 2003.
[33] Chemical Economics Handbook Program, *Methanol Market Report*, June 2008; and Department of Energy, Energy Information Administration, "MTBE, Oxygenates, and Motor Gasoline," modified March 6, 2000.
[34] Chemical Economics Handbook Program, *Methanol Market Report*, June 2008.

# Investment and Future Effects of CBERA

Based on an analysis of CBERA-related investment activity in the Caribbean Basin region and an assessment of the impact that investment might have on future imports under the program, the future effects of CBERA on the U.S. economy are likely to be minimal for the U.S. economy as a whole. As discussed earlier, most of the program's effects on the U.S. economy happened shortly after its implementation in 1984, or shortly after each of the major enhancements to CBERA. In addition, as indicated above, the economic impact of CBERA on the U.S economy, industries, and consumers is—and will likely continue to be—minimal. The effect is likely to be minimal because with respect to most products, the CBERA countries are relatively small global producers, small exporters, and small suppliers of U.S. imports. Moreover, several countries that historically have been leading suppliers of imports to the United States under CBERA are no longer eligible for CBERA benefits, as those countries have implemented CAFTA-DR.

This section begins with a discussion of the analytical approach used for the analysis, followed by a summary of investment activities and trends in the CBERA region and a description of CBERA-related investments in selected CBERA countries during 2007–08. This section focuses on investment directed at the production of exports that qualify for CBERA preferences, and it describes CBERA-related investments with a focus on the effects these investments may have on U.S. imports in the near term. Data sources are provided below.

## *Analytical Approach*

Previous reports in this series have found that most of the effects of CBERA on the U.S. economy and consumers of the one-time elimination of import duties under CBERA occurred within two years of the program's implementation in 1984. Other one-time effects on the U.S. economy and consumers likely occurred within two years after each of the major expansions of CBERA, as described in chapter 1 of this report. Remaining effects have occurred over time as a result of increased export-oriented investment in the region in response to the cutting of tariffs for certain CBERA-eligible products. Consequently, the analysis in this section uses recent CBERA-related investment as a barometer of future trade flows under the program. That is, this analysis considers whether new or increased recent investment in certain CBERA-eligible sectors could lead to increased exports to the United States, which could have future effects on the U.S. economy and consumers.

The Commission used a number of sources for the analysis in this section. With the assistance of U.S. embassies in the Caribbean Basin region, the Commission conducted its biennial Caribbean Basin investment survey during June–July 2009. Data collected and provided by U.S. embassies in response to the Commission's biennial investment survey served as a primary source of information for this analysis.[35] Other primary sources of information included testimony presented at the Commission's June 23, 2009, public hearing for this investigation and public comments received in response to the

[35] Responses to the Commission's biennial Caribbean Basin investment survey were provided by the following U.S. embassies: Belmopan, Belize; Bridgetown, Barbados (the U.S. embassy in Bridgetown, Barbados is responsible for foreign relations with Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines); Georgetown, Guyana; Kingston, Jamaica; Nassau, The Bahamas; Panama City, Panama; and Port of Spain, Trinidad and Tobago.

Commission's *Federal Register* notice.[36] Additional data and other information on investment were obtained from various sources published by U.S. and foreign government agencies; international organizations, including the Economic Commission for Latin America and the Caribbean (ECLAC), the United Nations Conference on Trade and Development (UNCTAD), and the World Bank; and other cited publications.

This section generally addresses changes in investment in the CBERA countries that have occurred since 2006, the last reporting year for this series of reports.[37] Costa Rica is not included in this analysis because Costa Rica implemented CAFTA-DR effective January 1, 2009, and is no longer eligible for CBERA benefits.[38]

## *Summary of Investment Activities and Trends*

In 2008, worldwide foreign direct investment (FDI) flows into Latin America and the Caribbean totaled $128.3 billion—a record high—despite the global economic downturn that year.[39] This constituted a 38 percent increase from $92.9 billion in 2006 (table 3.6). However, the flows were not distributed evenly. While FDI into Central America and South America increased, FDI into Mexico and most of the Caribbean countries fell, even though an increase in FDI in the Dominican Republic[40] and Trinidad and Tobago offset a decline in investment in most of the Caribbean countries. ECLAC reported that the 2008 U.S. economic downturn had a direct negative impact on the economies of Mexico and the Caribbean Basin, and hence on U.S. FDI in those countries, because those countries are more closely integrated with the U.S. economy than the Central American and South American countries.[41] Worldwide FDI flows into CBERA countries totaled $2.5 billion in 2008, almost triple the investment of $883 million in 2006. The leading recipients of worldwide FDI inflows among CBERA beneficiaries in 2008 were Trinidad and Tobago, Panama, The Bahamas, and Jamaica (table 3.6). The large increase in FDI flows into CBERA countries in 2008 was mainly a result of the large increase in non-CBERA-

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[36] A copy of the notice appears in appendix A of this report.

[37] See USITC, *The Impact of the Caribbean Basin Economic Recovery Act, Eighteenth Report, 2005–2006*.

[38] Additional information on the implementation of CAFTA-DR by Costa Rica is provided in chap. 1 of this report. Costa Rica's absence from CBERA will likely have a significant impact on the value and the composition of future imports under the program as Costa Rica was the second leading supplier of a diverse range of nonenergy products in 2008. Without Costa Rica, imports under CBERA in 2008 would have only been $3.5 billion—or almost $1.3 billion lower (table 2.7). Moreover, the composition of total imports under CBERA without Costa Rica in 2008 would have registered smaller shares for agricultural products, other mining and manufacturing products, and textile and apparel products, while the share of energy products would have been much larger—expanding from 59 percent to 77 percent of total imports under CBERA.

Imports under CBERA by leading product categories are discussed in chap. 2 of this report. Costa Rica was the leading supplier of agricultural products (including fresh or dried pineapples, fresh or dried cassava, frozen orange juice, and cantaloupes) imported under CBERA in 2008 (table 2.9). Agricultural products made up more than 18 percent of imports under CBERA in 2008; without Costa Rica, agricultural products would have made up just 5 percent of imports. Costa Rica was the leading supplier of other mining and manufacturing products (including radial tires, certain electrical circuit protectors, nonadhesive plates, gaskets, and jewelry) in 2008 (table 2.12). Other mining and manufacturing products accounted for 10 percent of imports under CBERA in 2008; without Costa Rica, other mining and manufacturing products would have accounted for about 6 percent of imports. Costa Rica was the second leading supplier of textile and apparel products in 2008 (table 2.10). Textile and apparel products made up 13 percent of imports under CBERA in 2008; without Costa Rica that share would have been 12 percent of imports. Costa Rica was not a significant supplier of energy products under CBERA in 2008 (table 2.8).

[39] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2008, 1. ECLAC data exclude investment in regional in financial centers.

[40] Although not shown in table 3.6, FDI inflows into the Dominican Republic increased from $1.5 billion in 2006 to $1.6 billion in 2007 and to $2.9 billion in 2008. Ibid., table I.A-1, 65.

[41] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2008, 3.

related investments in Panama and Trinidad and Tobago. Panama was the recipient of a single large financial transfer stemming from an investment project originating in Brazil, while Trinidad and Tobago was the recipient of a single large investment in that country's banking sector in 2008.[42] The bulk of FDI in these two countries historically has been in the services sector.[43]

Much of the export-oriented FDI in the Caribbean countries has been characterized as "efficiency-seeking"—that is, investment seeking to benefit from low-cost assembly operations to produce goods for export mainly to the United States.[44] This motivation means that export-oriented assembly manufacturing in the Caribbean region is closely linked to the U.S. business cycle and explains why FDI in manufacturing and production for export during 2008 was curtailed by the U.S. economic downturn.[45]

## *Investment in Selected CBERA Countries and Future Effects of CBERA*

In general, and as summarized below, increases in investment in the production and export of CBERA-eligible products in the near term are not likely to have a significant economic impact on U.S. consumers and producers.[46] This section provides detailed descriptions of CBERA-related investment activities identified by the Commission in selected CBERA countries, as well as the likely future effects of any increase in imports under CBERA on U.S. consumers and producers as a result of that investment. The descriptions emphasize investments to produce CBERA-eligible exports even though services, such as tourism, financial services, and call center operations, have become increasingly important in many CBERA countries.

### The Bahamas

The future effects of any increase in imports under CBERA from The Bahamas on the U.S. economy are likely to be minimal largely because The Bahamas is, and is likely to remain in the near term, a very small supplier to the U.S. market. The Bahamas was the fifth largest supplier of imports under CBERA in 2008. Polystyrene (HTS 3909.11.00, i.e., cup grade expandable polystyrene pellets[47]) accounted for 96 percent of imports from The Bahamas under CBERA in 2008, with imports valued at $135 million in that year (table E.6). Polystyrene has accounted for more than 96 percent of the value of imports from The Bahamas under CBERA since 2005. Other imports under CBERA in 2008

[42] Ibid., 30 and 59.

[43] Ibid., table I.A-2, 67.

[44] "Efficiency-seeking FDI in export sectors has helped to transform the industry in a number of economies, mainly in Mexico and some Caribbean Basin countries, by making their manufactures more internationally competitive. It also helps to transfer knowledge and technology and so contributes to enhancing human resources. But efficiency-seeking FDI is not without its difficulties. This type of investment can risk being trapped in low-value-added activities, which generate few production linkages and are based on static comparative advantages (low cost) rather than on dynamic advantages (innovation) in the host economy." Ibid., 42.

[45] Ibid.

[46] The Commission's assessment of the current effects of CBERA on U.S. consumers and producers is presented earlier in this chapter.

[47] U.S. Department of State, U.S. Embassy, Nassau, "Bahamas: USITC Biennial CBI Survey," August 11, 2009.

**TABLE 3.6** Worldwide net foreign direct investment flows into CBERA countries, 2004–08

| Host region/economy | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|
| | | | *Millions of $* | | |
| Latin America and the Caribbean | 61,503 | 76,412 | 92,945 | 126,266 | 128,301 |
| CBERA countries: | 3,669 | 4,080 | 6,540 | 6,206 | 8,015 |
| Antigua and Barbuda | 95 | 230 | 359 | 358 | 302 |
| Aruba | 153 | 116 | 610 | -116 | Na |
| Bahamas | 529 | 641 | 843 | 854 | 886 |
| Barbados | -12 | 62 | 105 | 233 | 133 |
| Belize | 111 | 127 | 117 | 148 | 189 |
| Dominica | 27 | 32 | 29 | 61 | 60 |
| Grenada | 66 | 73 | 97 | 186 | 147 |
| Guyana | 30 | 77 | 102 | 152 | 178 |
| Haiti | 6 | 26 | 160 | 74 | 30 |
| Jamaica | 601 | 682 | 882 | 866 | 810 |
| Montserrat | 3 | 1 | 2 | 6 | 2 |
| Netherlands Antilles | -26 | 48 | NA | NA | NA |
| Panama | 1,012 | 962 | 2,498 | 1,907 | 2,402 |
| St. Kitts and Nevis | 53 | 104 | 115 | 164 | 94 |
| St. Lucia | 81 | 82 | 238 | 248 | 185 |
| St. Vincent and the Grenadines | 66 | 41 | 110 | 119 | 97 |
| Trinidad and Tobago | 1,001 | 940 | 883 | 830 | 2,500 |

*Source*: Compiled from multiple sources. Data for Latin America and the Caribbean are from UNCTAD, *World Investment Report, 2008*, annex table B.1, 254, and prior reports in this series. Country data (except for Aruba) are from ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2008*, table I.A-1, 65. Data for Aruba from UNCTAD, *World Investment Report 2008, Country Fact Sheet: Aruba*. Aggregated data for CBERA countries calculated as a sum of country data. Data are not reported for major Caribbean financial centers, the British Virgin Islands and the Netherlands Antilles.

*Note*: Data shown in the table are rounded. Negative signs indicate net investment outflows. "NA" indicates data were not available. Excludes countries that have implemented CAFTA-DR—Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

included undenatured ethyl alcohol for beverage purposes, grapefruit, rum, seafood (primarily crabmeat), and cigars.[48]

FDI in The Bahamas has largely been directed into the country's tourism and financial services sectors.[49] FDI in The Bahamas was $886 million in 2008 (table 3.6), however little of that investment appeared to have been directed toward the production of CBERA-eligible goods.[50]

[48] USITC, *DataWeb*.

[49] U.S. Department of State, U.S. Embassy, Nassau, "The Bahamas 2009 Investment Climate Statement," February 5, 2009.

[50] U.S. Department of State, U.S. Embassy, Nassau, "Bahamas: USITC Biennial CBI Survey," August 11, 2009.

## Belize

As with The Bahamas, the future effects of any increase in imports under CBERA from Belize on the U.S. economy are likely to be minimal because Belize is a very small supplier to the U.S market. Belize was the sixth largest supplier of imports under CBERA in 2008. Leading imports from Belize under CBERA that year were light crude oil (HTS 2709.00.20), frozen concentrated orange juice (HTS 2009.11.00), and fresh papayas (HTS 8072.00.00). Oil imports increased from $15.5 million in 2006 to $90.7 million in 2008, while orange juice imports increased from $13.3 million in 2006 to $25.6 million in 2008. Imports of papayas, however, decreased from $15.6 million in 2006 to $10.9 million in 2008 (table E.6).

FDI in Belize was a record-high $189 million in 2008 (table 3.6). The services sector received most of the FDI in Belize during 2006–08, followed by the natural resources sector; no FDI was reported for the manufacturing sector during that period.[51] The U.S. embassy in Belize reported that four papaya exporting firms benefited from CBERA during 2007–08, and that two of those firms received additional investment to expand their operations during the period.[52] However, the embassy noted that the papaya industry in Belize had sustained significant damage as a result of Hurricane Dean in 2007 and crop disease in 2008. The embassy also reported that the sole remaining apparel company operating in Belize closed during 2008.[53]

## Guyana

The future effects of any increase in imports under CBERA from Guyana on the U.S. economy are likely to be minimal because Guyana is, and is likely to remain, a very small supplier to the U.S. market. Guyana was the eighth largest supplier of imports under CBERA in 2008. Leading CBERA imports from Guyana in 2008 were nonmonetary gold (HTS 7108.12.50), plywood sheets (HTS 4412.32.31), and various apparel articles (table E.6). Services are of increasing importance to Guyana's economy, particularly offshore services operations that make use of Guyana's large English-speaking population.[54] The government of Guyana is actively promoting the country as a low-cost location suitable for offshore business services such as call centers.[55]

FDI in Guyana was a record-high $178 million in 2008 (table 3.6). According to the U.S. Embassy in Guyana, the energy sector received the most investment, followed by the information and communication technology sector (which includes offshore IT and call center operations), wood and wood products, tourism, and mining.[56] The Commission identified one new CBERA-related apparel investment and one CBERA-related expansion investment project in Guyana during 2007–08.[57] One source reported that plans are underway for eventual sugar-ethanol production in Guyana using local feedstock as the base for ethanol production.[58]

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[51] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2008, table I.A-2, 66.
[52] U.S. Department of State, U.S. Embassy, Belmopan, Belize, "Response to Biennial Caribbean Basin Investment Survey," July 15, 2009.
[53] Ibid.
[54] Ibid., 93.
[55] Ibid., 93 and 124.
[56] U.S. Department of State, U.S. Embassy, Georgetown, "Guyana Submission for USITC Biennial Caribbean Basin Investment Survey," July 21, 2009.
[57] Ibid.
[58] Trinidad Bulk Traders, Ltd., written submission to the USITC, July 7, 2009, 7.

The U.S. Embassy in Guyana reported that CBERA is particularly important for Guyana's exports of seafood (including fresh, chilled, and frozen fish); nontraditional agriculture (including guava, mango, cassava, jicama, and eggplant); lumber, wood, and wood products; and light manufacturing (primarily textiles and apparel).[59] The U.S. Embassy also reported that the government of Guyana is pleased with the extension of CBTPA until 2010, and thinks that this extension will benefit Guyana's apparel industry because that sector generates jobs for "thousands of people, especially women" in Guyana. However, the government reportedly thinks that the expiration of the act will create hardship for Guyana and other Caribbean countries.[60]

## Haiti[61]

Haiti was the third largest supplier of imports under CBERA in 2008. However, the future effects of any increase in imports under CBERA from Haiti are likely to be minimal because almost all U.S. imports under CBERA from Haiti are apparel, and Haiti is likely to remain a relatively small supplier of apparel due to the overall state of its economy; its poor physical infrastructure, which deters increases in production and exports; foreign investors' concerns about committing additional resources to produce goods in Haiti; and increased global competition from low-cost apparel suppliers in Asia.[62] Haiti is a relatively small supplier of textile and apparel articles to the U.S. market, even though it ranked as the largest CBERA textile and apparel supplier in 2008. Moreover, despite implementation of HOPE I and HOPE II, textile and apparel imports from Haiti under CBERA declined from $420.8 million in 2007 to $394.4 million in 2008 (table 2.10).[63]

The limited amount of trade and new investment under the HOPE Acts to date can be partly attributed to the brief time the provisions have been in effect. However, Haiti's apparel sector also faces considerable challenges that remain disincentives for investors. For example, Haiti's underdeveloped infrastructure slows transport and delivery times and makes Haiti's shipping costs the highest in the region.[64] Insufficient access to water and electricity also prevent Haiti's apparel sector from increasing production. Despite competitive labor rates that average $2.50–$3.75 per day, bank interest rates ranging as high as 30 percent reportedly discourage Haitian apparel producers from taking out loans to expand production.[65] Haiti has no weaving facilities; middle management and technical personnel are in short supply; and its workers have limited training.[66] Such constraints likely outweigh the benefits that the HOPE Acts offer, and prevent Haiti's textile and apparel sector from taking full advantage of the programs. [67]

[59] U.S. Department of State, U.S. Embassy, Georgetown, "Guyana Submission for USITC Biennial Caribbean Basin Investment Survey," July 21, 2009; USITC, *DataWeb*.
[60] U.S. Department of State, U.S. Embassy, Georgetown, "Guyana Submission for USITC Biennial Caribbean Basin Investment Survey," July 21, 2009.
[61] For additional information on Haiti, see the economic profile of Haiti in chap. 4 of this report.
[62] U.S. Department of State, Bureau of Economic, Energy and Business Affairs, "Haiti: 2009 Investment Climate Statement," February 2009.
[63] For additional information, see the discussion of textile and apparel imports in chap. 2 of this report.
[64] Industry representative, telephone interview by Commission staff, June 17, 2009.
[65] U.S. Department of State, U.S. Embassy, Port-au-Prince, "Textile and Apparel Sector Market Research—November 2008," December 24, 2008.
[66] Carana Corporation, "Garment Manufacturing in Haiti," June 16, 2009, 15.
[67] USITC, *Textiles and Apparel: Effects of Special Rules for Haiti on Trade Markets and Industries*, 2008, ES-3.

## Jamaica[68]

The future effects of any increase in imports under CBERA from Jamaica on the U.S. economy are likely to be minimal as well. Jamaica is a small supplier to the U.S. market, and 79.3 percent of U.S. imports under CBERA from Jamaica were fuel ethanol produced from Brazilian feedstock—such imports face a statutory U.S. quantitative restriction.[69] A new ethanol dehydration plant that came on line in the second half of 2007 further increased Jamaica's processing capacity.[70] In 2008, the Government of Jamaica announced its intention to sell its government-owned sugar company and associated ethanol plant to a Brazilian company.[71] CBERA-related investments in Jamaica identified by the Commission during 2007–08 included facilities producing veneer, plaster, and construction material; fresh produce (including papaya and pimento); aluminum extrusion and scrap; and processed foods (including food flavorings and hot pepper sauces).[72]

## Panama

The future effects of any increase in imports under CBERA from Panama on the U.S. economy are likely to be minimal because Panama is likely to remain a services-based economy and a small supplier of imports under CBERA. Panama was the seventh-leading supplier of imports under CBERA in 2008. Leading CBERA imports from Panama in 2008 were raw cane sugar (HTS 1701.11.10), nonmonetary gold (HTS 7108.13.70 and HTS 7108.12.50), fuel oil (HTS 2710.19.50), and pineapples in crates (HTS 8043040).

The bulk of FDI in Panama historically has been in that country's services sector.[73] FDI in Panama totaled $2.4 billion in 2008, the second highest after Trinidad and Tobago. However, Panama is a major global financial center that hosts many multinational subsidiaries; hence, FDI recorded for Panama may not be ultimately destined for Panama.[74] The Commission identified three CBERA-related expansion investments in Panama during 2007–08 involving investments for the production of cut flowers, glass products, and seafood.[75]

[68] For additional information on Jamaica, see the economic profile of Jamaica in chap. 4 of this report.

[69] As discussed in chap. 2 of this report, such imports are subject to a quota of 7 percent of U.S. consumption, which was 453 million gallons in 2008. The quota has never been filled. An additional quota of 35 million gallons for ethanol processed from at least 30 percent indigenous feedstocks has never been used. Unlimited duty-free access is granted to ethanol processed from at least 50 percent indigenous feedstocks, though CBERA countries have yet to use indigenous feedstocks to process ethanol for shipment to the United States. See also table E.6.

[70] Industry representative, e-mail message to Commission staff, July 15, 2009.

[71] *Caribbean Update*, "Jamaica," August 2008, 14. Negotiations reportedly were terminated in early 2009 after the Brazilian company was unable to obtain the financing for the deal. *Biofuels Digest*, "Acquisition of Sugar Company of Jamaica, Petrojam Ethanol Plant by Brazil's Infinity BioEnergy Fails," February 10, 2009.

[72] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica's Response: U.S. Biennial Caribbean Basin Investment Survey," July 13, 2009.

[73] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2008, table I.A-2, 67.

[74] Ibid., 59.

[75] U.S. Department of State, U.S. Embassy, Panama, "Panama Data for U.S. Biennial Caribbean Basin Investment Survey," July 23, 2009.

## Trinidad and Tobago[76]

The future effects of any increase in imports under CBERA from Trinidad and Tobago on the U.S. economy are likely to be minimal with the possible exception of methanol, as discussed above. Apart from methanol, Trinidad and Tobago is a relatively small U.S. supplier (table E.6), although it was the source for more than 90 percent of the imports of petroleum and petroleum products (HS 2709 and 2710) under CBERA, as discussed in chapter 2 of this report.

FDI in Trinidad and Tobago averaged about $90 million annually during 2004–07, but rose sharply to $2.5 billion in 2008. The large increase in FDI in 2008 was the result of a $2.5 billion purchase of RBTT Financial Holdings, Ltd. by Royal Bank of Canada in what was one of the largest transactions in the region that year.[77] In recent years, nearly 90 percent or more of annual FDI in Trinidad and Tobago has been in natural resources, primarily energy industries.[78] In March 2007, a German company was reported to have secured a $1.1 billion contract to build a petrochemicals complex in the country.[79] Other CBERA-related investments identified in Trinidad and Tobago included a 2007–08 expansion of an ethanol production facility.[80]

## Eastern Caribbean Countries

The future effects of any increase in imports under CBERA from the eastern Caribbean countries—Antigua and Barbuda, Barbados, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines—on the U.S. economy are likely to be minimal. The eastern Caribbean countries are very small suppliers to the U.S. market. St. Kitts and Nevis and St. Lucia were the leading suppliers from this subregion in 2008 (table 2.7). Leading imports from the region under CBERA included television antennas (HTS 8529.10.20), electrical parts (HTS 8504.90.95), and machinery parts (HTS 8503.00.95).

According to ECLAC data, FDI in the eastern Caribbean countries is relatively low compared with FDI in other Caribbean Basin countries, but it represents a larger proportion of the eastern Caribbean countries' GDP. [81] FDI to the eastern Caribbean countries has increased significantly since 2004, peaking at more than $1.2 billion in 2007 before declining to $978 million in 2008.[82] The United States supplied 23 percent of FDI during 2000–2008, ranking it as the region's single largest source of FDI. The region's tourism sector received more than one-half of all FDI during 2000–2008;[83] for Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts, St. Lucia, and St. Vincent and the Grenadines, almost all FDI during 2007–08 was in the tourism sector.[84] The U.S. embassy in Bridgetown, Barbados reported that there were "no significant CBERA-

[76] For additional information on Trinidad and Tobago, see the economic profile of Trinidad and Tobago in chap. 4 of this report.

[77] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2008, 30.

[78] Ibid., table I.A-2, 67.

[79] *Caribbean Update*, "Trinidad & Tobago," March 2007, 21.

[80] U.S. Department of State, U.S. Embassy, Port of Spain, "2009 Report for Biennial Caribbean Basin Investment Survey—Trinidad and Tobago," July 17, 2009.

[81] Investment trends are based on aggregate data for the Eastern Caribbean Currency Union (ECCU) countries. Members of the ECCU are Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2008, box I.3, 35.

[82] Ibid., box I.3, 35.

[83] Ibid., box I.3, 36.

[84] Ibid., table I.A-2, 67.

related investments" in the eastern Caribbean countries during 2008, and that virtually all investment went into the services sectors.[85]

[85] U.S. Department of State, U.S. Embassy, Bridgetown, Barbados "CBERA Biennial Survey—Eastern Caribbean," July 22, 2009.

# CHAPTER 4
# Impact of CBERA on the Beneficiary Countries

This chapter assesses the economic impact of CBERA on the beneficiary countries during 2007–08. The first section describes some of the economic and non-economic factors that influence the impact of CBERA trade preferences on the beneficiary countries. The second section assesses the economic impact of CBERA on the beneficiary countries in meeting the CBI goals of encouraging economic growth and development by promoting investment in nontraditional sectors and expanding the production and export of nontraditional products. The final section includes economic profiles for the countries that were the leading suppliers of imports under CBERA in 2008: Haiti, Jamaica, and Trinidad and Tobago.[1]

## Key Findings

This series of reports and other recent economic studies on the effects of preferential trade agreements on the economies of the Caribbean Basin countries have generally found that such arrangements have had a small positive effect on Caribbean exports. However, those effects largely have been concentrated in a few countries and focused on a few products. Despite the limited use some CBERA countries have made of the program, sources in several countries reported that CBERA is nevertheless important both as an incentive for trade and investment and as an indication of continued U.S. engagement with the Caribbean Basin region.

The Caribbean countries appear to have become less integrated with the global economy even though most Caribbean countries have had preferential access to North American and European markets for 30 years. The World Bank and the Organization of American States (OAS) recently reported that this decline in global integration was due to the Caribbean region's weak global economic competitiveness, concentration of exports on a few key commodities, and weak national trade policies.[2] To achieve greater trade-led economic diversification, the U.S. Agency for International Development (USAID) has recommended that Caribbean countries undertake policy improvements in the following areas: development of globally competitive production; support for public and private sector institutions to provide needed services such as research and development, credit,

[1] As discussed in chap. 2 of this report, Trinidad and Tobago, Costa Rica, Haiti, and Jamaica (in that order) were the principal sources of imports under CBERA in 2008, and these countries combined accounted for more than 90 percent of all U.S. imports under CBERA in that year. Although Costa Rica also ranked as a leading supplier of imports under CBERA in 2008, it is not included in this chapter because Costa Rica ceased being a CBERA country after it implemented CAFTA-DR effective January 1, 2009; hence, conducting an assessment of the impact of CBERA with respect to Costa Rica is no longer appropriate.

[2] World Bank and OAS, *Caribbean: Accelerating Trade and Integration*, December 2008, iii.

and marketing assistance; infrastructure development, particularly with respect to roads, electricity, and access to water; and the educational levels of rural workers.[3] These reports are discussed in more detail at the end of this chapter.

# Factors That Influence the Impact of CBERA

Several economic and non-economic factors influence the impact CBERA trade preferences may have on the beneficiary countries. Some of these factors include:

- ***Domestic economic policies and macroeconomic conditions:*** Country-specific economic conditions and macroeconomic policies influence the overall economic and investment climate. Investment is generally drawn to countries with stable economies and pro-business investment regimes. While all of the CBERA countries are generally open to foreign trade and investment, there is significant variation in their macroeconomic policies, economic performance, and business climates and there is room for improvement in all or most of these areas.[4]

- ***External economic conditions:*** The CBERA countries have small economies, and their economic output is low, making access to foreign markets for trade in goods and services important for their economic growth and development.[5] The income CBERA countries earn from exporting goods and services helps them create jobs and purchase imports.[6] FDI is an important source of capital for future growth in the CBERA countries.[7] However, because of the important role trade plays for these countries, they are particularly vulnerable to fluctuations in the international business cycle—especially that of the United States. They also are highly sensitive to global price changes for their key imports and exports, especially for key commodities such as fuel and food items—changes that they cannot influence.[8]

- ***Preferential trade programs offered by the European Union (EU), Canada, and other countries:*** The United States is by far the closest and, for most CBERA countries, the largest export market; but for others (The Bahamas, Barbados, Belize, Guyana, St. Lucia, and St. Vincent and the Grenadines), the EU ranks as a larger export market.[9] Thus, for the CBERA countries as a whole, it can be

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[3] USAID, "Optimizing the Economic Growth and Poverty Reduction Benefits of CAFTA-DR," September 2008.

[4] For an overview and assessment of country-specific economic conditions and macroeconomic policies in selected CBERA countries, see ECLAC, *Economic Survey of Latin America and the Caribbean, 2007–2008*; ECLAC, *Preliminary Overview,* 2008; and World Bank and OAS, *Caribbean: Accelerating Trade and Integration,* December 2008.

[5] World Bank and OAS, *Caribbean: Accelerating Trade and Integration*, vii, 52–53.

[6] Ibid., 52.

[7] FDI in the CBERA countries is discussed in chap. 3 of this report.

[8] World Bank and OAS, *Caribbean: Accelerating Trade and Integration*, December 2008, xv.

[9] For Guyana, both the EU and Canada were larger export markets than the United States in 2007. In the case of Grenada, Jamaica was the destination for 93.0 percent of its exports in 2007. For Panama, exports

difficult to isolate the impact of CBERA and the trends in their exports to the U.S. market versus the impact of non-U.S trade preferences and the trends in exports to non-U.S. markets. It is particularly difficult to isolate the impact of CBERA for CBERA countries with relatively high levels of trade with the EU and Canada. EU-Caribbean trade, Canada-Caribbean trade, and GSP programs offered by other countries are discussed in box 4.1.

- ***Preference erosion:*** As discussed in the Commission's previous reports on CBERA,[10] the margins of tariff preference under CBERA have eroded over time as a result of (1) the phased reduction of tariffs globally under the Uruguay Round; (2) the end of the textile and apparel quotas, which has increased global competition from low-cost producers in China, India, and other Asian countries;[11] and (3) enhanced access to the U.S. market offered to other U.S. trading partners under NAFTA, CAFTA-DR, and various bilateral FTAs, as well as under the African Growth and Opportunity Act (AGOA) and the Andean Trade Preference Act (ATPA).[12]

- ***Primarily services-driven economies:*** Tourism and financial services are the primary economic activity for many CBERA countries.[13] For these countries, exports of goods and hence CBERA trade preferences play a limited—although in some cases still consequential—role in the economy.

- ***Low international competitiveness:*** According to the World Bank/OAS report, the Caribbean region ranks low relative to other regions in terms of global economic competitiveness, reflecting the high costs of doing business, labor market rigidities, and high transportation costs in the Caribbean region.[14] Low competitiveness limits the ability of many export-oriented CBERA countries to take full advantage of CBERA preferences. Such countries may be hindered by a variety of factors, including high production costs,[15] low industrial production capacity,[16] and supply-side constraints such as poor physical infrastructure (e.g.,

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to the EU (valued at $379.9 million) were nearly equal to exports to the United States (valued at $400.2 million). IMF, *Direction of Trade Statistics Yearbook 2008*, 2009

[10] See USITC, *The Impact of CBERA: 18th Report*, 2007, 4-1 to 4-2.

[11] Under the WTO Agreement on Textiles and Clothing (ATC), WTO members committed themselves to remove quotas on textiles and apparel by January 1, 2005, by integrating the sector fully into GATT rules. Before the ATC took effect, a large portion of textiles and apparel exports from developing countries to the industrial countries was subject to quotas under a special regime outside normal GATT rules. WTO, Textiles Monitoring Body (TMB), "The Agreement on Textiles and Clothing."

[12] Much like CBERA, AGOA and ATPA offer preferential tariff treatment to certain U.S. imports from countries eligible under those programs.

[13] For the purposes of this report, primarily service-based (services account for 75 percent or more of GDP) CBERA countries are defined as Antigua and Barbuda, The Bahamas, Barbados, British Virgin Islands, Grenada, Montserrat, Netherlands Antilles, Panama, St. Lucia, and St. Vincent and the Grenadines. Data from USITC, *Caribbean Region: Review of Economic Growth and Development*, 2008, chap. 4.

[14] World Bank and OAS, *Caribbean: Accelerating Trade and Integration*, December 2008, iv.

[15] Embassy of Jamaica, written submission to the USITC, July 7, 2009, 9; and Embassy of the Kingdom of the Netherlands, written submission to the USITC, July 8, 2009, 2.

[16] U.S. Department of State, U.S. Embassy, Kingston. "Jamaica's Response: U.S. Biennial Caribbean Basin Investment Survey," July 13, 2009.

**BOX 4.1** Other Preferential Trade Programs for the Caribbean Basin Countries

Preferential trade programs offered by the EU, Canada, and other countries to products of Caribbean Basin countries make it difficult to isolate the impact of CBERA on the economies of the beneficiary countries. These trade programs are summarized below.

*EU-Caribbean trade*

The EU has offered unilateral preferential access to its market for products of African, Caribbean, and Pacific (ACP) countries for many years. Preferential access to the single European market dates to the Lomé Convention, which became operative in 1976, and the Cotonou Agreement, which became operative in 2003. Under these arrangements, the EU afforded unilateral duty-free treatment to certain industrial, agricultural, and fishery products of ACP countries.[1] The EU and various regional groups of ACP countries subsequently began negotiating to replace the unilateral preferences granted under the Cotonou Agreement with reciprocal preferences through Economic Partnership Agreements (EPAs).[2] EU negotiations with the Caribbean Forum of ACP States (CARIFORUM)[3] began in 2004, and an agreement had been signed by all of the parties except Haiti by year-end 2008. The EPA liberalizes bilateral merchandise trade, including the immediate elimination of certain tariff and nontariff measures; bilaterally liberalizes and opens markets for trade in services; establishes new rules to facilitate the flow of investment across borders; and provides for new cooperation strategies to develop the Caribbean tourism sector.

Canada-Caribbean trade

Canada has offered unilateral preferential access to its market under the Caribbean-Canada Trade Agreement (CARIBCAN) since 1986.[4] CARIBCAN gives benefits similar to those of CBERA, but generally excludes textiles, clothing, and footwear; certain luggage and handbag products; leather garments; lubricating oils; and methanol.[5] The CARIBCAN program currently has a WTO waiver, required for preferential trade arrangements that are offered on a non-MFN basis, through 2011. Separate from CARIBCAN, Canada has afforded duty-free and quota-free entry to all products of Haiti since 2002 under a Canadian unilateral duty-free trade initiative with 48 developing countries (Haiti was the only country in the Western Hemisphere included in this program).[6] Canada launched free trade negotiations with Caribbean Community (CARICOM) in October 2007 for a comprehensive reciprocal agreement that is to cover trade in goods and services as well as investment.

GSP programs

In addition to the U.S. GSP program, Australia, Belarus, Bulgaria, Canada, Estonia, the EU, Japan, New Zealand, Norway, the Russian Federation, Switzerland, and Turkey have all notified GSP schemes to the United Nations Conference on Trade and Development (UNCTAD).[7] All of these GSP schemes offer unilateral preferential access to their markets for eligible products of most Caribbean Basin countries.[8]

[1] WTO, Trade Policy Review: European Communities, Report by the Secretariat, 2009, 27.
[2] For more detailed information on the transition from the Cotonou Agreement to the EPAs, see ibid.
[3] CARIFORUM members are: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.
[4] CARIBCAN beneficiaries are Anguilla, Antigua and Barbuda, The Bahamas, Barbados, Belize, Bermuda, the British Virgin Islands, the Cayman Islands, Dominica, Grenada, Guyana, Haiti, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, and the Turks and Caicos Islands.
[5] WTO, Trade Policy Review: Jamaica, Report by Jamaica, December 15, 2004.
[6] ECLAC, Canada's Trade and Investment with Latin America and the Caribbean, Jan. 23, 2003, 5.
[7] For more detailed information on these GSP programs, see UNCTAD, *Handbooks on the GSP Schemes*.
[8] Haiti is the only CBERA country eligible for Australia's GSP scheme. UNCTAD, *GSP: Handbook of the Scheme of Australia*, UNCTAD/ITCD/TSB/Misc.56, June 2000.

- roads, telecommunications, and electricity).[17] Due to their small economies, CBERA countries generally have limited export capacity, making it difficult to diversify and expand their production and to move beyond exporting small quantities for niche segments of the U.S. market.[18] In addition, some sources reported that CBERA was underused because beneficiary countries need technical assistance and more accessible information on supplying the U.S. market.[19]

- ***Non-economic events:*** Their location makes many CBERA countries vulnerable to frequent tropical storms and hurricanes that can destroy crops and damage property and the country's physical infrastructure. Severe weather events causing damage to CBERA countries during 2007–08 included Tropical Storm Hanna (September 2008), Hurricane Gustav (August 2008), Tropical Storm Fay (August 2008), and Hurricane Dean (August 2007).[20] A major volcanic eruption in 1997 devastated much of Montserrat and forced a significant portion of the population to evacuate the island; the country's economy still has not recovered.

# Impact of CBERA

As stated in chapter 1 of this report, CBERA was enacted as the trade component of the Caribbean Basin Initiative (CBI).[21] The goals of the CBI are to encourage economic growth and development in the Caribbean Basin countries by promoting increased production and exports of nontraditional products. According to the U.S. Department of Commerce,

> Prior to the mid-1980's, U.S. imports from CBI countries traditionally consisted of agricultural products, raw materials, and their derivatives—namely, petroleum products, sugar cane, coffee, cocoa, bananas, and aluminum ores and concentrates. The deterioration in the terms of trade for these export items and a quest for economic growth prompted CBI countries to seek diversification in their export profile. The encouragement of such diversification of the Caribbean Basin economies was one of the intended goals of the United States in implementing the CBI program.[22]

Thus, the Commission's assessment of the impact of CBERA in this chapter addresses the extent to which CBERA countries are diversifying their exports and are using the

[17] World Bank and OAS, *Caribbean: Accelerating Trade and Integration*, December 2008, xv–xvi.
[18] The problems associated with moving beyond niche products into more mainstream exports are discussed in U.S. Department of State, "Jamaica's Response: U.S. Biennial Caribbean Basin Investment Survey."
[19] Embassy of the Kingdom of the Netherlands, written submission to the USITC, July 8, 2009, 3; U.S. Department of State, "Jamaica's Response: U.S. Biennial Caribbean Basin Investment Survey," July 13, 2009.
[20] Embassy of Jamaica, written submission to the USITC, July 7, 2009, 9.
[21] CBI dates to 1983, although CBERA did not enter into force until 1984. For information on CBI in the context of U.S. trade policy, see USTR, "Caribbean Basin Initiative (CBI)."
[22] U.S. Department of Commerce, International Trade Administration, *Guide to the Caribbean Basin Initiative*, 2000, 1–2.

production of CBERA-eligible exports as part of an overall strategy for attaining sustainable economic growth.

Like other recent economic studies on the effects of preferential trade agreements on the economies of the countries of the Caribbean Basin region, this series of reports has generally found that such arrangements have had a small positive effect on Caribbean exports.[23] However, to the extent that they exist, those effects largely have been concentrated in a few countries and focused on a few products. Haiti, Jamaica, and Trinidad and Tobago offer examples of how the economic impact of CBERA has been felt throughout the region:

- ***Haiti:*** CBERA—in particular, as enhanced by HOPE I and HOPE II (the HOPE Acts)[24]—remains an important factor promoting apparel production and exports in Haiti. Indeed, the impact of CBERA has been almost exclusively focused on Haiti's apparel assembly sector, which employs more than 30 percent of Haiti's manufacturing labor force.[25] Foreign investment in other sectors of the economy has been constrained by the country's prolonged political instability and economic stagnation.[26] Reportedly, there has been little additional foreign investment since the HOPE Acts were enacted.[27] Haiti's ability to achieve sustainable economic growth is linked to stabilization of the domestic security situation and improvements in governance.[28]

  Imports under CBERA from Haiti accounted for 90.1 percent of all U.S. imports from Haiti in 2008, with six apparel categories accounting for 91.6 percent of those CBERA imports. Leading apparel imports under CBERA included cotton T-shirts (HTS 6109.10.00), cotton sweaters (HTS 6110.20.20), men's or boys' cotton trousers (HTS 6203.42.40), T-shirts of manmade fibers (HTS 6109.90.10), men's or boys' trousers of manmade fibers (HTS 6203.43.40), and men's or boys' shirts of manmade fibers (HTS 6105.20.20) (table E.6). Additional information on Haiti is provided in the country profile at the end of this chapter.

- ***Jamaica:*** While CBERA remains an important incentive for export diversification in Jamaica, CBERA-eligible exports make up a small part of Jamaica's economy, which is largely based on services and, increasingly, on

[23] The Commission's 15th report undertook an econometric analysis of the original CBERA preference program. Results suggested that CBERA may have had an overall impact on income growth in the region, but that effect was small, and significant only when combined with trade and foreign exchange reforms on the part of the beneficiary countries themselves. The analysis confirmed that another preferential program that focused on apparel (the production-sharing program) did spur growth and investment in CBERA countries. For further information, see USITC, *Caribbean Region: Review of Economic Growth and Development*, 2008, and *The Impact of CBERA, 15th Report*, 2002. See also Hornbeck, *U.S .Trade Policy and the Caribbean*, 2007; Dean, "Is Trade Preference Erosion Bad for Development?" 2006; and World Bank, *A Time to Choose*, 2005.

[24] HOPE I and HOPE II are described in chap. 1 of this report.

[25] U.S. Department of State, U.S. Embassy Port-au-Prince, "Textile and Apparel Sector Market Research—November 2008," December 24, 2008

[26] Ibid.

[27] Industry representative, telephone interview by Commission staff, June 17, 2009; USITC, *Textiles and Apparel: Effects of Special Rules for Haiti*, 2008, ES-1, ES-2.

[28] EIU, *Haiti: Country Report*, May 2009, 12.

exports of ethanol. Undenatured ethanol (HTS 2207.10.60), or fuel ethanol, accounted for 79.3 percent of U.S. imports under CBERA from Jamaica in 2008. These imports increased by 54.0 percent during 2006–08 as a result of increased U.S. demand and higher world fuel prices (table E.6). Ethanol was the only product benefiting exclusively from CBERA [29] for which Jamaica was a significant supplier. Jamaica supplied 52.5 percent of U.S. imports of ethanol entered under CBERA, valued at $253.5 million, in 2008. Jamaica currently processes (dehydrates) ethanol from imported feedstock, but plans to process locally grown sugarcane in the future.[30]

Textiles and apparel accounted for 5.3 percent of imports under CBERA from Jamaica in 2008, down from 20.0 percent in 2006—a decline of more than 50 percent in terms of value. Jamaica's apparel assembly sector has contracted sharply in recent years in the face of increasing global competition and, consequently, Jamaica plans to refocus its apparel assembly industry to service the haute couture market.[31] Other imports under CBERA from Jamaica include fresh produce, processed foods, alcoholic and non-alcoholic beverages, and electrical parts. However, Jamaica industries have limited production capacity to expand exports of these items, and they are low-value or niche products for which there is limited demand.[32] Foreign investment in Jamaica is largely directed at the country's dynamic services industries[33] and, more recently, at the ethanol industry. Additional information on Jamaica appears in the country profile at the end of this chapter.

- ***Trinidad and Tobago:*** Energy products, including methanol (HTS 2905.11.20), crude petroleum (HTS 2709.00.20), and naphthas (HTS 2710.11.25), accounted for 98.4 percent of imports under CBERA from Trinidad and Tobago in 2008 (table E.6). Trinidad and Tobago was the sole supplier of methanol and naphthas entered under CBERA in 2008 and supplied 90.0 percent of the crude petroleum entered under the program that year. With a few notable exceptions, investment in Trinidad and Tobago has focused largely on the energy sector.[34] Just 26.3 percent of total U.S. imports from Trinidad and Tobago entered under CBERA in 2008. Thus, the impact of CBERA has been almost exclusively on the energy sector of Trinidad and Tobago. However, the government of Trinidad and Tobago is focusing on the development of non-energy exports to promote greater diversification of the economy.[35] Additional information on Trinidad and Tobago is provided in the country profile at the end of this chapter.

[29] Products that benefited exclusively from CBERA are discussed in chap. 3 of this report.
[30] Embassy of Jamaica, written submission to the USITC, July 7, 2009, 4–5.
[31] Ibid., 9.
[32] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica's Response: U.S. Biennial Caribbean Basin Investment Survey," July 13, 2009.
[33] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: Investment Climate Statement 2009," December 10, 2008.
[34] U.S. Department of State, Bureau of Economic, Energy, and Business Affairs, "Trinidad and Tobago: Investment Climate Statement 2009," February 2009.
[35] U.S. Department of State, U.S. Embassy, Port of Spain, "2009 Report for Biennial Caribbean Basin Investment Survey—Trinidad and Tobago," July 17, 2009.

- ***Other countries in the region:*** Although some CBERA countries made limited use of CBERA, several countries stated that the program remains important. For exporters operating in Aruba and the Netherlands Antilles,

  [T]he favourable conditions of CBERA and CBI allows them to maintain competitive businesses, despite the fact that operational costs on the islands are comparatively high. Not having the CBERA or CBI would have an immediate negative impact on the exports of the Netherlands Antilles and Aruba to the United States.[36]

  According to the government of The Bahamas,

  > [CBERA] has the added value of buttressing, supporting and promoting democratic values, respect for human rights and fundamental freedom, the respect for the rule of law and recognizing common values and traditional friendship between the United States and the countries of the Caribbean Basin. [37]

  The U.S. embassy in Bridgetown, Barbados summarized the impact of CBERA on the eastern Caribbean countries as follows:

  > The actual economic impact of CBERA on the economies of the eastern Caribbean has been modest. . . . Nevertheless, CBERA remains an important political and psychological benefit for the eastern Caribbean countries. While few companies utilize the trade preference program or do not export products that benefit from it, having even symbolic preferential access to the U.S. market is an important sign of commitment to the region. Loss of the eastern Caribbean's preferential access to European markets for agricultural products (chiefly bananas) has led to a rise in the anti-globalization sentiment in some circles.[38]

  > The U.S. embassy in Belmopan, Belize reported that CBERA has benefited the production of papayas in Belize. However, the embassy stated that investment in the papaya sector "would have been established in the absence of CBERA/CBTPA," that CBERA is "not believed to have had an impact on generating employment" in Belize, and that it had "not observed a diversification away from traditional agricultural products for export from Belize."[39]

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[36] Embassy of the Kingdom of the Netherlands, written submission to the USITC, July 8, 2009, 2.

[37] Embassy of the Commonwealth of The Bahamas, written submission to the USITC, July 7, 2009, 1.

[38] U.S. Department of State, U.S. Embassy, Bridgetown, "CBERA Biennial Survey—Eastern Caribbean," July 22, 2009. The U.S. embassy in Bridgetown, Barbados is responsible for foreign relations with Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. U.S. Embassy, Bridgetown, Barbados, http://barbados.usembassy.gov/about_the_embassy.html.

[39] U.S. Department of State, U.S. Embassy, Belmopan, Belize, "Response to Biennial Caribbean Basin Investment Survey," July 15, 2009.

A recent World Bank/OAS report described some of the challenges Latin American and Caribbean countries have had in achieving sustainable economic growth, particularly relative to other high-performing developing countries in Asia and Africa.[40] According to the report, preferential trade arrangements generally "have not delivered expected results . . . [and] they have not helped overall trade performance" despite having been established as a development tool to stimulate and diversify Caribbean exports.[41] Despite three decades of preferential access to North American and European markets, the report finds that Caribbean countries have experienced declining integration with the global economy. The report identified several characteristics of CBERA countries to explain this, including:

- ***Weak global competitiveness:*** High wages, low labor productivity, poor physical infrastructure, high utility costs, and high freight and insurance costs in Caribbean countries result in production costs that are generally higher than in other developing and newly industrializing countries. Caribbean countries generally scored lower than Mauritius, Hong Kong, Malaysia, and Singapore on factors including time for and cost to export, time for and cost to import, wage and nonwage costs, and technological intensity of exports (reflecting the level of foreign investment in the diversification of the economies into high-quality, high-value-added manufacturing).[42]

- ***Export concentration:*** Trade preferences have failed to stimulate export diversification. While some new products have been exported under CBERA, expanded exports of existing goods account for the largest share of trade growth. Moreover, Caribbean countries' exports have been moving "down the value ladder," increasingly becoming more similar to one another, more concentrated among a few primary commodity products, and less globally competitive.[43] According to the World Bank and OAS, Caribbean countries could better diversify their production by helping their labor force become more mobile and by improving physical infrastructure such as roads.[44]

- ***Weak national trade policies:*** Despite a "significant tariff reductions and tariff alignment" that has occurred throughout in the Caribbean region in recent years,[45] customs administration and procedures remain weak, the general business climate is still less favorable than in other regions, and governments lack the trade and commercial policy expertise required to develop and globally implement policies that enhance Caribbean global competitiveness. Moreover,

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[40] World Bank and OAS, *Caribbean: Accelerating Trade and Integration*, December 2008.
[41] World Bank, *A Time to Choose*, 2005, 76, cited in World Bank and OAS, *Caribbean: Accelerating Trade and Integration*, December 2008, iii.
[42] World Bank and OAS, *Caribbean: Accelerating Trade and Integration*, December 2008, i–vii.
[43] Ibid., iv.
[44] Ibid., 17.
[45] "Average applied MFN tariffs fell from over 20 percent in 1996 to just below 10 percent in 2005. Still, there is some tariff dispersion, with average tariffs on 10 percent of goods over 20 percent. While the progress to date is admirable, there is still room for further reduction of tariffs and more uniformity in some of the countries." Ibid., vi.

few Caribbean countries have comprehensive competition policy legislation in place to facilitate trade and business.[46]

A recent report by USAID identified several key areas for improvements in order to achieve trade-led economic diversification in the Caribbean Basin countries.[47] These included macroeconomic policies to support the development of globally competitive production; public and private sector institutions to provide needed services such as research and development, credit, and marketing assistance; policies to address infrastructure deficiencies, particularly with respect to roads, electricity, and access to water; and the educational levels of rural workers.[48] The report also stated that CBERA, even as amended by CBTPA, "never provided full market access, since the legislation did not include sensitive agricultural products"[49] and did not address U.S. non-tariff measures affecting imports of agricultural products such as sanitary and phytosanitary measures, standards, labeling, and rules of origin.[50]

The Commission received written submissions for this investigation that discussed why countries had not been able to fully use CBERA preferences; some of the submissions also provided suggestions for improvements to CBERA that would help increase exports by the beneficiaries. A submission from the Embassy of Jamaica stated that U.S non-tariff measures were one reason why Jamaica had not been able to fully utilize CBERA.[51] A submission on behalf of the government of Trinidad and Tobago recommended that the CBERA qualifying rules be changed to reduce the 35 percent local-value-content requirement to 20 percent[52] to "provide incentives for the assembly of high priced components in the Caribbean."[53] The submission from Trinidad and Tobago also recommended that CBERA qualifying rules be changed to allow "duty-free treatment for third country products packaged in the Caribbean from packaging materials produced by the Caribbean petrochemicals industry," such as polypropylene and polyethylene.[54]

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[46] Ibid., i–vii.
[47] USAID, "Optimizing the Economic Growth and Poverty Reduction Benefits of CAFTA-DR," September 2008.
[48] Ibid., 33–35.
[49] Ibid., 39.
[50] Ibid., and Embassy of Jamaica, written submission to the USITC, July 7, 2009, 9.
[51] Embassy of Jamaica, written submission to the USITC, July 7, 2009, 9.
[52] CBERA qualifying rules are discussed in chap. 1 of this report.
[53] Embassy of the Republic of Trinidad and Tobago (represented by AGA Group LLC), written submission to the USITC, July 13, 2009, 5.
[54] Ibid., 4.

# HAITI
# Economic Profile

## Overview

Haiti is the most populous CBERA beneficiary and, with a per capita GDP of $702 I 2008, is the poorest and least-developed country in the Western Hemisphere. Haiti's economy continues to suffer from the legacy of political instability and weak political institutions, lack of investment in economic and social infrastructure, and widespread poverty and unemployment. Haiti's economic growth rate increased from 2.3 percent to 3.4 percent during 2006–07, but growth slowed to 1.3 percent in 2008 (table 4.1). The cumulative damage caused by Tropical Storm Hanna (September 2008), Hurricane Gustav (August 2008), and Tropical Storm Fay (August 2008) was a significant setback to Haiti in its struggle for economic recovery during 2007–08. Haiti was also battered by global commodity price shocks during 2008, as price increases for imported food and fuel drove up Haiti's 2008 import bill. The increase in global food prices and domestic food shortages were sources of domestic unrest in Haiti in early 2008.[55]

**TABLE 4.1** Haiti: Selected economic indicators, 2006–08

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| GDP (nominal, US $ bn) | 5.0 | 6.2 | 6.9 |
| Real GDP growth (%) | 2.3 | 3.4 | 1.3 |
| Population (mn) | 9.6 | 9.7 | 9.9 |
| GDP per capita ($) | 517 | 642 | 702 |
| Inflation (%) | 13.1 | 8.5 | 15.5 |
| Goods exports (US $ mn) | 494 | 522 | 490 |
| Goods imports (US $ mn) | 1,548 | 1,618 | 2,107 |
| Trade balance (US $ mn) | –1,054 | –1,096 | –1,617 |
| Current account balance (US $ mn) | –449 | –407 | –611 |
| Total international reserves (US $ mn) | 336 | 554 | 707 |
| Total external debt (US $ bn) | 1.5 | 1.5 | 1.5 |
| Public debt (% GDP) | NA | NA | NA |
| Foreign direct investment (US $ mn) | 160 | 74 | 30 |

*Sources*: ECLAC, "Haiti," *Economic Survey,* 2008, 267–270; ECLAC, *Statistical Yearbook, 2008*, 2009; EIU, *Country Report: Haiti*, May 2009; Government of Haiti, Ministry of Economy and Finance, Institut Haïtien de Statistique et d'Informatique, "Economic Statistics" (accessed July 12, 2009); and World Bank, *Haiti: Trade Brief*, 2008.

*Note*: NA = Not available.

[55] ECLAC, "Haiti," *Economic Survey*, 2008; ECLAC, "Haiti," *Preliminary Overview*, 2008, 137; and EIU, *Country Report: Haiti*, May 2009, 10 and 12.

International assistance and remittances from Haitians living abroad play important roles in keeping the economy afloat. Aid donors pledged $750 million for July 2006–September 2007, the most recent period for which data are available, and remittances were valued at approximately $1.6 billion in 2008.[56] The Haitian government has called on donors to back its job-creation effort by providing assistance in four key areas: strategic infrastructure investments in transportation, export zones, electricity generation, and ports; targeted measures to improve economic governance and the business environment; improved provision of basic services—in particular, health care and education, especially in the geographical areas most affected by the 2007–08 hurricane and tropical storms; and environmental sustainability to meet Haiti's current and future physical, social, and economic needs. According to one source, Haiti currently receives too little international assistance to fund its government's economic recovery and development plan.[57]

The World Bank classifies Haiti as a low-income economy.[58] Comparative social and economic indicators show Haiti falling behind other low-income countries since the 1980s. Haiti ranked 148th of 179 countries on the UN 2008 human development index, a broad measure of the well-being of a country's population.[59] Haiti ranked the lowest in the Western Hemisphere for both its 61 percent literacy rate (adults aged 15 and over) and its 60 years of life expectancy. USAID reported that Haiti's health situation did not appreciably improve during 2008—indeed, Haiti's health and nutrition indicators deteriorated due to increasing problems obtaining food for the population.[60] As a result of the serious economic and social challenges it faces, Haiti remains heavily reliant on international aid and debt relief, and it continues to work to prevent deterioration in the domestic security situation and to maintain the confidence of international aid donors to keep up the inflow of development assistance and debt relief.[61] Haiti qualified for debt relief under the IMF/World Bank initiative for heavily indebted poor countries (HIPC) in early 2009, and has subsequently received $1.2 billion under this program.[62]

Haiti's natural resources include bauxite, copper, calcium carbonate, gold, and marble. Although about two-thirds of Haiti's population is engaged in subsistence-level agriculture, agriculture accounts for only about one-fifth of the country's GDP. Haiti's main agricultural crops include coffee, mangoes, sugarcane, rice, corn, cacao, sorghum, pulses, and other fruits and vegetables. Agricultural output is hampered by poor soil, low productivity, and hilly and flood-prone terrain, forcing Haiti to rely extensively on food imports. During 2008, agricultural output declined by 6 percent as a result of hurricane and tropical storm-related crop destruction that occurred during 2007–08. USAID has identified mangoes as a crop with potential large-scale export potential. The U.S. Department of Agriculture and USAID are assisting Haitian mango producers and exporters in improving the quality of their product and the efficiency of pre-export clearance requirements.[63]

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[56] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," October 2008.

[57] EIU, *Country Report: Haiti*, May 2009, 17–18.

[58] World Bank, *World Trade Indicators 2008 Database*, updated December 2008.

[59] UN, *2007/2008 Human Development Report*, "Country Tables, 2007/2008 Report."

[60] USAID, *Haiti*, "Overview," June 12, 2008.

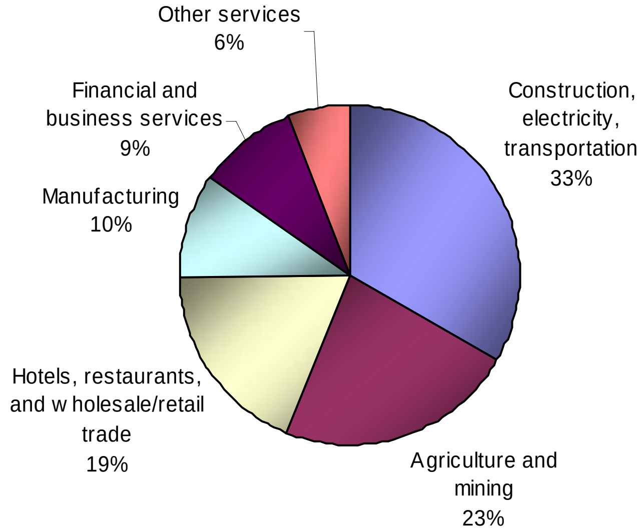
[61] Ibid.

[62] World Bank, *Haiti Country Brief*, updated November 2008.

[63] USAID, *Haiti*, "Overview," June 12, 2008.

Service industries account for most of Haiti's domestic economic output (figure 4.1). The two leading services sectors are the construction, electricity, and transportation services category, and the hotel, restaurant, and wholesale/retail trade category.[64] Haiti's tourism sector has not recovered from two decades of political and economic instability, which caused a sharp downturn in the number of tourist visits. Nonetheless, Haiti had a 6 percent increase in the tourism sector in 2008, aided by a rise in the number of cruise ship passengers.[65]

**FIGURE 4.1** Haiti: GDP, 2008 ($6.9 billion)




*Source*: ECLAC, *Statistical Yearbook, 2008*, 2009; EIU, *Country Report: Haiti*, May 2009, 6.

*Note*: GDP share data are for 2007.

Leading industries include light assembly industries, sugar refining, flour milling, and cement. Textile and apparel assembly enterprises account for most of the Haitian assembly sector, with some 46 textile and apparel businesses working under contracts to supply the U.S. market. Apparel assembly output declined by about 0.5 percent in 2008 as a result of the U.S. economic downturn, which reduced U.S. demand for apparel.[66] Other key light assembly industries include the nine enterprises making up the industrial arts and crafts sector, and the eight enterprises making up the electronics sector.[67]

[64] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," October 2008.

[65] Government of Haiti, Ministry of Economy and Finance, Institut Haïtien de Statistique et d'Informatique, *Les comptes économiques en 2008*, April 2009.

[66] Ibid

[67] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," October 2008.

# Trade Profile

Haiti's merchandise exports to the world increased from $494 million in 2006 to $522 million in 2007, then declined to $490 million in 2008. Leading exports included assembled industry articles (primarily apparel), cocoa, essential oils, and coffee. According to World Bank data for 2006, the rest-of-the-world average weighted tariff on Haiti's exports was 10.5 percent, one of the highest among the Caribbean countries.[68] World Bank data also indicate that only about 4 percent of Haiti's global exports were MFN duty free, one of the lowest percentages among Caribbean countries and substantially lower than the average for Latin America and the Caribbean as a whole (28.1 percent). Hence, tariff preferences are important export incentives for Haiti. Haiti's exports are generally eligible for GSP preferential tariffs in a number of industrialized country markets, as well as for preferential tariff treatment from the United States, Canada, and the EU (box 4.1).

Haiti's merchandise imports from the world increased from $1.5 billion in 2006 to $2.1 billion in 2008. Leading imports included manufactured goods and food. Haiti's merchandise trade deficit, already in excess of $1.0 billion in 2006, widened to $1.6 billion in 2008.

The United States is Haiti's primary trade partner (table 4.2). U.S. exports to Haiti were valued at $921.7 million in 2008, about 44 percent of Haiti's total imports for that year. Leading U.S. exports to Haiti in 2008 included rice, items donated for relief or charity, wheat, and medical or pharmaceutical products donated for relief or charity. The United States received 69 percent of Haiti's total exports in 2008. Total U.S. imports from Haiti in 2008 were valued at $449.7 million and were mainly apparel articles.

U.S. imports from Haiti under CBERA were valued at $405.1 million in 2008, compared with $430.4 million in 2007 and $379.3 million in 2006. Imports under CBERA accounted for 90.0 percent of total U.S. imports from Haiti in 2008. Most of these were apparel: the leading six apparel articles accounted for 91.6 percent of all imports under CBERA from Haiti (table E.6). Shipments of cotton T-shirts (HTS 6109.10.00), valued at $154.7 million in 2008, fell 3.1 percent from 2006. However, shipments of cotton sweaters (HTS 6110.20.20), valued at $144.3 million, increased 72.7 percent from 2006. Other leading apparel imports in 2008 were men's or boys' cotton trousers (HTS 6203.42.40) valued at $32.7 million, T-shirts of manmade fibers (HTS 6109.90.10) valued at $17.4 million, men's or boys' trousers of manmade fibers (HTS 6203.43.40) valued at $14.2 million, and men's or boys' shirts of manmade fibers (HTS 6105.20.20) valued at $7.7 million.

[68] World Bank, *Haiti: Trade Brief*, 2008.

**TABLE 4.2** Haiti: Main trade partners, 2008

| Leading markets for exports and share (%): | | Leading sources of imports and share (%): | |
|---|---|---|---|
| United States | 69 | United States | 44 |
| Dominican Republic | 10 | China | 5 |
| Canada | 3 | Brazil | 4 |
| Mexico | 3 | Colombia | 3 |

*Sources:* EIU, *Country Report: Haiti*, May 2009; Government of Haiti. Ministry of Economy and Finance, Institut Haïtien de Statistique et d'Informatique, "Economic Statistics"; IMF, *Direction of Trade Statistics Yearbook 2008*.

# Investment Profile

Haiti's investment regime is open to FDI, although a World Bank/OAS report ranks Haiti as the Caribbean country that is least open to international trade. In 2002, Haiti implemented a new investment code that prohibits discrimination against foreign investors, gives foreign investors the same rights as Haitian investors, and explicitly recognizes the crucial role of FDI in spurring economic growth. Most sectors of the economy are open to foreign investors, although prior government approval is required for investment in certain sensitive sectors, including some utilities, public health, agriculture, and mining.[69] Nonetheless, political and economic risk factors continue to discourage FDI in Haiti, despite progress made in recent years to improve the legal framework, create and strengthen core public institutions, and enhance economic governance. Urban crime and violence continues to undermine investor interest in Haiti, but domestic security has improved since the UN peacekeeping force and Haitian police began launching direct operations against criminal gangs in December 2006. To address other investor concerns, the government of Haiti launched a high-profile campaign in 2007 to eliminate corruption in the public and private sectors.[70]

According to the World Bank's 2009 "Ease of Doing Business Index," Haiti ranked 154th of 181 countries overall in the degree to which its regulatory environment is conducive to the operation of business. This was the lowest overall score for CBERA countries—only Venezuela ranked lower among all Latin American and Caribbean countries.[71] Haiti ranked very low in ease of starting a business, getting credit, protecting investors, and trading across borders. The ease of doing business in Haiti worsened in almost all categories compared with one year ago, with marginal improvements in ease of dealing with construction permits and registering property.[72] Transparency International ranked Haiti 177th out of 180 countries in 2008, indicating that corruption is a factor that further stifles economic growth.[73]

The small amounts of FDI in Haiti reflect the country's lack of attractiveness to foreign capital, particularly in comparison to other more politically and economically stable Caribbean Basin countries. With FDI inflows of $30 million in 2008 (table 3.6), Haiti was among the least favored CBERA destinations for FDI, outranking only Montserrat.[74]

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[69] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," October 2008.

[70] U.S. Department of State, Bureau of Economic, Energy, and Business Affairs, "Haiti: 2009 Investment Climate Statement," February 2009.

[71] World Bank, Doing Business 2009: Economy Rankings, 2008.

[72] Ibid.

[73] Transparency International, *2008 Corruption Perceptions Index*, 2009.

[74] ECLAC, *Foreign Direct Investment*, 2008, table I.A-1, 65.

A large increase in FDI in 2006 occurred due to Digicel (Jamaica) investments in Haiti's mobile telecommunications sector. FDI inflows contracted in 2008, reflecting the impact of the global and U.S. economic downturn, 2007–08 weather-related damage in Haiti, and food price increases leading to riots in 2008.[75]

The United States is the main source of FDI in Haiti. The United States and Haiti signed a bilateral investment treaty in 1983, but the agreement's entry into force remains on hold pending ratification by both parties and the exchange of instruments of ratification. Many of the manufacturing assembly sector plants operating in Haiti are owned by resident U.S. citizens or operate as subsidiaries of U.S. manufacturing companies.[76] One of the goals of HOPE II was to attract long-term investment to Haiti's export-oriented textile and apparel assembly industry as part of a broader strategy to achieve sustainable economic growth and stability.[77] However, the U.S. Embassy in Port-au-Prince reported that some Haitian apparel manufacturers are reluctant to expand their operations because of high domestic interest rates. The U.S. Embassy also reported that the number of apparel firms operating in Haiti decreased from 46 in 2000 to 29 in 2008, partly due to a lack of government assistance and incentives.[78]

# Impact of CBERA

The apparel sector has been the main beneficiary of CBERA in Haiti. Particularly as enhanced by CBTPA and the HOPE Acts, CBERA has been an important factor in promoting apparel production and exports in Haiti. The share of imports under CBERA from Haiti relative to total U.S. imports from Haiti has steadily increased, rising from 58.9 percent in 2004 to 90.1 percent in 2008 (figure 4.2). This gives Haiti the highest CBERA utilization rate of all CBERA countries in 2008. Given the low socioeconomic indicators for Haiti, CBERA has helped Haiti offset its lack of global competitiveness. However, as discussed above and in chapter 3 of this report, Haiti's continued challenges with limited infrastructure, insufficient access to water and electricity, high bank interest rates, and lack of managerial expertise remain strong disincentives for investors in Haiti.

Despite CBERA's positive impact on Haiti's export-oriented apparel sector, the World Bank and the OAS reported that CBERA as amended has not promoted export diversification in Haiti.[79] Haiti ranks among the CBERA countries that have experienced export growth largely through increased exports of existing goods—largely apparel destined for the U.S. market—rather than increased exports of new types of goods. Moreover, according to the World Bank and the OAS, Haiti remains ill-equipped to take advantage of new trade opportunities because of significant supply-side constraints. The development of export-oriented industries in Haiti is impeded by institutional weaknesses, inefficient regulatory structures, lack of access to credit, poor physical infrastructure, and investor concerns about domestic security in Haiti.[80]

[75] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," October 2008.

[76] Ibid.

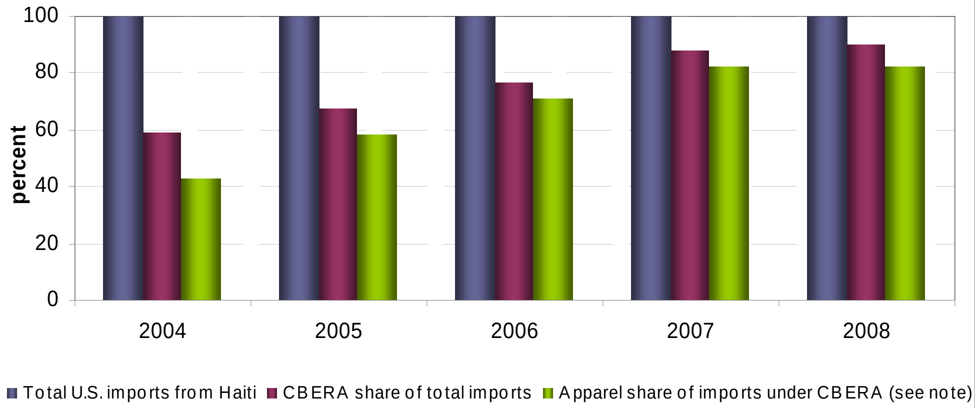
[77] Ibid.

[78] U.S. Department of State, U.S. Embassy, Port-au-Prince, "Textile and Apparel Sector Market Research—November 2008," December 24, 2008.

[79] World Bank and OAS, Caribbean: Accelerating Trade and Integration, 2008, xv.

[80] Ibid.

**FIGURE 4.2** Haiti: Total U.S. imports and imports under CBERA, 2004-08




*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: In this figure, apparel includes only the six leading apparel imports from Haiti in 2008: cotton T-shirts (HTS 6109.10.00), cotton sweaters (HTS 6110.20.20), men's or boys' cotton trousers (HTS 6203.42.40) , T-shirts of manmade fibers (HTS 6109.90.10), men's or boys' trousers of manmade fibers (HTS 6203.43.40), and men's or boys' shirts of manmade fibers (HTS 6105.20.20).

# JAMAICA
# Economic Profile

## Overview

With a GDP of almost $15 billion, Jamaica ranked as the third largest CBERA economy in 2008 after Trinidad and Tobago and Panama (table 4.3). To fuel its economic growth, Jamaica's small, open economy relies heavily on earnings from the tourism sector; exports of bauxite and a bauxite derivative, alumina (aluminum oxide); remittances from Jamaicans abroad; and imports of fuel and food. Jamaica's economy is extensively linked to that of the United States—which is Jamaica's leading trade partner and source of most of its tourists and remittances. As a result, Jamaica is extremely vulnerable to external economic shocks from changes in global prices of key commodities, downturns in the U.S business cycle, and disruptions to international tourism, as well as periodic severe weather events that destroy productive assets of the Jamaican economy.[81]

**TABLE 4.3** Jamaica: Selected economic indicators, 2006–08

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| GDP (nominal, US $ bn) | 12.0 | 12.9 | 14.8 |
| Real GDP growth (%) | 2.7 | 1.4 | -0.6 |
| Population (mn) | 2.6 | 2.6 | 2.7 |
| GDP per capita ($ at PPP) | 4,690 | 4,862 | 4,913 |
| Inflation (%) | 5.7 | 16.8 | 16.9 |
| Goods exports (US $ bn) | 2.1 | 2.2 | 2.6 |
| Goods imports (US $bn) | 5.0 | 5.8 | 7.2 |
| Trade balance (US $ bn) | -2.9 | -3.6 | -4.6 |
| Exchange rate (J$: US $1) | 67.03 | 70.62 | 80.22 |
| Tourism (US $bn) | 1.9 | 1.9 | 2.0 |
| Remittances (net US $ bn) | 1.5 | 1.7 | 1.7 |
| Current account balance (US $ bn) | -1.2 | -1.7 | -2.9 |
| Total international reserves (US $ bn) | 2.3 | 1.9 | 1.8 |
| Total external debt (US $ bn) | 8.0 | 9.7 | 10.2 |
| Public debt (% GDP) | 113 | 107 | 110 |
| Foreign direct investment (US $ mn) | 882 | 866 | 810 |

*Sources:* Bank of Jamaica, *Economic Statistics*, April 2009; Bank of Jamaica, *Remittances Update*, April 2009; ECLAC, "Jamaica," *Preliminary Overview*, 2008; EIU, *Jamaica: Country Report*, July 2009; Statistical Institute of Jamaica, "Jamaican Statistics," June 2009.

The Jamaican economy contracted by 0.6 percent in 2008, down from 2.7 percent growth in 2006 (table 4.3). Jamaica's economic performance reflected the impact of the 2008 global economic downturn and contraction of the U.S. economy. A steep rise in world oil prices during the first half of 2008 helped drive up Jamaica's annual fuel import bill, and a sharp drop in global demand for aluminum beginning in the second half of 2008 had an adverse impact on Jamaica's bauxite/alumina exports. Jamaica's economic performance during 2007–08 also was undermined by the damage caused by hurricanes Dean (August 2007) and Gustav (August 2008), which destroyed property and key export crops. While depreciation of the Jamaican currency tended to improve the global competitiveness of

[81] EIU, *Jamaica: Country Report*, July 2009, 6–7.

Jamaican exports, it made imports more expensive and contributed to rising domestic inflation.[82]

The third most populous CBERA country after Haiti and Panama, Jamaica has a number of natural resource and geographic advantages that offset in large part pressing domestic economic problems. Jamaica's natural resources include bauxite, gypsum, limestone, marble, sand, and silica. Its geographic location, proximity to the U.S. and Canadian markets, and English-speaking population are conducive to the development of tourism and offshore services on the island. The World Bank classifies Jamaica as an upper-middle-income country (gross national income per capita of $3,856–$11,905).[83] Jamaica's labor force (number of employed individuals) stood at 1.3 million at the end of 2008, with an official unemployment rate of 10.2 percent. However, despite near-universal primary and secondary education enrollment, Jamaica's adult (age 15 and over) literacy rate of 79.9 percent ranks second-lowest among CBERA countries, according to UN data.[84] Jamaica ranked 87th of 179 countries on the UN 2008 human development index, a broad measure of the well-being of a country's population. Jamaica has limited energy resources and imports petroleum from Mexico, Trinidad and Tobago, Venezuela, and Ecuador to meet 90 percent of its domestic energy consumption.[85]

Jamaica's domestic economic output is dominated by services industries (figure 4.3). The hotel-restaurant-wholesale/retail trade category is the economy's single largest sector, accounting for one-fifth of Jamaica's GDP and employing more than 23 percent of the labor force in 2007. Other services combined (including electricity; transportation and communication; and community, social and personal services) accounted for about one-third of the Jamaican economy. Mining, Jamaica's largest exporting sector, accounted for just 5 percent of domestic economic activity and employed less than 2 percent of the labor force. Agriculture has declined from about 8 percent of GDP in 1995 to 5 percent of GDP in 2008, employing about 20 percent of the labor force. Jamaica's manufacturing sector has declined from nearly 15 percent of GDP in 1995 to just under 12 percent of GDP in 2008, employing less than 10 percent of the labor force.

Jamaica's revenue from tourism and net remittances was not sufficient to offset the country's $4.6 billion trade deficit in 2008. As a result, Jamaica's current account deficit more than doubled, going from $1.2 billion in 2006 to $2.9 billion in 2008.[86] Jamaica's public finances deteriorated further in 2008 as tax collection, which provides almost 90 percent of total government revenue, stagnated due to Jamaica's economic downturn. As of year-end 2008, Jamaica's foreign debt totaled $10.2 billion, with FY 2009–10 debt service payments scheduled to be in excess of $300 million, or more than 55 percent of the government's budget.[87] Jamaica's national debt in 2008 stood at more than 110 percent of GDP, leading two major international credit rating agencies to downgrade

[82] EIU, *Jamaica: Country Report*, July 2009, 6–8; U.S. Department of State, U.S. Embassy, Kingston, "Will Financial Crisis Rock Jamaica?" October 9, 2008.

[83] World Bank, World Trade Indicators 2008 Database.

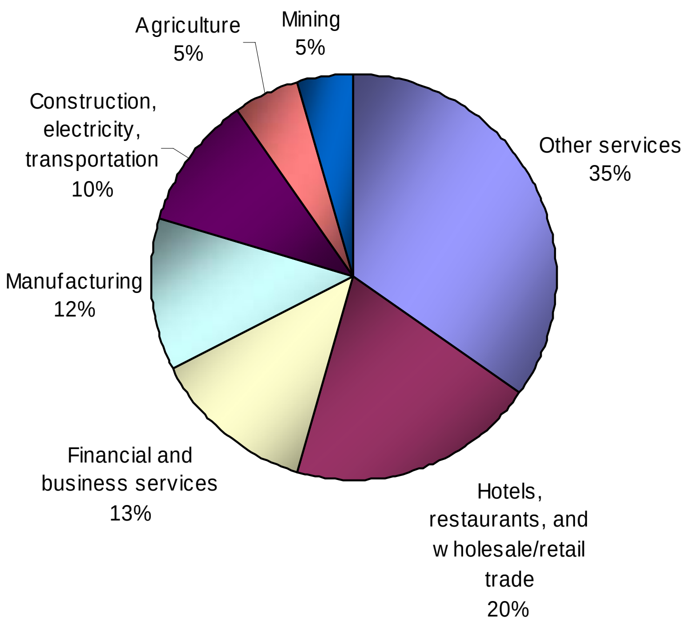
[84] UN, *2007/2008 Human Development Report*, "Country Tables, 2007/2008 Report."

[85] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Jamaica," June 2009.

[86] EIU, Jamaica: Country Report, July 2009, 9.

[87] Bank of Jamaica, *Economic Statistics*, May 2009; Bank of Jamaica, *Statistical Digest*, April 2009; and EIU, *Jamaica: Country Report*, June 2009, 5, 6, 9, and 14.

**FIGURE 4.3** Jamaica: GDP, 2008 ($14.8 billion)




*Source:* ECLAC, *Statistical Yearbook, 2008*, 2009; EIU, *Country Report: Jamaica*, July 2009, 14.

*Note:* GDP share data are for 2007.

Jamaica's already below-investment-grade rating in late 2008 in light of Jamaica's worsening current account deficit and rising debt-servicing costs.[88]

# Sector-specific Developments

## *Tourism and Remittances*

Tourism is Jamaica's leading source of foreign exchange. Gross foreign exchange earnings from tourism totaled approximately $2 billion in 2008, an increase of about 3 percent from 2007. The total number of visitors to Jamaica rose from 1.7 million in 2007 to 1.8 million in 2008, with the number of visitors from the United States increasing from 1.1 million to almost 1.2 million, or by 1.6 percent. This represented a slowdown in the growth of the number of visitors from the United States, compounded by a decline in visitors from Europe and Asia; however, it was offset by a 24 percent increase in visitors from Canada.[89] Jamaica's net remittances (primarily inbound remittances from Jamaicans living abroad, less outbound remittances) in 2008 totaled $1.7 billion in 2008, a small increase from 2006.[90] Sources reported that remittances fell in the second half of 2008

[88] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: November Economic Review," December 1, 2008.

[89] Bank of Jamaica, *Statistical Digest*, April 2009; EIU, *Jamaica: Country Report*, July 2009, 12.

[90] Bank of Jamaica, *Remittances Update*, May 2009; and U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: November Economic Review," December 1, 2008.

and into early 2009 as the impact of the global economic downturn was felt by overseas Jamaican workers.[91]

## *Information and Communications Technology*

Business process outsourcing to Jamaica has increased significantly in recent years. Key activities include data processing (e.g., payroll processing), call centers and telemarketing, IT consulting, web design, and software development. Recent infrastructure improvements include an increase in broadband Internet connectivity and the establishment of a submarine fiber cable connection with the United States.[92]

## *Mining*

Jamaica traditionally has ranked as one of the world's leading producers and exporters of bauxite/alumina and as a leading U.S. supplier of both bauxite and alumina.[93] World prices for metallurgical-grade alumina peaked by mid-2008 and declined afterward as a result of declining global demand for aluminum, particularly by the U.S., European, and Asian automobile and construction sectors. By early 2009, declining demand and falling prices, along with Jamaica's high energy costs, forced bauxite/alumina producers in Jamaica to cut output and suspend some of their operations. Three Jamaican alumina plants have closed and announced plans to curtail capital projects, and Jamaica's only bauxite exporter has announced a 30 percent reduction in its production.[94]

## *Manufacturing*

The decline in manufacturing activity from almost 14 percent of GDP in 2002 to 12 percent in 2007 reflects the gradual downturn in Jamaica's apparel assembly industry—a downturn tied to the end of textile and apparel quotas in 2005 and to increased competition from lower-cost Caribbean, Central America, and Asian suppliers.[95] Jockey International, reportedly the last multinational apparel assembly company operating in Jamaica, closed its remaining factory in Jamaica in 2007 and transferred that production to facilities in Costa Rica and Honduras.[96] Most of the manufacturing done in Jamaica is

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[91] U.S. Department of State, U.S. Embassy, Kingston, "Will Financial Crisis Rock Jamaica?" October 9, 2008.

[92] ECLAC, *Foreign Direct Investment*, 2008, 93, 103, and 109; EIU, *Jamaica: Country Report*, July 2009, 8.

[93] U.S. Department of the Interior, U.S. Geological Survey, *Mineral Commodity Summaries 2009*.

[94] EIU, *Jamaica: Country Report*, July 2009, 13; EIU, "Jamaica Industry: Bauxite Sector Under Pressures as Plants Close," *ViewsWire*, June 22, 2009; "How Bauxite Downturn May Affect Budget," *Jamaica Gleaner Online*, April 8, 2009; EIU, "Jamaica Business: Alpart to Close Alumina Plant," *ViewsWire*, April 17, 2009; EIU, "Jamaica Industry: Falling Prices Lead to Cutbacks in Alumina Production," *ViewsWire*, February 10, 2009; "Alpart Job Cuts to Cost $2 billion—PM Seeking Cheap Energy for Jamalco," *Jamaica Gleaner Online*, April 3, 2009; and "Unsettled Time for Bauxite/Alumina," *Jamaica Gleaner Online*, May 25, 2008.

[95] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Jamaica," June 2009.

[96] "Jockey Plant on the Market for US$5.6m—No Takers for Lucea Factory Space," *Jamaica Gleaner Online*, January 28, 2009; "Within the Embers of the Garment," *Jamaica Gleaner Online*, July 4, 2008; EIU, "Jamaica Industry: Jockey Clothing Maker to Close Operations," *ViewsWire*, March 20, 2007.

geared to the domestic market, and many consumer goods sold in Jamaica are supplied by other Caribbean countries, particularly Trinidad and Tobago.[97]

## *Agriculture*

Jamaica's agricultural sector suffered from hurricanes Dean (August 2007) and Gustav (August 2008). Traditional export crops include sugar, bananas, coffee, cocoa, citrus (including oranges, grapefruit, and ugli fruit), and pimentos. Nontraditional crops include root crops, yams and sweet potatoes, exotic fruits and vegetables, herbs, and spices. Agricultural production is generally hampered by the need to import fertilizer, machinery, and other farming inputs.[98] The competitiveness problems of four important traditional crops—sugar, bananas, coffee, and cocoa—are examined in more detail below:

- Jamaica's economy historically was based on the production and export of sugar. The government-owned Sugar Company of Jamaica (SCJ) has long been considered a high-cost and inefficient producer of sugar and molasses. Lacking international competitiveness, SCJ has relied on preferential access to the EU market to remain operational.[99] After the EU's 2005 announcement of a plan to reduce its reference price for sugar imported from its traditional suppliers, Jamaica began seeking ways to diversify its sugar sector. Four processing facilities in Jamaica currently process (dehydrate) ethanol from Brazilian hydrous ethanol feedstock because Jamaica does not produce sufficient quantities of sugar at competitive prices to support its ethanol industry. (Ethanol produced from Brazilian feedstock is subject to U.S. quantity restrictions.) In 2007, the Jamaican government announced plans to privatize SCJ in response to increasing global interest in ethanol production, with the goal of using Jamaican feedstock; ethanol produced from Jamaican feedstock would be eligible for duty-free, quota-free entry into the United States.[100]

- Banana production was just recovering from damaging storms in 2007 before hurricane Gustav in August 2008 destroyed the two plantations that produced 90 percent of Jamaica's banana export volume. In addition, Jamaican banana exports to the EU were facing increasing competition from Latin American banana producers, which gained greater access to the EU market under the new EU banana import regime. Because of Jamaica's declining global competitiveness in bananas, in 2008 Jamaica's leading banana producer announced its decision to end banana production for export, with the intention of producing bananas only for the domestic market.[101]

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[97] Bank of Jamaica, *Balance of Payments of Jamaica 2007*, 2008, 34; "Jamaica's Energy Challenges—Part III," *Jamaican Gleaner*, March 30, 2008.

[98] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: November Economic Review," December 1, 2008; U.S. Department of State, U.S. Embassy, Kingston, "Recovery Assistance for Storm Gustav," September 10, 2008.

[99] European Commission, "European Commission Disburses $365 Million to Support the Transformation of the Jamaican Sugar Industry," November 27, 2008.

[100] Government of Jamaica, Ministry of Agriculture, "Jamaica Leads Caribbean Sugar Production, Despite Setbacks," April 7, 2009; and *Caribbean Net News*, "Jamaican PM Announces Sugar Industry Rehabilitation Measures," October 31, 2005.

[101] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: November Economic Review," December 1, 2008; U.S. Department of State, U.S. Embassy, Kingston, "Will Financial Crisis Rock Jamaica?" October 9, 2008; and Tufton, Statement to the House of Representatives, September 2008.

- As with bananas, Jamaica's coffee and cocoa production has been hampered by severe weather and declining international competitiveness in recent years. The Jamaican Government has been unable to adequately fund road maintenance and the acquisition of transport equipment needed to support coffee production on Jamaica's steep, remote mountainsides. Despite the high premiums Asian, North American, and European consumers pay for Jamaican-branded arabica coffee, the high costs of farm inputs make coffee farming in Jamaica a low-profit activity. Cocoa production also is low as a result of low international prices and a shortage of workers in this sector.[102]

# Trade Profile

Jamaica's merchandise exports to the world increased from $2.1 billion in 2006 to $2.6 billion in 2008. Jamaica's exports were mainly crude materials (excluding fuels). Alumina and bauxite accounted for about one-half of the value of Jamaica's exports to the world in 2008, with alumina exports valued at $1.2 billion and bauxite exports valued at $115 million. Other leading Jamaican exports (based on 2007 data) included refined/re-exported petroleum products, raw sugar, iron/steel scrap, fuel ethanol, rum and other distilled alcoholic beverages, beer, coffee, and root crops. According to World Bank data for 2006, the rest-of-the-world average weighted tariff on Jamaica's exports was 1.3 percent, much lower than the average for Latin America and the Caribbean as a whole (3 percent).[103] Jamaica's exports are generally eligible for GSP preferential tariffs in a number of industrialized country markets, as well as for preferential tariff treatment from the United States, Canada, and the EU, as discussed earlier in this chapter.

Jamaica's merchandise imports from the world increased from $5.0 billion in 2006 to $7.2 billion in 2008. Jamaica's leading imports in 2008 were mineral fuels, machinery and transportation equipment, chemicals, and agricultural products. Its merchandise trade deficit has grown from $2.9 billion in 2006 to $4.6 billion in 2008.

The United States is Jamaica's primary trade partner (table 4.4). The United States supplied approximately 40 percent of Jamaica's total imports in 2008, valued at $2.6 billion. Leading U.S. exports to Jamaica in 2008 included petroleum products, chemicals, donated articles, wheat, donated medical and pharmaceutical products, and corn. Total U.S. imports from Jamaica in 2008 were valued at $704.2 million (table 2.2). Leading U.S. imports from Jamaica included fuel grade ethanol, alumina, bauxite, and beer.

U.S. imports from Jamaica under CBERA were valued at $319.6 million in 2008 (table 2.6), accounting for 45.4 percent of total U.S. imports from Jamaica that year. Jamaica supplied 52.5 percent of U.S. imports of undenatured ethyl alcohol (HTS 2207.10.60), one of the categories of fuel ethanol, entered under CBERA in 2008; imports of undenatured ethyl alcohol were valued at $253.5 million in 2008, a 54.0 percent increase since 2006. Jamaica also supplied 52.1 percent of yams entered under CBERA; imports of yams were valued at $15.6 million, a 53.7 percent increase since 2006 (table 2.8). Other leading CBERA imports from Jamaica in 2008 included cotton T-shirts (HTS 6109.10.00), valued at $6.7 million, a 70.3 percent decrease since 2006, and parts of gas

[102] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: November Economic Review," December 1, 2008.

[103] World Bank, *Jamaica Trade Brief,* 2008.

**TABLE 4.4** Jamaica: Main trade partners, 2008

| Leading markets for exports and share (%): | | Leading sources of imports (2006) and share (%): | |
|---|---|---|---|
| United States | 26 | United States | 39 |
| Canada | 11 | Trinidad and Tobago | 14 |
| China | 8 | Venezuela | 6 |
| United Kingdom | 8 | Brazil | 3 |

*Sources*: IMF, *Direction of Trade Statistics Yearbook 2008*; EIU, *Jamaica: Historical Data—Main Trading Partners*, February 15, 2008.

turbines (HTS 8411.99.90), valued at $5.0 million, a new export since 2006 (table E.6). With increased global competition, U.S. imports of apparel articles from Jamaica declined from $46.6 million in 2006 to $15.7 million in 2008 (table 2.10).

# Investment Profile

Over the years, the Jamaican government has implemented a wide range of policies to encourage foreign investment.[104] Foreign investors in Jamaica receive national treatment and face no investment impediments and no constraints on foreign exchange or on profit repatriation. Jamaican policies encourage foreign investment in areas that earn or save foreign exchange, generate employment, and use local raw materials. Companies located in Jamaica's free trade zones are eligible for a variety of incentives, including tax holidays and duty-free importation of all capital goods and raw materials used in production. Manufacturing companies operating in free trade zones are allowed to sell 15 percent of their production on the local market with prior approval. Jamaica also allows for the establishment of single-entity free trade zones, with individual companies designated as free trade zones. The country offers many industry-specific investment incentives as well, including for the hotel, motion picture, finance, shipping, and export industries. Jamaica has been able to attract record levels of foreign investment in the last decade, especially in the tourism and telecommunications sectors.[105]

A number of longstanding problems work against Jamaica's ability to improve its investment climate. According to one recent assessment, the large public debt burden restricts the Jamaican government's ability to make key investments needed to improve the country's economic infrastructure and social services that are needed to improve Jamaica's global competitiveness.[106] The U.S. Embassy in Kingston reported that illicit drug trafficking and a high crime rate in some parts of Jamaica make for high security costs, which also detract from Jamaica's investment climate.[107] A recent study by the World Economic Forum on tourism competitiveness cited crime as a major impediment to enhancing the competitiveness of Jamaica's tourism sector.[108] Migration to the United States, Canada, and the United Kingdom has created a shortage of skilled workers, which

[104] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: Investment Climate Statement 2009," December 10, 2008.

[105] Ibid.

[106] EIU, Jamaica: Country Report, July 2009, 5.

[107] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: Investment Climate Statement 2009," December 10, 2008.

[108] World Economic Forum, The Travel & Tourism Competitiveness Report, 2009, 231.

can also be a deterrent for investors.[109] The 2008 global economic downturn added further pressure to the economic challenges Jamaica faces in boosting investor confidence.[110]

Jamaica has a mixed record in various international indices of business climate attractiveness. According to the World Bank's 2009 "Ease of Doing Business Index," Jamaica ranked 63rd of 181 countries overall in having a regulatory environment conducive to the operation of business—the third highest overall score for CBERA countries after Antigua and Barbuda and the Bahamas.[111] Jamaica ranked 11th in ease of starting a business, the highest for CBERA countries, and made a significant improvement in the ease of dealing with construction permits compared to one year ago. However, Jamaica ranked 127th with respect to enforcing contracts, one of the lowest rankings for the CBERA countries, and 173rd of 181 countries with respect to paying taxes.[112] In 2008, Jamaica received a loan from the Inter-American Development Bank to support measures to improve the business climate through policy and institutional reforms to reduce costs and increase benefits for businesses.[113]

The United States and Jamaica signed a bilateral intellectual property rights agreement in 1994, and a bilateral investment treaty has been in force since 1997. Nevertheless, Jamaica remains on the U.S. special 301 "watch list" largely because the Jamaican patent law is not compliant with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights.[114]

Despite its mixed investment climate record, Jamaica ranks as one of the CBERA countries most consistently receiving relatively high levels of FDI on a regular basis.[115] However, FDI appears to have had little impact on GDP growth and job creation, indicating that Jamaica has not been able to use FDI to benefit the domestic economy.[116] FDI inflows into Jamaica peaked in 2006 at $882 million, declining somewhat to $810 million in 2008.[117] The bauxite/alumina sector ranked as the leading destination for FDI in Jamaica during 2002–07.[118] The United States is the leading source of FDI in Jamaica, and most of that investment is in the areas of tourism and information and communications technology.[119] The Jamaica Promotions Agency (JAMPRO) is a Jamaican governmental business advisory agency established to promote and encourage private FDI and export production. JAMPRO facilitated FDI valued at $265 million in 2006–07, including investments totaling $170 million in the tourism sector, $56 million

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[109] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: Investment Climate Statement 2009," December 10, 2008.

[110] U.S. Department of State, U.S. Embassy, Kingston, "Will Financial Crisis Rock Jamaica?" October 9, 2008.

[111] World Bank, *Doing Business 2009: Economy Rankings* (accessed July 20, 2009).

[112] Ibid.

[113] IADB, "JA-L1001: Competitiveness Enhancement Program" (accessed July 21, 2009).

[114] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Jamaica," June 2009; USTR, *2008 Special 301 Report,* 2008; and USTR, *2007 Special 301 Report,* 2007.

[115] ECLAC, *Foreign Direct Investment*, 2008, table I.A-1, 65.

[116] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: Investment Climate Statement 2009," December 10, 2008.

[117] ECLAC, *Foreign Direct Investment*, 2008, table I.A-1, 65.

[118] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: Investment Climate Statement 2009," December 10, 2008.

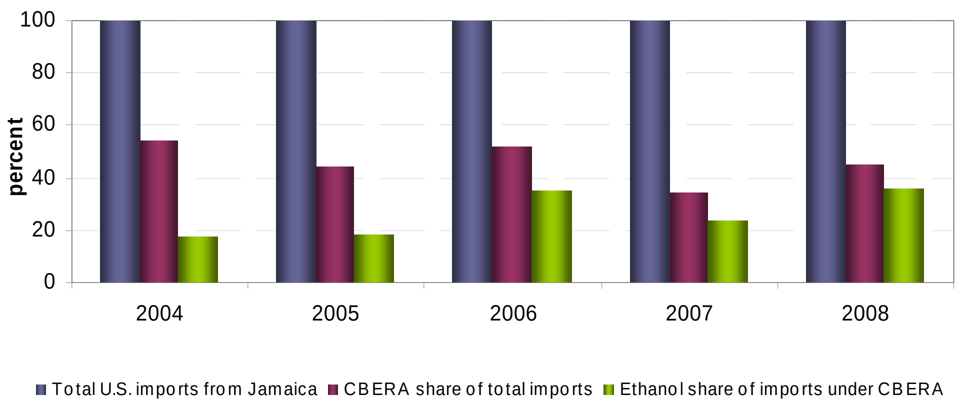
[119] Ibid.

in the information technology sector, and $39 million in manufacturing.[120] Free trade zones successfully stimulated investment in apparel assembly for many years, but recent export-oriented apparel production has been significantly curtailed as a result of Jamaica's declining global competitiveness in that sector.[121]

# Impact of CBERA

The share of imports under CBERA from Jamaica relative to total U.S. imports from Jamaica has declined from 55.1 percent in 2004 to 45.4 percent in 2008 (figure 4.4). The range of imports from Jamaica under CBERA remains limited and, since 2006, continues to be dominated by ethanol. Ethanol was the only product benefiting exclusively from CBERA for which Jamaica was a significant supplier; it accounted for 79.3 percent of the value of U.S. imports under CBERA from Jamaica in 2008. This large share reflected continued high U.S. demand for ethanol and high world fuel prices. While imports of yams have increased by 53.7 percent since 2004, yams accounted for less than 5.0 percent of imports under CBERA from Jamaica in 2008. Apparel articles no longer figure prominently in Jamaican exports as a result of competition from lower-cost regional producers, such as Haiti, and other global apparel suppliers.

**FIGURE 4.4** Jamaica: Total U.S. imports and imports under CBERA, 2004-08




*Source:* Compiled from official statistics of the U.S. Department of Commerce.

*Note:* In this figure, apparel includes only the leading three apparel imports from Jamaica in 2008: cotton T-shirts (HTS 6109.10.00), women's or girls' cotton briefs and panties (HTS 6108.21.00), and men's or boys' cotton underpants (HTS 6107.11.00).

[120] Ibid.

[121] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Jamaica," June 2009.

Despite CBERA preferences (as well as preferences offered by the EU and Canada), Jamaica has not been able to expand its exports fast enough to keep pace with domestic demand for imports. As reflected in the trade data, ethanol producers were the leading CBERA beneficiaries in Jamaica in 2008. Based on industry survey data collected by the U.S. Embassy in Jamaica,[122] the expanding ethanol industry is a Jamaican success story in terms of the industry's ability to generate foreign exchange, improve workers' technical skill sets, and provide a good livelihood for sector employees. The survey also reported that limited production capacity in Jamaica was a key impediment to increasing ethanol exports and taking full advantage of CBERA during 2008. Other factors reported to be constraining Jamaica's full use of CBERA included a lack of awareness of CBERA and a lack of knowledge about the U.S. market.[123]

[122] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica's Response: U.S. Biennial Caribbean Basin Investment Survey," July 13, 2009.

[123] Ibid.

# TRINIDAD AND TOBAGO
# Economic Profile

## Overview

With a GDP of almost $25 billion, Trinidad and Tobago ranked as the largest CBERA economy in 2008 (table 4.5). Its economy is primarily industrial-based: unlike many other Caribbean countries that depend on low-cost labor to export assembled apparel or other articles, a large portion of Trinidad and Tobago's manufacturing sector is made up of heavy industries and petrochemicals that use inexpensive and plentiful energy. It is the only Caribbean Basin country that is self-sufficient in fossil fuels energy, and its economy relies heavily on exports of petroleum and petrochemicals. An additional advantage aiding the country's economy is that Trinidad and Tobago largely lies outside of the Caribbean hurricane belt and is therefore often spared the climate shocks from severe storms that hit many Caribbean countries and cause damage to property and crops.[124]

Despite these competitive advantages, Trinidad and Tobago faces some significant economic challenges. With most of its oilfields considered mature and crude oil production declining, Trinidad and Tobago is shifting to natural gas-based production and implementing plans to diversify its economic structure. Until greater economic diversification is achieved, however, Trinidad and Tobago remains highly dependent on energy exports and highly vulnerable to downturns in the global economy that depress energy demand and drive down global energy prices.[125]

The economy of Trinidad and Tobago has experienced 14 years of continuous economic expansion, with an average annual growth rate of 7.1 percent over the past 5 years. The economic growth rate was 3.5 percent in 2008, down from 12.2 percent in 2006.[126] This sharply lower growth reflected the end of a period of rising global energy prices that allowed Trinidad and Tobago to build large trade and current account surpluses.[127] When energy prices were high, Trinidad and Tobago transferred excess revenue into sovereign wealth "stabilization" funds to provide a cushion against future economic downturn as well as into a funding source for infrastructure improvement projects. The stabilization fund totaled $2.8 billion in 2008, equivalent to more than 10 percent of GDP.[128] This strong economic performance allowed Trinidad and Tobago to acquire one of the strongest credit ratings in the Caribbean Basin region, with the country's long-term

[124] EIU, *Trinidad and Tobago: Country Report*, June 2009; U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 2009.

[125] ECLAC, "Trinidad and Tobago," *Economic Survey*, 2008; ECLAC, "Trinidad and Tobago," *Preliminary Overview*, 2008, 143–44; EIU, *Trinidad and Tobago: Country Report*, June 2009; UNCTAD, *World Investment Report 2008*; U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 2009; and World Bank, *Trinidad and Tobago: Trade Brief*, 2008.

[126] EIU, *Trinidad and Tobago: Country Report*, June 2009, 8 and 13.

[127] ECLAC, "Trinidad and Tobago," *Preliminary Overview*, 2008, 144.

[128] Ibid.; IMF, *Trinidad and Tobago: Staff Report for the 2008 Article IV Consultation*, 2008, table 2, 22.

foreign currency sovereign credit rating upgraded from A- to A in September 2008.[129] Trinidad and Tobago's nominal exchange rate has remained relatively stable versus the U.S. dollar since 2006, but showed a slight appreciation during 2008, making exports less competitive and imports less costly.[130] A March 2009 IMF assessment found that Trinidad and Tobago, while not immune from contagion, is better positioned than many countries to weather the 2008–09 global economic downturn because of the country's strong financial position.[131]

**TABLE 4.5** Trinidad and Tobago: Selected economic indicators, 2006–08

| | 2006 | 2007 | 2008 |
|---|---|---|---|
| GDP (nominal, US $ bn) | 18.1 | 21.1 | 24.7 |
| Real GDP growth (%) | 12.2 | 5.5 | 3.5 |
| Population (mn) | 1.3 | 1.3 | 1.3 |
| GDP per capita ($ at PPP) | 16,302 | 17,528 | 18,538 |
| Inflation (%) | 9.1 | 7.6 | 14.5 |
| Goods exports (US $ bn) | 14.2 | 13.4 | 15.9 |
| Goods imports (US $bn) | 6.5 | 7.7 | 9.8 |
| Trade balance (US $ bn) | 7.7 | 5.7 | 6.1 |
| Exchange rate (TT$: US $1) | 6.31 | 6.34 | 6.30 |
| Current account balance (US $ bn) | 7.3 | 5.4 | 5.4 |
| Total international reserves (US $ bn) | 6.6 | 6.7 | 9.5 |
| Stabilization fund (US $ bn) | 1.4 | 1.8 | 2.8 |
| Total external debt (US $ bn) | 2.6 | 2.9 | 3.3 |
| Public debt (% GDP) | 33 | 28 | 26 |
| Foreign direct investment (US $ mn) | 883 | 830 | 2,500 |

*Sources*: ECLAC, "Trinidad and Tobago," *Economic Survey,2*008; ECLAC, "Trinidad and Tobago," *Preliminary Overview,* 2008; ECLAC, *Statistical Yearbook*, 2009; EIU, *Trinidad and Tobago: Country Report*, June 2009; UNCTAD, *World Investment Report 2008*; U.S. Department of State, "Background Note: Trinidad and Tobago," June 2009; and World Bank, *Trinidad and Tobago: Trade Brief*, 2008.

The fourth most populous CBERA country after Haiti, Panama, and Jamaica, Trinidad and Tobago rates well on many international indices of prosperity. Unemployment stood at 4.2 percent at midyear 2008, a record low. In 2007, the World Bank upgraded its classification of Trinidad and Tobago's economy from upper-middle-income to high-income—i.e., one with a gross national income per capita of $11,906 or higher. (As a result of this re-classification, U.S. law requires that goods imported from Trinidad and Tobago no longer be eligible for benefits under the U.S. GSP program; the country is to be graduated from the GSP program effective January 1, 2010.[132]) Trinidad and Tobago ranked 87th of 179 countries on the UN 2008 human development index, a broad measure of the well-being of a country's population.[133] Trinidad and Tobago's adult (age 15 and over) literacy rate of 98.4 percent ranked as one of the highest among the CBERA countries. The government's Vision 2020 program aims to achieve developed country status by the year 2020 using the stabilization fund to support socioeconomic

[129] U.S. Department of State, U.S. Embassy, Port of Spain, "Trinidad and Tobago Economic Highlights for Mid-July through Mid-August 2008," September 2, 2008.

[130] ECLAC, "Trinidad and Tobago," *Preliminary Overview*, 2008, 144.

[131] IMF, *Trinidad and Tobago: Staff Report for the 2008 Article IV Consultation*, December 23, 2008, 6.

[132] U.S. Department of State, U.S. Embassy, Port of Spain, "Trinidad and Tobago GSP Graduation," press release, July 2, 2008.

[133] UN, *2007/2008 Human Development Report*, "Country Tables, 2007/2008 Report."

development and diversification of the economy through public investment in infrastructure, education, and social programs.[134]

Natural resources available to Trinidad and Tobago include offshore petroleum and natural gas reserves, timber, and fish. Leading agricultural cash crops are sugar and cacao, which are grown on more than one-half of the agricultural land currently under cultivation.[135] Trinidad and Tobago is one of the most industrially diversified CBERA countries and is a major exporter of energy products and consumer goods to other Caribbean countries. Tourism revenue and remittances from citizens living and working abroad are also important components of the economy, but Trinidad and Tobago relies less on tourism and remittances than many other Caribbean countries because of the large role played by the energy sector.

Trinidad and Tobago's domestic economic output is largely dominated by the energy sector, including the petroleum, natural gas, and petrochemicals industries (figure 4.5). Energy production has accounted for about one-half of GDP, almost 90 percent of export earnings, and almost 60 percent of central government revenue in recent years. The sector directly employs about 5 percent of the labor force, making it a relatively small contributor to national employment. Trinidad and Tobago is the largest Caribbean petroleum producer. The upstream (exploration and production) sector is dominated by multinational companies that have invested billions of dollars in Trinidad and Tobago over the last 30 years. Petroleum extraction, mostly done offshore, has declined from in excess of 200,000 barrels/day (b/d) during the 1970s to 120,000 b/d by 2007. Current estimates are that Trinidad and Tobago's proven petroleum reserves will be depleted over the next 20 years. Natural gas production, however, has steadily increased, allowing Trinidad and Tobago to become the fifth-largest exporter of liquefied natural gas (LNG) in the world and the single largest supplier of LNG to the United States. The petrochemical sector includes plants producing methanol, ammonia, and urea.

The non-energy sector accounts for just over one-half of the domestic economy (figure 4.5), although the energy-related activities drive some non-energy activities, such as construction and financial services. The share of manufacturing has declined from about 7 percent of GDP in 2005 to 5 percent of GDP in 2008. This decline reflected the strong growth of the energy industry, rather than a decline in manufacturing activity. The importance of agricultural production to the economy in recent years has dropped to less than 1 percent of GDP in 2008.[136]

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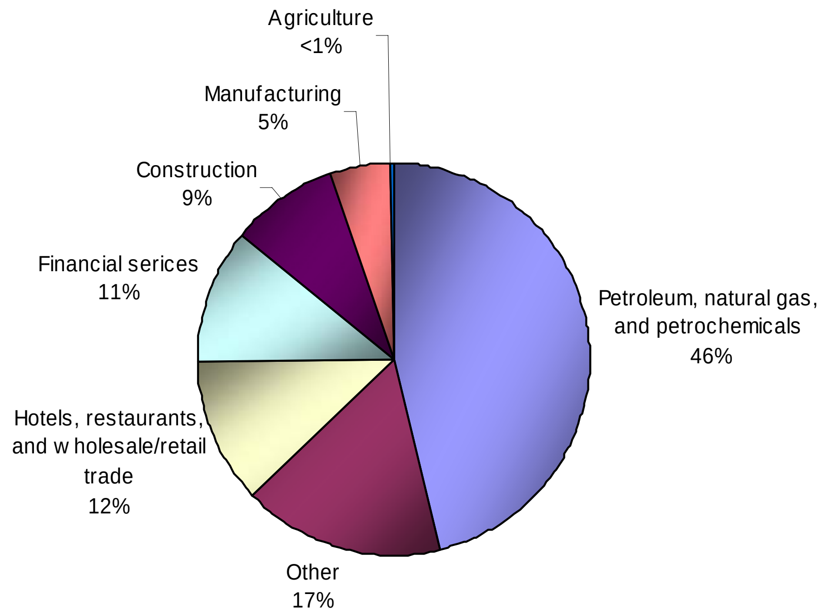
[134] IMF, *Trinidad and Tobago: Staff Report for the 2008 Article IV Consultation*, 2008, 2, 5.

[135] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 2009.

[136] EIU, *Trinidad and Tobago: Country Report*, June 2009; and U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 2009.

**FIGURE 4.5** Trinidad and Tobago: GDP, 2008 ($24.7 billion)




*Source*: ECLAC, *Statistical Yearbook, 2008*, 2009; EIU, *Country Report: Trinidad and Tobago*, June 2009.

# Trade Profile

Merchandise exports from Trinidad and Tobago to the world increased from $14.2 billion in 2006 to $15.9 billion in 2008. Natural gas accounted for more than one-third of the value of Trinidad and Tobago's exports to the world in 2007, coming to approximately $5.0 billion. Other leading exports by Trinidad and Tobago included petroleum products and crude petroleum valued at $29.1 million, anhydrous ammonia (using natural gas as the feedstock) valued at $8.9 million, and methanol (also using natural gas as the feedstock) valued at $7.2 million. According to World Bank data for 2006, the rest-of-the-world average weighted tariff on exports from Trinidad and Tobago was 1 percent, much lower than the average for Latin America and the Caribbean as a whole (3 percent).[137] In addition to preferential tariff treatment afforded under CBERA, exports of Trinidad and Tobago are generally eligible for GSP and other preferential tariff programs offered by a number of industrialized country markets. However, as discussed above, Trinidad and Tobago is to graduate from the U.S. GSP program beginning January 1, 2010.

Trinidad and Tobago's merchandise imports from the world increased from $6.5 billion in 2006 to $9.8 billion in 2008. Leading imports in 2007 were food commodities, mineral fuels and lubricants, and machinery and transportation equipment. Despite its agricultural potential, Trinidad and Tobago imports a significant portion of its food, including 95 percent of all domestically consumed grains.

[137] World Bank, *Trinidad and Tobago: Trade Brief*, 2008.

The United States is Trinidad and Tobago's largest single trade partner (table 4.6). U.S. exports to Trinidad and Tobago were valued at $2.1 billion in 2008, amounting to approximately 28 percent of the country's total imports in 2008.[138] Leading U.S. exports to Trinidad and Tobago in 2008 included machinery parts, wheat, petroleum, aircraft, and cellular/wireless telephones. Total U.S. imports from Trinidad and Tobago in 2008 were valued at almost $9.0 billion. Leading U.S. imports from Trinidad and Tobago included LNG, anhydrous ammonia, methanol, and petroleum and petroleum products.

**TABLEL 4.6** Trinidad and Tobago: Main trade partners, 2008

| Leading markets for exports and share (%): | | Leading sources of imports and share (%): | |
|---|---|---|---|
| United States | 48 | United States | 28 |
| Spain | 8 | Brazil | 10 |
| Netherlands | 7 | Venezuela | 9 |
| Jamaica | 6 | Colombia | 5 |

*Sources*: EIU, *Trinidad and Tobago: Country Report*, June 2009; IMF, *Direction of Trade Statistics Yearbook 2008*.

U.S. imports from Trinidad and Tobago under CBERA were valued at $2.4 billion in 2008, accounting for 26.3 percent of total U.S. imports from that country in 2008. Energy products made up 98.4 percent of those imports (tables 2.7 and 2.8). Trinidad and Tobago was the sole supplier of methanol (HTS 2905.11.20) and naphthas (HTS 2710.11.25), supplied 90.0 percent of crude petroleum (HTS 2709.00.20), and supplied almost one-third of fuel ethanol ((HTS 2207.10.60) entered under CBERA in 2008. Shipments of methanol, valued at $1.2 billion in 2008, increased 14.1 percent in value from 2006. Shipments of crude petroleum, valued at $813.3 million in 2008, decreased 51.5 percent in value from 2006. Shipments of naphthas, valued at $143.6 million in 2008, more than doubled from 2006 (table E.6). Shipments of fuel ethanol, valued at $160.4 million in 2008, increased by more than 400 percent from 2006 as a result of a significant expansion of ethanol dehydration capacity in Trinidad and Tobago using Brazilian hydrous ethanol feedstock (table 2.8).[139]

# Investment Profile

Sources report an overall mixed review of investment experiences in Trinidad and Tobago. Trinidad and Tobago has an open investment regime with no currency or capital controls. Since 1992, almost all investment barriers have been eliminated. Trinidad and Tobago offers free trade zones and provides many industry-specific investment incentives, including duty exemptions for machinery and raw materials used in certain industries. The U.S. bilateral investment treaty with Trinidad and Tobago has been in force since 1996. U.S. commercial ties with Trinidad and Tobago have been consistently strong and have grown substantially in the last 10 years as a result of economic liberalization underway in Trinidad and Tobago since the 1990s.[140]

[138] EIU, *Trinidad and Tobago: Country Report*, June 2009; and IMF, *Direction of Trade Statistics Yearbook 2008*.

[139] See the discussion of ethanol in chap. 2 of this report for additional information.

[140] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 2009.

While Trinidad and Tobago welcomes investment and has secured large amounts of FDI in recent years, several sources have reported serious concerns with Trinidad and Tobago's general business climate. According to the World Bank's 2009 "Ease of Doing Business Index," Trinidad and Tobago ranked 80th of 181 countries overall in having a regulatory environment conducive to the operation of business—only Panama, Grenada, Guyana, and Haiti scored lower among the CBERA countries. Trinidad and Tobago ranked significantly lower than other CBERA countries in ease of starting a business.[141] Trinidad and Tobago's overall ranking was lower than the previous year. Compared to 2008, Trinidad and Tobago lost ground in ease of registering property, getting credit, and protecting investors. Trinidad and Tobago continued to rank low relative to all countries with respect to ease of enforcing contracts, but marginally improved in that area over the previous year. Trinidad and Tobago ranked last among all countries in ease of closing a business.[142]

In its June 2007 report on investment policy for the period 2007–12, the Ministry of Trade and Industry acknowledged the need for Trinidad and Tobago to further consolidate the investment regime to promote greater international competitiveness and encourage more growth in the non-energy sectors.[143] According to the report, the government of Trinidad and Tobago has targeted the following sectors for new FDI: information and communications technology; downstream energy (including adhesives, asphalt products, cosmetics, feedstock chemicals, industrial chemicals, industrial gases, paints, petrochemicals, pharmaceuticals, and plastics); yachting; fish and fish processing; merchant marine; printing and packing; music and entertainment; film; food and beverage; and services.[144]

Trinidad and Tobago has had specific problems in encouraging oil sector FDI, and international oil companies have lobbied the government for improved conditions for oil sector investors. Specific concerns included the need for tax incentives to encourage exploration, confusing exploration contract terms, and long waiting times to sign contracts. Trinidad and Tobago received only one bid at its December 2006 auction for oil exploration rights for eight Atlantic deep-water blocks. After that auction, the government of Trinidad and Tobago pledged to be more responsive to industry concerns in order to elicit greater investor interest.[145]

Despite these problems, Trinidad and Tobago received more FDI than any other CBERA country in 2008. Worldwide FDI flows into Trinidad and Tobago were valued at $2.5 billion in 2008, more than double the investment in recent years.[146] The spike in FDI in Trinidad and Tobago was due to two large foreign acquisitions—the $2.2 billion acquisition of a Trinidad and Tobago-based commercial bank by a Canadian bank in one of the largest transactions in the Caribbean region; and the $900 million acquisition of a Trinidad and Tobago-based wine and spirits producer by a Jamaica-based company. The

[141] World Bank, *Doing Business 2009: Economy Rankings,* 2009.

[142] Ibid.

[143] Government of Trinidad and Tobago, Ministry of Trade and Investment, *Trinidad and Tobago Investment Policy, 2007–2012*, June 2007.

[144] Ibid.

[145] EIU, *Energy Briefing*, "Trinidad and Tobago Oil: Better Terms," February 17, 2009; and *Energy Caribbean*, "New Trinidad Blocks: Ultra Deep-water Blocks Will Be Back Soon," June 2007.

[146] ECLAC, *Foreign Direct Investment*, 2008, table I.A-1, 65; and UNCTAD, *World Investment Report*, 2008.

stock of U.S. direct investment in Trinidad and Tobago reached a book value of $3.8 billion as of 2007. Trinidad and Tobago was the leading recipient of U.S. FDI in CBERA countries in 2008, with most U.S.-origin investment concentrated in hydrocarbons, petrochemicals, and tourism.[147]

# Impact of CBERA

The share of imports under CBERA relative to total U.S. imports from Trinidad and Tobago peaked at 43.8 percent in 2006, and has subsequently declined. In 2008, imports under CBERA accounted for only 26.3 percent of total U.S. imports from Trinidad and Tobago (figure 4.6).[148] Energy products constitute the majority of imports under CBERA from Trinidad and Tobago. Trinidad and Tobago was the sole supplier of methanol and naphthas, and it supplied 90.0 percent of crude petroleum imported under CBERA during 2008. These three products accounted for 90.1 percent of the total value of imports under CBERA from Trinidad and Tobago in 2008.

These trends suggest that the role of CBERA with respect to Trinidad and Tobago's exports to the United States has been largely confined to exports of energy products. The U.S. Embassy in Port of Spain reported that public and private sector individuals in Trinidad and Tobago believe that CBERA preferences with respect to methanol have allowed the country to become one of the world's leading methanol producers and the leading supplier of methanol to the United States, while producers of fuel ethanol reported that they would not be operating in Trinidad and Tobago but for CBERA preferences.[149] The U.S. Embassy also reported that officials in Trinidad and Tobago viewed CBI non-trade provisions permitting U.S. business travelers to deduct the cost of attending conferences in the Caribbean Basin region have contributed to promote Trinidad and Tobago as a conference destination.[150] According to the U.S. Embassy, CBERA has contributed to the growth of manufactured exports from Trinidad and Tobago to the United States.[151] Nevertheless, any impact CBERA has had in promoting export diversification in Trinidad and Tobago away from non-energy exports has yet to be reflected in U.S. import data. While energy exports are an important source of foreign exchange, they have had only a limited direct impact on the domestic economy of Trinidad and Tobago.

[147] Ibid.

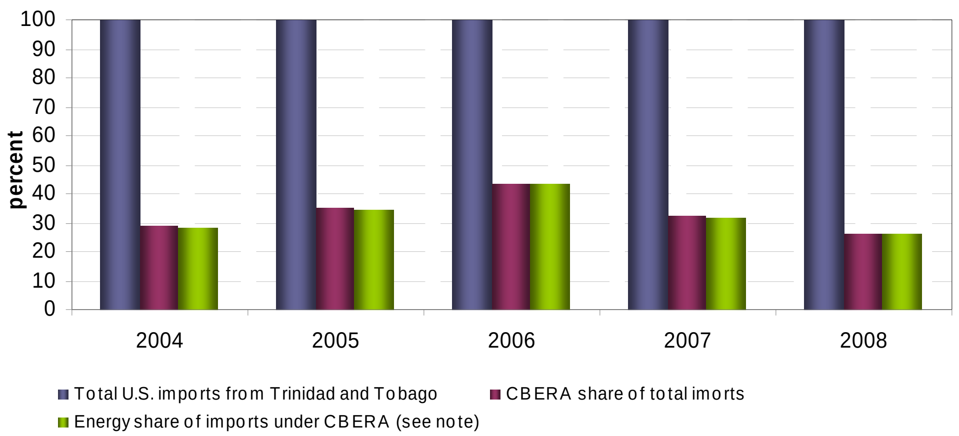
[148] As discussed in footnote 8 of chap. 2 of this report, imports of fuel oil (HTS 2710.11 and 2710.19) under CBERA from Trinidad and Tobago declined during 2007–08, although total imports of light and heavy oils from bituminous minerals from Trinidad and Tobago actually increased 1.6 percent.

[149] U.S. Department of State, U.S. Embassy, Port of Spain, "2009 Report for Biennial Caribbean Basin Investment Survey—Trinidad and Tobago," July 17, 2009.

[150] Ibid.

[151] Ibid.

**FIGURE 4.6** Trinidad and Tobago: Total U.S. imports and imports under CBERA, 2004-08




*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: In this figure, energy includes only the leading three energy imports from Trinidad and Tobago in 2008: methanol (HTS 2905.11.20), light crude oil (HTS 2709.00.20), and naphthas (HTS 2710.11.25).

Trinidad and Tobago has one of the most developed industrial manufacturing sectors in the Caribbean region. It is the leading Caribbean intra-regional exporter, with exports to other CARICOM countries valued at $1.0 billion in 2006.[152] In addition to fuel oils, leading exports to other Caribbean countries included cement, carbonated beverages, and cigarettes. With an export-oriented manufacturing sector already operational, Trinidad and Tobago appears to be well positioned to develop a more diversified range of exports for the U.S. market. Based on industry survey data collected by the U.S. Embassy in Port of Spain, officials in Trinidad and Tobago believe that the United States is a viable market for a number of the country's signature products, such as aromatic bitters, fish, flowers, beer, sugar confectionery, rum, and flavored water, and that CBERA can play a role in promoting greater diversification of the economy.[153] Some of these products are already exported to the United States, but in very small quantities.[154]

[152] Caricom Secretariat, *Caricom's Intra-Regional Trade: 2001–2006*, n.d.

[153] U.S. Department of State, U.S. Embassy, Port of Spain, "2009 Report for Biennial Caribbean Basin Investment Survey—Trinidad and Tobago," July 17, 2009.

[154] USITC, DataWeb.

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# APPENDIX A
# Federal Register Notice

## DEPARTMENT OF THE INTERIOR

### Bureau of Land Management

**[MT–066–09–1610–DR–024E]**

### Notice of Availability of the Record of Decision and Approved Resource Management Plan for the Butte Field Office, Montana

**AGENCY:** Bureau of Land Management, Interior.

**ACTION:** Notice of availability.

**SUMMARY:** The Bureau of Land Management (BLM) announces the availability of the Record of Decision (ROD) and Approved Resource Management Plan (RMP) for the Butte Field Office, Montana. The Montana State Director signed the ROD, which constitutes the final decision of the BLM and makes the Approved RMP effective immediately.

**ADDRESSES:** Copies of the ROD and Approved RMP are available upon request from the Field Manager, Butte Field Office, BLM, 106 North Parkmont, Butte, MT 59401–3388, or via the Internet at *http://www.blm.gov/mt/st/en/fo/butte_field_office.html.*

**FOR FURTHER INFORMATION CONTACT:** Tim La Marr, Project Manager, BLM, 106 North Parkmont, Butte, MT 59701; or by calling (406) 533–7645.

**SUPPLEMENTARY INFORMATION:** The Butte Field Office manages about 307,000 acres of public land and about 661,000 acres of Federal mineral estate in Beaverhead, Broadwater, Deerlodge, Gallatin, Jefferson, Lewis and Clark, Park, and Silver Bow Counties in western Montana. The planning process for the RMP addressed the following five major issues: (1) How will vegetation on the BLM lands be managed to achieve healthy ecosystems while providing for a broad range of multiple uses? (2) How will the BLM lands be managed to protect wildlife and fish habitat, and to conserve and recover special status and priority species? (3) How should the BLM manage motorized public travel to meet the needs of public access and resource uses while minimizing user conflicts and impacts to air, soil, watershed, vegetation, wildlife, and other resource values? (4) How should recreation be managed to accommodate the full range of recreational uses enjoyed by the public on the BLM lands? (5) Which areas, if any, should be managed as special designations, and how should such areas be managed to protect values that warrant this status?

The Approved RMP was prepared under the authorities of the Federal Land Policy and Management Act of 1976 (FLPMA) and the National Environmental Policy Act of 1969 (NEPA). The Approved RMP is nearly identical to the Proposed Plan (Alternative B) presented in the 2008 Proposed RMP/Final Environmental Impact Statement (EIS). Decisions in the ROD are either land use planning decisions that were protestable under the planning regulations (43 CFR subpart 1610), or implementation decisions that are now appealable under the regulations discussed below.

The BLM received six valid protest letters during the 30-day protest period provided for the Proposed RMP/Final EIS in accordance with 43 CFR 1610.5–2. The BLM Director addressed all the protests without making significant changes to the Proposed RMP; minor corrections and clarifications are included in the ''Clarifications'' section of the ROD.

Site-specific travel route decisions for the Helena Travel Planning Area (TPA), East Helena TPA, Lewis and Clark County NW TPA, Boulder/Jefferson City TPA, and Upper Big Hole River TPA are subject to a separate appeals process. These decisions are implementation decisions contained in the ''Implementation Decisions Covered Under this Record of Decision'' section of the ROD and are appealable under 43 CFR part 4, subpart E. Any party adversely affected by site-specific travel route decisions in these five TPAs may appeal within 30 days of publication of this Notice of Availability. The appeal should state the specific travel route(s), as identified in the ROD and Approved RMP, on which the decision is being appealed. The appeal must be filed with the Butte Field Manager at the above listed address. Please consult the cited regulations for further appeal requirements.

**Authority:** 43 U.S.C. 1712; 42 U.S.C. 4332.

**Gene R. Terland,**

*State Director.*

[FR Doc. E9–11897 Filed 5–21–09; 8:45 am]

**BILLING CODE 4310–$$–P**

## INTERNATIONAL TRADE COMMISSION

**[Investigation No. 332–227]**

### Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries

**AGENCY:** United States International Trade Commission.

**ACTION:** Notice of public hearing and opportunity to submit comments in connection with the nineteenth report on the economic impact of the Caribbean Basin Economic Recovery Act (CBERA).

**SUMMARY:** Section 215 of the CBERA (19 U.S.C. 2704) requires the Commission to report biennially to the Congress and the President by September 30 of each reporting year on the economic impact of the Act on U.S. industries and U.S. consumers and on the economy of the beneficiary countries. This series of biennial reports was instituted as investigation No. 332–227, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries*. The Commission has scheduled a public hearing for its 2009 CBERA report, covering trade during calendar years 2007 and 2008, for June 30, 2009.

**DATES:**

June 17, 2009: Deadline for filing requests to appear at the public hearing.

June 23, 2009: Deadline for filing pre-hearing briefs and statements.

June 30, 2009: Public hearing.

July 7, 2009: Deadline for filing post-hearing briefs and statements and all other written submissions.

September 30, 2009: Transmittal of Commission report to Congress and the President.

**ADDRESSES:** All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street, SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street, SW., Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://www.usitc.gov/secretary/edis.htm*.

**FOR FURTHER INFORMATION CONTACT:** Walker Pollard (202–205–3228 or *walker.pollard@usitc.gov*), or James Stamps (202–205–3227 or *james.stamps@usitc.gov*) Country and Regional Analysis Division, Office of Economics, U.S. International Trade Commission, Washington, DC 20436. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or *william.gearhart@usitc.gov*). The media should contact Peg O'Laughlin, Public Affairs Officer (202–205–1819 or *margaret.olaughlin@usitc.gov*). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

*Background:* Section 215(a)(1) of the Caribbean Basin Economic Recovery Act (CBERA) (19 U.S.C. 2704(a)(1)), as amended, requires that the Commission submit biennial reports to the Congress and the President regarding the economic impact of the Act on U.S. industries and consumers, and on the economy of the beneficiary countries. Section 215(b)(1) requires that the reports include, but not be limited to, an assessment regarding:

(A) The actual effect, during the period covered by the report, of [CBERA] on the United States economy generally, as well as on those specific domestic industries which produce articles that are like, or directly competitive with, articles being imported into the United States from beneficiary countries; and

(B) The probable future effect which this Act will have on the United States economy generally, as well as on such domestic industries before the provisions of this Act terminate.

Notice of institution of the investigation was published in the **Federal Register** of May 14, 1986 (51 FR 17678). The nineteenth report, covering calendar years 2007 and 2008, is to be submitted by September 30, 2009.

*Public Hearing:* A public hearing in connection with this investigation will be held at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC, beginning at 9:30 a.m. on June 30, 2009. Requests to appear at the public hearing should be filed with the Secretary, no later than 5:15 p.m., June 17, 2009. All pre-hearing briefs and statements should be filed not later than 5:15 p.m., June 23, 2009; and all post-hearing briefs and statements should be filed not later than 5:15 p.m., July 7, 2009. All requests to appear and pre- and post-hearing briefs and statements should be filed in accordance with the requirements in the ''Written Submissions'' section below. In the event that, as of the close of business on June 17, 2009, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant may call the Office of the Secretary (202–205–2000) after June 17, 2009, for information concerning whether the hearing will be held.

*Written Submissions:* In lieu of or in addition to participating in the hearing, interested parties are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., July 7, 2009. All written submissions must conform with the provisions of section 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8). Section 201.8 requires that a signed original (or a copy so designated) and fourteen (14) copies of each document be filed. In the event that confidential treatment of a document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, *http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf*). Persons with questions regarding electronic filing should contact the Office of the Secretary (202–205–2000).

Any submissions that contain confidential business information (CBI) must also conform with the requirements of section 201.6 of the *Commission's Rules of Practice and Procedure* (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the ''confidential'' or ''non-confidential'' version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

The Commission intends to publish only a public report in this investigation. Accordingly, any CBI received by the Commission in this investigation will not be published in a manner that would reveal the operations of the firm supplying the information. The report will be made available to the public on the Commission's Web site.

Issued: May 18, 2009.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. E9–11965 Filed 5–21–09; 8:45 am]

BILLING CODE 7020–02–P

## DEPARTMENT OF JUSTICE

### Antitrust Division

### Notice Pursuant to the National Cooperative Research and Production Act of 1993—PXI Systems Alliance, Inc.

Notice is hereby given that, on April 10, 2009, pursuant to Section 6(a) of the National Cooperative Research and Production Act of 1993, 15 U.S.C. 4301 *et seq.* (''the Act''), PXI Systems Alliance, Inc. has filed written notifications simultaneously with the Attorney General and the Federal Trade Commission disclosing changes in its membership. The notifications were filed for the purpose of extending the Act's provisions limiting the recovery of antitrust plaintiffs to actual damages under specified circumstances. Specifically, DC to Light Limited, Bray County, Wicklow, Ireland; and DGE, Inc., Rochester Hills, MI have been added as parties to this venture. Also, Huntron Inc., Mill Creek, WA; DAWTr0n, Inc., Roswell, GA; and Amplicon, Brighton, East Sussex, United Kingdom have withdrawn as parties to this venture.

No other changes have been made in either the membership or planned activity of the group research project. Membership in this group research project remains open, and PXI Systems Alliance, Inc. intends to file additional written notifications disclosing all changes in membership.

On November 22, 2000, PXI Systems Alliance, Inc. filed its original notification pursuant to Section 6(a) of the Act. The Department of Justice published a notice in the **Federal Register** pursuant to Section 6(b) of the Act on March 8, 2001 (66 FR 13971).

The last notification was filed with the Department on January 21, 2009. A notice was published in the **Federal Register** pursuant to Section 6(b) of the Act on February 26, 2009 (74 FR 8812).

**Patricia A. Brink,**

*Deputy Director of Operations, Antitrust Division.*

[FR Doc. E9–11767 Filed 5–21–09; 8:45 am]

BILLING CODE 4410–11–M

## DEPARTMENT OF JUSTICE

### Antitrust Division

### Notice Pursuant to the National Cooperative Research and Production Act of 1993—Institute of Electrical and Electronics Engineers

Notice is hereby given that, on May 1, 2009, pursuant to Section 6(a) of the

# APPENDIX B
# Hearing Calendar

# CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

**Subject:** Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries

**Inv. No.:** 332-227

**Date and Time:** June 30, 2009 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, D.C.

**EMBASSY APPEARANCE:**

**Embassy of Jamaica**
**Washington, D.C.**

**His Excellency Anthony Johnson, Ambassador of Jamaica to the United States**

**ORGANIZATION AND WITNESS:**

Hughes Hubbard & Reed LLP
Washington, DC
on behalf of

HBO Latin America Group
**Jose Sariego**, Vice President, Business and Legal Affairs,
HBO Latin America Group
Kenneth J. Pierce )
) – OF COUNSEL
Victor Mroczka )

**ORGANIZATION AND WITNESS:**

The AGA Group, LLC
Washington, D.C.
**Ian Campbell**, Government Affairs
**Stephen Lande**, Advisor to The AGA Group, LLC

**-END-**

# APPENDIX C
# Summaries of Positions of Interested Parties

# Summaries of Positions of Interested Parties

The Commission held a public hearing on June 30, 2009, and also invited interested persons to file written submissions. This appendix provides summaries of hearing testimony and/or written submissions for each interested party.[1]

## Government of the Republic of Guyana[2]

The written submission by the Embassy of the Republic of Guyana provided background data on U.S. imports from Guyana under four different programs: MFN, GSP, CBI, and CBTPA. The submission also listed the main product within each program: MFN (bauxite, gold, shrimps and prawns, diamonds, wood products, and other fish products); GSP (sugar); CBI (raw gold, wood products, and sugar); and CBTPA (garments). The submission stated that CBI/CBTPA is primarily important to the garment industry, because the associated duty preference of 28–32 percent is high. It also added that exports of garments from Guyana would not be competitive without CBTPA, and that the garment industry is economically and socially important, because it employs mostly women and rural inhabitants.

## Government of the Commonwealth of the Bahamas[3]

The government of The Bahamas started its written submission with an overview of CBERA and The Bahamas' economic and trade relationship with the United States. It noted that The Bahamas applied for accession to the WTO in 2001, adding that "[a]s part of the process of fulfilling our commitment under WTO and the European Partnership Agreement, the Government of The Bahamas has mandated a legislative review of all of the laws applicable to Copyright and TRIPS protection, a process which is actively being undertaken."[4] It noted that The Bahamas is a party/member to the Berne Convention, the Universal Copyright Convention, and the World Intellectual Property Organization. In describing the "USTR 301 Process," it stated that Cable Bahamas is not a government-owned monopoly and subsequently described its interactions with USTR, TAPLA, HBOLA, and Cable Bahamas. In conclusion, it stated that "[t]he

[1] In many instances, this appendix reflects only the principal points made by the particular party. The views summarized are those of the submitting parties and not the Commission. Commission staff did not undertake to confirm the accuracy of, or otherwise correct, the information described. For the full text of hearing testimony and written submissions, see entries associated with investigation no. 332-227 at the Commission's Electronic Docket Information System (https://edis.usitc.gov/edis3-internal/app).

[2] Embassy of the Republic of Guyana, written submission to the USITC, July 6, 2009.

[3] Embassy of the Commonwealth of The Bahamas, written submission to the USITC, July 7, 2009.

[4] Ibid., 2.

Government of The Bahamas wishes to assure the Commission that it will implement its obligations with respect to Copyright protection in The Bahamas."[5]

# Government of Jamaica[6]

The Jamaican ambassador opened his testimony with an overview of Jamaican history, geography, economy, and development goals. He stated that Jamaica "has been attempting to transform its economy from the production of labor-intensive, low-value commodities into a balance of high-value, exotic, tropical products, with finished goods of elastic demand and also services in the hospitality, entertainment, and electronic service areas."[7] He provided a summary of CBERA legislation and U.S.-Jamaica trade, noting that apparel, bauxite, and aluminum have figured prominently in Jamaican exports to the United States. He added that NAFTA and continued international liberalization of the textile and apparel industry had contributed to a decline in apparel exports, while contraction of the motor vehicle and construction industries in the United States portended difficulties for Jamaican exports of bauxite and aluminum. With regard to apparel, the government of Jamaica is supporting the development of a local industry geared toward the *haute couture* market.[8] The ambassador also commented that current growth areas tended to produce limited employment and have high imported input content, particularly manufacturing.[9]

The ambassador's testimony also addressed exports of ethanol to the United States under CBERA. He stated that "[t]he success of ethanol depends on the current regime, which allows Jamaica to import feedstock from Brazil for final processing," and that continuation of the program was "critical" to Jamaica's ethanol exports.[10] The government of Jamaica's written submission pointed out that it is supporting the development of local ethanol industry that would use locally grown sugar as a feedstock, which would help diversify the economy and employ farm labor.[11] The ambassador explained that the current ethanol regime requires renewal every two years, and that because of this tenuous environment, "every two years the persons who have invested in this business get nervous because if it were not extended, it would mean that their investment of several hundred million dollars would suddenly become obsolete. . . ."[12] The ambassador stated that, consequently, the government of Jamaica is seeking to make these ethanol benefits permanent in order to facilitate increased investment in the industry.

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5 Ibid., 4.

6 USITC, Hearing Transcript, June 30, 2009, 6–19 (testimony of Ambassador Anthony Johnson, Embassy of Jamaica); Embassy of Jamaica, written submission to the USITC, July 7, 2009.

7 Ibid., 7.

8 Embassy of Jamaica, written submission to the USITC, July 7, 2009, 6.

9 USITC, Hearing Transcript, June 30, 2009, 8–12 (testimony of Ambassador Anthony Johnson, Embassy of Jamaica).

10 Ibid., 13–14.

11 Embassy of Jamaica, written submission to the USITC, July 7, 2009, 4.

12 USITC, Hearing Transcript, June 30, 2009, 15–16 (testimony of Ambassador Anthony Johnson, Embassy of Jamaica).

## Government of the Republic of Trinidad and Tobago[13]

The AGA Group provided a written submission on behalf of the government of Trinidad and Tobago. It listed specific requests of the United States by the government of Trinidad and Tobago:[14]

i. Make CBTPA preferences permanent under CBERA/CBI,

ii. Enter into a partial scope agreement[15] for the items granted preferential access under CBTPA that are scheduled to expire on September 30, 2010, and

iii. Include eligibility for duty-free treatment for certain goods packaged in Trinidad and Tobago.

The written submission also provided background information on five areas:[16]

i. The impact of ethanol imports from the region and supporting data,

ii. Proposed Trinidad and Tobago Packaging Agreement,

iii. The Partial Scope Agreement,

iv. The U.S.-Singapore Free Trade Agreement–Integrated Source Initiative, and

v. Products for consideration to be added to the CBERA/CBI or included in a partial scope agreement.

In addressing these five areas, the submission stated that "[e]thanol is important to the United States and has provided opportunities to develop an environmentally friendly industry in the Caribbean. . . ."[17] It also expressed concern that the expiration of CBTPA on September 30, 2010, will subject a number of products to higher tariffs, adversely affecting the export of a number of products, and that a partial scope agreement would lock in these preferences and reduce uncertainty with regard to exporters' access to the U.S. market.[18]

[13] Embassy of the Republic of Trinidad and Tobago (represented by AGA Group LLC), written submission to the USITC, July 13, 2009 and July 28, 2009.

[14] Ibid., 2.

[15] Partial scope agreements generally provide less coverage than free trade agreements; they generally cover trade and economic cooperation in specific sectors and/or provide limited reduction of duties on specific products.

[16] Embassy of the Republic of Trinidad and Tobago (represented by AGA Group LLC), written submission to the USITC, July 13, 2009 and July 28, 2009, 3–14.

[17] Ibid., 4.

[18] Ibid., 7, 8, 13, 14.

# Government of the Kingdom of the Netherlands[19]

The written submission from the Royal Netherlands Embassy addressed three main topics.

1) **Constitutional reform.** The written submission provided an overview of the process of constitutional reform currently underway in the Kingdom of the Netherlands, which includes the Caribbean states of Aruba and the Netherlands Antilles. It stated that under a new system, the two largest islands of the Netherlands Antilles (Curacao and St. Maarten) will obtain country status similar to Aruba and the Netherlands Antilles, after which the Kingdom will consist of four, instead of three, separate countries. It noted that the "reforms will have no impact on responsibility for foreign relations."[20]
2) **Current economic relations of Caribbean parts of the Kingdom.** The Embassy's written submission stated that Aruba and the Netherlands Antilles have not been able to make full use of CBERA, primarily because of a lack of capacity. It also noted that, although exporting companies in the countries are small by international standards, the favorable conditions offered by CBERA and CBI allow them to remain competitive despite high operating costs. "Not having the CBERA or CBI would have an immediate negative impact on the exports of the Netherlands Antilles and Aruba to the United States."[21]
3) **Future economic relations of Caribbean parts of the Kingdom.** According to the Embassy, since the United States is the Netherlands Antilles' and Aruba's most important trading partner, better CBERA and CBI utilization would encourage growth and further economic development. It added that exporters in these countries could benefit from technical assistance and information regarding opportunities under CBERA and CBI.

# The AGA Group, LLC[22]

Ian Campbell of the AGA Group (AGA) opened his testimony by stating that the AGA's mission is to promote and facilitate international commerce primarily with the United States, Africa, the Caribbean, and Latin America. He added that the AGA is also a registered foreign agent on behalf of the government of Trinidad and Tobago. As such, his comments would address issues related to CBERA, the Caribbean region, and Trinidad and Tobago.

Mr. Campbell provided overviews of CBI and the U.S.-Caribbean trade relationship; Trinidad and Tobago's recent economic history and performance;

[19] Embassy of the Kingdom of The Netherlands, written submission to the USITC, July 8, 2009.

[20] Ibid., 2.

[21] Ibid.

[22] USITC, Hearing Transcript, June 30, 2009, 43–51 (testimony of Ian Campbell and Stephan Lande, AGA Group); AGA Group, written submissions to the USITC, June 30, 2009 and July 28, 2009.

and Trinidad and Tobago's participation in the liquefied natural gas, methanol, and ammonia global markets. With regard to U.S. trade policy, he stated the position that "[t]he special duty free allowance should be made available for the shipment of certain products not currently satisfying origin rules for entry under CBI which are packaged in the Caribbean from materials produced by the petrochemical industry, . . . either by modifying the current origin rules under CBI or as a provision under a partial scope agreement."[23] He also put forth the recommendation that the local content requirement of CBERA be reduced from 35 to 20 percent, because "[f]or Caribbean countries, shortages in production materials and components make it difficult to satisfy a 35 percent value added origin requirement. . . . Such a change would provide incentives for the assembly of high priced components in the Caribbean."[24] He also recommended that the CBI ethanol duty regime not be changed. He concluded that, in light of preference erosion as a result of continued U.S. market liberalization, "[c]urrent duty free access must not be disrupted."[25]

# Cable Bahamas, Ltd.[26]

In a written submission, Cable Bahamas stated that it "is a publicly-traded company that provides cable television programming and broadband internet service to residences and businesses throughout the islands of The Bahamas," and that "Cable Bahamas is not a government-owned entity."[27] The submission described the company's operations, history providing cable services, and relationships with several entertainment distributing companies. With respect to Television Association of Programmers Latin America (TAPLA) and HBO Latin America Group (HBOLA), it asserted that "for over 5 years, Cable Bahamas has sought a meeting with TAPLA and its members without success. Instead of meeting with Cable Bahamas, HBOLA and TAPLA seek to use the offices of the United States government to coerce settlement of their private business dispute."[28] Cable Bahamas expressed the view that the Commission investigation "is not the appropriate proceeding to evaluate The Bahamas' entitlement to CBERA benefits," as the responsibility for determining eligibility is charged to USTR.[29]

Cable Bahamas also stated that The Bahamas meets CBERA eligibility requirements, delineated certain CBERA eligibility requirements with respect to intellectual property rights, and asserted that neither USTR nor any other body has found The Bahamas' copyright law to be inconsistent with international law.[30] It also provided a summary of the government of The Bahamas' past and ongoing efforts in the area of IPR and copyright protection.

[23] Ibid., 45.
[24] Ibid., 48.
[25] Ibid., 50.
[26] Cable Bahamas, Ltd., written submission to the USITC, July 14, 2009.
[27] Ibid., 1, 6.
[28] Ibid., 2–3.
[29] Ibid., 4.
[30] Ibid., 5–7.

# HBO Latin America Group[31]

Representatives of HBO Latin America Group (HBOLA) said that their purpose in testifying at the Commission's hearing was "to build a record, a record to be used to inform U.S. trade policy-makers so that government-condoned piracy of U.S. programmers' paid television signals by cable behemoths finally will be stopped."[32] In his testimony, Jose Sariego provided an overview of HBOLA and its business operations in the United States and the Caribbean.

Ken Pierce presented the view that "the Bahamas' continued receipt of CBERA duty and tax benefits in the face of its blatant pay-television piracy harms a major U.S. industry and prevents its sizable exports of American intellectual property. This is in direct violation of CBERA's eligibility criteria requiring the protection of U.S. intellectual property rights."[33] According to HBOLA, "the government-owned monopoly, Cable Bahamas, is shielded by a compulsory licensing law that permits the unauthorized reception and resale of the HBO U.S. signal, or the signal of any other pay-television programmer, for that matter, without having to reach a commercial agreement with either HBO U.S. or HBO Latin America."[34] He noted USTR's placement of The Bahamas on the Special 301 watch list in 2001. HBOLA representatives also expressed their concern that the situation with The Bahamas would encourage similar action in other Caribbean countries and negatively affect their ability to negotiate market agreements with cable operators in the region.[35] HBOLA also provided a written submission in order "to respond to Cable Bahamas' arguments," which addresses the Berne Convention, ownership of Cable Bahamas, and actions by Cable Bahamas.[36]

# International Intellectual Property Alliance[37]

The International Intellectual Property Alliance (IIPA) focused its written submission on "developments related to copyright piracy, legal reform and enforcement measures taken by certain CBERA beneficiary countries."[38] IIPA addressed four main areas.

1) IIPA summarized copyright law and enforcement standards in the CBERA region, noting that "[t]he 1983 enactment of the CBERA was a

[31] USITC, Hearing Transcript, June 30, 2009, 35–43 (testimony of Jose Sariego and Kenneth J. Pierce, HBO Latin America Group); HBO Latin America Group, written submissions to the USITC, June 17, 2009, July 7, 2009, and July 21, 2009.

[32] Ibid., 36.

[33] Ibid.

[34] Ibid., 39–40.

[35] Ibid., 41–42.

[36] HBO Latin America Group, written submissions to the USITC, July 21, 2009, 1–4. According to HBOLA, recent actions by the government of The Bahamas have led to the "resolution of a serious and nearly decade-long problem. . . ." HBO Latin America Group, written submission to the USITC, September 24, 2009, 2.

[37] International Intellectual Property Alliance, written submission to the USITC, July 2, 2009.

[38] Ibid., 1.

pivotal moment in the use of U.S. trade policy to promote exports of products and services protected by copyright, patents, trademarks, and other intellectual property laws because for the first time, Congress explicitly linked trade benefits to intellectual property protection by beneficiary countries."[39]

2) IIPA summarized copyright law developments in the region, highlighting notable legislative developments in Costa Rica, Panama, and The Bahamas.[40]

3) IIPA listed current trends and problems in copyright piracy and enforcement during the 2007–08 period, including unauthorized "burning" of CDs, increasing challenges to enforce copyright laws, business software piracy, piracy of sound recordings and music, satellite signal theft and cable piracy, unauthorized commercial photocopying, and overall inadequate enforcement.[41]

4) IIPA addressed the actual and probable effect of the CBERA on the U.S. economy by stating that "[t]he copyright-based industries are among the fastest growing and most productive of any sector of the U.S. economy."[42] It added that as companies increase overseas market presence, the role of CBERA in obliging countries to provide adequate and effective intellectual property rights (IPR) protection has provided a good foundation for countries to improve IPR protection and enforcement.

IIPA concluded that, although domestic copyright law reform is important in meeting CBERA IPR criteria, one also must take into account adequate and effective enforcement of current copyright laws.

# Motion Picture Association of America, Inc.[43]

The written submission by the Motion Picture Association of America (MPAA) focused on eligibility of The Bahamas for CBERA benefits. The MPAA said that "[s]ince January 2000 when the Government of the Bahamas implemented its Copyright Act, the Bahamas has benefited economically from imposing a compulsory license to justify the retransmission of premium pay television programming to the detriment of US rights holders. This compulsory license allows cable operators in the Bahamas—including the partially government-owned Cable Bahamas—to essentially steal films and programming from the United States thus destroying the economic viability for US pay television networks that own the rights to sell films and programming to the Bahamas."[44] According to the MPAA, "The Bahamas should not continue to benefit from

[39] Ibid., 2.
[40] Ibid., 4–7.
[41] Ibid., 7–9.
[42] Ibid., 9.
[43] Motion Picture Association of America, Inc., written submission to the USITC, July 7, 2009.
[44] Ibid., 1–2.

preferential access to the US market while it is simultaneously expropriating US rightsholders' property."[45]

# Television Association of Programmers Latin America[46]

In its written submission, the Television Association of Programmers (TAPLA) Latin America said that it is an industry trade group that represents more than 30 pay channels in Latin America and that its mission includes improving the regulatory and business climate for its members in Latin America. TAPLA stated that its "concern focuses on problems [TAPLA] and its member companies have encountered with copyright legislation that contains an unprecedented compulsory license on international pay television signals, allowing local cable operators to downlink, decrypt and retransmit premium and basic pay television networks from the U.S. without authorization, . . . which [TAPLA] believes violates the intellectual property rights (IPR) provisions in the CBERA—started in 2000 and has not yet been resolved as of this filing in June 2009."[47]

TAPLA described its concerns in four main areas. First, it summarized the "objectionable compulsory license in the Bahamas," and delineated various legislative and regulatory events by the government of The Bahamas and the U.S. Trade Representative, including a history of USTR placement of The Bahamas on the Special 301 Watch List.[48] Second, TAPLA provided information regarding recent market developments involving pay television programming in The Bahamas, including a history of the request for, and provision of, English-language programming, and its view that local Bahamian cable operators are "resorting to questionable tactics in expropriating certain satellite signals."[49] Third, TAPLA expressed its belief that the "compulsory license violates the Bahamas' CBERA IPR obligations," and violates the Berne Convention, noting that The Bahamas is not a member of the WIPO Internet treaties or the WTO.[50] Fourth, regarding the actual or probable effect of CBERA on the U.S. economy, TAPLA stated that the Bahamian legislation and licensing system "represents an extremely dangerous precedent and threatens to erode the foundation of intellectual property protection for the U.S. pay television programming industry," and may encourage other Caribbean countries to draft similar legislation.[51] TAPLA concluded that these problems "significantly" and "adversely" impact its industry's ability to conduct business in The Bahamas.

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[45] Ibid., 2.

[46] Television Association of Programmers (TAPLA) Latin America, written submission to the USITC, June 23, 2009.

[47] Ibid., 1.

[48] Ibid., 3–7.

[49] Ibid., 7–10.

[50] Ibid., 10–11.

[51] Ibid., 11–12.

# Trinidad Bulk Traders, Ltd.[52]

The written submission of Trinidad Bulk Traders Ltd. (TBTL) focused on the importance of the ethanol trade regime of CBERA. The submission stated that the TBTL is a producer and exporter of fuel alcohol/ethanol to the United States under CBI/CBERA provisions. The TBTL provided background regarding the CBERA program, noting that ethanol was included for duty-free treatment under the original 1983 CBI/CBERA law.[53] The written submission also provided an overview of the U.S. ethanol trade preference regime and CBI/CBERA ethanol production and performance. According to the TBTL, increased U.S. demand for ethanol, recently announced U.S. renewable energy policy, and expanded focus on renewable energy and climate change have prompted increased investment and production of ethanol in the region. The TBTL added that, because of limited economies of scale in sugar production, CBERA economies have not developed the production capacity for local feedstock.[54] Consequently, if the United States were to allow duty-free treatment for ethanol from Brazil, the CBI/CBERA ethanol industry would be unable to compete on price or volume.[55]

The TBTL concluded that “CBI/CBERA duty exclusions have provided opportunities to develop an environmentally friendly industry in the Caribbean which contributes to fuel efficiency and less fossil fuel pollution in the United States.”[56] It added that, as CBI/CBERA suppliers can meet foreseeable U.S. import needs, there is no reason to provide duty-free treatment to another source, especially Brazil. The TBTL also stated that such action would “destroy” the CBI/CBERA industry and undermine investment and employment in the region.[57]

[52] Trinidad Bulk Traders, Ltd., written submission to the USITC, July 7, 2009.
[53] Ibid., 2.
[54] Ibid., 6.
[55] Ibid., 8.
[56] Ibid., 10.
[57] Ibid.

# APPENDIX D
# Technical Notes to Chapter 3

# Technical Notes to Chapter 3

This section presents the methodology used to estimate the impact of CBERA on the U.S. economy in 2008. The economic effects of CBERA duty reductions[1] were evaluated with a comparative static analysis. Since CBERA tariff preferences were already in effect in 2008, the impact of the program was measured by comparing the market conditions currently present (duty-free or reduced-duty entry for eligible products entered under CBERA provisions) with those that might have existed under full tariffs (i.e., no CBERA tariff preferences). Thus, the analysis provides an estimate of what the potential costs and benefits to the U.S. economy would have been if CBERA had not been in place during 2008. However, the material on welfare and displacement effects in the section titled "Analytical Approach" in the Introduction and in this appendix discusses the impact of CBERA in terms of duty reductions, rather than the "removal" of duty eliminations already in place.[2] The effects of a duty reduction and a duty imposition are symmetrical and lead to results that are equivalent in magnitude but opposite in sign.[3] Thus, the discussion is framed with respect to the implementation of duty reductions simply for clarity.

A partial equilibrium framework was used to model three different markets in the United States, namely, the markets for CBERA products, competing non-CBERA (foreign) products, and competing domestic products. These three markets are depicted in panels $a$, $b$, and $c$ of figure D.1. In the model, imports from CBERA beneficiaries, imports from non-CBERA countries, and competing domestic output are assumed to be imperfect substitutes for each other, and each is characterized by a separate market where different equilibrium prices exist.

The CBERA and non-CBERA import demand curves, $D_c$ and $D_n$, and the demand curve for domestic output, $D_d$, are all assumed to be downward sloping with a constant elasticity of demand.[4] It is assumed that the CBERA import supply curve to the U.S. market, the non-CBERA import supply curve, and the domestic industry supply curve, $S_c$, $S_n$, and $S_d$, are all horizontal, that is, perfectly elastic. The assumption of perfectly elastic supply curves greatly simplifies computation although it leads to an upward bias in the estimates of the welfare and domestic displacement effects on the U.S. economy.[5]

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[1] Although the term *duty reduction* is used, the methodology employed in the analysis for this report applies equally to a duty elimination (which is a duty reduction in the full amount of the duty).

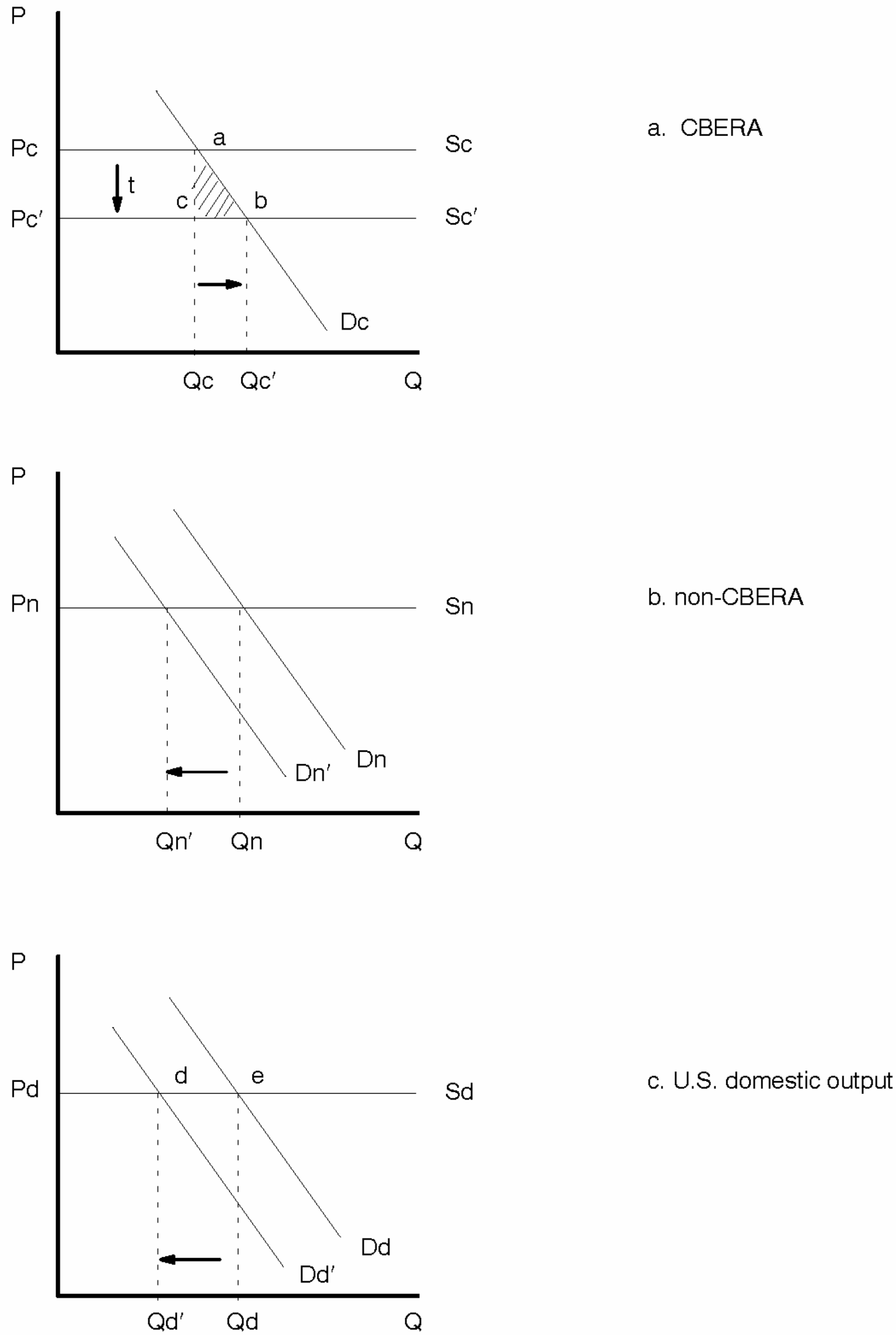
[2] Most comparative static analyses are used to evaluate the effects of an event that has not already happened— such as a proposed tariff elimination. This comparative analysis evaluates the effects of an event that has already happened—CBERA duty elimination has been in effect since 1984. The method described in this section can be used in either situation.

[3] This is technically true only if income effects are negligible. Given the small U.S. expenditure on goods from CBERA countries, income effects are likely to be negligible for the products under consideration. See R. Willig, "Consumer's Surplus Without Apology," *American Economic Review*, 66 (1976), 589-597.

[4] The subscripts c, n, and d refer to CBERA imports, non-CBERA imports, and U.S. domestic output, respectively.

[5] Since CBERA imports account for a very small share of U.S. domestic consumption in most sectors, even the upper range estimates were very small. Assuming upward-sloping supply curves would have resulted in even lower estimates.

**Figure D.1 Partial equilibrium analysis of the effects of CBERA duty provisions on U.S. imports**



The change from full tariffs to duty-free treatment for CBERA imports causes the import supply curve, $S_c$, in panel $a$ to shift down to $S_c'$ by the amount of the ad valorem tariff, $t$. Thus, the equilibrium price in the U.S. market for CBERA imports decreases from $P_c$ to $P_c'$, whereas the quantity imported increases from $Q_c$ to $Q_c'$. The relationship between the price with the tariff $(P_c)$ and the tariff-free price $(P_c')$ is $P_c = P_c'(1+t)$.

The decrease in the price of CBERA imports leads to a decrease in demand for similar goods from other countries and domestic U.S. producers. Thus, the demand curves for both non-CBERA imports and domestic output, $D_n$ and $D_d$, shift back to $D_n'$ and $D_d'$, respectively. Since the supply curves in both of these markets are assumed to be perfectly elastic, the equilibrium prices do not change. The equilibrium quantity supplied in each market decreases from $Q_n$ and $Q_d$ to $Q_n'$ and $Q_d'$, respectively.

The impact of CBERA on the U.S. economy was measured by examining the welfare effects of the tariff reduction in the market for CBERA imports and the domestic displacement effects of a decrease in demand in the competing U.S. market. The displacement of non-CBERA country imports because of CBERA tariff preferences was not estimated because the focus of the analysis was on the direct effects of CBERA provisions on the United States.

The decrease in the tariff for CBERA imports leads to an increase in consumer surplus for these products. This is measured by the trapezoid $P_c abP_c'$ in panel $a$. There is also an accompanying decrease in the tariff revenue collected from CBERA imports. This is measured by the area of the rectangle $P_c acP_c'$ in panel $a$.

The net welfare effect of CBERA is equal to the increase in consumer surplus plus the decrease in tariff revenue—the trapezoid $P_c abP_c'$ minus the rectangle $P_c acP_C'$ in panel $a$, that is, triangle $abc$.[6] The dollar amount by which CBERA imports displace U.S. output is measured by the rectangle $Q_d' deQ_d$ in panel $c$.

Given the above assumptions and the additional assumption of constant elasticity demand curves, the markets for the three goods are described by the following three equations:

(1) $$\left(Q_c / Q_c'\right) = \left(P_c / P_c'\right)^{\varepsilon_{cc}}$$

(2) $$\left(Q_n / Q_n'\right) = \left(P_c / P_c'\right)^{\varepsilon_{nc}}$$

(3) $$\left(Q_d / Q_d'\right) = \left(P_c / P_c'\right)^{\varepsilon_{dc}}$$

Given that $P_c = P_c'(1+t)$, these can be restated as

[6] Welfare effects typically include a measure of the change in producer surplus. The change in producer surplus for CBERA producers was not considered in this analysis because the focus of the analysis was on the direct effects of CBERA provisions on the United States.

(1) $$\left(Q_c / Q_c'\right) = \left(1+t\right)^{\varepsilon_{cc}}$$

(2) $$\left(Q_n / Q_n'\right) = \left(1+t\right)^{\varepsilon_{nc}}$$

(3) $$\left(Q_d / Q_d'\right) = \left(1+t\right)^{\varepsilon_{dc}}$$

where $\varepsilon_{ij}$ is the uncompensated elasticity of demand for good *i* with respect to price *j*. The values for the elasticities $\varepsilon_{cc}$, $\varepsilon_{nc}$, and $\varepsilon_{dc}$ are derived from the following relations:

(4) $$\varepsilon_{cc} = V_c\eta - V_n\sigma_{cn} - V_d\sigma_{cd}$$

(5) $$\varepsilon_{nc} = V_c\left(\sigma_{nc} + \eta\right)$$

(6) $$\varepsilon_{dc} = V_c\left(\sigma_{dc} + \eta\right)$$

where the $V_i$ 's are market shares for CBERA imports, non-CBERA imports, and domestic output, respectively, $\eta$ is the aggregate demand elasticity, and the $\sigma_{ij}$ 's are the elasticities of substitution between the $i$ th and $j$ th products.[7] Estimates of the aggregate demand elasticities were taken from the literature.[8] Ranges of potential net welfare and industry displacement estimates are reported. The reported ranges reflect a range of assumed substitutabilities between CBERA products and competing U.S. output. The upper range estimates reflect the assumption of high substitution elasticities. The lower range estimates reflect the assumption of low substitution elasticities.[9]

Since the implementation of CBTPA in October 2000, apparel assembled in CBERA countries from U.S.-made fabric and components has come to dominate the list of leading imports benefiting exclusively from CBERA. U.S. producers of such fabric and components benefit from CBERA duty preferences. Where the U.S. value of components can be identified (for example, the U.S. value of components assembled abroad under HTS heading 9802.00.80 is recorded and data are readily available), it is possible to estimate the effect of CBERA tariff preferences on U.S. producers of the components. In the case of cut apparel parts used in the assembly of apparel in CBERA countries, the U.S.-produced cut parts are recorded as apparel production in the United States and the effect of CBERA tariff preferences can be added to the (negative) displacement effects for that industry.

[7] Equations (4) through (6) are derived from P.R.G. Layard and A.A. Walters, *Microeconomic Theory* (New York: McGraw-Hill, 1978).

[8] The aggregate elasticities were taken from sources referenced in USITC, *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement*, USITC publication 2596, January 1993.

[9] Commission industry analysts provided evaluations of the substitutability of CBERA products and competing U.S. products, which were translated into a range of substitution elasticities—3 to 5 for high substitutability, 2 to 4 for medium, and 1 to 3 for low. Although there is no theoretical upper limit to elasticities of substitution, a substitution elasticity of 5 is consistent with the upper range of estimates in the economics literature. Estimates in the literature tend to be predominantly lower. See, for example, M. Gallaway, C. McDaniel, and S. Rivera, “Short-Run and Long-Run Estimates of U.S. Armington Elasticities.” *North American Journal of Economics and Finance* 14 (2003), 49–68.

Given equations $(1)'$ through $(4)'$, one can derive the following equations for calculating the changes in consumer surplus, tariff revenue, and domestic output:

*Consumer surplus* (where $k$ is a constant)

area of trapezoid $P_c abP'_c = \int_{P'_c}^{P_c} kP_c^{\varepsilon_{cc}}\, dP_c$

$= [1/(1+\varepsilon_{cc})][(1+t)^{(1+\varepsilon_{cc})} - 1]P'_c Q'_c$ if $\varepsilon_{cc} \neq -1$

$k \ln(1+t)$ if $\varepsilon_{cc} = -1$

*Tariff revenue from U.S. imports from CBERA partners*

area of rectangle $P_c acP'_c = (P_c - P'_c)Q_c$

$= P'_c tQ_c$ given $P_c = P'_c(1+t)$

$= tP'_c Q'_c (1+t)^{\varepsilon_{cc}}$ given $Q_c = Q'_c(1+t)^{\varepsilon_{cc}}$

*Domestic output*

area of rectangle $Q'_d deQ_d = P_d(Q_d - Q'_d)$

$= P_d Q'_d [(1+t)^{\varepsilon_{dc}} - 1]$

The change in the value of U.S. cut apparel parts $= uP'_c Q'_c [(1+t')^{\varepsilon_{cc}} - 1]$, where $u$ is the ratio of the value of U.S. cut apparel parts to total imports under CBERA, and $t$ is the ad valorem equivalent of duties paid on imports under HTS 9802.00.80 under CBERA. $t$ is opposite in sign to the displacement effect shown above. The net effect of CBERA tariff preferences on domestic output is estimated as

$$P_d Q'_d [(1+t)^{\varepsilon_{dc}} - 1] + uP'_c Q'_c [(1+t')^{\varepsilon_{cc}} - 1].$$

# APPENDIX E
# Statistical Tables

**TABLE E.1** Leading U.S. imports for consumption under CBERA, by major product category, 2004–08

| HTS chapter | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|
| | | | | Millions of $ | | |
| 29 | Organic chemicals | 467 | 711 | 1,031 | 1,005 | 1,175 |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 1,355 | 2,108 | 2,674 | 1,720 | 1,090 |
| 22 | Beverages, spirits and vinegar[a] | 112 | 205 | 307 | 348 | 524 |
| 61 | Articles of apparel and clothing accessories, knitted or crocheted | 4,136 | 4,397 | 1,985 | 648 | 489 |
| 08 | Edible fruit and nuts; peel of citrus fruit or melons | 390 | 453 | 616 | 477 | 471 |
| 39 | Plastics and articles thereof | 142 | 182 | 201 | 174 | 168 |
| 62 | Articles of apparel and clothing accessories, not knitted or crocheted | 2,351 | 2,180 | 1,198 | 278 | 118 |
| 07 | Edible vegetables and certain roots and tubers | 175 | 187 | 136 | 94 | 109 |
| 20 | Preparations of vegetables, fruit, nuts, or other parts of plants | 105 | 120 | 114 | 139 | 109 |
| 40 | Rubber and articles thereof | 104 | 120 | 121 | 116 | 105 |
| | All other | 1,599 | 1,674 | 1,533 | 497 | 367 |
| | Total | 10,937 | 12,336 | 9,915 | 5,496 | 4,726 |
| | | | | Percent of total | | |
| 29 | Organic chemicals | 4.3 | 5.8 | 10.4 | 18.3 | 24.9 |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 12.4 | 17.1 | 27.0 | 31.3 | 23.1 |
| 22 | Beverages, spirits and vinegar[a] | 1.0 | 1.7 | 3.1 | 6.3 | 11.1 |
| 61 | Articles of apparel and clothing accessories, knitted or crocheted | 37.8 | 35.6 | 20.0 | 11.8 | 10.4 |
| 08 | Edible fruit and nuts; peel of citrus fruit or melons | 3.6 | 3.7 | 6.2 | 8.7 | 10.0 |
| 39 | Plastics and articles thereof | 1.3 | 1.5 | 2.0 | 3.2 | 3.6 |
| 62 | Articles of apparel and clothing accessories, not knitted or crocheted | 21.5 | 17.7 | 12.1 | 5.1 | 2.5 |
| 07 | Edible vegetables and certain roots and tubers | 1.6 | 1.5 | 1.4 | 1.7 | 2.3 |
| 20 | Preparations of vegetables, fruit, nuts, or other parts of plants | 1.0 | 1.0 | 1.1 | 2.5 | 2.3 |
| 40 | Rubber and articles thereof | 0.9 | 1.0 | 1.2 | 2.1 | 2.2 |
| | All other | 14.6 | 13.6 | 15.5 | 9.0 | 7.8 |
| | Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

[a] Includes fuel ethanol.

**TABLE E.2** Leading U.S. imports for consumption under CBERA, 2004–08

| HTS number | Description | 2004 | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|---|
| | | Millions of $ | | | | | |
| 2905.11.20 | Methanol (methyl alcohol), other than imported only for use in producing synthetic natural gas (sng) or for direct use as fuel | 460 | 701 | 1,030 | 1,004 | 1,175 | 17.0 |
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees a.p.i. or more | 803 | 1,076 | 1,694 | 1,309 | 904 | -31.0 |
| 2207.10.60 | Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes | 97 | 184 | 277 | 263 | 483 | 83.4 |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 99 | 223 | 246 | 378 | 393 | 4.0 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 1,267 | 1,301 | 607 | 196 | 169 | -13.7 |
| 6110.20.20 | Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesoi | 830 | 1,033 | 393 | 140 | 146 | 4.3 |
| 2710.11.25 | Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils | 126 | 193 | 72 | 227 | 144 | -36.8 |
| 3903.11.00 | Polystyrene, expandable, in primary forms | 87 | 107 | 121 | 133 | 136 | 1.8 |
| 4011.10.10 | New pneumatic radial tires, of rubber, of a kind used on motor cars (including station wagons and racing cars) | 43 | 59 | 64 | 80 | 92 | 15.3 |
| 2009.11.00 | Orange juice, frozen, unfermented and not containing added spirit | 45 | 46 | 54 | 100 | 65 | -35.5 |
| 6115.95.90[a] | Stockings, socks, etc. nesoi (not surgical and not containing lace or net), knitted or crocheted, of cotton | 233 | 222 | 173 | 69 | 64 | -6.7 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc | 798 | 730 | 449 | 126 | 51 | -59.7 |
| 0714.90.20 | Fresh or chilled yams, whether or not sliced or in the form of pellets | 20 | 23 | 19 | 23 | 30 | 28.5 |
| 8536.30.80 | Electrical apparatus for protecting electrical circuits, for a voltage not exceeding 1,000 v, nesi | 14 | 23 | 12 | 28 | 29 | 4.0 |
| 0807.19.20 | Cantaloupes, fresh, if entered during the periods from january 1 through july 31 or september 16 to december 31, inclusive | 83 | 101 | 95 | 39 | 28 | -28.9 |
| 7108.12.50 | Gold, nonmonetary, unwrought (o/than gold bullion and dore) | 1 | 0 | 0 | 1 | 27 | 3,550.0 |
| 0714.10.20 | Cassava (manioc), fresh, chilled or dried, whether or not sliced or in the form of pellets | 19 | 21 | 16 | 19 | 26 | 37.1 |
| 0602.10.00 | Unrooted cuttings and slips of live plants | 32 | 34 | 31 | 25 | 23 | -7.6 |
| 1701.11.10 | Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. us 5 to ch.17 | 138 | 144 | 140 | 31 | 22 | -28.1 |
| 6109.90.10 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers | 155 | 213 | 127 | 65 | 22 | -65.8 |
| | All other | 5,586 | 5,903 | 4,295 | 1,240 | 699 | -43.7 |
| | Total | 10,937 | 12,336 | 9,915 | 5,496 | 4,726 | -14.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: U.S. trade for El Salvador (March 1, 2006), Honduras and Nicaragua (April 1, 2006), Guatemala (July 1, 2006), and Dominican Republic (March 1, 2007) is included only for the part of the period 2004-08 during which those countries were eligible for CBERA benefits (date of entry into CAFTA-DR). The abbreviation, "n.e.s.o.i." stands for "not elsewhere specified or otherwise included."

[a] Trade in 2005 and 2006 reported under HTS item 6115.92.90.

**TABLE E.3** U.S. imports for consumption from CBERA countries, by source, 2004–08

| Source | 2004 | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|
| | Millions of $ | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Trinidad and Tobago | 5,842.3 | 7,792.6 | 8,398.5 | 8,764.2 | 8,996.4 | 2.6 |
| Costa Rica | 3,297.3 | 3,377.3 | 3,813.5 | 3,915.7 | 3,926.4 | 0.3 |
| Aruba | 1,642.1 | 2,817.2 | 2,605.7 | 2,747.4 | 3,185.5 | 15.9 |
| Netherlands Antilles | 445.8 | 944.5 | 1,100.6 | 710.7 | 787.7 | 10.8 |
| Jamaica | 308.1 | 341.4 | 470.9 | 685.4 | 704.2 | 2.8 |
| Bahamas | 632.7 | 697.7 | 435.7 | 394.4 | 595.7 | 51.0 |
| Haiti | 370.5 | 447.1 | 496.1 | 487.6 | 449.7 | -7.8 |
| Panama | 297.5 | 319.9 | 337.6 | 361.4 | 373.7 | 3.4 |
| Belize | 107.2 | 98.4 | 146.4 | 86.7 | 157.1 | 81.2 |
| Guyana | 119.9 | 119.9 | 125.0 | 122.9 | 145.8 | 18.6 |
| St. Kitts and Nevis | 41.7 | 49.7 | 50.0 | 53.6 | 54.3 | 1.4 |
| St. Lucia | 14.4 | 64.9 | 37.3 | 25.3 | 41.6 | 64.0 |
| Barbados | 36.4 | 31.6 | 33.0 | 37.8 | 40.8 | 8.1 |
| British Virgin Islands | 17.4 | 33.7 | 26.3 | 43.2 | 10.8 | -75.1 |
| Grenada | 5.1 | 5.9 | 4.5 | 8.2 | 7.3 | -10.7 |
| Antigua and Barbuda | 4.4 | 4.4 | 5.8 | 8.7 | 5.0 | -43.3 |
| Dominica | 2.9 | 3.3 | 3.1 | 1.8 | 2.3 | 32.1 |
| St. Vincent and Grenadines | 4.1 | 15.6 | 2.0 | 1.2 | 1.0 | -16.2 |
| Montserrat | 0.5 | 1.0 | 0.8 | 0.5 | 0.3 | -52.2 |
| Total | 13,190.2 | 17,166.1 | 18,092.7 | 18,456.7 | 19,485.5 | 5.6 |
| Former CBERA beneficiaries:[b] | | | | | | |
| Dominican Republic | 4,529.0 | 4,602.6 | 4,540.0 | 601.5 | 0.0 | -100.0 |
| Guatemala | 3,156.2 | 3,123.2 | 1,560.8 | 0.0 | 0.0 | N/A |
| Honduras | 3,636.7 | 3,758.4 | 903.3 | 0.0 | 0.0 | N/A |
| Nicaragua | 990.2 | 1,181.6 | 383.9 | 0.0 | 0.0 | N/A |
| El Salvador | 2,053.1 | 1,982.4 | 274.5 | 0.0 | 0.0 | N/A |
| Total | 14,365.3 | 14,648.2 | 7,662.5 | 601.5 | 0.0 | -100.0 |
| Grand total | 27,555.5 | 31,814.3 | 25,755.2 | 19,058.2 | 19,485.5 | 2.2 |
| | Percent of total | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Trinidad and Tobago | 21.2 | 24.5 | 32.6 | 46.0 | 46.2 | 0.2 |
| Costa Rica | 12.0 | 10.6 | 14.8 | 20.5 | 20.2 | -0.4 |
| Aruba | 6.0 | 8.9 | 10.1 | 14.4 | 16.3 | 1.9 |
| Netherlands Antilles | 1.6 | 3.0 | 4.3 | 3.7 | 4.0 | 0.3 |
| Jamaica | 1.1 | 1.1 | 1.8 | 3.6 | 3.6 | ([c]) |
| Bahamas | 2.3 | 2.2 | 1.7 | 2.1 | 3.1 | 1.0 |
| Haiti | 1.3 | 1.4 | 1.9 | 2.6 | 2.3 | -0.3 |
| Panama | 1.1 | 1.0 | 1.3 | 1.9 | 1.9 | ([c]) |
| Belize | 0.4 | 0.3 | 0.6 | 0.5 | 0.8 | 0.4 |
| Guyana | 0.4 | 0.4 | 0.5 | 0.6 | 0.7 | 0.1 |
| St. Kitts and Nevis | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | ([c]) |
| St. Lucia | 0.1 | 0.2 | 0.1 | 0.1 | 0.2 | 0.1 |
| Barbados | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | ([c]) |
| British Virgin Islands | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | -0.2 |
| Grenada | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) |
| Antigua and Barbuda | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) |
| Dominica | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) |
| St. Vincent and Grenadines | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) |
| Montserrat | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) | ([c]) |
| Total | 47.9 | 54.0 | 70.2 | 96.8 | 100.0 | 3.2 |
| Former CBERA beneficiaries:[b] | | | | | | |
| Dominican Republic | 16.4 | 14.5 | 17.6 | 3.2 | 0.0 | -3.2 |
| Guatemala | 11.5 | 9.8 | 6.1 | 0.0 | 0.0 | 0.0 |
| Honduras | 13.2 | 11.8 | 3.5 | 0.0 | 0.0 | 0.0 |
| Nicaragua | 3.6 | 3.7 | 1.5 | 0.0 | 0.0 | 0.0 |
| El Salvador | 7.5 | 6.2 | 1.1 | 0.0 | 0.0 | 0.0 |
| Total | 52.1 | 46.0 | 29.8 | 3.2 | 0.0 | -3.2 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 0.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

**TABLE E.3—***Continued* U.S. imports for consumption from CBERA countries, by source, 2004–08

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004-08 during which those countries were eligible for CBERA benefits.

[a] Countries that were CBERA beneficiaries as of December 31, 2008.
[b] Countries for which U.S.-CAFTA-DR entered into force before January 1, 2009.
[c] Absolute value less than 0.05.

**TABLE E.4** U.S. imports for consumption under CBERA, by source, 2004–08

| Source | 2004 | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|
| | Millions of $ | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Trinidad and Tobago | 1,674.4 | 2,734.5 | 3,677.7 | 2,832.3 | 2,365.4 | -16.5 |
| Costa Rica | 1,079.0 | 1,157.8 | 1,382.1 | 1,417.9 | 1,252.8 | -11.6 |
| Haiti | 218.3 | 303.4 | 379.3 | 430.4 | 405.1 | -5.9 |
| Jamaica | 166.7 | 152.2 | 245.8 | 235.9 | 319.6 | 35.5 |
| Bahamas | 92.7 | 111.3 | 125.1 | 137.4 | 141.0 | 2.7 |
| Belize | 44.5 | 54.7 | 72.2 | 54.5 | 129.5 | 137.8 |
| Panama | 32.8 | 40.8 | 33.8 | 31.2 | 46.5 | 49.0 |
| Guyana | 21.0 | 6.7 | 5.1 | 10.1 | 20.6 | 104.1 |
| St. Kitts-Nevis | 29.7 | 25.2 | 24.8 | 16.2 | 14.1 | -13.1 |
| Netherlands Antilles | 5.2 | 6.8 | 2.2 | 3.6 | 11.9 | 231.6 |
| St. Lucia | 5.8 | 6.4 | 7.1 | 8.6 | 11.1 | 28.9 |
| Barbados | 3.5 | 3.9 | 4.8 | 7.1 | 6.9 | -2.6 |
| British Virgin Islands | 0.3 | 0.2 | 0.2 | 0.1 | 0.4 | 577.5 |
| Aruba | ([b]) | ([b]) | 0.2 | 0.3 | 0.2 | -22.3 |
| Dominica | 0.4 | 0.1 | 0.1 | ([b]) | 0.2 | 345.8 |
| St. Vincent and Grenadines | 2.9 | 0.5 | 0.2 | 0.2 | 0.2 | -20.8 |
| Grenada | ([b]) | ([b]) | 0.1 | ([b]) | 0.1 | 411.5 |
| Antigua and Barbuda | 0.1 | ([b]) | ([b]) | 0.1 | 0.1 | -29.1 |
| Montserrat | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | N/A |
| Total | 3,377.3 | 4,604.5 | 5,960.6 | 5,185.9 | 4,725.7 | -8.9 |
| Former CBERA beneficiaries:[c] | | | | | | |
| Dominican Republic | 2,598.3 | 2,483.6 | 2,481.0 | 310.1 | 0.0 | -100.0 |
| Guatemala | 1,189.5 | 1,246.2 | 652.8 | 0.0 | 0.0 | N/A |
| Honduras | 2,314.5 | 2,372.3 | 555.9 | 0.0 | 0.0 | N/A |
| El Salvador | 1,125.8 | 1,226.0 | 154.1 | 0.0 | 0.0 | N/A |
| Nicaragua | 331.2 | 403.8 | 111.0 | 0.0 | 0.0 | N/A |
| Total | 7,559.3 | 7,731.9 | 3,954.9 | 310.1 | 0.0 | -100.0 |
| Grand total | 10,936.6 | 12,336.4 | 9,915.5 | 5,496.0 | 4,725.7 | -14.0 |
| | Percent of total | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Trinidad and Tobago | 15.3 | 22.2 | 37.1 | 51.5 | 50.1 | -1.5 |
| Costa Rica | 9.9 | 9.4 | 13.9 | 25.8 | 26.5 | 0.7 |
| Haiti | 2.0 | 2.5 | 3.8 | 7.8 | 8.6 | 0.7 |
| Jamaica | 1.5 | 1.2 | 2.5 | 4.3 | 6.8 | 2.5 |
| Bahamas | 0.8 | 0.9 | 1.3 | 2.5 | 3.0 | 0.5 |
| Belize | 0.4 | 0.4 | 0.7 | 1.0 | 2.7 | 1.7 |
| Panama | 0.3 | 0.3 | 0.3 | 0.6 | 1.0 | 0.4 |
| Guyana | 0.2 | 0.1 | 0.1 | 0.2 | 0.4 | 0.3 |
| St. Kitts andNevis | 0.3 | 0.2 | 0.2 | 0.3 | 0.3 | ([d]) |
| Netherlands Antilles | ([d]) | 0.1 | ([d]) | 0.1 | 0.3 | 0.2 |
| St. Lucia | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 |
| Barbados | ([d]) | ([d]) | ([d]) | 0.1 | 0.1 | ([d]) |
| British Virgin Islands | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) |
| Aruba | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) |
| Dominica | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) |
| St. Vincent and Grenadines | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) |
| Grenada | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) |
| Antigua and Barbuda | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) | ([d]) |
| Montserrat | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 30.9 | 37.3 | 60.1 | 94.4 | 100.0 | 5.6 |
| Former CBERA beneficiaries:[c] | | | | | | |
| Dominican Republic | 23.8 | 20.1 | 25.0 | 5.6 | 0.0 | -5.6 |
| Guatemala | 10.9 | 10.1 | 6.6 | 0.0 | 0.0 | 0.0 |
| Honduras | 21.2 | 19.2 | 5.6 | 0.0 | 0.0 | 0.0 |
| El Salvador | 10.3 | 9.9 | 1.6 | 0.0 | 0.0 | 0.0 |
| Nicaragua | 3.0 | 3.3 | 1.1 | 0.0 | 0.0 | 0.0 |
| Total | 69.1 | 62.7 | 39.9 | 5.6 | 0.0 | -5.6 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 0.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

**TABLE E.4—***Continued* U.S. imports for consumption under CBERA, by source, 2004–08

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004-08 during which those countries were eligible for CBERA benefits.

[a] Countries that were CBERA beneficiaries as of December 31, 2008.
[b] Less than $50,000.
[c] Countries for which U.S.-CAFTA-DR entered into force before January 1, 2009.
[d] Absolute value less than 0.05.

**TABLE E.5** U.S. exports to CBERA countries, by source, 2004–08

| Market | 2004 | 2005 | 2006 | 2007 | 2008 | % change, 2007–08 |
|---|---|---|---|---|---|---|
| | Millions of $ | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Costa Rica | 3,028.8 | 3,296.8 | 3,877.1 | 4,224.3 | 5,047.8 | 19.5 |
| Panama | 1,642.7 | 1,981.9 | 2,523.6 | 3,492.4 | 4,614.6 | 32.1 |
| Netherlands Antilles | 717.5 | 974.8 | 1,324.4 | 1,897.0 | 2,728.6 | 43.8 |
| Bahamas | 1,121.4 | 1,703.4 | 2,224.5 | 2,422.8 | 2,697.0 | 11.3 |
| Jamaica | 1,320.6 | 1,595.6 | 1,944.4 | 2,236.7 | 2,557.4 | 14.3 |
| Trinidad and Tobago | 1,150.5 | 1,366.5 | 1,511.6 | 1,679.1 | 2,146.0 | 27.8 |
| Haiti | 649.9 | 674.7 | 772.9 | 696.2 | 921.7 | 32.4 |
| Aruba | 338.5 | 502.4 | 481.9 | 492.5 | 629.2 | 27.8 |
| Barbados | 303.1 | 355.2 | 402.2 | 418.3 | 454.6 | 8.7 |
| Belize | 143.7 | 209.8 | 230.0 | 227.9 | 342.6 | 50.3 |
| British Virgin Islands | 90.9 | 114.8 | 206.9 | 161.6 | 287.4 | 77.8 |
| Guyana | 129.6 | 166.5 | 171.6 | 178.9 | 281.1 | 57.1 |
| St. Lucia | 92.6 | 125.0 | 142.9 | 155.3 | 232.2 | 49.5 |
| Antigua and Barbuda | 114.0 | 180.4 | 180.4 | 230.8 | 170.0 | -26.3 |
| St Kitts and Nevis | 55.9 | 86.6 | 121.7 | 103.4 | 116.7 | 12.9 |
| Dominica | 32.3 | 59.2 | 65.2 | 81.6 | 99.8 | 22.3 |
| Grenada | 66.2 | 78.9 | 72.5 | 80.5 | 81.0 | 0.6 |
| St Vincent and Grenadines | 43.8 | 43.9 | 55.6 | 66.8 | 81.0 | 21.2 |
| Montserrat | 5.6 | 4.3 | 13.6 | 4.0 | 8.0 | 101.6 |
| Total | 11,047.6 | 13,520.8 | 16,322.9 | 18,850.3 | 23,496.7 | 24.6 |
| Former CBERA beneficiaries:[b] | | | | | | |
| Dominican Republic | 4,116.1 | 4,351.2 | 5,033.1 | 874.1 | 0.0 | N/A |
| Guatemala | 2,436.9 | 2,665.8 | 1,627.3 | 0.0 | 0.0 | N/A |
| Honduras | 3,019.2 | 3,155.1 | 831.5 | 0.0 | 0.0 | N/A |
| El Salvador | 1,811.5 | 1,778.4 | 308.6 | 0.0 | 0.0 | N/A |
| Nicaragua | 567.5 | 589.5 | 169.4 | 0.0 | 0.0 | N/A |
| Total | 11,951.2 | 12,540.2 | 7,970.0 | 874.1 | 0.0 | -100.0 |
| Grand total | 22,998.8 | 26,061.0 | 24,292.9 | 19,724.4 | 23,496.7 | 19.1 |
| | Percent of total | | | | | |
| Current CBERA beneficiaries:[a] | | | | | | |
| Costa Rica | 13.2 | 12.7 | 16.0 | 21.4 | 21.5 | 0.1 |
| Panama | 7.1 | 7.6 | 10.4 | 17.7 | 19.6 | 1.9 |
| Netherlands Antilles | 3.1 | 3.7 | 5.5 | 9.6 | 11.6 | 2.0 |
| Bahamas | 4.9 | 6.5 | 9.2 | 12.3 | 11.5 | -0.8 |
| Jamaica | 5.7 | 6.1 | 8.0 | 11.3 | 10.9 | -0.5 |
| Trinidad and Tobago | 5.0 | 5.2 | 6.2 | 8.5 | 9.1 | 0.6 |
| Haiti | 2.8 | 2.6 | 3.2 | 3.5 | 3.9 | 0.4 |
| Aruba | 1.5 | 1.9 | 2.0 | 2.5 | 2.7 | 0.2 |
| Barbados | 1.3 | 1.4 | 1.7 | 2.1 | 1.9 | -0.2 |
| Belize | 0.6 | 0.8 | 0.9 | 1.2 | 1.5 | 0.3 |
| British Virgin Islands | 0.4 | 0.4 | 0.9 | 0.8 | 1.2 | 0.4 |
| Guyana | 0.6 | 0.6 | 0.7 | 0.9 | 1.2 | 0.3 |
| St. Lucia | 0.4 | 0.5 | 0.6 | 0.8 | 1.0 | 0.2 |
| Antigua and Barbuda | 0.5 | 0.7 | 0.7 | 1.2 | 0.7 | -0.4 |
| St Kitts-Nevis | 0.2 | 0.3 | 0.5 | 0.5 | 0.5 | 0.0 |
| Dominica | 0.1 | 0.2 | 0.3 | 0.4 | 0.4 | 0.0 |
| Grenada | 0.3 | 0.3 | 0.3 | 0.4 | 0.3 | -0.1 |
| St Vincent and Grenadines | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.0 |
| Montserrat | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| Total | 48.0 | 51.9 | 67.2 | 95.6 | 100.0 | 4.4 |
| Former CBERA beneficiaries:[b] | | | | | | |
| Dominican Republic | 17.9 | 16.7 | 20.7 | 4.4 | 0.0 | -4.4 |
| Guatemala | 10.6 | 10.2 | 6.7 | 0.0 | 0.0 | 0.0 |
| Honduras | 13.1 | 12.1 | 3.4 | 0.0 | 0.0 | 0.0 |
| El Salvador | 7.9 | 6.8 | 1.3 | 0.0 | 0.0 | 0.0 |
| Nicaragua | 2.5 | 2.3 | 0.7 | 0.0 | 0.0 | 0.0 |
| Total | 52.0 | 48.1 | 32.8 | 4.4 | 0.0 | -4.4 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 0.0 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

**TABLE E.5—***Continued* U.S. exports to CBERA countries, by source, 2004–08

*Note*: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. CAFTA-DR entered into force for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2004-08 during which those countries were eligible for CBERA benefits.

[a] Countries that were CBERA beneficiaries as of December 31, 2008.
[b] Countries for which U.S.-CAFTA-DR entered into force before January 1, 2009.

**TABLE E.6** Leading U.S. imports for consumption under CBERA, by source, 2004–08

| Source | HTS number | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|
| | | | Thousands of $ | | | | |
| Antigua and Barbuda | 7113.19.50 | Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal n.e.s.o.i. | 0 | 0 | 0 | 0 | 49 |
| | 2103.90.90 | Sauces and preparations therefore, n.e.s.o.i. | 3 | 0 | 0 | 7 | 14 |
| | 8504.40.95 | Static converters (for example, rectifiers), n.e.s.o.i. | 0 | 0 | 0 | 0 | 12 |
| | 8543.70.40 | Electric synchros and transducers; flight data recorders; defrosters and demisters with electric resistors for aircraft | 0 | 0 | 0 | 0 | 6 |
| | 8205.59.80 | Base metal, n.e.s.o.i., handtools (o/than household), and base metal parts thereof | 0 | 0 | 0 | 0 | 5 |
| | | All other | 48 | 34 | 23 | 125 | 8 |
| | | Total | 51 | 34 | 23 | 132 | 94 |
| Aruba | 7108.13.70 | Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), n.e.s.o.i. | 0 | 0 | 0 | 0 | 66 |
| | 7114.11.70 | Silversmiths' wares (other than for household/table/kitchen use & toilet and sanitary wares) of silver, n.e.s.o.i. | 0 | 0 | 0 | 0 | 52 |
| | 7113.19.50 | Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, n.e.s.o.i. | 9 | 3 | 65 | 62 | 50 |
| | 4202.21.90 | Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, n.e.s.o.i., over $20 ea. | 0 | 0 | 0 | 6 | 19 |
| | 7104.10.00 | Piezoelectric quartz | 0 | 0 | 0 | 0 | 17 |
| | 7113.19.29 | Gold necklaces and neck chains (o/than of rope or mixed links) | 0 | 2 | 10 | 0 | 14 |
| | | All other | 20 | 25 | 96 | 227 | 12 |
| | | Total | 29 | 30 | 171 | 295 | 229 |
| The Bahamas | 3903.11.00 | Polystyrene, expandable, in primary forms | 86,493 | 107,456 | 121,455 | 133,177 | 135,522 |
| | | All other | 6,212 | 3,889 | 3,600 | 4,174 | 5,516 |
| | | Total | 92,705 | 111,345 | 125,056 | 137,351 | 141,038 |
| Barbados | 2207.10.30 | Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for beverage purposes | 1,944 | 2,789 | 2,603 | 4,089 | 4,055 |
| | 2208.40.20 | Rum and tafia, in containers each holding not over 4 liters, valued not over $3/proof liter | 0 | 0 | 0 | 268 | 875 |
| | 9030.33.00[a] | Instruments and apparatus, n.e.s.o.i., for measuring or checking electrical voltage, current, resistance or power, without a recording device | 26 | 38 | 524 | 449 | 627 |
| | 9030.39.01 | Instruments and apparatus, n.e.s.o.i., for measuring or checking electrical voltage, current, resistance or power, with a recording device | ([b]) | ([b]) | ([b]) | 109 | 226 |
| | 2201.10.00 | Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavored | 191 | 84 | 92 | 139 | 140 |
| | 2208.40.60 | Rum and tafia, in containers each holding over 4 liters, valued not over $0.69/proof liter | 344 | 203 | 184 | 294 | 109 |
| | 2103.90.90 | Sauces and preparations therefor, neosi | 20 | 0 | 3 | 35 | 86 |

**TABLE E.6—*Continued*** Leading U.S. imports for consumption under CBERA, by source, 2004–08

| Source | HTS number | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|
| | | | | | Thousands of $ | | |
| Barbados-*Continued* | 9028.30.00 | Electricity supply or production meters, including calibrating meters thereof | 201 | 79 | 109 | 469 | 85 |
| | 2103.90.80 | Mixed condiments and mixed seasonings, not described in add us note 3 to ch. 21 | 48 | 40 | 104 | 74 | 68 |
| | | All other | 764 | 664 | 1,670 | 1,174 | 642 |
| | | Total | 3,513 | 3,859 | 4,765 | 7,100 | 6,913 |
| Belize | 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees a.p.i. or more | 0 | 0 | 15,514 | 10,154 | 90,656 |
| | 2009.11.00 | Orange juice, frozen, unfermented and not containing added spirit | 11,769 | 16,553 | 13,293 | 19,246 | 25,597 |
| | 0807.20.00 | Papayas (papaws), fresh | 11,180 | 12,881 | 15,649 | 13,408 | 10,899 |
| | | All other | 21,528 | 25,314 | 27,765 | 11,651 | 2,365 |
| | | Total | 44,477 | 54,749 | 72,221 | 54,460 | 129,517 |
| British Virgin Islands | 7202.11.50 | Ferromanganese containing by weight more than 4 percent of carbon | 0 | 0 | 0 | 0 | 418 |
| | | All other | 319 | 198 | 223 | 65 | 19 |
| | | Total | 319 | 198 | 223 | 65 | 437 |
| Costa Rica | 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 80,680 | 196,093 | 235,366 | 372,715 | 387,431 |
| | 4011.10.10 | New pneumatic radial tires, of rubber, of a kind used on motor cars (including station wagons and racing cars) | 43,461 | 58,651 | 63,683 | 79,589 | 91,730 |
| | 2207.10.60 | Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes | 35,092 | 61,315 | 77,420 | 82,687 | 89,075 |
| | 6115.95.90 | Stockings, socks, etc. n.e.s.o.i. (not surgical and not containing lace or net), knitted or crocheted, of cotton | ([c]) | ([c]) | ([c]) | 58,640 | 63,963 |
| | 2009.11.00 | Orange juice, frozen, unfermented and not containing added spirit | 32,299 | 25,032 | 38,079 | 80,742 | 38,926 |
| | 8536.30.80 | Electrical apparatus for protecting electrical circuits, for a voltage not exceeding 1,000 v, n.e.s.o.i. | 66 | 0 | 40 | 27,121 | 29,364 |
| | 0807.19.20 | Cantaloupes, fresh, if entered during the periods from January 1 through July 31 or September 16 to December 31, inclusive | 33,792 | 41,033 | 39,842 | 39,116 | 27,802 |
| | 0714.10.20 | Cassava (manioc), fresh, chilled or dried, whether or not sliced or in the form of pellets | 18,888 | 20,279 | 15,455 | 18,588 | 25,500 |
| | 0602.10.00 | Unrooted cuttings and slips of live plants | 18,837 | 20,063 | 24,168 | 24,467 | 22,666 |
| | 3921.12.19 | Nonadhesive plates, sheets, film, foil and strip, cellular, of polymers of vinyl chloride, combined with textile materials, n.e.s.o.i. | 1 | 5,423 | 17,689 | 19,934 | 20,720 |
| | 0603.19.00 | Fresh cut anthuriums, alstroemeria, gypsophilia, lilies, snapdragons and flowers n.e.s.o.i. | 17,675 | 22,046 | 27,714 | 23,271 | 20,699 |
| | 0714.10.10 | Cassava (manioc), frozen, whether or not sliced or in the form of pellets | 8,908 | 13,610 | 10,145 | 9,655 | 18,222 |
| | 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc. | 71,688 | 74,698 | 75,625 | 72,354 | 18,180 |
| | 2008.99.13 | Banana pulp, otherwise prepared or preserved, n.e.s.o.i. | 8,388 | 9,228 | 12,515 | 15,136 | 17,116 |

**TABLE E.6—*Continued*** Leading U.S. imports for consumption under CBERA, by source, 2004–08

| Source | HTS number | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|
| | | | Thousands of $ | | | | |
| Costa Rica-*Continued* | 6107.11.00 | Men's or boys' underpants and briefs, knitted or crocheted, of cotton | 23,470 | 23,457 | 22,090 | 16,240 | 16,402 |
| | 0202.30.50 | Bovine meat cuts, boneless, not processed, frozen, description in add. U.S. note 3 to ch. 2 | 13,274 | 14,116 | 11,705 | 10,287 | 15,066 |
| | 0714.90.20 | Fresh or chilled yams, whether or not sliced or in the form of pellets | 9,738 | 10,669 | 7,891 | 10,672 | 13,870 |
| | 4016.93.50 | Gaskets, washers and other seals, of noncellular vulcanized rubber other than hard rubber | 47,828 | 49,927 | 51,296 | 34,898 | 12,188 |
| | 6212.20.00 | Girdles and panty-girdles | 18,003 | 20,088 | 16,014 | 17,685 | 11,186 |
| | 1701.11.20 | Cane sugar, raw, in solid form, to be used for certain polyhydric alcohols | 3,373 | 359 | 7,413 | 29,705 | 10,683 |
| | 7113.19.50 | Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, n.e.s.o.i. | 15,264 | 17,368 | 20,382 | 12,171 | 9,761 |
| | 0714.90.10 | Fresh or chilled dasheens, whether or not sliced or in the form of pellets | 8,876 | 8,488 | 8,777 | 10,044 | 9,639 |
| | 6212.10.50 | Brassieres containing lace, net or embroidery, containing under 70% by weight of silk or silk waste, whether or not knitted or crocheted | 8,516 | 7,954 | 7,707 | 6,922 | 9,605 |
| | 6108.22.90 | Women's or girls' briefs and panties (other than disposable), of manmade fibers, knitted or crocheted | 6,135 | 6,021 | 11,293 | 16,191 | 9,547 |
| | 9609.10.00 | Pencils & crayons, with leads encased in a rigid sheath | 10,927 | 11,396 | 10,873 | 8,769 | 9,214 |
| | 7116.20.15 | Jewelry articles of precious or semiprecious stones, valued over $40 per piece | 5,845 | 7,170 | 9,451 | 11,857 | 8,272 |
| | 0602.90.90 | Other live plants n.e.s.o.i., other than those with soil attached to roots | 5,510 | 4,738 | 6,751 | 8,662 | 8,056 |
| | 0811.90.50 | Pineapples, frozen, in water or containing added sweetening | 3,637 | 5,457 | 5,134 | 6,471 | 7,938 |
| | 0709.90.10 | Chayote, fresh or chilled | 5,152 | 4,875 | 5,118 | 7,547 | 7,491 |
| | 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 4,635 | 4,366 | 4,688 | 6,625 | 7,402 |
| | 8544.49.30[d] | Insulated electric conductors n.e.s.o.i., of copper, for a voltage not exceeding 1,000 v, not fitted with connectors | 0 | 0 | 4,407 | 3,556 | 7,030 |
| | 6108.21.00 | Women's or girls' briefs and panties, knitted or crocheted, of cotton | 87,888 | 80,016 | 58,222 | 38,171 | 6,538 |
| | 1701.11.10 | Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. us 5 to ch.17 | 9,061 | 3,189 | 1,417 | 7,479 | 6,408 |
| | 6110.30.30 | Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, n.e.s.o.i. | 5,601 | 5,375 | 4,433 | 4,989 | 6,170 |
| | 6115.96.90 | Stockings, socks, etc. n.e.s.o.i., knitted or crocheted, of synthetic fibers (not containing lace or net) | ([e]) | ([e]) | ([e]) | 4,628 | 5,705 |
| | 0807.19.70 | Other melons n.e.s.o.i., fresh, if entered during the period from December 1, in any year, to the following may 31, inclusive | 2,753 | 3,021 | 12,055 | 8,597 | 5,356 |
| | 0201.30.50 | Bovine meat cuts, boneless, not processed, fresh or chilled., description in add. U.S. note 3 to ch. 2 | 8,023 | 9,742 | 6,274 | 6,741 | 5,314 |
| | 6204.62.40 | Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, n.e.s.o.i. | 40,664 | 35,842 | 41,724 | 23,175 | 5,210 |
| | 0811.90.10 | Bananas and plantains, frozen, in water or containing added sweetening | 7,466 | 7,827 | 4,515 | 2,656 | 4,856 |
| | 6203.43.40 | Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc., cont under 36% wt wool, n/water resist, not k/c | 7,014 | 5,396 | 4,240 | 5,855 | 4,827 |
| | 6109.90.10 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers | 782 | 1,021 | 1,721 | 2,962 | 4,703 |

**TABLE E.6—***Continued* Leading U.S. imports for consumption under CBERA, by source, 2004–08

| Source | HTS number | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|
| | | | Thousands of $ | | | | |
| Costa Rica-*Continued* | 9507.90.70 | Artificial baits and flies | 4,339 | 4,565 | 3,974 | 5,724 | 4,703 |
| | 6910.90.00 | Ceramic (o/than porcelain or china) sinks, washbasins, baths, bidets, water closet bowls, urinals & siml. sanitary fixtures | 4,748 | 8,680 | 6,578 | 6,937 | 4,484 |
| | 3824.90.92 | Chemical products, preparations, and residual products of the chemical or allied products industries, n.e.s.o.i. | ([f]) | ([f]) | ([f]) | 3,506 | 3,765 |
| | 6114.30.30 | Garments n.e.s.o.i., knitted or crocheted, of manmade fibers | 4,825 | 3,201 | 4,285 | 4,847 | 3,384 |
| | 2009.41.40 | Pineapple juice, of a brix value not exceeding 20, concentrated (in degree of concentration greater than 3.5), unfermented | 1,641 | 2,394 | 2,238 | 2,337 | 3,335 |
| | 7019.90.10 | Woven glass fiber articles (other than fabrics), n.e.s.o.i. | 2,844 | 3,208 | 2,068 | 2,053 | 2,852 |
| | 2007.10.00 | Homogenized cooked preparations of fruit put up for retail sale as infant food or for dietetic purposes, in cont. not over 250 grams, net | 1,505 | 0 | 452 | 300 | 2,754 |
| | 7610.10.00 | Aluminum, doors, windows and their frames and thresholds for doors | 4 | 0 | 0 | 2,566 | 2,704 |
| | | All other | 347,526 | 262,415 | 411,261 | 142,026 | 124,943 |
| | | Total | 1,078,966 | 1,157,763 | 1,382,065 | 1,417,864 | 1,252,756 |
| Dominica | 0714.90.10 | Fresh or chilled dasheens, whether or not sliced or in the form of pellets | 89 | 22 | 23 | 0 | 133 |
| | 3307.10.20 | Pre-shave, shaving or after-shave preparations, containing alcohol | 34 | 28 | 35 | 27 | 49 |
| | | All other | 246 | 28 | 9 | 18 | 18 |
| | | Total | 369 | 79 | 66 | 45 | 200 |
| Grenada | 0709.90.91 | Vegetables, not elsewhere specified or included, fresh or chilled | 0 | 0 | 18 | 6 | 96 |
| | 0910.99.60 | Spices, n.e.s.o.i. | 0 | 0 | 0 | 0 | 13 |
| | 6307.90.85 | Wall banners, of man-made fibers | 0 | 0 | 0 | 0 | 6 |
| | | All other | 11 | 9 | 39 | 19 | 10 |
| | | Total | 11 | 9 | 56 | 25 | 126 |
| Guyana | 7108.12.50 | Gold, nonmonetary, unwrought (o/than gold bullion and dore) | 0 | 0 | 0 | 0 | 13,080 |
| | 4412.32.31[g] | Plywood sheet n/o 6 mm thick, at least one outer ply of nonconiferous wood, with face ply n.e.s.o.i., not surface covered beyond clear/transparent | 3,554 | 507 | 0 | 1,945 | 2,713 |
| | 6114.30.20 | Bodysuits and bodyshirts, knitted or crocheted, of man-made fibers | 0 | 0 | 358 | 461 | 702 |
| | 6103.43.15 | Men's or boys' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i. | 3,155 | 3,552 | 1,986 | 1,516 | 662 |
| | 6114.30.30 | Garments n.e.s.o.i., knitted or crocheted, of man-made fibers | 0 | 219 | 0 | 0 | 602 |
| | 6104.63.20 | Women's or girls' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i. | 15 | 108 | 625 | 315 | 372 |
| | 6103.42.10 | Men's or boys' trousers, breeches and shorts, knitted or crocheted, of cotton | 213 | 0 | 0 | 256 | 344 |
| | 6114.20.00 | Garments n.e.s.o.i., knitted or crocheted, of cotton | 0 | 0 | 0 | 0 | 334 |
| | | All other | 14,110 | 2,335 | 2,129 | 5,606 | 1,804 |
| | | Total | 21,048 | 6,721 | 5,098 | 10,099 | 20,613 |

**TABLE E.6—***Continued* Leading U.S. imports for consumption under CBERA, by source, 2004–08

| Source | HTS number | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|
| | | | Thousands of $ | | | | |
| Haiti | 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 67,635 | 99,846 | 159,570 | 148,937 | 154,660 |
| | 6110.20.20 | Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i. | 46,252 | 88,242 | 83,563 | 132,797 | 144,283 |
| | 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc. | 11,918 | 17,793 | 22,593 | 27,789 | 32,694 |
| | 6109.90.10 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers | 20,043 | 34,481 | 67,829 | 60,061 | 17,366 |
| | 6203.43.40 | Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc., cont under 36% wt wool, n/water resist, not k/c | 9,305 | 12,966 | 16,616 | 18,278 | 14,235 |
| | 6105.20.20 | Men's or boys' shirts, knitted or crocheted, of manmade fibers, n.e.s.o.i. | 3,864 | 7,588 | 3,061 | 12,376 | 7,750 |
| | | All other | 59,246 | 42,473 | 26,089 | 30,152 | 34,131 |
| | | Total | 218,264 | 303,390 | 379,321 | 430,389 | 405,118 |
| Jamaica | 2207.10.60 | Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes | 53,827 | 63,006 | 164,640 | 161,912 | 253,546 |
| | 0714.90.20 | Fresh or chilled yams, whether or not sliced or in the form of pellets | 9,828 | 10,642 | 10,139 | 12,096 | 15,580 |
| | 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 44,790 | 22,486 | 22,445 | 17,816 | 6,676 |
| | 8411.99.90 | Parts of gas turbines n.e.s.o.i., other than those of subheading 8411.99.10 | 0 | 0 | 0 | 0 | 5,000 |
| | 6108.21.00 | Women's or girls' briefs and panties, knitted or crocheted, of cotton | 11,738 | 12,338 | 10,530 | 8,561 | 4,697 |
| | 6107.11.00 | Men's or boys' underpants and briefs, knitted or crocheted, of cotton | 6,586 | 7,457 | 9,269 | 8,422 | 3,723 |
| | | All other | 39,939 | 36,233 | 28,732 | 27,142 | 30,377 |
| | | Total | 166,708 | 152,163 | 245,755 | 235,947 | 319,600 |
| The Netherlands Antilles | 7108.12.50 | Gold, nonmonetary, unwrought (o/than gold bullion and dore) | 0 | 0 | 0 | 0 | 10,295 |
| | 8544.42.90[h] | Insulated electric conductors n.e.s.o.i., for a voltage not exceeding 1,000 v, fitted with connectors, n.e.s.o.i. | 63 | 786 | 1,417 | 789 | 971 |
| | | All other | 5,144 | 5,977 | 740 | 2,810 | 666 |
| | | Total | 5,206 | 6,763 | 2,157 | 3,598 | 11,933 |
| Panama | 1701.11.10 | Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. U.S. 5 to ch.17 | 8,225 | 9,452 | 7,485 | 6,251 | 15,892 |
| | 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees a.p.i. | 0 | 0 | 0 | 0 | 6,236 |
| | 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 1,481 | 2,818 | 2,320 | 5,139 | 5,707 |
| | 7108.13.70 | Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), n.e.s.o.i. | 0 | 0 | 0 | 0 | 3,575 |
| | 7108.12.50 | Gold, nonmonetary, unwrought (o/than gold bullion and dore) | 168 | 0 | 0 | 731 | 3,402 |
| | 0807.19.70 | Other melons n.e.s.o.i., fresh, if entered during the period from December 1, in any year, to the following May 31, inclusive | 4,471 | 4,850 | 6,273 | 5,471 | 2,544 |

**TABLE E.6—*Continued*** Leading U.S. imports for consumption under CBERA, by source, 2004–08

| Source | HTS number | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|
| | | | Thousands of $ | | | | |
| Panama-*Continued* | 0709.90.05 | Jicamas, pumpkins and breadfruit, fresh or chilled | 2,136 | 1,969 | 1,968 | 1,432 | 1,242 |
| | 0807.20.00 | Papayas (papaws), fresh | 0 | 14 | 0 | 141 | 1,130 |
| | 0709.90.20 | Squash, fresh or chilled | 384 | 503 | 582 | 823 | 852 |
| | 2202.90.90 | Nonalcoholic beverages, n.e.s.o.i., not including fruit or vegetable juices of heading 2009 | 0 | 0 | 0 | 0 | 666 |
| | 7113.19.50 | Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, n.e.s.o.i. | 410 | 62 | 183 | 459 | 536 |
| | 0714.90.20 | Fresh or chilled yams, whether or not sliced or in the form of pellets | 243 | 1,717 | 908 | 513 | 465 |
| | | All other | 15,274 | 19,367 | 14,110 | 10,232 | 4,220 |
| | | Total | 32,791 | 40,751 | 33,828 | 31,191 | 46,466 |
| St. Kitts and Nevis | 8504.90.95 | Parts (other than printed circuit assemblies) of electrical transformers, static converters and inductors | 2,214 | 2,200 | 4,651 | 3,303 | 3,854 |
| | 8503.00.95 | Other parts, n.e.s.o.i., suitable for use solely or principally with the machines in heading 8501 or 8502 | 2,731 | 3,399 | 4,220 | 3,829 | 3,252 |
| | 8536.50.90 | Switches n.e.s.o.i., for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 v | 17,355 | 16,064 | 11,456 | 4,852 | 2,504 |
| | 8529.10.90 | Antennas and antenna reflectors of all kinds and parts, for use solely or principally with apparatus of headings 8525 to 8528, n.e.s.o.i. | 0 | 0 | 12 | 1,335 | 1,806 |
| | 8504.31.40 | Electrical transformers other than liquid dielectric, having a power handling capacity less than 1 kva | 3 | 0 | 0 | 70 | 792 |
| | 8503.00.65 | Stators and rotors for electric motors & generators of heading 8501, n.e.s.o.i. | 790 | 772 | 983 | 1,060 | 719 |
| | | All other | 6,571 | 2,776 | 3,430 | 1,740 | 1,145 |
| | | Total | 29,663 | 25,211 | 24,750 | 16,189 | 14,071 |
| St. Vincent and the Grenadines | 3923.30.00 | Carboys, bottles, flasks and similar articles for the conveyance or packing of goods, of plastics | 0 | 0 | 0 | 0 | 67 |
| | 0714.90.10 | Fresh or chilled dasheens, whether or not sliced or in the form of pellets | 113 | 178 | 169 | 86 | 33 |
| | 0809.40.40 | Plums, prunes and sloes, fresh, if entered during the period from June 1 through December 31, inclusive | 0 | 0 | 0 | 33 | 28 |
| | 8504.50.80 | Other inductors, n.e.s.o.i. | 3 | 20 | 18 | 38 | 27 |
| | 2202.90.90 | Nonalcoholic beverages, n.e.s.o.i., not including fruit or vegetable juices of heading 2009 | 0 | 0 | 10 | 11 | 9 |
| | | All other | 2,809 | 323 | 13 | 49 | 8 |
| | | Total | 2,925 | 521 | 210 | 216 | 171 |
| St. Lucia | 8529.10.20 | Television antennas and antenna reflectors, and parts suitable for use therewith | 3,427 | 2,357 | 2,804 | 4,802 | 7,623 |
| | 9025.19.80 | Thermometers, for direct reading, not combined with other instruments, other than liquid-filled thermometers | 659 | 2,370 | 2,499 | 2,578 | 1,910 |

**TABLE E.6—*Continued*** Leading U.S. imports for consumption under CBERA, by source, 2004–08

| Source | HTS number | Description | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|
| | | | Thousands of $ | | | | |
| St. Lucia-*Continued* | 8544.20.00 | Insulated (including enameled or anodized) coaxial cable and other coaxial conductors | 387 | 553 | 647 | 531 | 539 |
| | | All other | 1,363 | 1,073 | 1,127 | 683 | 1,009 |
| | | Total | 5,836 | 6,353 | 7,076 | 8,594 | 11,081 |
| Trinidad and Tobago | 2905.11.20 | Methanol (methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel | 460,208 | 700,604 | 1,029,652 | 1,004,212 | 1,175,155 |
| | 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees a.p.i. or more | 802,713 | 1,076,028 | 1,678,309 | 1,299,319 | 813,330 |
| | 2710.11.25 | Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils | 126,377 | 193,451 | 71,540 | 227,205 | 143,645 |
| | | All other | 285,132 | 764,441 | 898,224 | 301,560 | 233,256 |
| | | Total | 1,674,430 | 2,734,524 | 3,677,726 | 2,832,296 | 2,365,386 |
| | | Grand total | 3,377,311 | 4,604,463 | 5,960,567 | 5,185,856 | 4,725,747 |

*Source*: Compiled from official statistics of the U.S. Department of Commerce.

*Note*: The abbreviation n.e.s.o.i. stands for “not elsewhere specified or otherwise included”.

[a] Trade in 2004-06 reported under HTS 9030.39.00.
[b] Trade in 2004-06 reported under part of HTS 9030.83.00.
[c] Trade in 2004-06 reported under part of HTS 6115.92.90.
[d] Trade in 2004-06 reported under HTS 8544.59.20.
[e] Trade in 2004-06 reported under part of HTS 6115.93.90.
[f] Trade in 2004-06 reported under part of HTS 3824.90.91.
[g] Trade in 2004-06 reported under HTS 4412.14.31.
[h] Trade in 2004-06 reported under HTS 8544.41.80 and 8544.51.90.

# APPENDIX F
# Leading Imports that Benefited Exclusively from CBERA in 2007

**Table F.1** Value of leading imports that benefited exclusively from CBERA, 2007
(*1,000 dollars*)

| HTS number | Description | Customs value | C.i.f. value |
|---|---|---|---|
| 2709.00.20 | Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more | 1,309,474 | 1,341,699 |
| 2905.11.20[a] | Methanol (methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel | 1,004,212 | 1,076,650 |
| 0804.30.40 | Pineapples, fresh or dried, not reduced in size, in crates or other packages | 377,853 | 437,316 |
| 2207.10.60 | Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes | 263,377 | 281,619 |
| 2710.11.25 | Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils | 227,205 | 232,902 |
| 6109.10.00 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton | 195,701 | 199,042 |
| 6110.20.20 | Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i. | 139,828 | 142,139 |
| 3903.11.00[b] | Polystyrene, expandable, in primary forms | 133,177 | 136,257 |
| 6203.42.40 | Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc | 126,349 | 128,833 |
| 2009.11.00 | Orange juice, frozen, unfermented and not containing added spirit | 100,314 | 103,683 |
| 2710.11.45 | Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon | 80,399 | 84,400 |
| 2710.19.05 | Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I. | 76,586 | 79,609 |
| 6115.95.90 | Stockings, socks, etc. n.e.s.o.i. (not surgical and not containing lace or net), knitted or crocheted, of cotton | 68,587 | 70,467 |
| 2207.20.00 | Ethyl alcohol and other spirits, denatured, of any strength | 65,009 | 70,317 |
| 6109.90.10 | T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers | 64,593 | 65,670 |
| 6108.21.00 | Women's or girls' briefs and panties, knitted or crocheted, of cotton | 46,753 | 47,461 |
| 6203.43.40 | Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc, cont under 36% wt wool, n/water resist, not k/c | 38,009 | 38,635 |
| 6107.11.00 | Men's or boys' underpants and briefs, knitted or crocheted, of cotton | 36,929 | 37,520 |
| 7113.19.50[c] | Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, n.e.s.o.i. | 28,714 | 28,793 |
| 6204.62.40 | Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, n.e.s.o.i. | 26,809 | 27,361 |

*Source*: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

*Note*: The abbreviation n.e.s.o.i. stands for “not elsewhere specified or otherwise included.”

[a] Includes only imports from Trinidad and Tobago. Item is GSP-eligible, but imports from Trinidad and Tobago exceeded the competitive-need limit and thus were eligible for duty-free entry only under CBERA.

[b] Includes only imports from The Bahamas. Item is GSP-eligible, but imports from The Bahamas exceeded the competitive-need limit and thus were eligible for duty-free entry only under CBERA.

[c] Includes only imports from the Dominican Republic, The Bahamas, Barbados, Netherlands Antilles, and Aruba. Item is GSP-eligible, but imports from the Dominican Republic exceeded the competitive need limit and thus were eligible for duty-free entry only under CBERA. Imports from The Bahamas, Barbados, Netherlands Antilles, and Aruba, other suppliers of this item, were included because those countries were not designated GSP beneficiaries in 2007.