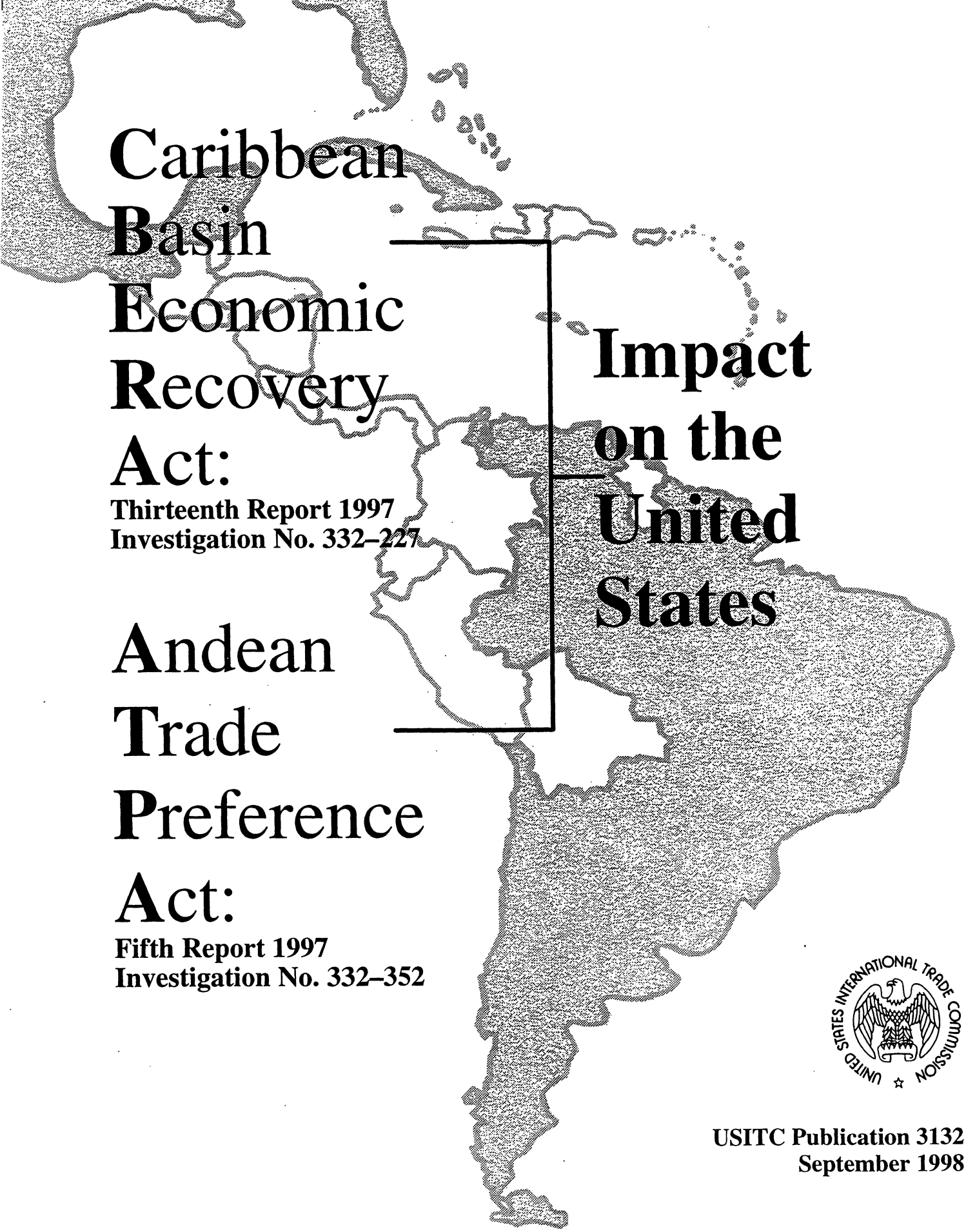

Caribbean Basin Economic Recovery Act:

Thirteenth Report 1997
Investigation No. 332–227

Andean Trade Preference Act:

Fifth Report 1997
Investigation No. 332–352

Impact on the United States

USITC Publication 3132
September 1998

U.S. International Trade Commission

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Abstract

The submission of this study to the Congress and to the President continues a series of annual reports by the U.S. International Trade Commission on the impact of the Caribbean Basin Economic Recovery Act (CBERA) and the Andean Trade Preference Act (ATPA) on U.S. industries and consumers. In the interest of economy and efficiency, the Commission has combined the two separate reports into a single document. Part I contains the CBERA report, representing the thirteenth in the series of CBERA reports. Part II contains the ATPA report, fifth in the Andean series.

CBERA, enacted on August 5, 1983 (Public Law 98-67, title II; 97 Stat. 384, 19 U.S.C. 2701 et seq.), authorized the President to proclaim duty-free treatment for eligible articles from designated Caribbean Basin countries and territories. Duty-free treatment became effective January 1, 1984. Section 215 of the act requires the Commission to assess both the actual and the future probable effects of CBERA on the U.S. economy generally, on U.S. consumers, and on U.S. industries producing like products or products directly competitive with those products imported from beneficiary countries. The Commission is required to submit its report to the President and the Congress by September 30 of each year.

ATPA, enacted on December 4, 1991 (Public Law 102-182, title II; 105 Stat. 1236, 19 U.S.C. 3201 et seq.), authorized the President to proclaim duty-free treatment for eligible articles from Bolivia, Colombia, Ecuador, and Peru. The President proclaimed preferential duty treatment for Bolivia and Colombia on July 2, 1992, for Ecuador on April 13, 1993, and for Peru on August 11, 1993. Section 206 of the act requires the Commission to report to the President and the Congress on the economic impact of the act "on United States industries and consumers, and in conjunction with other agencies, the effectiveness of this Act in promoting drug-related crop eradication and crop substitution efforts of beneficiary countries." The Commission is required to submit its report to the Congress by September 30 of each year until ATPA benefits expire in 2001.

The current study fulfills the Commission's reporting requirement under both statutes for calendar year 1997. The overall effect of CBERA- and ATPA-exclusive imports on the U.S. economy and consumers continued to be negligible in 1997. Based on the upper range estimates and industry analysis, the Commission did not identify any U.S. industries that would face potentially significant negative effects from CBERA-exclusive imports. U.S. imports of the 20 leading CBERA-exclusive items, except two sugar subheadings, produced net welfare gains for U.S. consumers in 1997. U.S. imports from ATPA beneficiaries were estimated to have potentially significant effects on domestic industries producing chrysanthemums, carnations, anthuriums, and orchids; asparagus; and fresh cut roses. U.S. imports of nearly all of the 20 leading ATPA-exclusive items produced net welfare gains for U.S. consumers in 1997. The probable future effect of CBERA and ATPA on the United States, as estimated by an examination of export-oriented investment in the beneficiary countries, is also expected to be minimal in most sectors. In addition, country case studies were conducted to analyze the effectiveness of the CBERA and ATPA in promoting export-led growth and export diversification in beneficiary countries. Whereas the case study on the Dominican Republic revealed that CBERA appears to have had a positive effect on its economy, the case studies on The Bahamas and Peru suggest that CBERA and ATPA, respectively, have had only a limited effect.

ATPA continued to have a slight but positive effect on drug-crop eradication and crop substitution in the Andean region in 1997. Eradication efforts contributed to a marked, overall decline in the volume of land under coca cultivation, and alternative development efforts to introduce new products and expand licit-crop production in the region are continuing to show promising results.

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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 determination would be in an investigation involving the same or similar subject matter conducted under another statutory authority.

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Executive Summary

This report covers the impact on the United States of the Caribbean Basin Economic Recovery Act (CBERA) and the Andean Trade Preference Act (ATPA) during calendar year 1997. Given the similarity in the reporting requirements for each of these statutes and their identical statutory reporting date, the Commission has combined the reports into a single document. Section 215 of the CBERA statute requires the Commission to prepare an annual report assessing both the actual and the future probable effects of CBERA on the U.S. economy generally, on U.S. industries, and on U.S. consumers. Similarly, section 206 of the ATPA requires the Commission to report annually on the program, and in addition, to estimate the effect of ATPA on drug-related crop eradication and crop substitution.

Partial-equilibrium analysis is applied to estimate the impact of CBERA and ATPA on the United States. The future probable effect of CBERA and ATPA on the United States is estimated by an examination of export-oriented investment in the beneficiary countries. This year's report also provides an assessment of the effectiveness of CBERA and ATPA in promoting export-led growth and export diversification in the beneficiary countries by conducting case studies on the Dominican Republic and The Bahamas, with respect to CBERA, and on Peru, in the case of ATPA. Data sources include field interviews, direct observation, interviews with other government agencies, U.S. Department of Commerce data, and reports from U.S. embassies.

Part I. Caribbean Basin Economic Recovery Act: Impact of CBERA on the United States

The Caribbean Basin Economic Recovery Act entered into effect on January 1, 1984. CBERA eliminates, or in some cases reduces, tariffs on eligible products of designated Caribbean, Central American, and South American countries and territories. The primary goal of CBERA is to promote export-oriented growth in the Caribbean Basin countries and to diversify their economies away from traditional agricultural products and raw materials. CBERA applies to the same tariff categories covered by the U.S. Generalized System of Preferences (GSP), but it is less restrictive than the GSP in that CBERA's benefits apply to additional products and the product-qualifying rules are more liberal.

Main Commission findings

- Of the $3.2 billion in U.S. imports that entered under CBERA in 1997, imports amounting to $1.5 billion could not have received tariff preferences under any other program. The five leading import items benefiting exclusively from CBERA in 1997 were higher-priced cigars, leather footwear uppers, methanol, raw cane sugar, and fresh pineapples.
- The overall effect of CBERA-exclusive U.S. imports on the U.S. economy and on consumers continued to be negligible in 1997. In 1997, the value of duty-free U.S. imports under CBERA was around 0.04 percent of U.S. gross domestic product. The total value of U.S. imports from CBERA countries amounted to 1.9 percent of total U.S. imports.
- The effect of CBERA on the U.S. economy, consumers, and industries, has fallen since the implementation of the program in 1984 because of the erosion of the tariff benefits, or margin of preference, for many products. Sources of this erosion include Tokyo Round tariff reductions (ending in 1987), phased tariff cuts under the Uruguay Round, tariff cuts and eliminations under sectoral trade

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agreements, the extension of preferential trading arrangements under NAFTA and ATPA, and the erosion of the ad valorem equivalent of specific duties due to inflation. Of the 20 leading items that benefited exclusively from CBERA in 1997, duties on five will be eliminated under Uruguay Round reductions, duties on four will decline by 50 percent to 70 percent, duties on seven will fall about 15 percent, and duties on four will remain unchanged. Similarly, the value of the CBERA program to beneficiary countries has also declined because of the erosion of the margin of preference.

- Fuel-grade ethyl alcohol provided the largest estimated gain in consumer surplus ($8.1 million to $11.4 million) resulting exclusively from CBERA tariff preferences in 1997. Methanol provided the second largest estimated gain in consumer surplus ($9.8 million to $10.9 million). U.S. imports of the 20 leading CBERA-exclusive items, except for two sugar subheadings, produced net welfare gains for U.S. consumers in 1997. Frozen concentrated orange juice yielded the largest such net gain, valued at $3.0 million to $3.6 million, followed by fuel-grade ethyl alcohol and methanol.
- One U.S. industry was identified as potentially experiencing displacement of more than an estimated 5 percent of the value of U.S. production, based on an upper range estimate: fresh pineapples (4.2 percent to 7.4 percent displacement, valued at $2.5 million to $4.4 million). However, additional industry analysis suggests that the impact is likely to be closer to the lower-range estimate.
- The probable future effect of CBERA on the United States is expected to be minimal in most economic sectors. However, the Commission was able to identify recent investments in export-oriented production of CBERA-eligible products, including cigars, footwear, luggage, jewelry, toys, electronic components, medical equipment, fruits and vegetables, and certain plastics.
- The Commission could not identify any examples of co-production among beneficiary countries as a way to meet CBERA rules-of-origin requirements.
- The effectiveness of CBERA in promoting export-led growth in the beneficiary countries and diversification of their economies away from traditional products was analyzed by conducting case studies on the Dominican Republic and The Bahamas.
    - The case study on the Dominican Republic, consistently the largest CBERA beneficiary, revealed that Dominican exports grew and diversified significantly between 1980 and 1996. Although CBERA most likely played an important role in these developments, other factors also were instrumental in attracting export-oriented investment, such as low wage rates and the availability of free trade zones. Increases in the production of apparel, which is generally not eligible for CBERA tariff preferences, also contributed to these trends.
    - With respect to The Bahamas, non-oil exports neither grew nor diversified significantly from 1980 to 1996. Thus, to date CBERA appears to have had minimal effect on The Bahamas' economy. However, because high costs hamper efforts to attract export-oriented investment, opportunities for Bahamian exports to the United States likely would be extremely limited in the absence of CBERA preferences, particularly because The Bahamas is not a beneficiary of the GSP.

Trade-related activities, 1980-97

- In 1997, CBERA countries accounted for 2.8 percent of all U.S. exports and 1.9 percent of all U.S. imports. Whereas the share of CBERA countries as a market for U.S. exports has remained stable since 1980, the significance of these countries as sources for U.S. imports has diminished because of the decline in the value of U.S. imports of petroleum products. Since 1987, the United States has had a trade surplus with the CBERA countries.
- From 1980 to 1997, total U.S. imports from CBERA countries increased at an average annual rate of 2.9 percent, amounting in 1997 to $16.6 billion. The portion entering under CBERA increased from 1984 to 1997 at an average annual rate of 10.8 percent, amounting in 1997 to $3.2 billion or 19 percent of all imports from CBERA countries.

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- The composition of total U.S. imports from CBERA countries has changed dramatically since the early 1980s. In 1984, petroleum products accounted for almost half of all imports from CBERA countries; in 1997, the share of petroleum products fell to merely 8.2 percent of the total due in large part to the steep decline in global petroleum prices. Petroleum products were replaced by apparel as the largest component of total imports from the region. Accounting for just 6 percent in 1983, apparel constituted some 35 percent of all imports in 1997.[1] Neither petroleum products nor apparel are generally eligible for CBERA tariff preferences.

- The rise in U.S. apparel imports in particular, from CBERA countries, reflects increased U.S.-Caribbean production sharing. The U.S. content portion of shared production reentering U.S. customs territory free of duty under HTS chapter 98 was 6.6 percent of total imports in 1984 and 26 percent in 1997. The Caribbean region is the second leading source after Mexico of U.S. production-sharing imports under HTS chapter 98 and the leading source of U.S. imports of apparel.

- From 1984 to 1997, items classified as electrical machinery and equipment, sugar and sugar products, and tobacco and tobacco products were the leading U.S. imports under CBERA.[2] In 1984, these three groups accounted for two-thirds of the total, but this share dropped to 38 percent by 1997, as diversification in the region's production profile caused U.S. imports in the smaller categories—including CBERA-eligible footwear, medical goods, and methanol—to grow still faster.

- The relative position of Caribbean countries individually as sources for U.S. imports changed radically with the decline in the value of U.S. imports of Caribbean petroleum products. The share of U.S. imports from countries producing petroleum and petroleum products—the Netherlands Antilles, Trinidad and Tobago, and The Bahamas—fell from 62 percent of total U.S. imports from the region in 1980 to 14 percent in 1997. The Dominican Republic, Costa Rica, Guatemala, and Honduras replaced them as the principal suppliers of both overall U.S. imports, and of imports under CBERA. These countries are the major suppliers of apparel as well as CBERA-eligible electrical machinery and equipment, sugar and sugar products, and tobacco and tobacco products.

- Although total U.S. exports to CBERA beneficiaries increased at the same rate as U.S. exports to the rest of the world, the composition of U.S. exports to CBERA countries changed moderately from 1990 to 1997. The increased use of free trade zones, as well as CBERA and production-sharing provisions, has generated a growing demand for U.S.-made parts, accessories, machinery, and equipment. Some of the major product categories of current U.S. exports to CBERA beneficiaries mirror the categories of U.S. imports under CBERA, such as electronic components and medical devices. Almost all U.S. apparel exports to CBERA beneficiaries consist of garment parts, which are re-imported as assembled garments.

- The significance of the United States as a market for exports by CBERA countries declined slightly between the 1980s and 1990s, primarily reflecting declining U.S. imports of petroleum products from the Eastern Caribbean. The shares of CBERA countries' exports destined for the European Union and the rest of the world each increased slightly, compensating for the U.S. decline. Between 1980 and 1996, the importance of the United States as a source for CBERA countries' imports gradually increased. The share of imports by CBERA countries supplied by the rest of the world fell, compensating for the U.S. increase. The European Union supplied about the same share of CBERA countries' imports throughout the period.

Part II. Andean Trade Preference Act: Impact of ATPA on the United States

The Andean Trade Preference Act, which was signed into law in December 1991, eliminates or reduces tariffs on eligible products of four Andean mountain countries—Bolivia, Colombia, Ecuador,

[1] Based on the Standard International Trade Classification (SITC) system.
[2] Based on chapters of the Harmonized Tariff Schedule of the United States (HTS).

and Peru. The primary goal of ATPA is to promote broad-based economic development in these Andean countries. The ATPA also aims to develop viable economic alternatives to coca cultivation and cocaine production by offering Andean products broader access to the U.S. market. ATPA applies to the same categories covered by the more restrictive U.S. GSP program, but offers broader product coverage and more liberal product-qualifying rules.

Main Commission findings

- Of the $1.4 billion in U.S. imports that entered under ATPA in 1997, imports valued at $0.6 billion could not have received tariff preferences under any other program. The five leading items benefiting exclusively from ATPA in 1997 were fresh cut roses; chrysanthemums, carnations, anthuriums, and orchids from Colombia (which exceeded its GSP competitive-need limit); copper cathodes from Peru (which exceeded its GSP competitive-need limit); tunas and skipjack; and semimanufactured, nonmonetary gold.

- The overall effect of ATPA-exclusive imports on the U.S. economy and on consumers continued to be negligible in 1997. In 1997, the value of duty-free U.S. imports under ATPA was around 0.015 percent of U.S. gross domestic product. The total value of U.S. imports from ATPA countries amounted to 1.0 percent of total U.S. imports.

- The effect of ATPA on the U.S. economy, consumers, and industries has fallen since the implementation of the program because of the erosion of the tariff benefits, or margin of preference, for many products. Sources of this erosion include phased tariff cuts under the Uruguay Round, tariff cuts and eliminations under sectoral trade agreements, the extension of preferential trading arrangements under NAFTA, and the erosion of the ad valorem equivalent of specific duties due to inflation. Of the 20 leading items that benefited exclusively from ATPA in 1997, duties on three will be eliminated under Uruguay Round reductions, duties on three will decline by 50 percent to 70 percent, duties on seven will fall by 15 percent to 34 percent, and duties on seven will remain unchanged. Similarly, the value of the ATPA program to beneficiary countries has also declined because of the erosion of the margin of preference.

- Fresh cut roses provided the largest estimated gain in consumer surplus ($12.6 million to $12.9 million). Chrysanthemums, carnations, anthuriums, and orchids provided the second largest estimated gain in consumer surplus ($9.7 million to $9.9 million) resulting exclusively from ATPA tariff preferences in 1997. Imports of nearly all of the 20 leading ATPA-exclusive items produced net welfare gains for U.S. consumers in 1997. Fresh cut roses yielded the largest such net gain, valued at $687,000 to $936,000, followed by asparagus and chrysanthemums, carnations, anthuriums, and orchids.

- Based on the Commission's economic methodology and industry analysis, U.S. industries that may have experienced displacement of more than an estimated 5 percent of the value of U.S. production in 1997, based on upper range estimates, were those producing chrysanthemums, carnations, anthuriums, and orchids (7.8 percent to 17.2 percent displacement, valued at $2.7 million to $6.0 million); asparagus (9.3 percent to 16.6 percent displacement, valued at $4.9 million to $8.8 million); and fresh cut roses (6.7 percent to 14.7 percent displacement, valued at $7.6 million to $16.6 million).

- The probable future effect of ATPA on the United States is expected to be minimal in most economic sectors. However, the Commission was able to identify recent investments in export-oriented production of ATPA-eligible products, including gold jewelry and furniture. These investments amounted to over $12 million in 1997. The number of such projects is diminishing as the termination of the ATPA program approaches in 2001 and the period within which investors can recoup their investment shortens.

- The Commission could not identify any examples of co-production among beneficiary countries as a way to meet ATPA rules-of-origin requirements.

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- ATPA continued to have a slight but positive effect on drug-crop eradication and crop substitution in the Andean region during 1997. Driven by dramatic increases in the amount of coca eradicated in Peru and Colombia, the level of net cultivation in the Andean region declined by 7.4 percent in 1997. Over the past 2 years, Peruvian coca production has dropped by 40 percent. This phenomenon has been substantially aided by the interdiction of the Peru-Colombia air route and the subsequent loss of market opportunities for Peruvian suppliers of coca leaf and coca base. Alternative development efforts in the region are increasing as coca farmers look for other crops to replace abandoned coca fields.

- The effectiveness of ATPA in promoting broad-based economic growth and the development of sustainable economic alternatives to drug-crop production in the Andean region was analyzed by conducting a case study on Peru. The case study revealed that Peru's exports grew 81 percent from 1990 to 1996; the share of Peru's exports destined for the United States remained fairly stable, increasing from 21.0 percent in 1990 to 21.9 percent in 1996. Furthermore, the composition of Peruvian exports has not significantly changed over the same time period. Although these trends suggest that ATPA may have had a minimal effect on Peru's economy, Peru has only received ATPA benefits for 4 full years, 1994-97. Furthermore, the introduction and early operation of ATPA in Peru coincided with a period of economic liberalization and reform, which makes it particularly difficult to separate the effects of systemic change in the Peruvian economic system from those occasioned by a one-time reduction in the level of certain tariffs.

Trade-related activities, 1990-97

- In 1997, ATPA countries accounted for 1.3 percent of all U.S. exports and 1.0 percent of all U.S. imports. Whereas the share of ATPA countries as a market for U.S. exports increased slightly in the 1990s, their significance as suppliers of U.S. imports has remained the same. The United States registered a trade surplus with ATPA countries in the mid-1990s, and deficits in 1990, 1991, and 1996. Trade was balanced in 1997.

- From 1990 to 1997, total U.S. imports from ATPA countries increased at an average annual rate of 2.8 percent. The portion entering under ATPA increased from 1994 to 1997 at an average annual rate of 4 percent.

- In 1997, U.S. imports afforded duty-free entry under ATPA ($1.3 billion) stopped growing faster than overall imports from ATPA countries ($8.7 billion). This is because imports dutiable under column 1-general duties[3] and not eligible for duty-free entry under ATPA (such as apparel), and duty-free imports under column 1-duties (such as coffee, shrimp, bananas) increased relatively faster than U.S. imports under ATPA. In 1997, the duty-free portion entering under ATPA was 14.8 percent of all U.S. imports from ATPA countries, compared with 15.8 percent in 1996.

- The composition of total U.S. imports from ATPA countries has not changed significantly in the 1990s. Petroleum products and coffee have been consistently responsible for about one-half of the total. Petroleum products are not eligible for ATPA tariff preferences, and coffee already enters the United States under a column 1-general duty rate of free.

- Cut flowers and jewelry dominate U.S. imports under ATPA. Together, these two groups represented almost two-thirds of the total in 1994, but less than half in 1997 because imports in some smaller product categories increased faster. U.S. imports of copper articles, mostly from Peru, increased the fastest; they constituted only 1.4 percent of duty-free imports under ATPA in 1994, but 14 percent in 1997.

- Colombia has been the number one source of U.S. imports from ATPA countries in the 1990s, accounting in 1997 for 53 percent of all U.S. imports and for 45 percent of the portion under ATPA.

[3] Formerly known as Most-Favored-Nation (MFN) duties.

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Bolivia has been the least important ATPA source on both counts. Ecuador has been the second ranking supplier of overall U.S. imports from ATPA countries, but the third ranking source for the portion entering under ATPA. Peru was the third ranking overall supplier among ATPA countries, but second ranking under ATPA.

- Peru's significance as a source for U.S. imports increased markedly in the 1990s. In terms of overall U.S. imports from ATPA countries, Peru increased its share at the expense of each of the other three ATPA countries during the years 1990-97. In terms of U.S. imports under ATPA, both Peru and Ecuador increased their shares at the expense of Colombia and Bolivia.

- Since ATPA's implementation in 1992, U.S. exports to ATPA beneficiaries have increased at the same rate as U.S. exports to the rest of the world. Like exports to many developing regions, U.S. exports to the ATPA countries have consisted principally of goods needed to develop its manufacturing base and modernize its infrastructure.

- During the 1990s, the significance of the United States and the European Union as markets for exports by ATPA countries declined. Similarly, the importance of the United States and the European Union as sources for ATPA countries' imports declined. In each case, the decline in the U.S. share was greater than the decline in the EU share.

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Introduction

The Caribbean Basin Economic Recovery Act (CBERA)[1] was implemented in 1984 to encourage economic growth and development in the Caribbean Basin countries by promoting increased production and exports of nontraditional products. The United States enacted the Andean Trade Preference Act (ATPA)[2] in 1991 to encourage the South American Andean countries of Bolivia, Colombia, Ecuador, and Peru to reduce drug-crop cultivation and production by fostering production and exports of non-traditional products. Both programs authorize the President to proclaim preferential rates of duty on many products entering the United States from these regions.

In two separate studies, the Commission has been reporting on the impact of CBERA and ATPA preferences on the U.S. economy for 13 and 5 years, respectively. The reporting requirements for each of these programs are virtually identical, and the same methodology is employed by the Commission in responding to each statutory mandate. Specifically—

CBERA	ATPA
Section 215(a) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2704(a)) calls for the Commission to "submit to the Congress and the President, a report regarding the economic impact of this Act on United States industries and consumers." Section 215(b)(1) of CBERA requires that this report include an assessment by the Commission of—	Section 206(a) of the Andean Trade Preference Act (19 U.S.C. 3204(a)) calls for the Commission to "submit to the Congress a report regarding the economic impact of this Act on United States industries and consumers, and in conjunction with other agencies, the effectiveness of this Act in promoting drug-related crop eradication and crop substitution efforts of beneficiary countries." Section (b) of ATPA requires that this report include an assessment by the Commission of—
"(A) the actual effect . . . of this Act 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. . ."	"(A) the actual effect . . . of this Act 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; (B) the probable future effect that this Act will have on the United States economy generally, as well as on such domestic industries; and (C) the estimated effect that this Act has had on the drug-related crop eradication and crop substitution efforts of the beneficiary countries."

The current publication, covering calendar year 1997, combines the two reports; CBERA's effects are assessed in part I and ATPA's effects, in part II. Table 1 compares the major provisions of CBERA and ATPA.

[1] CBERA was enacted August 5, 1983, as Public Law 98-67, title II; 97 Stat. 384, 19 U.S.C. 2701 et seq. and became effective January 1, 1984. Minor amendments to CBERA were made by Public Laws 98-573, 99-514, 99-570, and 100-418. CBERA beneficiary countries are listed in table 1, below.

[2] ATPA was passed by the Congress on November 26, 1991, and signed into law on December 4, 1991. Public Law 102-182, title II; 105 Stat. 1236, 19 U.S.C. 3201 et seq. Minor amendments to ATPA were made by Public Law 102-583.

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Analytical Approach

The core of the CBERA and ATPA programs (hereinafter, CBERA/ATPA) is the duty-free or reduced-duty treatment importers can claim when entering products of designated beneficiary countries (where goods are not specifically excluded from the programs).[3] In each case, the duty elimination for all eligible products occurred at once as countries were designated as beneficiaries—there was generally no phase-in of duty preferences—but the duty reductions for a few goods were phased in over 5 years.[4]

Table 1
Summary of CBERA/ATPA preferential provisions, year-end 1997

	CBERA	ATPA
Inception	Enacted 8/5/83 - CBERA Expanded 8/20/90 - CBERA[1]	Enacted 12/4/91 - ATPA
Benefits	Duty-free entry and reduced duty entry granted on a non-reciprocal, non-MFN basis	Duty-free entry and reduced duty entry granted on a non-reciprocal, non-MFN basis.
Exclusions	Textiles/apparel, leather, canned tuna, petroleum and derivatives, certain footwear, certain watches/parts	Textiles, apparel, leather, canned tuna, petroleum and derivatives, certain footwear, certain watches/parts, plus certain sugar products, and rum
Duration	Originally: 10 years, until 9/30/95 CBERA: indefinite	10 years, expires 12/2001
Beneficiaries	24 Central American & Caribbean countries: Antigua, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago	4 Andean countries: Bolivia, Colombia, Ecuador, and Peru
Coverage (eligible items)[2]	approx. 6,900	approx. 6,750
Value of imports under the program (*millions of dollars*)	$3,208	$1,353
Significance:		
% of U.S. imports from the region as a share of total U.S. imports	1.9%	1.0%
U.S imports that receive program preferences	19.4%	15.6%

[1] Caribbean Basin Economic Recovery Expansion Act of 1990.
[2] 8-digit HTS items.

[3] See chs. 1 and 5 for a discussion of the countries that are designated beneficiaries and the products that are eligible for preferential treatment.
[4] A number of previously excluded products were added for reduced-duty treatment under the Caribbean Basin Economic Recovery Expansion Act of 1990.

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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 in both programs, especially CBERA, which has been in effect since 1984. Over a longer period of time, the effects of CBERA/ATPA will flow mostly from investment in industries in beneficiary countries that benefit from the duty elimination/reduction. Both the short-term and long-term effects are limited by the small size of the CBERA/ATPA beneficiary-country economies, and the long-term effects are likely to be difficult to distinguish from other market forces that have been in play since the programs were initiated. Investment, however, has been tracked in past CBERA/ATPA reports in order to examine the trends in and composition of investment in the respective regions.

The effects of CBERA and ATPA 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 these imports; (2) estimates of gains to U.S. consumers, losses to the U.S. Treasury due to reduced tariff revenues, and potential displacement in U.S. industries competing with the leading U.S. imports that benefited exclusively from the CBERA/ATPA programs in 1997;[5] 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. General economic and trade data come from official statistics of the U.S. Department of Commerce and from materials developed by country/regional and industry analysts of the Commission. The report also incorporates public comments received in response to the Commission's *Federal Register* notices regarding these investigations.[6]

As in previous reports in this series, the effects of CBERA/ATPA 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 1997. The estimation procedure compares actual 1997 market conditions with a hypothetical case in which column 1-general duties, formerly known as Most-Favored-Nation (MFN) duties, are imposed for the year. The estimation of the effects of CBERA/ATPA duty reductions for 1997 is made using a standard economic approach for measuring the impact of a change in the prices of one or more goods. Specifically, a computable partial-equilibrium model was used[7] to estimate gains to consumers, losses in tariff revenues, and industry displacement.[8] Since CBERA/ATPA have been in effect, previous reports in this series have shown that 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/ATPA duty reduction, and (3) the change in producer surplus.[9]

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[5] That is, those that are not excluded or that did not receive unconditional column 1-general duty-free treatment or that did not receive duty-free treatment under other preference programs such as the Generalized System of Preferences (GSP).

[6] Copies of the notices are contained in appendix A.

[7] A more detailed explanation of the approach can be found in appendix C.

[8] For Chairman Bragg's views on economic modeling, see U.S. International Trade Commission, *The Economic Effects of Antidumping and Countervailing Duty Orders and Suspension Agreements* (USITC publication 2900), 1995, p. xii; and *The Impact of the North American Free Trade Agreement on the U.S. Economy and Industries: A Three Year Review* (USITC publication 3045), June 1997, p. F-1.

[9] 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.

Because the model used in this analysis assumes that the supply of U.S. domestic production is perfectly elastic, that is, that the U.S. domestic price does not fall in response to CBERA/ATPA duty reductions, decreases in U.S. producer surplus are not captured in this analysis. Furthermore, it is expected that the effects of CBERA/ATPA duty reductions on most U.S. industries are small.

Ranges of potential net welfare and industry displacement estimates are reported, which reflect a range of assumed substitutabilities between CBERA/ATPA products and competing U.S. output. The upper range estimates reflect the assumption of high substitution elasticities.[10] The lower range estimates reflect the assumption of low substitution elasticities. Upper range estimates were used to identify items that could be most affected by CBERA/ATPA.

The analysis was conducted on the 20 leading items that benefited exclusively from CBERA and ATPA (shown in tables 3-2 and 7-2, respectively).[11] Estimates of welfare and potential U.S. industry displacement were made, and industries for which estimated upper range potential displacement was over 5 percent of the value of U.S. production were selected for further analysis.

Probable future effects of CBERA/ATPA are discussed on the basis of a qualitative analysis of economic trends and investment patterns in beneficiary countries and in competing U.S. industries. The discussion employs both data on investment in CBERA/ATPA-related production facilities obtained from U.S. embassies in the regions, and information gathered during fieldwork.

The impact of ATPA on drug-crop eradication and crop substitution is analyzed through an evaluation of the extent of drug-crop production in the Andean region on a country-by-country basis. The primary sources for this information were interviews conducted with public- and private-sector officials during a field trip to Peru, and information from other U.S. Government agencies such as the Department of State.

In addition to the statutory requirements, this year's report also includes: (1) an assessment of the effectiveness of the CBERA and ATPA in promoting export-oriented growth and diversification of exports away from traditional products in the beneficiary countries; and (2) an identification of any corresponding benefits to the United States, for example, with respect to increased U.S. exports to the beneficiaries. The effectiveness of the CBERA/ATPA on beneficiary countries is analyzed by conducting three country case studies. In the case of CBERA, the Dominican Republic and The Bahamas were selected because they represent a large and a small beneficiary, respectively. With respect to ATPA, a case study on Peru was prepared. To assess the effectiveness of CBERA/ATPA in the selected countries, trends in total trade and the composition of trade are examined over the life of CBERA/ATPA. This analysis also incorporates information obtained in field visits to these countries

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[9]—*Continued*

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 over and above what they would have earned in their next-best opportunities. See Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions* (New York: The Dryden Press, 1989), for further discussion of consumer and producer surplus.

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

[10] Commission industry analysts provided evaluations of the substitutability of CBERA/ATPA products and competing U.S. products, which were translated into a range of substitution elasticities—3 to 5 for high substitutablity, 2 to 4 for medium, and 1 to 3 for low. While 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," *Weltwirtschaftliches Archiv*, 122 (1986), pp. 497-519.

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

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as well as from other U.S. Government agencies, such as information on macroeconomic developments, the investment climate, export and investment promotion programs, and investment activity. Corresponding U.S. benefits of CBERA/ATPA are identified by analyzing the trends in U.S. exports to beneficiary countries since CBERA/ATPA began.

Organization

The current study is divided into two parts, each containing a full statutory report. Because of an additional reporting requirement for the ATPA program, part I covers CBERA and has four chapters, whereas part II covers ATPA and has five chapters. The first four chapters of each part correspond, and the methodology employed to estimate the impact of CBERA and ATPA is the same.

Chapters 1 and 5 summarize the CBERA and the ATPA programs, respectively. Chapters 2 and 6 describe trends in U.S. trade with CBERA/ATPA beneficiaries from the implementation of each program until 1997. Chapters 3 and 7 address the estimated effects of CBERA/ATPA in 1997 on the U.S. economy generally, as well as on U.S. industries and consumers. Chapters 4 and 8 describe economic and trade developments in selected CBERA/ATPA beneficiaries from the implementation of each program through 1996, the latest year for which such data were available, and how they may relate to CBERA/ATPA; these chapters also examine the probable future effects of CBERA/ATPA. Chapter 9 considers the impact of ATPA on drug-crop eradication and crop substitution efforts in the beneficiary countries.

Appendix A reproduces the *Federal Register* notices by which the Commission solicited public comment on the programs; appendix B contains a summary of those submissions received in response to the *Federal Register* notices. Appendix C explains the economic model used to derive the findings presented in chapters 3 and 7. Finally, appendix D includes tables underlying some of the analysis of trade trends in chapters 2 and 6.

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PART I
Caribbean Basin Economic Recovery Act: Impact of CBERA on the United States

CHAPTER 1
Summary of the CBERA Program

CBERA authorizes the President to grant 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 column 1-general duties, formerly known as most-favored nation (MFN) duties.

CBERA was initially scheduled to remain in effect until September 30, 1995; however, the Caribbean Basin Economic Recovery Expansion Act (CBEREA) of 1990[1] repealed that termination date, made the program permanent, and expanded CBERA benefits in several respects.[2] In September 1995, the United States requested that the World Trade Organization (WTO) renew a prior waiver of U.S. obligations under article I of the General Agreement on Tariffs and Trade (GATT) (nondiscriminatory treatment) to allow the continuation of CBERA tariff preferences; that request was granted on November 15, 1995.[3] A WTO waiver was sought because CBERA tariff preferences were extended on a nonreciprocal basis to a limited number of countries, rather than to all WTO members. The following sections summarize CBERA provisions concerning beneficiaries, trade benefits, and qualifying rules, and the relationship between CBERA and the U.S. Generalized System of Preferences (GSP) program.

[1] 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 (Public Law 101-382, title II, 104 Stat. 629, 19 U.S.C. 2101 note).

[2] Among other things, the 1990 act provided duty reductions on duty-free entry for certain products previously excluded from such treatment. For a comprehensive description of the 1990 act, see U.S. International Trade Commission (USITC), *Report on the Impact of the Caribbean Basin Economic Recovery Act, Sixth Report 1990*, USITC publication 2432, Sept. 1991, pp. 1-1 to 1-5.

[3] Decision of the WTO General Council of Nov. 15, 1995 (WT/L/104).

Beneficiaries

Eligible imports from 24 countries received CBERA tariff preferences during 1997.[4] Four other countries—Anguilla, Cayman Islands, Suriname, and Turks and Caicos Islands—are potentially eligible for CBERA benefits but have not requested to be so designated.[5] The President can terminate beneficiary status or suspend or limit a country's CBERA benefits at any time.[6]

To qualify for the program, each country must meet several criteria. CBERA beneficiaries are required to afford internationally recognized worker rights under the definition used in the GSP program[7] and to provide effective protection of intellectual property rights (IPR), including copyrights for film and television material. The President may waive either condition if he determines, and so reports to Congress, that the designation of a particular country would be in the economic or security interest of the United States.[8] To date, CBERA benefits have only been withdrawn from one country on the basis of worker rights or U.S. IPR violations. Benefits were withdrawn from Honduras for inadequate IPR protection in early 1998, but were later reinstated.[9] In

[4] Those countries were Antigua, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

[5] The Caribbean, Central American, and South American countries and territories potentially eligible for CBERA benefits are listed in 19 U.S.C. 2702(b). During 1997, both Anguilla and Suriname expressed interest in beneficiary status under the CBERA program.

[6] 19 U.S.C. 2702(e).

[7] Sec. 502(a)(4), Trade Act of 1974, and title V generally (Public Law 93-618, 88 Stat. 2066 and following), as amended.

[8] 19 U.S.C. 2702(b).

[9] Following a November 1997 announcement that USTR would take steps to address Honduran failure to protect intellectual property rights, on March 30, 1998,

1997, two CBERA beneficiaries—Honduras and Panama—were the subject of active reviews by the United States based on petitions received by the Office of the United States Trade Representative (USTR)[10] requesting removal of GSP benefits because of alleged worker rights or IPR inadequacies. The United States terminated the GSP worker rights review of Guatemala on May 2, 1997.[11] In addition, in April 1997, the USTR conducted a review of country practices pertaining to IPR protection under the so-called special 301 provisions of the Trade Act of 1974, as amended, and placed 36 countries, including Costa Rica, the Dominican Republic, Guatemala, Honduras, and Panama, on the watch list of countries to be monitored for progress in implementing commitments with regard to IPR protection and for providing comparable market access for U.S. intellectual property products.[12] As a result of an "out-of-cycle" review, Panama was removed from the watch list in October 1997.[13] In April 1998, the USTR placed 32 countries on the watch list, including Costa Rica, Guatemala, Honduras, and Jamaica. The Dominican Republic was among 15 countries placed on the Special 301 Priority Watch List at the same time.[14] The 1998 annual review noted progress in intellectual property protection on the part of two CBERA beneficiaries—Nicaragua and Panama.

[9]—*Continued*
USTR Barshefsky announced a partial suspension of both CBERA and GSP benefits to Honduras as a result of "Honduras' continued failure to provide adequate and effective protection of intellectual property rights." The suspensions—product-specific on some $5 million in potential U.S. imports under the CBERA and GSP programs—were effective on April 20, 1998. In recognition of Honduran actions to stop broadcast piracy, USTR Barshefsky restored the suspended trade preferences on June 30, 1998. Honduras remains on the IPR watch list. See USTR, "USTR Barshefsky Announces Action to Address Honduran Failure to Protect Intellectual Property Rights," press release 97-94, Nov. 4, 1997; USTR, "Trade Preferences for Honduras Suspended," press release 98-36, March 30, 1998; and USTR, "Trade Preferences for Honduras Restored," press release 98-65, July 1, 1998.

[10] 62 F.R. 43408ff.

[11] USTR, "USTR Announces Termination of GSP Review of Guatemala and Initiation of Reviews of Belarus and Swaziland," press release 97-40, May 2, 1997.

[12] USTR, "USTR Announces Results of Special 301 Annual Review," press release 97-37, Apr. 30, 1997.

[13] USTR, "USTR Barshefsky Announces Results of Special 301 "Out-of-Cycle" Reviews," press release 97-93, Oct. 27, 1997.

[14] USTR, "USTR Announces Results of Special 301 Annual Review," press release 98-44, May 1, 1998.

Trade Benefits Under CBERA

Under CBERA, preferential rates of duty below the column 1-general rates[15] can be accorded to most products of Caribbean Basin countries; the general tariff rate is reduced either to free or, for a small group of products, by 2.5 percent ad valorem.[16] In addition to basic preference eligibility rules, certain conditions apply to CBERA duty-free entries of sugar, beef,[17] and ethyl alcohol.[18] Imports of sugar and beef, like those of some other agricultural products, remain subject to any applicable and generally imposed U.S. quotas and food safety requirements.[19]

While not eligible for duty-free entry, certain leather handbags, luggage, flat goods (such as wallets and portfolios), work gloves, and leather wearing apparel from CBERA countries are eligible to enter at

[15] For some products, the general or normal trade relations rate is free.

[16] General note 3 (c) to the Harmonized Tariff Schedule (HTS) lists the special tariff treatment programs for eligible products of designated countries under various U.S. laws, including CBERA. General note 7 covers CBERA in detail.

[17] 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. 19 U.S.C. 2703(c)(1)(B).

[18] Ethyl alcohol produced from agricultural feedstock grown in a CBERA country is admitted free of duty; however, preferential treatment for alcohol produced 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. 19 U.S.C. 2703(a)(1). See also 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. 203 nt; Public Law 99-514 as amended by Public Law 101-221).

[19] 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 abolished former absolute quotas on imports of agricultural products of WTO members; U.S. quotas had been created under section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624) and under the Meat Import Act of 1979 (Public Law 88-482). 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. 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.

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reduced rates of duty as noted above.[20] Excluded from all CBERA preferential duty treatment by law are most textiles and apparel, certain footwear, canned tuna, petroleum and petroleum derivatives, and certain watches and watch parts.[21] As an exception to the textiles exclusion, eligible CBERA countries shipping apparel assembled therein entirely from fabric formed and cut in the United States may qualify for liberal import quotas.[22]

Qualifying Rules

CBERA generally provides that eligible products must either be wholly grown, produced, or manufactured in a 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.[23] The cost or value of the local (CBERA region) materials and 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 preference allow CBERA countries to pool their resources to meet the local-value-content requirement on an aggregated basis; also, inputs from Puerto Rico and the U.S. Virgin Islands may count in full toward the value threshold. In addition, the local-value-content requirement is 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.[24] To encourage production sharing between Puerto Rico and CBERA countries, CBERA allows duty-free entry for articles produced in Puerto Rico and "by any means advanced in value or improved in condition" in a CBERA country.[25]

CBERA and GSP

The CBERA beneficiaries (except The Bahamas and Nicaragua) are also GSP beneficiaries.[26] CBERA and GSP are similar in many ways, and many products may enter the United States free of duty under either program. 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 (ST) requirement for any foreign inputs (in the GSP program, a "double ST" test is used[27]); and (3) contain a minimum of 35 percent local-value content. The documentation requirements necessary to claim either CBERA or GSP duty-free entry are identical—a Certificate of Origin Form A is to be presented at the time the qualifying products enter the United States.

However, the programs differ in several ways that tend to make Caribbean Basin producers prefer the more liberal CBERA. First, CBERA covers more tariff categories than GSP does: unless specifically

[20] Applies to 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. 19 U.S.C. 2703(h).

[21] 19 U.S.C. 2703(b). For discussions of products originally excluded from CBERA and subsequent modifications to the list of excluded products, see USITC, *Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers: The First Ten Years of CBERA, Ninth Report 1993*, USITC publication 2813, Sept. 1994, pp. 2-9, and *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers, Tenth Report 1994*, USITC publication 2927, Sept. 1995, pp. 3-4.

[22] These apparel quotas are discussed in chapter 2.

[23] Products undergoing the following operations do not qualify: simple combining or packaging operations, dilution with water, or dilution with another substance that does not materially alter the characteristics of the article. 19 U.S.C. 2703(a)(2). 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, *Report on the Impact of the Caribbean Basin Economic Recovery Act, Seventh Report 1991*, USITC publication 2553, Sept. 1992, p. 1-4.

[24] 19 U.S.C. 2703(a)(1).

[25] 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. 19 U.S.C. 2703(a)(5).

[26] The U.S. GSP program was originally enacted pursuant to title V of the Trade Act of 1974 (Public Law 93-618, 88 Stat. 2066 and following) and was renewed for an additional 10 years pursuant to title V of the Trade and Tariff Act of 1984 (Public Law 98-573, 98 Stat. 3018 and following), as amended (19 U.S.C. 2461 and following). The GSP program expired at midnight on July 4, 1993, but was retroactively extended until September 30, 1994, as part of the Omnibus Budget Reconciliation Act of 1993 on August 4, 1993. It was renewed retroactively through July 31, 1995, by the Uruguay Round Agreements Act; subsequently extended through May 31, 1997; and most recently renewed retroactively through June 30, 1998, by the Taxpayer Relief Act of 1997 (section 981). GSP expiration and renewal issues are further discussed later in this section.

[27] "Double substantial transformation" 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.

excluded, all products eligible to enter the United States under CBERA receive a tariff preference, including some textile and apparel goods ineligible for GSP treatment, if the importer claims it. Second, U.S. imports under CBERA are not subject to GSP "competitive need" and country income restrictions. Under GSP, products that achieve a specified market penetration in the United States (the "competitive need" limit) may be excluded from GSP eligibility; products so restricted may continue to enter free of duty under CBERA. Moreover, countries may lose all GSP privileges once their per capita income grows to exceed a specified amount,[28] but they retain their CBERA eligibility. 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,[29] whereas CBERA allows regional aggregation within CBERA plus U.S. content.

The U.S. GSP program has not been in continuous effect in recent years. It expired at midnight on July 31, 1995; the provisions of the program were renewed beginning October 1, 1996 through May 31, 1997, with retroactive effect to August 1, 1995.[30] All imports claiming the GSP tariff preference that entered from August 1, 1995 through September 30, 1996, were subject to ordinary MFN duties at the time of entry unless other preferential treatment—such as CBERA—was claimed. Duties paid on such articles were eligible for refund once the GSP became operative again on October 1.[31] During the hiatus, however, importers could not anticipate the duration of the lapse in the GSP program and whether—or when—duties paid for articles denied GSP duty-free entry would be refunded. Thus, during the period of August 1, 1995 through September 30, 1996, suppliers in the Caribbean Basin could be sure only that the preferential tariff provisions of the CBERA were in force. As a result, Caribbean Basin suppliers using GSP continued to switch to CBERA during 1996 and continued to enter goods under CBERA even after GSP was reauthorized.[32]

The U.S. GSP program expired again on May 31, 1997, but was renewed retroactive to June 1, 1997 through June 30, 1998 by legislation (Public Law 105-34) signed by the President on August 5, 1997. The long hiatus that occurred during 1996 and that affected imports under the CBERA did not recur during 1997. Although entries under GSP increased in 1997 compared to 1996, the CBERA program apparently continues to be seen as a more secure preference program for its beneficiaries.[33]

[28] 19 U.S.C. 2464(c)-(f).

[29] 19 U.S.C. 2463(b)(1)(B).

[30] On August 20, 1996, the President signed the Small Business Job Protection Act of 1996 (Public Law 104-188, 110 Stat. 1755), Subtitle J, Title I, of that law contains provisions entitled the GSP Renewal Act of 1996 (110 Stat. 1917). Also, U.S. Department of State telegram, "GSP Reauthorized Through May 31, 1997," message reference No. 166692, Washington, DC, Aug. 12, 1996; and 61 F.R. 52078.

[31] Procedures for refunds were announced in U.S. Customs Service, "Delayed Processing of Renewed Generalized -System of Preferences Duty-Free Claims," 61 F.R. 49528.

[32] This trend has been under way for a number of years, as documented in this series of reports. It is discussed in more detail in chapter 2.

[33] GSP preferences expired yet again on July 1, 1998.

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CHAPTER 2
U.S. Trade With the Caribbean Basin

Introduction

This chapter covers trade with the 24 countries that are currently designated as CBERA beneficiaries.[1] The purpose of the chapter is to examine U.S. imports under CBERA in the context of overall bilateral trade between the United States and CBERA beneficiaries from the years immediately preceding the program through 1997. However, U.S. imports under CBERA constitute only a small, although fast rising, portion of U.S. imports from the region.[2] In addition to CBERA, other factors have affected the long-term trends in the growth and composition of U.S. trade with the region, including market forces, production sharing, and GSP. All of these variables have helped shape trade between the United States and the Caribbean Basin, and are addressed in this chapter.

This chapter discusses trade in terms of (a) two-way trade; (b) overall U.S. imports from the beneficiaries; (c) the portion of U.S. imports that enter under CBERA preferences; and (d) U.S. exports to these countries. Each trade flow is examined in terms of long-term trends in growth and composition by 2-digit chapters of the Harmonized Tariff Schedule of the United States (HTS). While a comprehensive discussion of all 24 beneficiaries was not feasible, the role of individual beneficiary countries as sources of and destinations for this trade is also covered. Most of these long-term trends are analyzed over the period 1980-97,[3] which includes the entire period that CBERA has been in effect (1984-97). The discussion of leading import and export items (by 8-digit HTS item) focuses on 1997.

The United States extended CBERA preferences at a time when the Caribbean region suffered from a deterioration in its terms of trade, resulting particularly from plummeting petroleum prices on world markets. The oil glut of the early 1980s[4] depressed the prices of refined petroleum products from the Caribbean, and also reduced petroleum-related operations in Caribbean countries between 1984 and 1989. Because petroleum products, which are not eligible for CBERA tariff preferences, accounted for such an important portion of total U.S. imports from the region in those years, declines in the value of such U.S. imports preceding CBERA's implementation and during the first few years of the program significantly affected the long-term trends in the growth and composition of overall U.S. imports examined in this chapter.

Two-Way Trade

During the period 1980-86, the United States had a collective trade deficit with the countries presently receiving CBERA preferences (CBERA countries). However in 1987, the decline of petroleum-related U.S. imports from CBERA countries made the balance shift in favor of the United States, which has maintained a trade surplus with the region to date. In 1997, the U.S. surplus with CBERA countries amounted to $1.2 billion[5] (table 2-1 and figure 2-1).

The CBERA countries' share of the U.S. market has declined since CBERA entered into effect. In 1980, CBERA countries accounted for 4.2 percent of overall U.S. imports. This share dropped to

[1] For a list of these countries, see chapter 1, footnote 4.

[2] U.S. imports under CBERA accounted for 6.7 percent of total imports from the region in 1984 and 19.0 percent in 1997.

[3] The replacement of the former Tariff Schedules of the United States (TSUS) with the current HTS nomenclature in 1989 presented problems of comparability for the less aggregated data and voluminous changes in product classification. Therefore, some discussions are based on a shorter time frame than 1980-97. Also, for similar reasons, the section addressing textiles and apparel trade relies on the Standard International Trade Classification (SITC) system.

[4] World prices for crude petroleum decreased from $35 per barrel in 1980 and 1981 to $13 per barrel in 1988.

[5] For provisions of the original CBERA, subsequent provisions pertaining to CBERA, and statistical information for 1984-93, see U.S. International Trade Commission, *Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers: The First Ten Years of CBERA, Ninth Report 1993*, USITC publication 2813, Sept. 1994.

Table 2-1
U.S. trade with CBERA countries, 1980-97

Year	U.S. exports[1]	Share of U.S. exports to the world	U.S. imports[2]	Share of U.S. imports from the world	U.S. trade balance
	Million dollars	*Percent*	*Million dollars*	*Percent*	*Million dollars*
1980	5,930.2	2.7	10,193.9	4.2	-4,263.8
1981	6,293.3	2.7	9,711.5	3.7	-3,418.1
1982	6,131.9	2.9	7,029.0	3.3	-1,797.2
1983	5,666.7	2.8	8,930.2	3.5	-3,263.6
1984	6,111.3	2.8	8,781.7	2.7	-2,670.4
1985	5,827.7	2.7	6,774.2	2.0	-946.6
1986	6,114.3	2.8	6,128.7	1.7	-14.5
1987	6,731.2	2.8	6,099.1	1.5	632.1
1988	7,427.8	2.4	6,062.2	1.4	1,365.7
1989	8,786.6	2.5	6,895.8	1.5	1,890.8
1990	9,307.1	2.5	7,525.2	1.5	1,781.9
1991	9,885.5	2.5	8,229.4	1.7	1,656.2
1992	10,901.7	2.6	9,425.6	1.8	1,476.1
1993	11,941.9	2.7	10,094.0	1.8	1,847.9
1994	12,822.0	2.7	11,200.3	1.7	1,621.7
1995	14,870.3	2.7	12,550.1	1.7	2,320.2
1996	15,374.7	2.6	14,544.8	1.8	829.9
1997	17,807.9	2.8	16,572.4	1.9	1,235.4

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

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

2.7 percent by 1984—the first year of CBERA—then sank to 1.4 percent in 1988, rising slowly to 1.9 percent by 1997. These trends again reflect the decline of petroleum-related imports from CBERA countries, which was eventually counterbalanced by imports resulting from U.S.-Caribbean production sharing[6] in the textile/apparel and other sectors, and those resulting from unilateral GSP and CBERA preferences extended to these countries.

At the same time, U.S. exports to CBERA countries kept up with the expansion of U.S. exports to the world. In 1980, 2.7 percent of overall U.S. exports went to the region. While the Caribbean market as a share of overall U.S. exports dipped in some years below the levels attained in 1982-1987, CBERA countries received 2.8 percent of total U.S. exports in 1997.

The Caribbean region is the second leading supplier (Mexico is first) of U.S. imports of all products under production-sharing provisions (PSP) of HTS chapter 98, and the leading supplier of apparel under these provisions.[7] Production sharing operations played a major role in boosting U.S. imports from Caribbean countries; by the same token, Caribbean demand for U.S. inputs into shared products, and for the machinery and equipment required to assemble and test these articles, boosted

[6] "Production sharing" encompasses a number of activities whereby certain aspects of production of an article take place in different countries. It is a term originally coined by Dr. Peter Drucker. See Peter F. Drucker, "The Rise in Production Sharing," *The Wall Street Journal*, Mar. 15, 1977, sec. 1, p. D-1. One of the primary incentives to use production sharing is to improve the price competitiveness of products by shifting certain labor-intensive assembly operations to low-labor-cost countries.

[7] USITC, *Production Sharing: Use of U.S. Components and Materials in Foreign Assembly Operations, 1993-96,* USITC publication 1997, Dec. 1997, pp. 2-10. Although apparel dominates U.S. production-sharing trade with the Caribbean Basin, a growing number of U.S. producers of electronic subassemblies and disposable medical goods (such as respiratory equipment and surgical supplies) are using assembly plants in the Caribbean Basin (especially the Dominican Republic and Costa Rica) to reduce their production costs.

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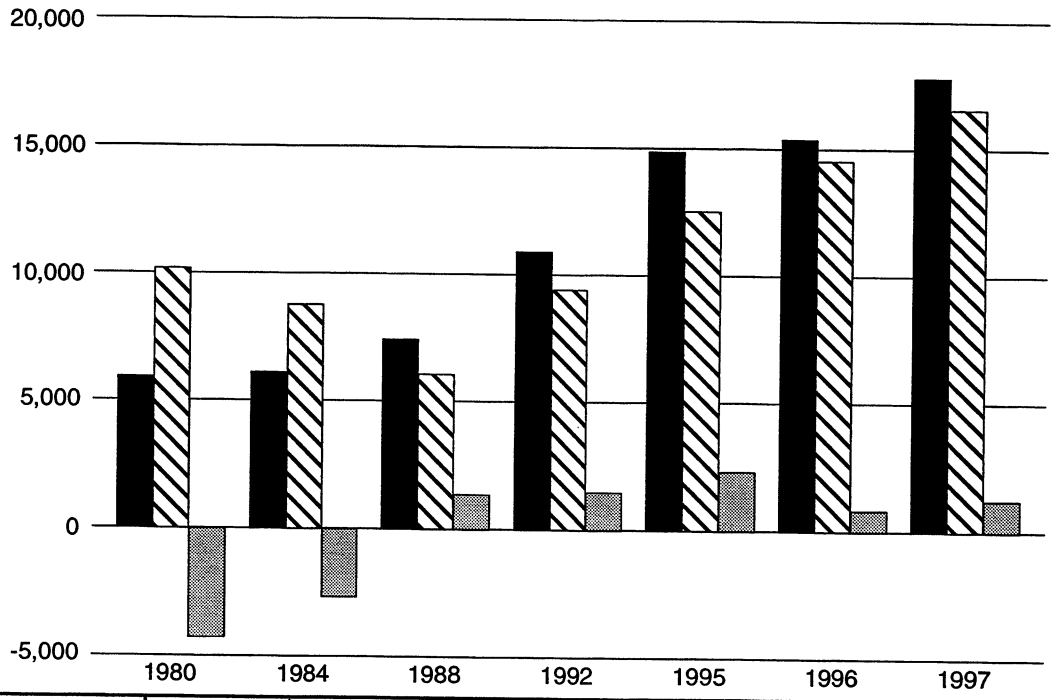
Figure 2-1
U.S. trade with CBERA countries, 1980, 1984, 1988, 1992, and 1995-97

Million dollars



Items	1980	1984	1988	1992	1995	1996	1997
U.S. exports	5,930.2	6,111.3	7,427.8	10,901.7	14,870.3	15,374.7	17,807.9
U.S. imports	10,193.9	8,781.7	6,062.2	9,425.6	12,550.1	14,544.8	16,572.4
U.S. trade balance	-4,263.8	-2,670.4	1,365.7	1,476.1	2,320.2	829.9	1,235.4

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

U.S. exports to these countries. Production sharing thus had a significant impact on the level and composition of U.S. trade with CBERA countries in both directions.[8]

Total U.S. imports from CBERA countries (including both the portions affected by and unaffected by CBERA preferences) in 1997, valued at $16.6 billion, established the CBERA community as the 13th largest supplier of the U.S. market—ahead of such national suppliers as Malaysia, but behind Venezuela. Meanwhile, as a destination for $17.8 billion of U.S. exports, CBERA countries collectively ranked ninth as an export market for the United States, ahead of such national markets as the Netherlands, but behind Singapore.

Overview of Total Imports

During 1980-97, total U.S. imports from the countries that are currently designated as CBERA beneficiaries increased at an annual average rate of 2.9 percent. Imports amounted to $10.2 billion in 1980, but declined to $6.1 billion by 1987 and 1988, the third and fourth years after CBERA entered into effect. Thereafter, total U.S. imports from CBERA countries rose each year. The Caribbean share of overall U.S. imports also began to rise in 1989, after bottoming out at 1.4 percent in 1988.

Product Composition

The decline and subsequent rise of U.S. imports from CBERA countries was accompanied by major

[8] Some importers declare eligibility under CBERA and HTS chapter 98 simultaneously, with the articles being duty free under CBERA and the U.S. content of these articles being exempt from the customs merchandise processing fee under HTS chapter 98.

changes in the composition of this trade flow. Table 2-2 and figure 2-2 show the changes in major product categories of total U.S. imports from CBERA countries during 1984-97. Figure 2-3 illustrates the replacement of mineral fuel imports with apparel as the dominant category. In 1984, U.S. imports under HTS chapter 27 (petroleum products) accounted for 48.3 percent of overall U.S. imports from CBERA countries. By 1988, the share of petroleum products had shrunk to 17.7 percent; by 1992 to 15.6 percent; and by 1997 to 8.2 percent of the total. Notably, the decline in the value of petroleum-related imports was primarily attributable to prices; the volume of U.S. imports between 1984 and 1997 dropped only a few percentage points.

Petroleum-based U.S. imports from CBERA countries consist primarily of gasoline and fuel oils. In 1997, less than one percent of total U.S. imports of refined petroleum came from CBERA countries, among which only Trinidad and Tobago has currently economically recoverable reserves of crude petroleum as well as petroleum refineries. Imported petroleum products from the Netherlands Antilles are, in fact, transshipments. Trinidad and Tobago and The Bahamas also have small blending operations.

In contrast to petroleum products, goods of HTS chapters 62 (apparel not knitted) and 61 (knitted apparel) together constituted only 5.3 percent of all U.S. imports from CBERA countries in 1984, but that share grew to 23.2 percent by 1988, 33.9 percent by 1992, and 45.8 percent of the total by 1997.[9] As a group, CBERA countries are presently the second largest U.S. source of apparel products. These rapidly growing apparel imports from the region also reflect the increasing use of production sharing by U.S. companies with Caribbean facilities—a program intended to raise U.S. competitiveness in response to intensified global competition.

Table 2-2 and figures 2-2 and 2-3 show other, smaller changes in the composition of U.S. imports from the region during the period 1984-1997. All major import categories other than petroleum and apparel—edible fruits, coffee, electrical machinery, fish, sugar and sugar confectionary, tobacco and manufactured tobacco, and certain instruments—are relatively insignificant; each account for less than 6 percent of U.S. imports from CBERA countries.

Edible fruits (HTS chapter 8) are significant among the smaller import categories; in 1997, they accounted for 5.4 percent of the total. Almost three-fourths of U.S. edible fruit imports still consist of bananas, which are unconditionally free of duty. The remainder are mostly CBERA-eligible melons and pineapples.[10]

U.S. imports of HTS chapter 9 products, 95 percent of which are coffee, are unconditionally free of duty; they are not affected by CBERA. Coffee imports have lost some of their importance over time compared with other product groups. Coffee accounted for 6.8 percent of total U.S. imports from the region in 1984, 3.4 percent in 1996, and resurged to 4.8 percent in 1997.

U.S. imports of HTS chapter 85 products—electrical machinery, equipment, and parts (electrical machinery)—constituted 4.3 percent of all U.S. imports from CBERA countries in 1997. Two-thirds of such imports entered under CBERA provisions.[11] Many electrical machinery imports result from production-sharing operations; thus they enter under provisions of HTS chapter 98.[12]

Fish (HTS chapter 16) is a smaller category of U.S. imports from CBERA countries. The coastal areas of Honduras, Costa Rica, and some other CBERA nations provide ideal conditions for shrimp aquaculture. Production has grown steadily in the region, but prices in the U.S. and other major markets have leveled off in recent years.

Medical goods (HTS chapter 90) are also a small but fast-growing category of U.S. imports from CBERA countries. Examples include blood and plasma transfusion products, blood collection sets, solution administration sets, sterile feeding tubes, and certain dental supplies.[13] Many medical products are imported from the region under production-sharing

[9] The combination of HTS chapters 61 and 62 is used here to make import trends of apparel comparable with the import trends of other industries based on HTS 2-digit classification, which is generally used in this chapter. For more disaggregated trends see the "Textiles and Apparel" section below.

[10] All significant U.S. imports under CBERA, including pineapples, are discussed separately below.

[11] Apparatus for making, breaking, protecting, or connecting electrical circuits and telephone and telegraph apparatus dominated chapter 85 exports to CBERA countries. See section on U.S. exports later in the report.

[12] Examples of recent investments in the Caribbean Basin in the electrical machinery sector include plants for the assembly of integrated circuits in Costa Rica (Intel) and motor vehicle wiring harnesses in Honduras (United Technologies).

[13] Representatives of subsidiaries of U.S. companies in the Dominican Republic; telephone interviews by USITC staff, June 16, 1997.

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Table 2-2
Leading U.S. imports for consumption from CBERA countries, by major product categories, 1984, 1988, 1992, 1994, and 1996-97

HTS Item	Description	1984	1988	1992	1994	1996	1997
		Value (1,000 dollars, customs value)					
62	Articles of apparel and clothing accessories, not knitted or crocheted	365,798	1,020,191	2,105,963	2,892,429	3,374,519	4,057,189
61	Articles of apparel and clothing accessories, knitted or crocheted	99,213	388,642	1,090,669	1,559,858	2,622,271	3,534,664
27	Mineral fuels, mineral oils and products of their distillations; bituminous substances; mineral waxes	4,242,235	1,075,310	1,474,451	1,241,830	1,659,041	1,358,066
08	Edible fruit and nuts; peel of citrus fruit or melons	423,869	544,052	654,267	698,613	892,666	887,130
09	Coffee, tea, mate and spices	600,635	390,412	384,725	429,243	500,636	794,130
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	462,050	244,647	312,774	406,238	506,458	711,715
03	Fish and crustaceans, molluscs and other aquatic invertebrates	235,131	279,182	319,978	422,515	507,734	565,105
17	Sugar and sugar confectionary	492,600	182,285	303,504	267,041	479,830	468,884
24	Tobacco and manufactured tobacco	112,301	62,762	87,118	90,146	219,704	439,075
90	Optical, photographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	11,288	47,869	142,271	215,118	366,161	377,864
	Total of above	7,045,120	4,235,352	6,875,720	8,223,029	11,129,020	13,193,821
	All other	1,736,596	1,826,823	2,549,897	2,977,251	3,415,789	3,378,581
	Total all commodities	8,781,716	6,062,175	9,425,616	11,200,280	14,544,810	16,572,402
		Percent of total					
62	Articles of apparel and clothing accessories, not knitted or crocheted	4.17	16.83	22.34	25.82	23.20	24.48
61	Articles of apparel and clothing accessories, knitted or crocheted	1.13	6.41	11.57	13.93	18.03	21.33
27	Mineral fuels, mineral oils and products of their distillations; bituminous substances; mineral waxes	48.31	17.74	15.64	11.09	11.41	8.19
08	Edible fruit and nuts; peel of citrus fruit or melons	4.83	8.97	6.94	6.24	6.14	5.35
09	Coffee, tea, mate and spices	6.84	6.44	4.08	3.83	3.44	4.79
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	5.26	4.04	3.32	3.63	3.43	4.29
03	Fish and crustaceans, molluscs and other aquatic invertebrates	2.68	4.61	3.39	3.77	3.49	3.41
17	Sugar and sugar confectionary	5.61	3.01	3.22	2.38	3.30	2.83
24	Tobacco and manufactured tobacco	1.28	1.04	0.92	0.80	1.51	2.65
90	Optical, photographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.13	0.79	1.51	1.92	2.52	2.28

See note at end of table.

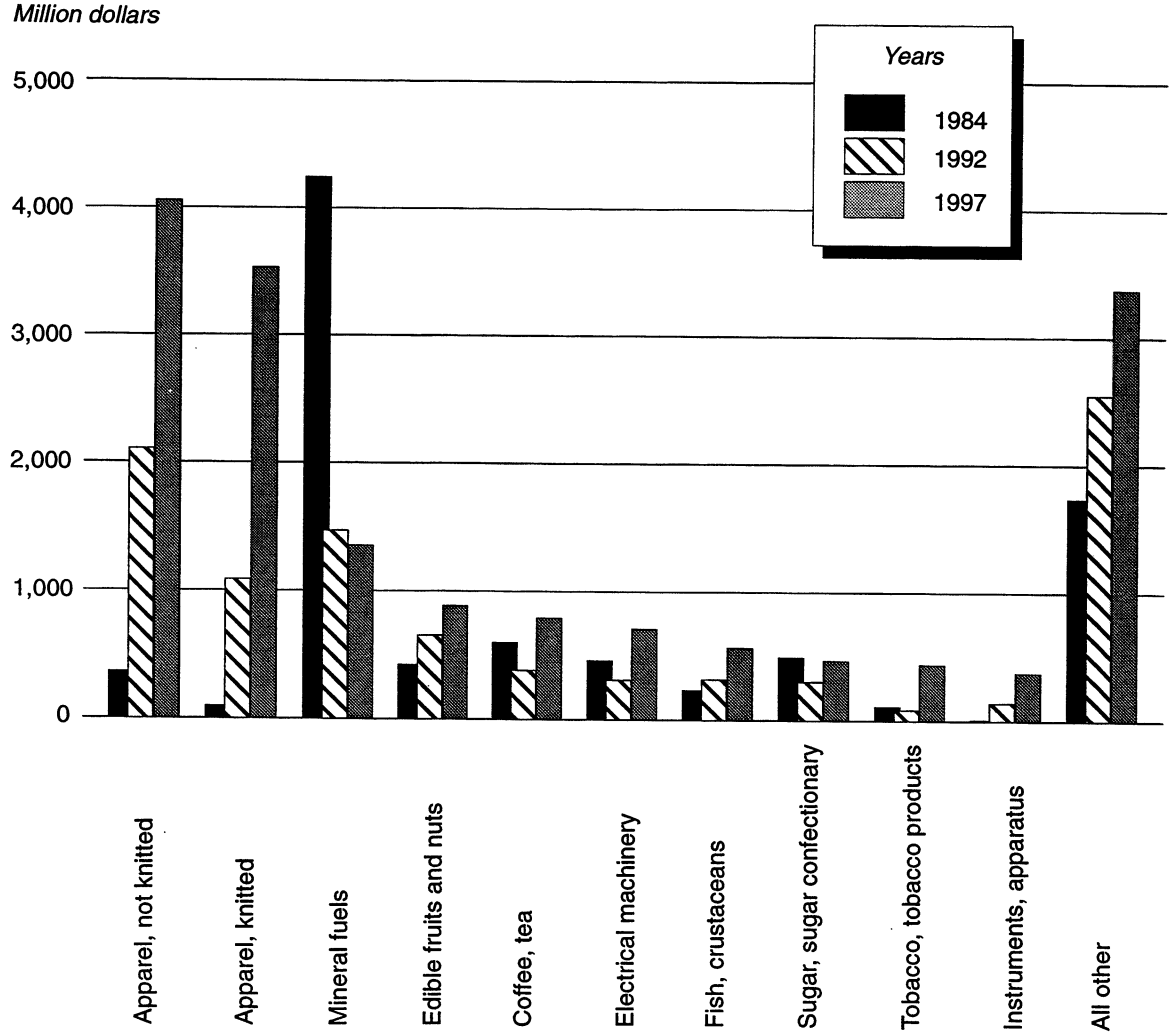
Table 2-2—Continued
Leading U.S. imports for consumption from CBERA countries, by major product categories, 1984, 1988, 1992, 1994, and 1996-97

HTS Item	Description	1984	1988	1992	1994	1996	1997
		Percent of total—continued					
	Total of above	80.22	69.87	72.95	73.42	76.52	79.61
	All other	19.78	30.13	27.05	26.58	23.48	20.39
	Total all commodities	100.00	100.00	100.00	100.00	100.00	100.00

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

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

Figure 2-2
Leading U.S. import categories for consumption from CBERA countries, 1984, 1992, and 1997



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

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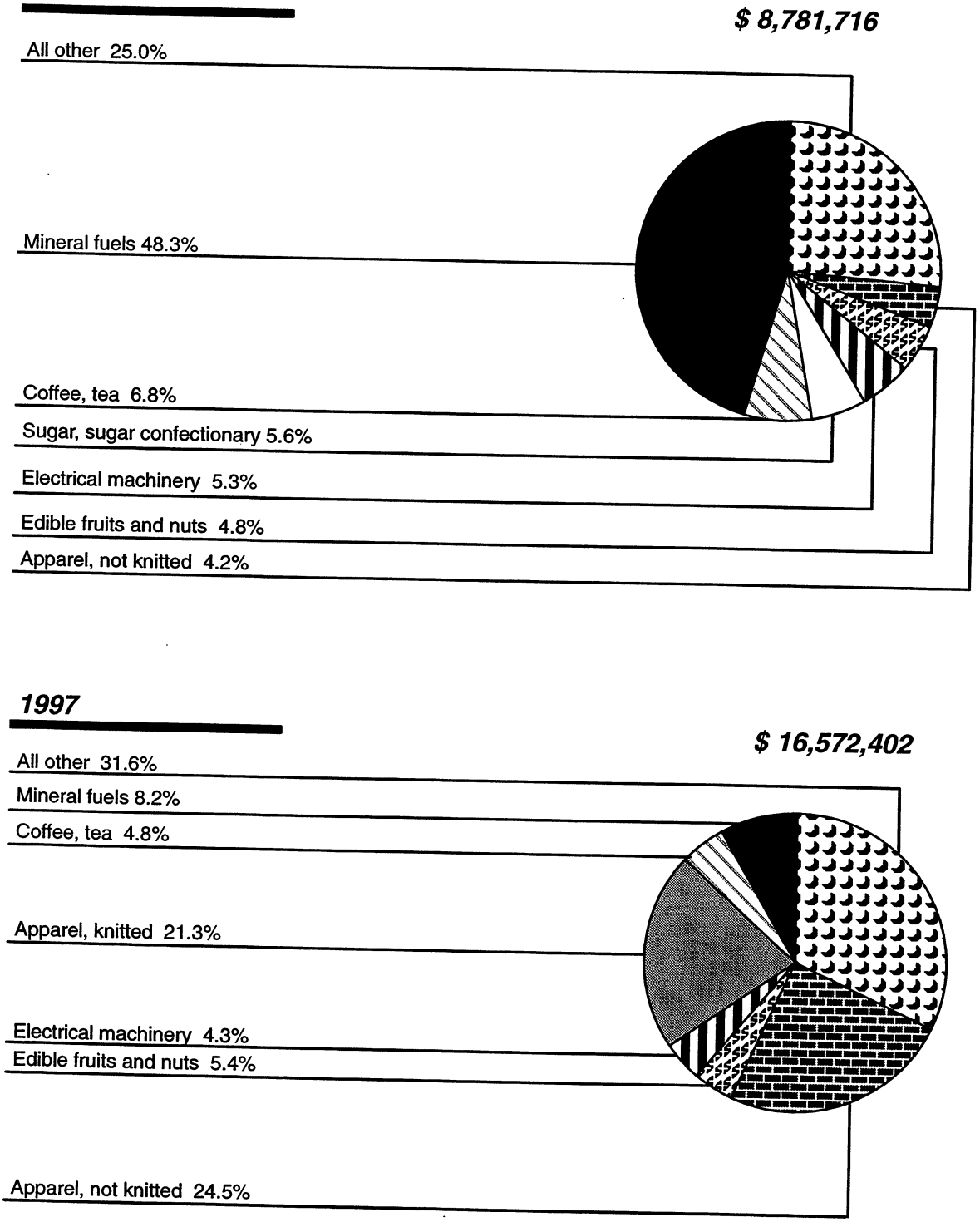
Figure 2-3
Composition of U.S. imports for consumption from CBERA countries, by major product categories, 1984 and 1997



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

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provisions,[14] some under GSP. However, a sizable portion of chapter 90 imports from CBERA countries (29 percent in 1997) entered under CBERA provisions.

Textiles and Apparel

U.S. trade with Caribbean Basin countries in textile and apparel articles, nearly all of which are ineligible for duty-free entry under CBERA,[15] has greatly expanded since 1986, when the United States first granted preferential market access to garments assembled in the region from U.S. fabrics. Since 1983, the year before CBERA went into effect, two-way trade between the United States and CBERA countries in the textile and apparel sector has grown by an annual average of 20 percent, to $12.1 billion in 1997, far exceeding the 6-percent annual gain in overall U.S.-CBERA trade. This sector is now the largest source of U.S. trade with the region, accounting for 35 percent of the total in 1997, up from 6 percent in 1983. Sector trade with CBERA countries primarily involves apparel production-sharing, in which U.S. firms ship garment parts to the region for sewing and re-import the assembled garments, paying duty only on the value added offshore. U.S. sector exports to CBERA countries, which consist mostly of the garment parts for assembly, grew by an annual average of 17 percent, to $4.3 billion, or 24 percent of total U.S. exports to the region. U.S. sector imports from the region, which consist almost entirely of apparel, rose by 23 percent a year, to $7.8 billion, or 47 percent of total U.S. imports from the region.[16]

U.S. trade programs have played a major role in facilitating the expansion of apparel production sharing in CBERA countries. HTS heading 9802.00.80 (formerly TSUS item 807.00)[17] provides a duty exemption for U.S. components that are returned to the United States as parts of goods assembled abroad. The U.S. components can be made of either U.S. or foreign fabric as long as the fabric is cut to shape in the United States and exported ready for assembly. To increase export production in CBERA countries and expand the use of U.S. fabrics, the U.S. Government in 1986 introduced a "special access program" for CBERA goods within the framework of the former "807" provision. Commonly known as "807A," the program provides, in addition to the reduced duties, guaranteed access to the U.S. market for apparel assembled in participating CBERA countries from fabric made and cut in the United States. Rather than being assessed against regular quotas, imports of such apparel enter under virtually unlimited quotas known as "guaranteed access levels" (GALs). The United States currently has agreements providing for GALs and regular quotas with six CBERA beneficiaries—Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Jamaica. A similar "807A"-type "special regime" went into effect for Mexico in 1989 and Colombia in 1995.

The "807A" duty and quota benefits, coupled with a highly competitive retail market, have encouraged many U.S. apparel firms to begin or expand offshore assembly operations to cut production costs.[18] U.S. firms sent $7.2 billion worth of garment parts offshore for assembly in 1997, and almost all of the parts went to CBERA countries ($4.1 billion) and Mexico ($2.8 billion). These countries offer competitively priced labor to perform labor-intensive sewing tasks, and their proximity to the United States provides U.S. firms with greater management control over production, quicker turnaround, and lower shipping costs than firms that import from Asia. Since 1987, the first full year of the "807A" program for CBERA countries, total U.S. apparel imports from the region rose by an annual average of 21 percent, to $7.7 billion in 1997, and those from Mexico grew by 28 percent a year, to $5.3 billion. Garments entered

[14] Large U.S.-based manufacturers with significant production facilities in Puerto Rico established assembly operations in the Dominican Republic in the late 1980s to take advantage of that country's proximity to Puerto Rico, low labor costs, low employee turnover, and low corporate taxes. These producers also benefited from various laws and incentives provided by the Dominican Republic that reduced the costs and simplified regulations for foreign producers to assemble goods in free-trade zones.

[15] Textiles and apparel subject to textile agreements (under the Multifiber Arrangement as in effect on August 6, 1983) are excluded by law from duty-free treatment under CBERA; they include articles of cotton, wool, and manmade fibers.

[16] Data on U.S. imports and exports of textiles and apparel in this section of the report are in terms of SITC 65 (textiles) and SITC 84 (apparel), unless otherwise indicated.

[17] Heading 9802.00.80 of the Harmonized Tariff Schedule of the United States (HTS) is the successor provision to item 807.00 of the former Tariff Schedules of the United States (TSUS). In 1989, the United States replaced the TSUS with the HTS as the basis for classifying imported goods for duty and other customs purposes.

[18] Levi Strauss & Company commented on the benefits of locating in the CBERA region. A summary of the submission is contained in appendix B.

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under the 9802 tariff provision, including "807A"-type goods, accounted for 84 percent of the apparel imports from the CBERA countries ($6.4 billion) and 79 percent of those from Mexico ($4.2 billion) in 1997.

The growth in production-sharing trade has enabled CBERA countries and Mexico to expand their share of overall U.S. apparel imports, which account for roughly half of the domestic market. U.S. apparel imports from the world rose by an annual average of 8 percent during 1987-97, to $48.3 billion. Imports from Asia, the major supplier, rose by just 5 percent a year, to $27.9 billion. As a result, while Asia's share of U.S. apparel imports fell by 20 percentage points during the ten-year period, to 58 percent, the combined share of Mexico (11 percent) and the CBERA countries (16 percent) rose by the same amount, to 27 percent. Mexico was the second largest single supplier of apparel imports in 1997 ($5.3 billion), trailing only China ($7.4 billion); however, the CBERA countries as a group were the largest supplier ($7.7 billion) of apparel exports.

Competition between CBERA countries and Mexico for apparel assembly work from U.S. firms has changed in recent years. Since 1993, the year before the North American Free Trade Agreement (NAFTA) took effect, U.S. apparel imports from Mexico have increased much faster (by 44 percent a year) than those from CBERA countries (17 percent). CBERA countries attribute this trend to the duty advantage accorded Mexico under NAFTA. Whereas garments assembled in Mexico from U.S.-made and -cut fabric enter free of duty and quota, similar CBERA goods enter under GALs but are still subject to duty on the value added offshore.[19] Most of the apparel imports from Mexico are of the "807A"-type. The competitive balance between Mexico and CBERA countries has also been affected by the 50-percent devaluation of the Mexican peso during the period December 1994 and January 1995, which effectively reduced dollar prices of Mexican goods in the U.S. market. Although the Mexican economy has rebounded since the 1994 financial crisis, the value of the peso has not appreciated significantly.

CBERA countries have claimed that NAFTA potentially threatens their economic stability by diverting U.S. apparel production-sharing trade and investment to Mexico. The apparel industry is a major source of jobs and export earnings in CBERA countries. U.S. firms with assembly operations in CBERA countries also have expressed concern about their ability to remain financially viable in the region without NAFTA parity. Legislation was reintroduced in the 105th Congress—H.R. 2644, the United States-Caribbean Trade Partnership Act—to provide NAFTA-like treatment for qualifying apparel and all other goods excluded from duty-free entry under CBERA. In November 1997, the legislation failed to pass in the House of Representatives by a vote of 182 to 234.[20]

Import competition in the U.S. apparel market is likely to continue to intensify as a result of the ongoing phaseout of U.S. import quotas on sector goods, as called for under the WTO Agreement on Textiles and Clothing (ATC). On January 1, 1995, the ATC replaced the Multifiber Arrangement (MFA) system of quotas that had governed world textile trade since 1974, and obligates WTO countries to phase out quotas maintained under the MFA on goods from other WTO countries within 10 years.[21] Under the ATC, sector goods are to be "integrated" into the WTO regime—that is, brought under WTO discipline and made subject to the same rules as goods of other sectors. The ATC also allows WTO countries during the 10-year period to establish new quotas on imports of goods that have yet to be integrated into the WTO regime and that cause or threaten serious damage to a domestic industry. Under this safeguard mechanism, in which the new quotas may remain in place for up to 3 years or until the item is integrated into the WTO regime, the United States has established new regular quotas and GALs with several CBERA countries, mainly involving underwear and nightwear.[22]

[19] For every $10 in f.o.b. value, a typical CBERA garment entered under the 9802.00.80 provision contains $6.40 in duty-free U.S. parts and $3.60 in dutiable, foreign value added. Applying the 1997 trade-weighted average duty on apparel of 15.5 percent to the foreign value-added yields an average duty of $0.56, or an ad valorem equivalent of 5.6 percent.

[20] The Clinton administration reaffirmed its commitment to seek congressional approval of NAFTA parity for CBERA goods. See Secretary of State Madeleine K. Albright, "Press Conference Following Caribbean Ministerial Meeting and Signing of Memorandum of Understanding," Port of Spain, Trinidad and Tobago, Apr. 6, 1998.

[21] WTO members with MFA quotas are the United States, European Union, Canada, and Norway. The United States currently has such quotas with 47 countries; 9 of these countries are not WTO members and, thus, are ineligible for quota liberalization. Textile imports from the non-WTO countries, led by China and Taiwan, are subject to restraint under section 204 of the Agricultural Act of 1956.

[22] In March 1996, at the request of Costa Rica, the WTO Dispute Settlement Body established a dispute settlement panel to examine whether U.S. application of a transitional safeguard on certain underwear from that CBERA country was consistent with U.S. obligations

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During the 10-year quota phaseout period under the ATC, the U.S. textile and apparel sector are likely to further develop an integrated production base in the Western Hemisphere to remain competitive with major foreign competitors. Although U.S. firms report that lower costs are important, other considerations such as proximity to suppliers and markets and the ability to react quickly to retailer demands and changing fashions are expected to become dominant competitive factors. This development is likely to benefit the CBERA countries and will certainly benefit Mexico because of their proximity to the United States. However, while Mexico benefits from unrestricted access to the U.S. market, competitive labor costs, and favorable land-transportation linkages with the United States, the outlook for apparel production-sharing trade with CBERA countries is somewhat clouded by the uncertain prospects for approval of NAFTA parity legislation for the region. The preferential market access that CBERA countries now enjoy under the GALs will be gradually eroded by the phaseout of quotas, exposing the region to heightened competition in the U.S. market from low-cost exporting countries in the Far East whose shipments are currently under quota. Although several of the major apparel-exporting CBERA countries have lower labor costs than Mexico, the possibility exists that other CBERA countries will no longer be economically competitive in apparel assembly without enhanced preferential access to the U.S. market. As such, some CBERA assembly operations may gradually move to Mexico, or the garments may be sourced from the Far East, where there is little use of U.S. fabrics in apparel production.

Footwear and Footwear Parts

U.S. imports of footwear articles, except zoris (thonged sandals), disposable footwear, and most footwear parts are not eligible for duty-free treatment under CBERA. However, they do benefit from reduced duties under HTS production-sharing provisions[23] and from section 222 of the 1990 Caribbean Basin Economic Recovery Expansion Act (CBEREA), which permitted for the first time the duty-free entry of completed footwear assembled in CBERA countries entirely from U.S. components.[24] The 1990 CBEREA also liberalized the original CBERA's rules of origin regarding Puerto Rican inputs used in CBERA exports.[25]

U.S. imports of footwear (nonrubber and rubber footwear) from CBERA countries are small. Starting from a base of $20 million in 1990 (0.2 percent of total imports), U.S. imports of footwear from CBERA countries increased nearly four times to $98 million in 1997, with most of the increase attributable to section 222 of the 1990 CBEREA. Despite this growth, CBERA countries continue to remain small suppliers of footwear, accounting for only 0.7 percent of total U.S. footwear imports in 1997. Most of the growth in U.S. imports of footwear during 1990-97 was accounted for by China, which doubled its share of U.S. imports by volume to 70 percent, and increased its share by value from 16 percent in 1990 to 54 percent in 1997.

U.S. imports of footwear uppers and parts from CBERA countries have benefitted significantly from the duty-free provisions of the CBERA. In 1997, U.S. imports of footwear uppers and parts from CBERA countries totaled $238 million, or 42 percent of global U.S. imports of these products. About 88 percent, or $210 million of these CBERA imports in 1997, entered under CBERA. Nearly 95 percent of the CBERA imports consisted of stitched shoe uppers of leather entered under HTS subheading 6402.10.65, imports of which rose from $117 million in 1990 to $225 million in 1997. The Dominican Republic supplied about 89 percent of all CBERA shipments of leather shoe uppers to the United States in 1997.

U.S. production-sharing trade in footwear with CBERA countries has accelerated since the enactment of the 1990 CBEREA. Imports of footwear from CBERA countries assembled entirely from U.S.-made components grew from $381,000 in 1991 to $64

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[22]—*Continued*
under the ATC. In October 1996, the WTO panel ruled that the United States should remove the quota it placed on the underwear from Costa Rica because it did not demonstrate that the U.S. industry had suffered or was threatened with serious injury caused by those imports. The quota was allowed to lapse in March 1997.

[23] Heading 9802.00.80 of the HTS provides a partial duty exemption for products assembled abroad from U.S.-fabricated components. In general, duty is assessed

[23]—*Continued*
only on the value added abroad (essentially the cost of stitching the footwear parts together).

[24] Section 222 was codified in note 2(b) to subch. II of ch. 98 of the HTS.

[25] It stipulates that articles produced in Puerto Rico that are "by any means advanced in value or improved in condition by a beneficiary country" are eligible for duty-free entry into the United States. The law also requires that any materials added to such Puerto Rican articles must be of U.S. or CBERA-country origin, and the final product must be imported directly into the customs territory of the United States from the CBERA country.

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million in 1997, with the Dominican Republic supplying $62 million of the total in 1997. The liberalization of qualifying rules in 1990 also spurred greater production-sharing activity between Puerto Rico and the CBERA countries. Imports of rubber footwear from CBERA countries, which grew from less than $1 million in 1990 to $42 million in 1997, were the primary beneficiaries of section 222; almost all of these imports came from the Dominican Republic. Some industry sources contend that section 222 has enabled U.S. firms to continue their domestic operations instead of relocating production to Asia and has prevented a loss of jobs in supplier industries. However, the Rubber and Plastic Footwear Manufacturers Association, in its submission to the Commission in connection with this report, has stated that imports are a growing problem for the U.S. rubber footwear industry, and that the enactment of the duty-free provision in the 1990 CBEREA resulted in an increase in imports of rubber footwear and slippers from the Caribbean, causing further declines in U.S. production and employment.[26]

Although Mexico and CBERA countries are small suppliers of finished footwear, they compete with each other for assembly work from U.S. firms producing mostly rubber footwear. Both CBERA countries and Mexico offer competitively priced labor to perform labor-intensive stitching operations. Since the implementation of NAFTA in 1994, the growth in U.S. imports of nonrubber footwear from CBERA countries has slowed. U.S. imports of nonrubber footwear from CBERA countries averaged an annual growth rate of 7 percent in value between 1994 and 1997, compared with an average annual growth of 23 percent during the 4 years preceding NAFTA. In comparison, U.S. imports from Mexico averaged an annual growth rate of 34 percent during 1994-97, compared with only 6 percent during the 4 years preceding NAFTA. Industry sources attribute the slowdown in CBERA nonrubber footwear imports to increased sourcing from Mexico because of lower duty rates for eligible imports from Mexico under NAFTA. In addition, duties on nonrubber footwear are significantly lower than those on rubber footwear and, therefore, economic benefits for U.S. producers under section 222 of CBEREA are not significant in nonrubber footwear. However, U.S. imports of rubber footwear from CBERA countries were boosted by section 222 of CBEREA, which helped U.S. producers to circumvent the high tariffs on rubber footwear by shipping entire components to CBERA countries for assembly and then reimporting the finished footwear free of duty, whereas Mexico still has to pay duties on value added offshore.

[26] A summary of the submission is contained in appendix B.

Leading Items

Table 2-3 shows the 20 leading items in overall U.S. imports from CBERA countries during 1996 and 1997 on an 8-digit HTS subheading basis, ranked by their 1997 import value. Only a few of these products—petroleum oils, distillate and residual fuel oils, and apparel items—are dutiable under column 1-general duty rates, formerly known as Most-Favored-Nation (MFN) duties. Other items listed, while dutiable under general duties, are eligible for CBERA tariff preferences, including medical, surgical, or dental instruments and appliances (medical instruments); raw sugar not containing added flavoring or color (sugar); cigars, cheroots, and cigarillos each valued 23¢ or over (higher-priced cigars); and footwear uppers, other than formed, of leather (leather footwear uppers). The remaining top items are free of duty under column 1-general duty rates, including coffee, shrimp and prawns, and bananas.

Many items on the list, including the two top 1997 items (men's or boys' cotton trousers and T-shirts) are apparel articles, and imports of most of these goods continued their surge during 1997. Coffee was the third leading item in 1997, with imports rising 62.6 percent by value. However, owing to coffee price volatility, year-to-year import value comparisons are not very meaningful. Caribbean coffee originates principally in Guatemala, Costa Rica, and El Salvador.

U.S. imports of fresh and dried bananas, the fourth item on the list, dropped 8.8 percent from 1996 to 1997. Imports, principally from Costa Rica, Honduras, Guatemala, and Panama, declined in both quantity and value. Fresh bananas are a traditional and major agricultural export item from the region, with longstanding U.S. investment and production in many CBERA countries. Over the long term, banana imports from CBERA countries have shown slow to moderate growth.

Honduras and Guatemala were among the countries that requested a WTO dispute-settlement panel[27] to examine the European Union's (EU) regime for the importation, sale, and distribution of

[27] The others were the United States, Mexico, and Ecuador.

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Table 2-3
Leading U.S. imports for consumption from CBERA countries, 1996-97

HTS Item	Description	1996	1997	Change
		Value (1,000 dollars)		*Percent*
6203.42.40	Men's or boys' trousers, breeches and shorts, not knitted, of cotton	788,479	985,581	25.00
6109.10.00	T-shirts, singlets, tank tops and similar garments, of cotton	604,434	840,116	38.99
0901.11.00	Coffee, not roasted, not decaffeinated	467,564	760,172	62.58
0803.00.20	Bananas, fresh or dried	703,235	641,139	-8.83
2710.00.05	Distillate and residual fuel oils (including blends), testing under 25 degrees API	625,607	524,906	-16.10
6110.20.20	Sweaters, pullovers, and vests, knitted or crocheted of cotton	346,565	456,889	31.83
6204.62.40	Women's or girls' trousers, breeches and shorts, of cotton	339,420	434,150	27.91
6205.20.20	Men's or boys' shirts, not knitted or crocheted, of cotton	384,304	405,162	5.43
9801.00.10	U.S. goods returned without having been advanced in value or improved	348,930	367,456	5.31
1701.11.10	Raw sugar not containing added flavoring or color	330,776	343,135	3.74
9018.90.80	Medical, surgical, or dental instruments and appliances	327,302	343,111	4.83
2402.10.80	Cigars, cheroots and cigarillos, each valued 23¢ or over	159,468	341,727	114.29
6212.10.90	Brassieres, not of lace or silk	293,136	338,975	15.64
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	239,503	313,488	30.89
0306.13.00	Shrimps and prawns, cooked in shell or uncooked, live, fresh, chilled	273,638	282,857	3.37
6108.21.00	Women's or girls' briefs and panties, knitted or crocheted, of cotton	200,940	282,749	40.71
6107.11.00	Men's or boys' underpants and briefs, knitted or crocheted of cotton	172,685	231,708	34.18
2814.10.00	Anhydrous ammonia	264,321	229,742	-13.08
6406.10.65	Footwear uppers, other than formed, of leather	202,006	224,592	11.18
6203.43.40	Men's or boys' trousers, breeches and shorts, not knitted, synthetic fibers	146,157	214,587	46.82
	Total of items shown	7,218,470	8,562,245	18.62
	Total all commodities	14,544,810	16,572,402	13.94

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

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

bananas.[28] These countries claimed that, by imposing import quotas and distribution restrictions, the EU favors bananas from domestic producers and former European colonies in Africa, the Caribbean, and the Pacific (ACP countries) over cheaper, so-called "dollar" bananas from Latin America.[29] Indeed, during 1997, a WTO panel and subsequently a WTO Appellate Body found several EU practices inconsistent with WTO rules, and upheld the complaint of the United States and other

[28] Although bananas from CBERA countries enter the United States free of duty, they are controversial in U.S.-Caribbean relations. Certain CBERA countries—Belize, Jamaica, St. Lucia, St. Vincent and the Grenadines, Dominica, and Grenada—benefit from the banana regime of the EU, which entered into force on July 1, 1993, favoring bananas from former European colonies in African, Caribbean and Pacific (ACP) countries over cheaper "dollar bananas" from Central and South America. The EU regime also limited the amount of bananas that could be distributed from non-ACP sources by traditional operators, mainly U.S. companies. Caribbean beneficiaries of the EU preferences claim that, if such preferences cease, they cannot maintain their world market share in open competition with cheaper fruit from other sources.

[29] Specifically, these complainants believe that the EU banana regime is inconsistent with GATT Articles I, II, III, X, XI, and XIII, as well as with provisions of the WTO Agreements on Agriculture, Import Licensing Procedures, Trade-Related Investment Measures (TRIMs), and the General Agreement on Trade in Services (GATS).

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countries that the EU had engaged in discriminatory practices.[30] Since then, however, the EU has not come into compliance with its WTO obligations, and the dispute adversely affecting the banana markets of certain CBERA countries continued into 1998. U.S. imports of petroleum products—of which distillate and residual fuels testing under 25 degrees API was the fifth item on the list—dropped significantly in 1997, both in value and volume. They came from the Netherlands Antilles, and Trinidad and Tobago.

Imports of some other leading items, those that enter free of duty under CBERA including sugar, medical instruments, higher-priced cigars, leather footwear uppers, jewelry, and fish, will be discussed under "Imports under CBERA Preferences" later in this chapter.

Shifts Between CBERA Countries

Table 2-4 and figure 2-4 show that the changing composition of U.S. imports from the region also radically altered the relative positions of individual CBERA countries as suppliers of the U.S. market. The falling prices of Caribbean petroleum products massively depressed the collective share formerly held by the oil-producing countries in U.S. imports from the region. In 1980, these countries (the Netherlands Antilles, Trinidad and Tobago, and The Bahamas) together accounted for 61.7 percent of all U.S. imports from the countries that now constitute the CBERA community. The Netherlands Antilles, of which Aruba was part at the time, ranked as number one U.S. supplier in the group, accounting for 24.9 percent of U.S. imports;[31] Trinidad and Tobago ranked second, accounting for 23.4 percent of the total; and The Bahamas ranked third (13.5 percent).[32]

In 1984, during the first year of CBERA, the refined-oil supplying CBERA countries were still the leading sources of U.S. imports; by 1997, however, they were reduced to relatively minor Caribbean suppliers. In 1997, the Netherlands Antilles ranked as the eighth and Aruba as the ninth Caribbean source in the group, Trinidad and Tobago as the sixth, and The Bahamas as the thirteenth, collectively accounting for only 13.7 percent of total U.S. imports from CBERA countries.

In contrast, the four leading Caribbean supplier countries today (in order)—the Dominican Republic, Costa Rica, Honduras, and Guatemala—were less important in 1980; the Dominican Republic was the fourth-ranking, Costa Rica the ninth, Honduras the seventh, and Guatemala the fifth, collectively accounting for 19.6 percent of all U.S. imports from the group.[33] In the course of the years under CBERA, these four countries came to dominate U.S. imports from Caribbean countries with the Dominican Republic ranked first, Costa Rica ranked second, and Guatemala and Honduras alternating as the third or fourth-ranking U.S. suppliers. They were collectively responsible for 66.0 percent of all U.S. imports from CBERA countries in 1997. In recent years, except in 1997, the Dominican Republic was the leading source among all countries of the world of knitted apparel imports (HTS 61) imported by the United States, and the principal Caribbean supplier of not knitted apparel (HTS 62). The same countries also became leading suppliers of U.S. imports under CBERA, as will be discussed later in this chapter.

Table D-1 in Appendix D shows the nine major U.S. import categories from the region by individual CBERA countries.

Dutiability

Since 1986, one-third or less of annual imports from CBERA countries have been dutiable when entering the United States (table 2-5).[34] Tariff revenues, as indicated by "calculated duties," and the average rate of duty applied to imports from CBERA countries have risen sharply with the growth of apparel imports, most of which have been dutiable at relatively high rates.[35] Tariff revenues surged to almost nine times their 1984 amount to $651 million by 1997, and the average rate of duty climbed from 1.6 percent to 12.2 percent.

[30] USTR, "Update: Developments in International Trade Dispute Settlement," Feb. 9, 1998, p. 12.

[31] Data for Aruba were reported as part of the Netherlands Antilles' data until January 1, 1988.

[32] USITC, *Annual Report on the Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers, First Report, 1984-85,* USITC publication 1897, Sept. 1986, table 5.

[33] Based on the current list of countries.

[34] See also *Ninth Report, 1993*, ch. 1, table 1-7.

[35] Apparel products have an average nominal duty rate of approximately 20 percent, and the effective rate is about 8 percent after subtracting the duty-free U.S. content of apparel entering under HTS heading 9802.00.80. The higher rate shown in table 2-5 (12.2 percent) reflects the presence of Caribbean apparel that does not qualify under HTS heading 9802.00.80, such as apparel made from Asian fabric or uncut U.S. fabric.

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Table 2-4
U.S. imports for consumption, by source, 1980, 1984, 1988, 1992, and 1996-97

Source	1980	1984	1988	1992	1996	1997
			Value			
Dominican Republic	$789,540,418	$994,427,454	$1,425,370,954	$2,366,509,019	$3,581,593,229	$4,308,369,735
Costa Rica	356,747,157	468,633,199	777,796,967	1,402,041,555	1,962,915,332	2,321,561,151
Honduras	417,512,470	393,768,690	439,503,704	780,637,925	1,797,024,624	2,320,300,999
Guatemala	430,693,035	446,266,583	436,979,403	1,072,697,438	1,694,469,963	1,984,235,641
El Salvador	426,382,780	381,391,408	282,583,997	383,244,843	974,078,694	1,344,800,589
Trinidad & Tobago	2,384,785,946	1,360,105,733	701,737,794	839,787,519	1,345,360,355	1,105,156,741
Jamaica	378,702,340	396,949,342	440,934,264	593,361,353	827,613,177	720,588,761
Netherlands Antilles	2,537,330,982	2,024,367,063	408,100,110	569,689,499	647,029,990	549,177,126
Aruba[1]	-	-	647,100	189,656,600	427,328,258	461,168,119
Nicaragua	213,950,755	58,064,199	1,121,405	68,608,698	349,298,577	439,155,570
Panama	323,995,682	311,627,070	256,046,256	218,231,773	337,860,967	353,915,054
Haiti	252,789,377	377,413,163	382,466,002	107,169,688	143,424,569	188,096,774
The Bahamas	1,373,473,155	1,154,281,600	268,328,470	580,699,825	162,125,402	153,390,339
Guyana	119,822,932	74,416,506	50,431,583	87,064,345	103,368,475	104,240,479
Belize	57,953,215	42,842,794	52,049,332	58,509,603	67,953,107	78,948,155
Barbados	95,953,629	252,597,830	51,413,466	30,527,660	40,969,014	42,017,168
St. Kitts and Nevis	11,949,876	23,134,718	20,821,892	22,856,785	22,742,495	29,856,229
St. Lucia	7,498,538	7,396,883	26,043,994	28,065,431	22,069,411	20,588,831
British Virgin Islands	10,315,174	1,334,705	683,545	3,235,499	6,624,337	16,939,844
Dominica	341,308	86,380	8,530,463	4,506,007	7,679,868	9,048,743
Grenada	549,616	765,952	7,348,727	7,475,850	3,577,020	6,479,410
Antigua Barbuda	2,994,746	7,897,973	6,892,691	5,413,992	8,677,715	5,014,651
Montserrat	232,102	989,037	2,393,348	1,095,145	4,242,607	5,010,131
St. Vincent & the Grenadines	405,268	2,957,698	13,949,919	4,530,402	6,782,360	4,342,197
Total	10,193,920,501	8,781,715,980	6,062,175,386	9,425,616,454	14,544,809,546	16,572,402,437

See footnotes at end of table.

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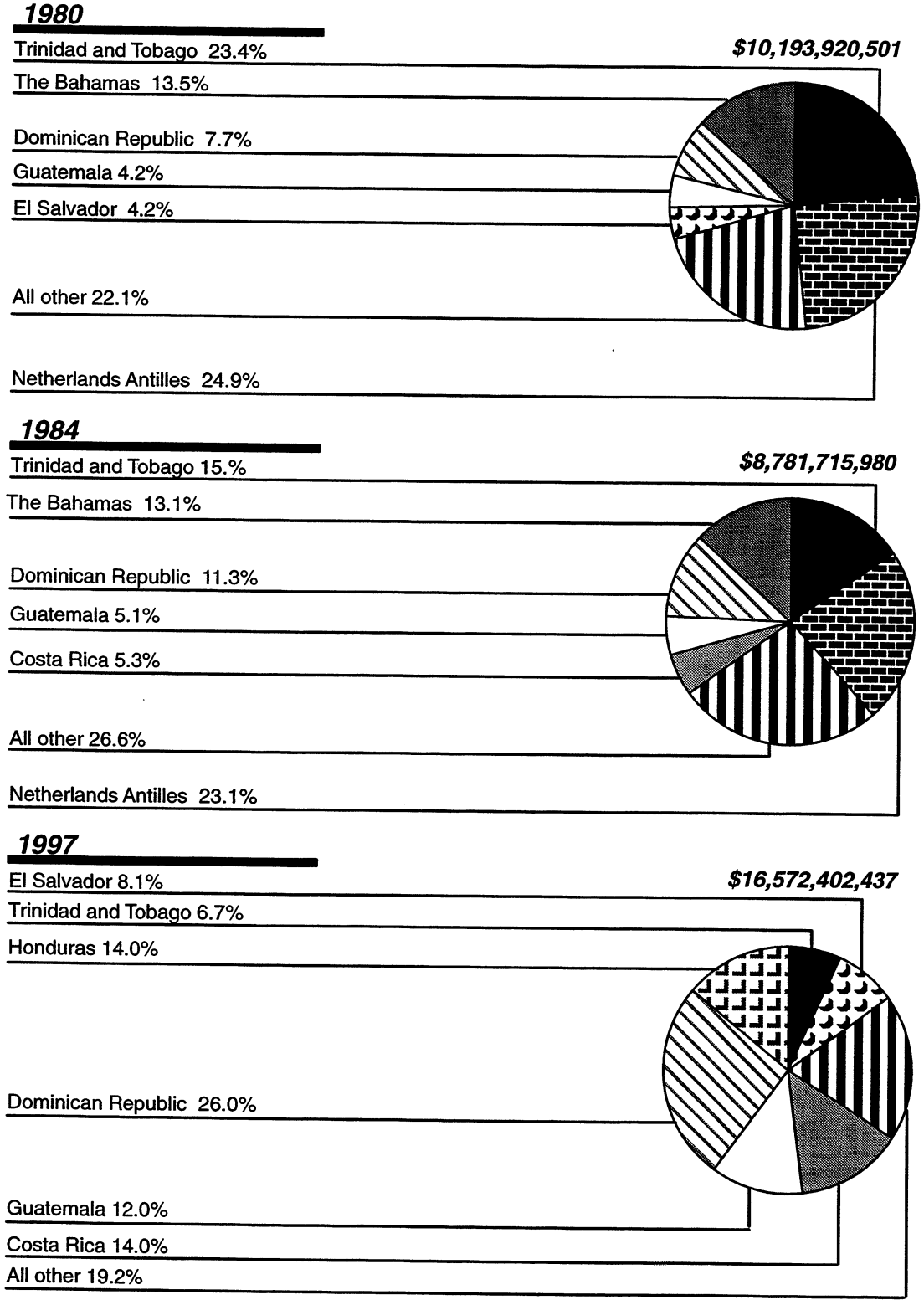
Table 2-4—Continued
U.S. imports for consumption, by source, 1980, 1984, 1988, 1992, and 1996-97

Source	1980	1984	1988	1992	1996	1997
			Percent of total			
Dominican Republic	7.75	11.32	23.51	25.11	24.62	26.00
Costa Rica	3.50	5.34	12.83	14.87	13.50	14.01
Honduras	4.10	4.48	7.25	8.28	12.36	14.00
Guatemala	4.22	5.08	7.21	11.38	11.65	11.97
El Salvador	4.18	4.34	4.66	4.07	6.70	8.11
Trinidad & Tobago	23.39	15.49	11.58	8.91	9.25	6.67
Jamaica	3.71	4.52	7.27	6.30	5.69	4.35
Netherlands Antilles	24.89	23.05	6.73	6.04	4.45	3.31
Aruba	-	-	0.01	2.01	2.94	2.78
Nicaragua	2.10	0.66	0.02	0.73	2.40	2.65
Panama	3.18	3.55	4.22	2.32	2.32	2.14
Haiti	2.48	4.30	6.31	1.14	0.99	1.14
The Bahamas	13.47	13.14	4.43	6.16	1.11	0.93
Guyana	1.18	0.85	0.83	0.92	0.71	0.63
Belize	0.57	0.49	0.86	0.62	0.47	0.48
Barbados	0.94	2.88	0.85	0.32	0.28	0.25
St. Kitts and Nevis	0.12	0.26	0.34	0.24	0.16	0.18
St. Lucia	0.07	0.08	0.43	0.30	0.15	0.12
British Virgin Islands	0.10	0.02	0.01	0.03	0.05	0.10
Dominica	-	-	0.14	0.05	0.05	0.05
Grenada	0.01	0.01	0.12	0.08	0.02	0.04
Antigua Barbuda	0.03	0.09	0.11	0.06	0.06	0.03
Montserrat	-	0.01	0.04	0.01	0.03	0.03
St. Vincent & the Grenadines	-	0.03	0.23	0.05	0.05	0.03
Total	100.00	100.00	100.00	100.00	100.00	100.00

[1] Aruba was designated a beneficiary country effective January 1, 1986.

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

Figure 2-4
Total U.S. imports for consumption from CBERA countries, by leading source, 1980, 1984, and 1997



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

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Table 2-5
U.S. imports for consumption from CBERA countries: Dutiable value, calculated duties, and average duty, 1984, 1988, 1992, and 1996-97

Item	1984	1988	1992	1996	1997
Dutiable value *(1,000 dollars)*[1]	4,567,416	1,975,850	3,269,148	4,568,359	5,320,617
Dutiable as a share of total imports *(percent)*	52.8	32.6	34.7	31.4	32.1
Calculated duties *(1,000 dollars)*[1]	75,293	157,605	322,434	530,118	651,226
Average duty *(percent)*[2]	1.6	8.0	9.9	11.6	12.2

[1] Dutiable value and calculated duty exclude the U.S. content entering under HTS subheading 9802.00.80 and subheading 9802.00.60 and misreported imports. Data based on product eligibility corresponding to each year.

[2] Average duty = (calculated duty/dutiable value) * 100.

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

Duty-Free Imports

The share of U.S. imports that entered free of duty grew by more than 20 percentage points in the period between 1984 and 1988, from 47.2 percent to 67.4 percent of total U.S. imports from CBERA countries (table 2-6). Since then, duty-free imports generally continued to account for more than two-thirds of total imports from CBERA countries. Duty-free imports entered in 1997 under one of the following provisions: (1) unconditionally free under column 1-general duty rates (19.5 percent); (2) conditionally free under GSP (1.4 percent); (3) conditionally free under "production sharing," i.e., chapter 98 of the HTS (27.0 percent); (4) conditionally free under CBERA (19.0 percent); or (5) under other provisions (0.9 percent). During the CBERA years of 1984-97, imports under CBERA provisions surged faster than imports under other duty-free categories. U.S. imports under CBERA accounted for 6.7 percent of the total in the first year of the program and 19.0 percent by 1997.[36]

Conversely, whereas in 1984 one quarter of all U.S. imports from CBERA countries were duty-free under column 1-general duty rate provisions, this portion was less than 20 percent in 1997. The GSP share of the total also has been declining through the years, because products eligible for duty-free entry under either GSP or CBERA have increasingly entered under CBERA. In 1984, 6.8 percent of imports from CBERA countries entered under GSP, compared with 1.4 percent in 1997. The GSP share was lowest in 1996 (1.1 percent) because the program was not in effect for the first three quarters of that year. The GSP share edged up in 1997, because the program was in effect for virtually the entire year. Although GSP expired on May 31, 1997, it was soon extended retroactively by legislation (Public Law 105-34) through June 30, 1998. President Clinton signed the extension on August 5, 1997.

The U.S. content portion of shared production reentering the U.S. customs territory free of duty was 6.8 percent in 1984, 22.7 percent in 1996, and 27.0 percent in 1997.[37]

Imports Under CBERA Preferences

In 1984, when Caribbean public and private officials were not yet fully aware of CBERA, U.S. imports under the program amounted to a mere $576 million. Such imports surged by more than five times this amount to $3.2 billion in 1997 (table 2-6). Imports under CBERA in the period 1984 to 1997 increased at an average annual rate of 10.8 percent, compared with a rate of 2.9 percent for overall U.S. imports from CBERA countries during the same period. As beneficiaries became more familiar with the program, products eligible for duty-free treatment under both GSP and CBERA increasingly entered under CBERA. CBERA was favored in part because its rules-of-origin criteria for U.S. duty exemptions, as well as its paperwork requirements, are less stringent than those under GSP. Also, CBERA has no statutory deadline, whereas the GSP program has intermittently expired with uncertain prospects for renewal.

[36] Duty-free imports under CBERA provisions will be discussed in detail in the following sections.

[37] See earlier section on apparel. For more detail on U.S.-Caribbean production sharing through 1996, see USITC, *Production Sharing: Use of U.S. Components and Materials in Foreign Assembly Operations, 1993-96,* USITC publication 1997, Dec. 1997.

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Table 2-6
U.S. imports for consumption from CBERA countries, by duty treatment, 1984, 1988, 1992, and 1996-97

Item	1984	1988	1992	1996	1997
	Value (1,000 dollars, customs value)				
Total imports	8,649,235[1]	6,061,054[2]	9,425,616	14,544,810	16,572,402
Dutiable value[3]	4,567,416	1,975,850	3,269,148	4,568,359	5,320,617
Production sharing[4]	([5])	427,144	863,225	1,878,840	2,437,620
CBERA reduced duty[6]	([7])	([7])	29,418	43,373	55,471
Other dutiable	4,567,416	1,548,706	2,376,505	2,646,146	2,827,526
Duty-free value[8]	4,081,819	4,085,204	6,156,467	9,976,451	11,251,785
Col. 1-general[9]	2,170,537	1,927,912	2,097,079	3,065,042	3,237,554
Production sharing[10]	587,560	906,518	1,777,260	3,304,510	4,478,633
CBERA[11]	575,994	790,941	1,498,556	2,747,682	3,152,371
GSP[12]	592,249	353,079	340,666	163,659	228,885
Other duty free[13]	155,479	106,754	442,904	695,558	154,341
	Percent of total				
Total imports	100.0	100.0	100.0	100.0	100.0
Dutiable value[3]	52.8	32.6	34.7	31.4	32.1
Production sharing[4]	([5])	7.0	9.2	12.9	14.7
CBERA reduced duty[6]	([7])	([7])	0.3	0.3	0.3
Other dutiable	52.8	25.6	25.2	18.2	17.1
Duty-free value[8]	47.2	67.4	65.3	68.6	67.9
Col. 1-general[9]	25.1	31.8	22.2	21.1	19.5
Production sharing[10]	6.8	15.0	18.9	22.7	27.0
CBERA[11]	6.7	13.0	15.9	18.9	19.0
GSP[12]	6.8	5.8	3.6	1.1	1.4
Other duty free[13]	1.8	1.8	4.7	4.8	0.9

[1] Nicaragua and Guyana, currently covered by CBERA, were not beneficiaries and therefore were excluded from the data for 1984.
[2] Nicaragua, currently covered by CBERA, was not eligible and therefore excluded from the data for 1988.
[3] Dutiable value excludes the U.S. content entering under HTS subheading 9802.00.80 and subheading 9802.00.60, and misreported imports.
[4] Value of Caribbean Basin-origin value added, under HTS subheading 9802.00.80 and subheading 9802.00.60, excluding items entered under CBERA or GSP provisions.
[5] Not available, included in "Other dutiable."
[6] Value of imports of handbags, luggage, flat goods, work gloves, and leather apparel subject to 20-percent duty reductions under the CBERA between 1992 and 1996.
[7] Presidential Proclamation 6428 of May 1, 1992 first implemented reduced duties for certain products of beneficiary countries under CBERA.
[8] Calculated as total imports less dutiable value.
[9] Value of imports which have a col. 1-general duty rate of free.
[10] Value of nondutiable exported and returned U.S.-origin products or components, under HTS subheading 9802.00.80 and subheading 9802.00.60, excluding items entered under CBERA or GSP provisions.
[11] Reduced by the value of unconditionally duty-free imports and ineligible items that were misreported as entering under the CBERA program and the value of reduced-duty items (handbags, luggage, flat goods, work gloves, and leather wearing apparel) reported separately above as dutiable.
[12] Reduced by the value of unconditionally duty-free imports and ineligible items that were misreported as entering under the GSP program.
[13] Calculated as a remainder, and represents imports entering free of duty under column 1-special.

Note.—Because of rounding, figures may not add to the totals shown.

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

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Product Composition

Unlike total U.S. imports from CBERA beneficiaries, in which apparel replaced petroleum products as the dominant component, the composition of imports entering under CBERA has not undergone fundamental changes. Nonetheless, some product categories of imports thrived more under CBERA preferences than others (table 2-7 and figure 2-5).

As on the U.S. export side, electrical machinery (HTS chapter 85) was the leading import category containing tariff items eligible for CBERA treatment in 1997. Such imports have been generally second in most CBERA years. HTS 85 is also a major chapter with respect to overall U.S. imports from CBERA countries (table 2-2 and figure 2-2). Electrical imports entering under CBERA include leading CBERA-eligible items, such as automatic circuit breakers, parts of electrical telephonic switching apparatus, and electrical hair dryers (table 2-8). While such imports, principally from Costa Rica and the Dominican Republic, have increased rapidly during the CBERA years, CBERA entries classified under the chapter have grown somewhat slower than such entries classified under some other, smaller chapters that contain CBERA items. Electrical machinery constituted 17.0 percent of all imports under the program in 1984 and 15.0 percent in 1997 (table 2-7 and figure 2-5).

In 1997, sugar and sugar confectionery (HTS 17) was the second leading category covering imports receiving CBERA preferences. Two raw cane sugar tariff items were among the top products under the program (table 2-8). Of all 1997 imports from CBERA countries under this chapter, 82 percent entered under CBERA preferences. The levels of U.S. imports from CBERA countries have fluctuated from year to year according to U.S. global and country quota allocations.[38] These U.S. quota restrictions, and ongoing diversification in the production and export profile of CBERA countries, tended to reduce the significance of sugar and sugar confectionery both as a share of U.S. imports under CBERA, and as a share of overall U.S. imports from CBERA countries (see also table 2-2 and figure 2-2). In 1984, imports classified in the category accounted for more than one third of U.S. imports under CBERA; this share plummeted to 6.5 percent in 1994 but rose to 11.9 percent in 1997 (table 2-7 and figure 2-5).

[38] The United States had an absolute quota system in place until 1990, when it was replaced by a tariff rate quota (TRQ).

Tobacco and manufactured tobacco (HTS chapter 24) was the third leading category of imports entering under CBERA in 1997.[39] Virtually all chapter 24 imports from CBERA countries entered under CBERA preferences. In addition to cigars, the chapter also contains leaf tobacco, used in the manufacture of cigarettes, mostly from Guatemala.[40] The tobacco chapter accounted for 12.9 percent of all imports under CBERA in 1984, but dropped to 4.3 percent of the total under CBERA in 1994. However, such imports then grew faster than imports of any other product group, and constituted 11.5 percent of the total in 1997. This marked increase in 1995-97 was principally caused by a rise in demand for premium hand-rolled cigars (higher-priced cigars) in the United States.[41] Higher-priced cigars, which account for most of the entire chapter, were the top item among all tariff items imported under CBERA in 1997 (table 2-8).

U.S. imports under CBERA increased most rapidly in the smaller product categories, at least during certain phases of the CBERA period. Footwear and parts thereof, which consist primarily of leather footwear uppers, is one such group (HTS chapter 64). At the time CBERA was implemented, footwear was ineligible under the act. However, section 222 of the 1990 CBEREA authorized duty-free entry of finished footwear, provided it is assembled in a CBERA country entirely of U.S.-made components. Subsequently, footwear became a significant CBERA import, in 1994 constituting 10.9 percent of all imports under the program (table 2-7 and figure 2-5). A decline in imports thereafter is attributed to the enhanced competitiveness of Mexican footwear following the devaluation of the peso in 1994.[42] In 1997, footwear accounted for 6.5 percent of all imports under CBERA provisions.

Another smaller, fast-growing import sector comprises goods of HTS chapter 90, mostly medical goods. The Dominican Republic had supplied virtually no medical goods a decade ago, but has emerged in the past several years as the fourth leading

[39] Tobacco and manufactured tobacco is also a leading product group in overall imports from CBERA countries (table 2-2 and figure 2-2).

[40] Leaf tobacco from Guatemala is imported under a TRQ system. Guatemala is the only CBERA country with a quota.

[41] U.S. cigars are machine-made and therefore not directly substitutable for imported hand-made cigars.

[42] Public and private sector representatives, USITC staff interviews, Santo Domingo, June 3-4, 1998. See also an earlier section on "Footwear and Footwear Parts."

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Table 2-7
Leading U.S. imports for consumption under CBERA, by major product categories, 1984, 1988, 1992, 1994, and 1996-97

HTS Item	Description	1984	1988	1992	1994	1996	1997
		Value (1,000 dollars, custom value)					
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	98,042	112,708	173,879	218,336	358,242	480,009
17	Sugars and sugar confectionary	209,456	120,920	213,325	133,229	364,760	382,954
24	Tobacco and manufactured tobacco substitutes	74,488	43,823	84,490	88,248	184,486	370,212
08	Edible fruit and nuts; peel of citrus fruit or melons	15,183	74,935	113,539	130,887	172,981	217,002
64	Footwear, gaiters and the like; parts of such articles	400	13,282	134,526	222,727	203,589	209,677
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry, coin	2,978	32,136	75,632	170,785	186,378	182,449
07	Edible vegetables and certain roots and tubers	17,749	37,081	81,266	96,063	111,548	118,364
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	467	20,277	53,491	110,403	103,336	112,015
29	Organic chemicals	37	39,453	94,699	95,893	84,107	109,889
20	Preparations of vegetables, fruit, nuts, or other parts of plants	13,853	30,373	55,186	47,806	80,856	87,743
	Total of above	432,653	524,988	1,080,032	1,314,377	1,850,282	2,270,314
	All other	145,051	322,254	448,657	735,781	940,773	937,529
	Total all commodities	577,704	847,242	1,528,690	2,050,158	2,791,055	3,207,842
		Percent of total					
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	16.97	13.30	11.37	10.65	12.84	14.96
17	Sugars and sugar confectionary	36.26	14.27	13.95	6.50	13.07	11.94
24	Tobacco and manufactured tobacco substitutes	12.89	5.17	5.53	4.30	6.61	11.54
08	Edible fruit and nuts; peel of citrus fruit or melons	2.63	8.84	7.43	6.38	6.20	6.76
64	Footwear, gaiters and the like; parts of such articles	0.07	1.57	8.80	10.86	7.29	6.54
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry, coin	0.52	3.79	4.95	8.33	6.68	5.69
07	Edible vegetables and certain roots and tubers	3.07	4.38	5.32	4.69	4.00	3.69

See note at end of table.

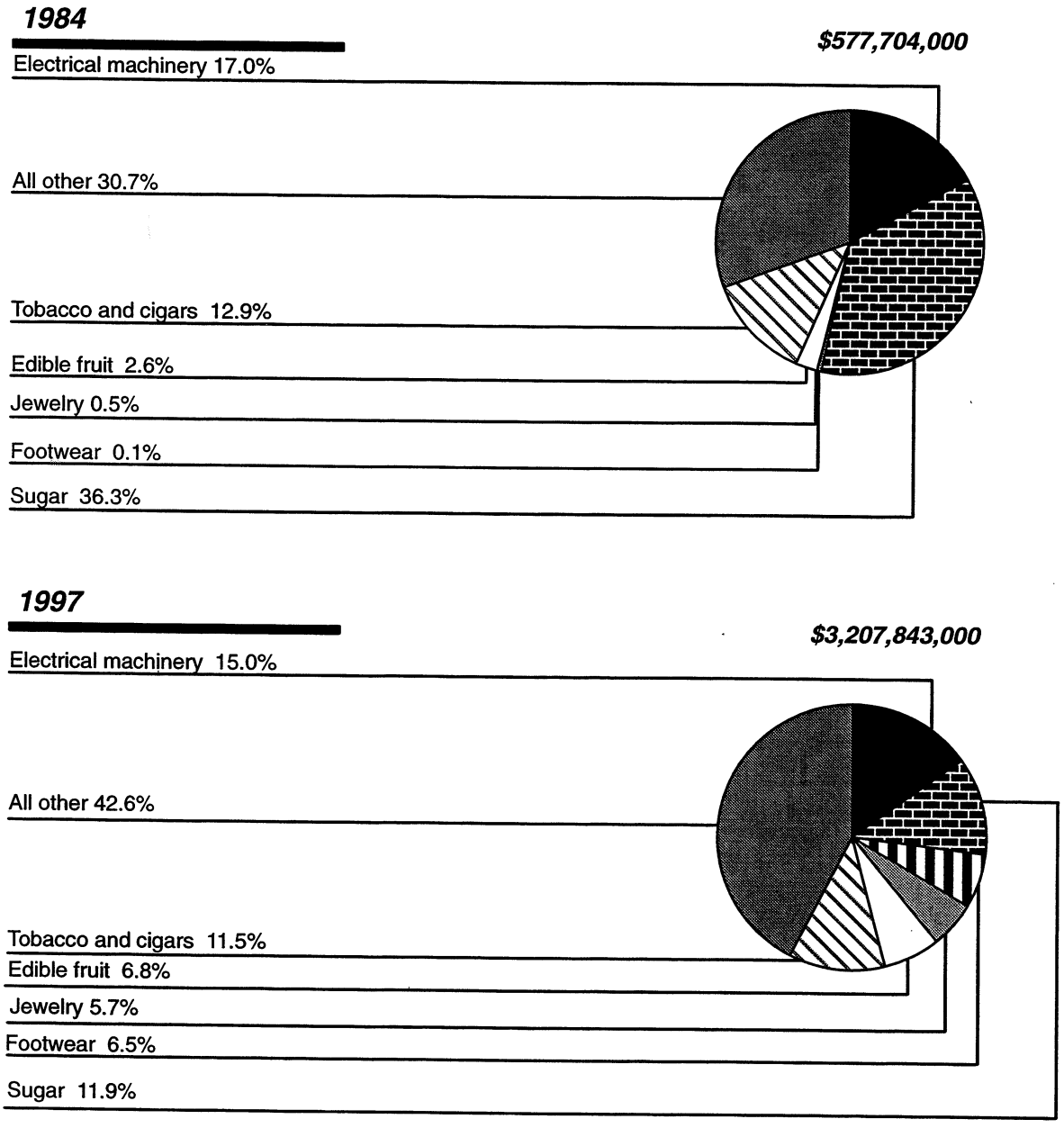
Table 2-7—Continued
Leading U.S. imports for consumption under CBERA, by major product categories, 1984, 1988, 1992, 1994, and 1996-97

HTS Item	Description	1984	1988	1992	1994	1996	1997
		Percent of total—continued					
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.08	2.39	3.50	5.39	3.70	3.49
29	Organic chemicals	0.01	4.66	6.19	4.68	3.01	3.43
20	Preparations of vegetables, fruit, nuts, or other parts of plants	2.40	3.58	3.61	2.33	2.90	2.74
	Total of above	74.89	61.96	70.65	64.11	66.29	70.77
	All other	25.11	38.04	29.35	35.89	33.71	29.23
	Total all commodities	100.00	100.00	100.00	100.00	100.00	100.00

Note.—Because of rounding, figures may not add to totals given.

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

Figure 2-5
Composition of U.S. imports for consumption under CBERA, by major product categories, 1984 and 1997



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

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Table 2-8
Leading U.S. imports for consumption entered under CBERA, 1996-97

HTS Item	Description	1996	1997	1996-97	CBERA source
		Value (1,000 dollars)		*Percent*	
2402.10.80	Cigars, cheroots and cigarillos containing tobacco, each valued 23 cents or over	154,951	330,704	113.43	Dominican Republic
1701.11.10	Raw sugar not containing added flavoring or color	240,394	280,714	16.77	Dominican Republic
6406.10.65	Footwear uppers, other than formed, of leather	194,789	200,376	2.86	Dominican Republic
7113.19.50	Jewelry and parts of precious metal except silver, except necklaces and clasps	134,610	139,028	3.28	Dominican Republic
9018.90.80	Medical, surgical, or dental instruments and appliances	80,475	98,891	22.88	Dominican Republic
2905.11.20	Methanol (methyl alcohol), except for use in synthetic natural gas or for direct use as a fuel	67,144	90,596	34.93	Trinidad and Tobago
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	43,017	72,621	68.82	Costa Rica
1701.11.20	Other sugar to be used for the production (other than distillation) of polyhydric alcohols	76,022	72,476	-4.66	Guatemala
0807.19.20	Cantaloupes fresh, if entered during the periods from January 1 through July 31 or September 16 to December 31, inclusive	62,912	65,044	3.39	Costa Rica
7213.91.30	Bars and rods hot-rolled, not tempered or treated	60,491	62,478	3.28	Trinidad and Tobago
8517.90.36	Printed circuit assemblies for telephonic switching or terminal apparatus (other than telephone sets)	35,938	55,153	53.47	Costa Rica
0302.69.40	Fresh or chilled fish, including sable, ocean perch, snapper, grouper, and monkfish	45,739	52,807	15.45	Costa Rica
8517.90.24	Parts of electrical telephonic switching or terminal apparatus, incorporating printed circuit assemblies	240	48,759	(1)	Costa Rica
8536.20.00	Automatic circuit breakers, for a voltage not exceeding 1,000 V	33,975	44,358	30.56	Dominican Republic
8538.90.80	Other parts for use solely with electrical switching apparatus of HTS headings 8535, 8536, or 8537	41,320	42,304	2.38	Dominican Republic
8516.31.00	Electrothermic hair dryers	36,830	39,346	6.83	Costa Rica
2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	31,571	38,925	23.29	Costa Rica
0202.30.50	Bovine meat cuts, boneless, not processed, frozen	37,359	35,633	-4.62	Nicaragua
6210.10.50	Nonwoven disposable apparel designed for hospitals, clinics or labs or contained area use	21,001	31,052	47.86	Honduras
4016.93.50	Gaskets, washers and other seals, of non cellular vulcanized rubber other than hard rubber	25,862	28,928	11.85	Costa Rica
	Total of above	1,424,642	1,830,193	28.47	
	All other	1,366,414	1,377,649	0.82	
	Total all commodities	2,791,055	3,207,842	14.93	

[1] Percent change is over a 1,000 percentage points.

Note.—Because of rounding, figures may not add to totals given.

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

supplier of such goods to the United States from all countries.[43]

Organic chemicals (HTS chapter 29) is another small category of imports under CBERA, most of which presently consist of methyl alcohol (methanol) imports from Trinidad and Tobago. Organic chemicals were virtually nonexistent as shipments under CBERA preferences in 1984 (0.01 percent of the total); they rose to 6.2 percent by 1992, and were 3.4 percent of all imports under CBERA in 1997. Notably, when imports of organic chemicals peaked in 1992, methanol imports were still minor. That year, carboxylic acids (HTS 2918.90) from The Bahamas, analgesics also referred to as "aromatic drugs," caused imports to balloon. However, imports of aromatic drugs plummeted in 1994 and 1995, because their original producer lost his patent rights and sold the company; subsequently, as of January 1, 1995, the product became free of duty under the pharmaceuticals appendix to the HTS negotiated during the Uruguay Round.[44]

The share in CBERA-preference imports made up by organic chemicals was 4.7 percent in 1994. That was the year when imports of a relatively new item, methanol from Trinidad and Tobago, began to surge and replaced analgesics as the leading component in chapter 29 imports under CBERA. Methanol came to account for most of the inorganic chemical imports under CBERA in 1995, and has continued to do so to date.

Other smaller chapters containing goods that are important under CBERA are HTS chapter 71, which contains jewelry; HTS chapter 8, mostly pineapples[45] and melons;[46] HTS chapter 7, edible vegetables; and HTS chapter 20, prepared fruits and vegetables, including frozen orange juice. For more details about leading tariff items that determine the import trends for specific categories, see "Leading Items" immediately below.

Leading Items

Table 2-8 shows the leading 20 products entering free of duty under CBERA preferences in 1996 and 1997 on an 8-digit HTS subheading basis, ranked by their 1997 import value, and the principal CBERA supplier of each product in 1997.[47] Miscellaneous manufactured products and nontraditional agricultural and agroindustrial items continued to control the list in 1997, showing diversification of exports in accordance with the objectives of CBERA.

Higher-priced cigars became the number one duty-free item under CBERA in 1997, displacing raw sugar, which had been the top item in 1996. The value of cigar imports more than doubled from 1996, continuing their surge of the prior 2 years. CBERA beneficiaries accounted for nearly 90 percent of all U.S. imports of higher-priced cigars under HTS subheading 2402.10.80. Only a few countries produce such premium hand-rolled cigars; in 1997, 65 percent of those imported from CBERA countries were supplied by the Dominican Republic and most of the remainder were supplied by Honduras (20 percent) and Nicaragua (10 percent). Imports from each of these countries increased, and those from Nicaragua tripled.

U.S. imports of sugar, the second leading import item under CBERA, remained stable in 1997, after having almost doubled in 1996. Sugar and sugar products come from several CBERA countries. Most originate, however, in the Dominican Republic—the number one sugar supplier to the United States world-wide, followed by Brazil and the Philippines.

U.S. imports under CBERA of leather footwear uppers, the third leading item, edged up by only 2.9 percent in 1997. Leather-footwear-upper imports, mostly from the Dominican Republic, peaked in 1994, and were the leading import item under CBERA in 1995. As noted earlier, Mexican competition is blamed for their recent lackluster performance.

U.S. imports of fresh pineapples rose 68 percent in 1997. The United States imports fresh pineapples mostly from CBERA countries—principally Costa Rica, which supplied 78 percent of all U.S. imports by value from all sources in 1997. Honduras supplied 8 percent of the total. Large, multinational fruit firms, which own production facilities or contract with growers, accounted for the bulk of such imports. Certain market considerations made pineapple imports

[43] Representatives of Dominican Republic subsidiaries of U.S. companies, telephone interviews by USITC staff, June 16, 1997.

[44] Public and private sector representatives, USITC staff interviews, Freeport, June 8-9, 1998. For more details, see chapter 4 of this report. See also discussion of The Bahamas later in this chapter.

[45] Pineapples will be discussed under "Leading Items" later in this chapter.

[46] U.S. imports of melons entering free of duty under CBERA provisions accounted for 42 percent of the total value from all sources in 1997. Virtually all of the remainder of imports from CBERA sources entered free of duty under the GSP that year.

[47] Several of these products also appear in table 3-2, which lists leading U.S. imports that benefited exclusively from CBERA preferences in 1997.

from the Dominican Republic virtually disappear by 1997.[48]

The combined imports of frozen orange juice from Belize and Costa Rica[49] increased from 6.6 percent in 1996 to 15.9 percent in 1997 of total U.S. frozen orange juice imports from all countries. The disproportionate rise of imports from these two CBERA countries, and the growth of their citrus industry in general, may have been induced by foreign investment and financed by low-interest loans.[50] Only Brazil and Mexico supplied the United States with more frozen orange juice by volume than these two CBERA countries combined.

Imports under several other major tariff items were up significantly under the program in 1997: printed circuit assemblies for telephone apparatus (from Costa Rica), disposable apparel for hospitals (from Honduras), medical and surgical instruments (from the Dominican Republic), and methanol (from Trinidad and Tobago). Imports of fresh or chilled fish and automatic circuit breakers were also higher during the year.

There were also some significant items under CBERA preferences whose imports dropped in 1997, notably fresh and frozen beef. Beef imports, which peaked in 1993, continued in 1997 their steep decline of recent years. This decline was particularly acute in Costa Rica, which had been the principal beef supplier among CBERA countries until that year. However, beef imports from Nicaragua were up in 1997, making that country the number one beef supplier under CBERA preferences.[51]

[48] Dole Food Company, Inc., *1997 Annual Report*, p. 39.

[49] *Del Oro*, a grower/processor, opened a major new frozen orange juice plant in Costa Rica 2 years ago, and also began harvesting oranges from its 10,000-hectare groves that are beginning to mature. These sources report increased orange production in recent years, and anticipate still more production in the years ahead, as groves mature. Most of the oranges grown in Costa Rica are for export.

[50] With respect to increases in orange juice imports from Costa Rica and Belize, see also submissions to the U.S. International Trade Commission, summarized in appendix B.

[51] After U.S. Department of Agriculture inspectors certified slaughterhouses in Nicaragua as eligible to export to the United States in 1994, ranchers in southern Nicaragua shifted to use Nicaraguan processors instead of sending their cattle to slaughterhouses in Costa Rica for processing.

Shifts Between CBERA Beneficiaries

Four countries presently dominate U.S. imports under CBERA and are also the leading sources of overall U.S. imports from CBERA countries (table 2-4 and figure 2-4). In 1997, the Dominican Republic, Costa Rica, Guatemala, and Honduras continued to be the leading suppliers of CBERA-eligible imports, as they have been virtually each year since the program became effective (table 2-9 and figure 2-6). These four beneficiaries consistently have accounted for more than two-thirds of U.S. imports under CBERA.

The Dominican Republic has been the number one supplier under CBERA since the beginning of the program. Its leading role, both for U.S. imports from CBERA countries overall as well as U.S. imports entered under CBERA, can be explained by the country's political stability; its policy of providing incentives, such as the establishment of efficiently operating free trade zones (FTZs); its relatively well developed infrastructure; a comparatively skilled, educated, and stable labor force; strong ties with the United States; and assistance received from the World Bank, among others. Nonetheless, officials and investors believe that competition from Mexico's better infrastructure, cheap currency, and low wages—all competitive advantages aggravated by the absence of NAFTA parity for the Dominican Republic—are presently clouding the country's prospects.[52]

The Dominican Republic accounted in 1997 for 35.4 percent of all imports under CBERA—a somewhat smaller portion than the 38.5 percent recorded in 1984. The Dominican Republic supplied seven out of the leading 20 items imported under CBERA preferences in 1997 (table 2-8). Cigars, sugar, footwear uppers, jewelry, electrical products, and medical goods were the leading CBERA items shipped by that country during the year.

U.S. imports under CBERA from Costa Rica, the second largest CBERA beneficiary throughout almost all of the program, have grown faster than those from the Dominican Republic. In fact, Costa Rica's share of all U.S. imports under CBERA more than doubled, from 11.4 percent in 1984 to 23.3 percent in 1997 (table 2-9 and figure 2-6), reflecting increased

[52] Nicaragua is still not eligible for GSP preferences.

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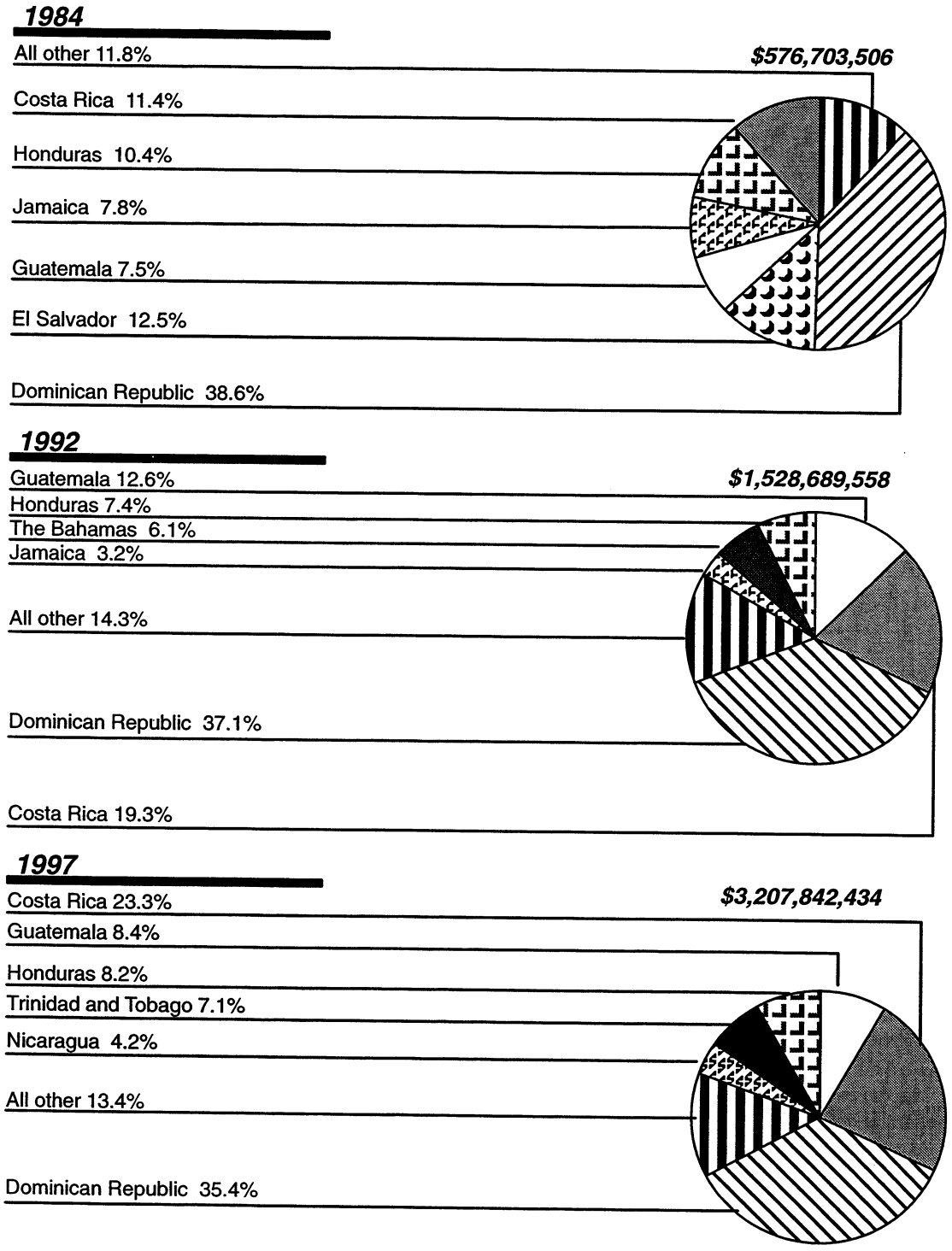
Figure 2-6
Total U.S. imports for consumption under CBERA, by leading source, 1984, 1992, and 1997



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

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U.S. imports of electronic products, including integrated circuits, parts of telephone apparatus, and hair dryers.[53] As a result, Costa Rica is currently the number one source of electrical machinery and equipment (HTS chapter 85) under CBERA, pushing the Dominican Republic to second place. Other major product categories from Costa Rica under CBERA are edible fruits (mostly pineapples and orange juice) and jewelry. Like the Dominican Republic, Costa Rica was the source of eight leading items imported in 1997 under CBERA (table 2-8).

Generally, Guatemala has been the third and Honduras the fourth largest CBERA beneficiary. However, CBERA imports from Honduras surpassed those from Guatemala in 1997 as imports of sugar and a wide range of other products from Honduras surged. Each of these countries accounted for an almost equal portion of all U.S. imports under CBERA, i.e., 8 to 9 percent of the total (table 2-9). Also, each country was the top supplier of one of the 20 leading items shown in table 2-8.

In addition to sugar, which is the leading CBERA import chapter from Guatemala, edible fruits, edible vegetables, and tobacco have been the principal Guatemalan items supplied under CBERA (table D-2). Yet, the importance of the smaller categories—soap, organic chemicals, cut flowers, and ceramic products—has grown in this trade in the 1990s (tables D-2 and D-3).

Until recently, bovine meat had been the leading CBERA import from Honduras. In 1992, meat still accounted for more than one-third of CBERA imports from that country, but its share had plummeted to 3.9 percent of the total by 1997 (table D-2). Nonetheless, as other products replaced meat, total imports from Honduras under CBERA continued to rise. By 1996, manufactured tobacco, edible fruits, furniture, and certain CBERA-eligible apparel and footwear became the leading categories of this trade. In 1997, imports under CBERA of most leading items surged, especially cigars, cane sugar, fresh cantaloupes, furniture, apparel for hospital use, and footwear uppers. Honduras was the top CBERA source for the United States of apparel for hospital use, which was the second leading item from that country (table 2-8).

Between 1984 and 1997, some CBERA beneficiaries became more important participants in the program, others less so. Notably, Trinidad and Tobago was a negligible source of U.S. imports under CBERA in 1984 (table 2-9, and figure 2-6), even though petroleum products made it a leading supplier of overall U.S. imports from CBERA countries (table 2-4 and figure 2-4). However, CBERA-eligible methanol, and some iron and steel products (tables D-2 and D-3), made that country the fifth ranking CBERA beneficiary by 1997, accounting for 7.1 percent of all imports under CBERA (table 2-9). Methanol and steel rods are among the 20 leading U.S. imports under CBERA, and both are supplied by Trinidad and Tobago alone (table 2-8). In 1997, methanol, cane sugar, and copper-zinc based alloys were the fastest-growing imports under CBERA from that country (table D-2).

Nicaragua has also gained importance as a source of imports under CBERA. Following many years of political and economic turmoil, Nicaragua obtained its designation as a beneficiary only in November 1990.[54] By 1992, significant U.S. imports of sugar and meat had made Nicaragua the eighth leading CBERA beneficiary, accounting for 2.6 percent of all imports under the program. However, beef exports from Nicaragua declined after 1994, though to a lesser extent than those from Honduras, and in their place, sugar, cigars, and gold articles became the leading U.S. import categories from that country. In 1997, with imports of cigars and gold articles surging (tables D-2 and D-3), Nicaragua ranked sixth among CBERA beneficiaries, and accounted for 4.2 percent of all imports under the program (table 2-9).

Countries whose significance as CBERA beneficiaries has diminished over time include Jamaica, El Salvador, Barbados, Haiti, and The Bahamas. In the early years of CBERA, Haiti was a major beneficiary. Owing to its exports of electrical items and baseball equipment, Haiti ranked as the fourth supplier under CBERA in 1988, when it accounted for 10.1 percent of all U.S. imports under the program. However, following an October 1991 military coup and a period of political instability, Haiti's economy has sharply deteriorated, aggravated by a U.S. embargo on all nonhumanitarian exports to and most imports from that country.[55]

After the U.S. embargo was revoked in October 1994, 1995 became the first full year for renewed imports from Haiti under CBERA. However, despite some normalization of conditions, imports of

[53] Public and private sector representatives, USITC staff interviews, Santo Domingo, June 3-4, 1998. For more details, see chapter 4 of this report.

[54] Table D-2 shows that in 1990, items in the "electrical machinery" chapter accounted for 7.1 percent of imports under CBERA from Costa Rica. The comparable number in 1997 was 29.8 percent. For imports under CBERA from the Dominican Republic, the share of electrical machinery imports increased from 7.5 percent in 1990 to 16.4 percent in 1997.

[55] Executive Order 12779 of Oct. 28, 1991.

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Table 2-9
U.S. imports for consumption under CBERA, by source, 1984, 1988, 1992, and 1996-97

Source	1984	1988	1992	1996	1997
			Value		
Dominican Republic ...	$222,461,637	$248,818,839	$567,738,060	$932,413,009	$1,136,523,316
Costa Rica	65,756,089	153,416,772	294,936,837	657,127,407	746,353,628
Guatemala	43,442,195	85,325,898	192,954,874	279,767,858	270,268,425
Honduras	60,197,905	57,608,489	112,512,070	207,288,862	263,813,744
Trinidad and Tobago ...	6,421,599	42,227,907	44,695,290	184,894,713	226,243,853
Nicaragua[1]	-	-	40,018,167	116,006,686	135,340,311
El Salvador	71,986,141	22,484,785	27,248,509	91,253,923	81,799,282
Panama[2]	11,786,764	18,240,807	23,752,613	51,352,245	81,064,061
Jamaica	44,736,959	42,214,852	48,155,522	95,964,723	74,515,334
Belize	4,621,144	19,180,009	23,732,623	24,759,789	34,709,945
Haiti	21,855,786	83,933,016	19,150,670	30,222,955	31,193,860
Guyana[3]	-	130,767	1,202,051	32,284,627	28,512,043
The Bahamas[4]	-	12,013,211	93,324,132	20,765,456	25,131,722
Barbados	13,376,154	19,125,260	15,478,008	23,088,527	24,982,730
St. Kitts and Nevis	5,756,718	9,416,573	14,172,390	19,241,362	24,635,665
St. Lucia	1,413,055	3,007,222	3,956,997	7,129,269	5,262,952
Montserrat	-	118,411	40,666	3,961,570	4,678,556
Grenada	1,852	119,733	1,080,860	1,006,731	4,070,794
Netherlands Antilles[5] ..	2,504,053	2,916,997	2,963,711	4,357,379	3,862,286
St. Vincent and the Grenadines	55,365	9,989,995	165,248	3,579,920	2,373,081
Dominica	9,323	358,110	1,008,159	2,204,154	1,556,831
Antigua Barbuda	113,992	255,083	324,418	1,615,437	521,939
British Virgin Islands ...	206,775	55,560	68,024	630,746	262,215
Aruba[5]	-	-	9,659	138,027	165,861
Total	576,703,506	830,958,296	1,528,689,558	2,791,055,375	3,207,842,434

See footnotes at end of table.

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Table 2-9–Continued
U.S. imports for consumption under CBERA, by source, 1984, 1988, 1992, and 1996-97

Source	1984	1988	1992	1996	1997
			Percent of total		
Dominican Republic	38.57	29.94	37.14	33.41	35.43
Costa Rica	11.40	18.46	19.29	100.00	23.27
Guatemala	7.52	10.27	12.62	10.02	8.43
Honduras	10.40	6.93	7.36	7.43	8.22
Trinidad and Tobago	1.11	5.08	2.92	6.62	7.05
Nicaragua[1]	-	-	2.62	4.16	4.22
El Salvador	12.48	2.71	1.78	3.27	2.55
Panama[2]	2.04	2.20	1.55	1.84	2.53
Jamaica	7.76	5.08	3.15	3.44	2.32
Belize	0.80	2.31	1.55	0.89	1.08
Haiti	3.79	10.10	1.25	1.08	0.97
Guyana[3]	-	0.02	0.08	1.16	0.89
The Bahamas[4]	-	1.45	6.10	0.74	0.78
Barbados	2.32	2.30	1.01	0.83	0.78
St. Kitts and Nevis	1.00	1.13	0.93	0.69	0.77
St. Lucia	0.24	0.36	0.26	0.26	0.16
Montserrat	-	0.01	-	0.14	0.15
Grenada	-	0.01	0.07	0.04	0.13
Netherlands Antilles[5]	0.43	0.35	0.19	0.16	0.12
St. Vincent and the Grenadines	0.01	1.20	0.01	0.13	0.07
Dominica	-	0.04	0.07	0.08	0.05
Antigua Barbuda	0.02	0.03	0.02	0.06	0.02
British Virgin Islands	0.04	0.01	-	0.02	0.01
Aruba[5]	-	-	-	-	0.01
Total	100.00	100.00	100.00	100.00	100.00

[1] Nicaragua was designated as a CBERA beneficiary effective Nov. 13, 1990 (Presidential Proclamation 6223, Nov. 8, 1990).
[2] Panama was suspended as a CBERA beneficiary on Apr. 9, 1988 (Presidential Proclamation 5779, Mar. 23,1988). It was reinstated on Mar.17, 1990 (Presidential Proclamation 6103, Feb. 28, 1990).
[3] Guyana was added to the list of CBERA beneficiaries on Nov. 24, 1988 (Presidential Proclamation 5909, Nov. 18, 1988).
[4] The Bahamas became a CBERA beneficiary effective Mar. 14, 1985 (Presidential Proclamation 5308, Mar. 14, 1985).
[5] Upon becoming independent of the Netherlands Antilles, Aruba was designated as a CBERA beneficiary, effective Jan. 1, 1986 (Presidential Proclamation 5458, Apr. 11, 1986).

Note.—Because of rounding, figures may not add to totals given.

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

electrical items and baseball equipment have not recovered. In 1997, imports from Haiti under CBERA amounted to less than half of the comparable figure in 1988, and accounted for less than one percent of all imports under CBERA. Guavas, mangoes, and gloves and mittens were the leading U.S. import items (table D-2).

The Bahamas is another notable example of a CBERA country that has benefited less from the program over time. The Bahamas was a major petroleum refiner and a leading source of overall U.S. imports in 1984, but did not take advantage of the newly available CBERA preferences at the time. However, the oversupply of crude petroleum on the

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world market made refining in The Bahamas uneconomical, and such operations were phased out in The Bahamas in the late 1980s.[56] Meanwhile, a drug company began to take advantage of CBERA by exporting aromatic drugs duty-free to the United States under the program. In 1992, when the United States still imported these medications, The Bahamas was the fifth largest CBERA beneficiary, contributing 6.1 percent of all U.S. imports under the program.[57] However, the loss of patent rights caused large declines in sales.[58] Although exports of the generic product have revived somewhat, they now enter the United States free of duty under the pharmaceuticals appendix to the HTS negotiated during the Uruguay Round, rather than under CBERA. These developments reduced The Bahamas' participation in CBERA to a negligible level once again by lowering the country's share of overall U.S. imports under CBERA. This share was 0.8 percent of the total in 1997.

U.S. Exports

U.S. exports to CBERA countries have more than tripled, growing from $5.9 billion in 1980, prior to the implementation of the CBERA, to $17.8 billion in 1997 (table 2-10). The share of the value of total U.S. exports accounted for by CBERA beneficiaries has remained fairly stable throughout the period between 1980 and 1997, increasing slightly in 1997 to 2.8 percent from 2.7 percent in 1980 (table 2-1). The Dominican Republic, Costa Rica, Honduras, Guatemala, Panama, Jamaica, and El Salvador accounted for 76 percent of total U.S. exports to CBERA beneficiaries in 1997 (table 2-10).

Product Composition

During the period 1990-97, U.S. exports to CBERA countries consisted principally of textiles, motor vehicles, industrial machinery, and parts of machinery needed to develop its manufacturing base and modernize its infrastructure. In 1997, ten HTS chapters accounted collectively for 61 percent of total U.S. exports to the region (table 2-11). Table 2-12 presents the 20 leading U.S. exports to CBERA countries during 1997 on an 8-digit HTS subheading basis. These items accounted for 26 percent of total U.S. exports to the region in 1997. The composition of U.S. exports to CBERA beneficiaries changed moderately between 1990 and 1997 as cut fabric used in the assembly of apparel products increased in importance, while agricultural and horticultural products, minerals and metals, and chemical and plastic products declined in importance, as shown in the following tabulation.

Product group	1990	1997
	Percent	
Machinery, vehicles, medical and measuring instruments	26.1	26.4
Agricultural and horticultural products	23.1	19.9
Textiles, apparel, and footwear	13.9	25.5
Minerals and metals	13.0	9.7
Chemicals and plastics	12.8	10.0
Other	11.1	8.5
Total	100.0	100.0

Overall, U.S. exports to CBERA countries increased by $8.5 billion between 1990 and 1997, with about 73 percent of the expansion going to the Dominican Republic, Costa Rica, Honduras, Guatemala, and Panama. U.S. exports of textiles, apparel, and footwear products more than tripled between 1990 and 1997, from $1.3 billion to $4.5 billion. U.S. exports of industrial machinery, vehicles, and medical equipment increased by 96 percent during 1990-97, from $2.4 billion to $4.7 billion. As shown in table 2-11, HTS chapter 84 exports, which include such items as computers and computer parts, oil and gas well drilling equipment and parts, and other machinery and parts, were greater than those of any other chapter until recent years, when these exports ranked second behind apparel. Rising living standards, the growing need for infrastructure projects, and increasing business activity, particularly in apparel production-sharing operations and construction projects, drove increased demand for U.S. exports of machinery, equipment, and parts.

Declining tariff rates, the establishment of free trade zones, and the use of production sharing under the heading 9802.00.80 of the HTS also contributed to the growth of U.S. exports to the region. U.S. companies have used production sharing arrangements to improve their price competitiveness by shifting labor-intensive assembly operations to low-wage-rate CBERA countries, to rationalize production between their U.S. and foreign establishments, and to use

[56] Public and private sector representatives, USITC staff interviews, Freeport, June 8-9, 1998.

[57] In 1993, aromatic drugs were responsible for 91.0 percent of all imports under CBERA from the Bahamas.

[58] Company representatives, USITC staff interviews, Freeport, June 8-9, 1998.

Table 2-10
U.S. exports to CBERA beneficiaries, by country, 1980, 1984, 1988, 1992, and 1996-97

Country/Market	1980	1984	1988	1992	1996	1997
	Value					
Dominican Republic	$785,412,775	$630,598,622	$719,161,013	$2,062,918,539	$3,099,152,885	$3,821,485,033
Costa Rica	492,745,112	417,641,447	364,257,826	1,317,644,794	1,777,726,556	1,962,567,870
Honduras	369,114,799	304,082,522	228,430,763	790,026,647	1,595,534,679	1,961,350,996
Guatemala	545,642,162	369,794,161	306,067,539	1,167,410,986	1,487,329,392	1,642,248,276
Panama	687,651,588	730,382,032	316,886,596	998,417,421	1,307,017,388	1,466,523,007
Jamaica	301,416,415	488,462,800	414,168,184	914,199,557	1,460,747,662	1,385,367,216
El Salvador	266,251,335	380,331,341	230,432,963	727,187,719	1,052,320,591	1,370,344,163
Trinidad & Tobago	672,735,797	587,917,421	171,983,478	438,640,190	644,773,874	1,075,953,837
The Bahamas	391,327,428	546,319,906	368,500,557	691,320,234	699,338,731	789,639,291
Haiti	303,112,537	405,889,721	246,330,975	213,049,634	468,307,354	491,332,331
Netherlands Antilles	437,657,585	607,814,493	221,508,302	450,122,957	497,716,572	434,625,636
Nicaragua	247,061,970	109,793,537	3,932,709	180,419,970	252,138,231	278,139,208
Barbados	134,021,557	232,851,841	87,919,616	122,780,192	214,248,194	259,699,486
Aruba	(1)	(1)	58,546,068	282,288,901	215,945,831	222,551,004
Guyana	95,639,016	48,640,661	32,844,222	114,209,915	131,999,612	137,394,187
Belize	51,871,688	49,462,402	48,795,324	111,363,307	104,038,821	107,016,167
St. Lucia	(2)	(2)	38,301,922	79,528,119	78,173,416	81,412,818
Antigua Barbuda	(2)	(2)	36,618,173	65,549,270	78,792,321	78,787,119
British Virgin Islands	(2)	(2)	20,844,302	42,263,035	50,995,187	60,987,863
St. Vincent & the Grenadines	(2)	(2)	20,142,691	33,832,221	44,424,905	53,070,777
Grenada	(2)	(2)	15,322,597	22,982,617	34,945,677	37,969,912
Dominica	(2)	(2)	2,056,307	32,514,627	33,407,394	36,707,532
St. Kitts and Nevis	(2)	(2)	20,219,803	30,110,889	38,035,552	36,172,207
Montserrat	(2)	(2)	2,969,798	12,911,423	7,606,067	16,517,722
Leeward & Windward	148,494,483	201,335,727	(2)	(2)	(2)	(2)
Total	5,930,156,247	6,111,318,634	3,976,241,728	10,901,693,164	15,374,716,892	17,807,863,658

See footnotes at end of table.

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Table 2-10–Continued
U.S. exports to CBERA beneficiaries, by country, 1980, 1984, 1988, 1992, and 1996-97

Country/Market	1980	1984	1988	1992	1996	1997
	Percent of total					
Dominican Republic	13.24	10.32	18.09	18.92	20.16	21.46
Costa Rica	8.31	6.83	9.16	12.09	11.56	11.02
Honduras	6.22	4.98	5.74	7.25	10.38	11.01
Guatemala	9.20	6.05	7.70	10.71	9.67	9.22
Panama	11.60	11.95	7.97	9.16	8.50	8.24
Jamaica	5.08	7.99	10.42	8.39	9.50	7.78
El Salvador	4.49	6.22	5.80	6.67	6.84	7.70
Trinidad & Tobago	11.34	9.62	4.33	4.02	4.19	6.04
The Bahamas	6.60	8.94	9.27	6.34	4.55	4.43
Haiti	5.11	6.64	6.20	1.95	3.05	2.76
Netherlands Antilles	7.38	9.95	5.57	4.13	3.24	2.44
Nicaragua	4.17	1.80	0.10	1.66	1.64	1.56
Barbados	2.26	3.81	2.21	1.13	1.39	1.46
Aruba	(1)	(1)	1.47	2.59	1.40	1.25
Guyana	1.61	0.80	0.83	1.05	0.86	0.77
Belize	0.87	0.81	1.23	1.02	0.68	0.60
St. Lucia	(2)	(2)	0.96	0.73	0.51	0.46
Antigua Barbuda	(2)	(2)	0.92	0.60	0.51	0.44
British Virgin Islands	(2)	(2)	0.52	0.39	0.33	0.34
St. Vincent & the Grenadines	(2)	(2)	0.51	0.31	0.29	0.30
Grenada	(2)	(2)	0.39	0.21	0.23	0.21
Dominica	(2)	(2)	0.05	0.30	0.22	0.21
St. Kitts and Nevis	(2)	(2)	0.51	0.28	0.25	0.20
Montserrat	(2)	(2)	0.07	0.12	0.05	0.09
Leeward & Windward	2.50	3.29	(2)	(2)	(2)	(2)
Total	100.00	100.00	100.00	100.00	100.00	100.00

[1] U.S. exports to Aruba not reported separately until January 1, 1988. Prior to that date, these exports were combined with the Netherland Antilles.

[2] U.S. exports to the British Virgin Islands, St. Kitts-Nevis, Antigua Barbuda, Montserrat, Dominica, St. Lucia, St. Vincent and the Grenadines, and Grenada were not reported separately until January 1, 1988. Prior to that date, these exports were combined in the Leeward and Windward Islands.

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

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Table 2-11
Leading U.S. exports to CBERA countries, by major product categories, 1990, 1992, 1994, and 1996-97

HTS Item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars)				
62	Articles of apparel and clothing accessories, not knitted or crocheted	578,387	992,032	1,424,350	1,797,792	2,145,227
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	906,319	1,175,543	1,519,615	1,637,213	2,096,714
61	Articles of apparel and clothing accessories, knitted or crocheted	258,855	470,398	613,266	1,099,039	1,398,051
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	630,084	723,160	993,680	1,072,859	1,254,810
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	881,098	794,230	688,550	855,674	928,231
10	Cereals	482,668	434,910	492,300	867,141	740,436
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	369,809	462,741	654,697	680,163	697,749
39	Plastics and articles thereof	368,957	402,557	509,198	546,375	644,332
48	Paper and paperboard; articles of paper pulp, paper or paperboard	341,596	416,921	489,713	609,764	606,874
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	217,924	253,181	282,588	351,074	363,826
	Total	5,035,698	6,125,674	7,667,957	9,517,094	10,876,250
	All Other	4,271,442	4,776,019	5,154,049	5,857,623	6,931,614
	Total All Commodities	9,307,140	10,901,693	12,822,006	15,374,717	17,807,864
		Percent of total				
62	Articles of apparel and clothing accessories, not knitted or crocheted	6.21	9.10	11.11	11.69	12.05
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	9.74	10.78	11.85	10.65	11.77
61	Articles of apparel and clothing accessories, knitted or crocheted	2.78	4.31	4.78	7.15	7.85
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	6.77	6.63	7.75	6.98	7.05
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	9.47	7.29	5.37	5.57	5.21
10	Cereals	5.19	3.99	3.84	5.64	4.16
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	3.97	4.24	5.11	4.42	3.92
39	Plastics and articles thereof	3.96	3.69	3.97	3.55	3.62
48	Paper and paperboard; articles of paper pulp, paper or paperboard	3.67	3.82	3.82	3.97	3.41
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2.34	2.32	2.20	2.28	2.04
	Total	54.11	56.19	59.80	61.90	61.08
	All Other	45.89	43.81	40.20	38.10	38.92
	Total All Commodities	100.00	100.00	100.00	100.00	100.00

Note.—Because of rounding, figures may not add to totals shown.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 2-12
Leading U.S. exports to CBERA countries, 1996-97

HTS Item	Description	1996	1997	Change 1996-1997
		-Value (1,000 dollars)-		Percent
6217.90.00	Parts of garments or of clothing accessories, not knitted or crocheted, other than those of heading 6212	486,721	565,177	16.12
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	330,245	452,938	37.15
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	372,096	447,395	20.24
1005.90.20	Yellow dent corn	335,300	280,554	-16.33
2710.00.05	Distillate and residual fuel oils (including blends) derived from bituminous minerals, testing under 25 degrees A.P.I.	246,941	273,361	10.70
6212.10.00	Brassieres: containing lace, net, or embroidery	229,070	272,844	19.11
2710.00.10	Distillate and residual fuel oils (including blends) derived frombituminous minerals, testing 25 degrees A.P.I. or more	188,319	242,428	28.73
1001.90.20	Wheat & meslin other than durum or seed wheat	299,500	236,486	-21.04
2710.00.15	Motor fuel, from petro oils and bitumin. minrls, o/than crude, or preps. 70%+ by wt. from petro oils	204,927	218,803	6.77
2304.00.00	Oilcake and other solid residues, resulting from the extraction of soybean oil	181,219	209,179	15.43
8431.43.80	Parts for boring or sinking machinery of 8430.41 or 8430.49, nesi	105,585	177,414	68.03
8703.23.00	Mtr cars & o/mtr. vehicles for transport of persons, w/spark-ign. int. combust. recip. piston engine w/cyl. cap. o/1500 cc n/o 3000 cc	180,466	170,530	-5.51
4407.10.00	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of a thickness exceeding 6 mm	114,966	150,122	30.58
4804.11.00	Uncoated, unbleached kraftliner, in rolls or sheets	156,547	137,545	-12.14
6204.62.40	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, nesoi	98,695	134,574	36.35
6115.11.00	Panty hose and tights, knitted or crocheted, of synthetic fibers, measuring per single yarn less than 67 decitex	99,235	133,964	35.00
2401.10.20	Tobacco, not stemmed (stripped), containing over 35 percent wrapper tobacco	70,136	121,738	73.57
3901.10.00	Polyethylene having a specific gravity of less than 0.94, in primary forms	101,351	121,214	19.60
2710.00.30	Lubricating oils, w/ or w/o additives, fr. petro oils and bitumin. minrls, o/than crude, or preps. 70%+ by wt. fr. petro. oils	130,614	118,596	-9.20
8473.30.00	Parts & accessories of the machines of 8471; (automatic data processing machines & units thereof): not incorporating a cathode ray tube	89,899	116,148	29.20
	Total above	4,021,831	4,581,012	13.90
	All other	11,352,885	13,226,851	16.51
	Total all commodities	15,374,717	17,807,864	15.83

Note.–Because of rounding, figures may not add to totals shown. The abbreviation, nesi, stands for "not elsewhere specified or included." The abbreviation, nesoi, stands for "not elsewhere specified or otherwise included."

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

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U.S.-made components to reduce the price of their goods in the U.S. market.[59] Production sharing with CBERA countries involves primarily semi-finished products, particularly cut apparel pieces, exported from the United States to low-labor-cost CBERA countries where they are assembled and returned to the United States for further processing, packaging, and distribution. Table 2-11 shows that HTS chapters 62 and 61, representing apparel, were the first and third largest categories, respectively, of U.S. exports to CBERA beneficiaries in 1997. These categories also represented the first and second largest categories of U.S. imports from the region in 1997 (table 2-2).[60] Table 2-13 shows that cut fabric pieces (included in textiles, apparel, and footwear) dominated U.S. exports to a variety of CBERA countries in 1997.

Many Caribbean countries have also established free-trade zones to encourage economic growth and employment. Products shipped to CBERA beneficiaries for assembly within free-trade zones (besides apparel), representing goods that are re-exported to the United States as assembled products under CBERA, include medical goods; jewelry; and electronic capacitors, resistors, and electric circuit apparatus.[61] A comparison of U.S. exports with U.S. imports under CBERA (table 2-7) by leading HTS chapters shows that there is significant overlap.

[59] USITC, *Production Sharing: U.S. Imports under Harmonized Tariff Schedule Provisions 9802.00.60 and 9802.00.80, 1989-92*, USITC publication 2729, Feb. 1994.

[60] For more information on CBERA textiles and apparel trade, see previous section in this chapter.

[61] For more information, see USITC, *Production Sharing: Use of U.S. Components and Materials in Foreign Assembly Operations, 1992-95 (U.S. Imports Under Production-Sharing Provisions of Harmonized Tariff Schedule Heading 9802)*, USITC publication 3032, Apr. 1997.

Table 2-13
U.S. exports to CBERA countries, by product groups, 1997

(Percent of total U.S. exports to each country)

Country	Agricultural/ horticultural products	Apparel-textiles, footwear	Minerals metals	Chemicals plastics	Machinery, vehicles, equipment	Other products	Total all commodites
Dominican Republic ..	20	36	5	8	25	6	100
Costa Rica	18	6	13	31	25	7	100
Honduras.	12	50	7	8	15	8	100
Guatemala	17	24	10	15	27	7	100
Panama	17	5	16	17	36	9	100
Jamaica	22	23	13	11	22	9	100
El Salvador	19	38	7	10	19	7	100
Trinidad and Tobago ..	14	1	15	10	51	7	100
The Bahamas	25	2	14	7	34	18	100
Haiti	44	22	4	5	15	10	100
Netherlands Antilles ..	29	2	17	8	28	16	100
Nicaragua	28	13	5	11	33	10	100
Barbados.	28	3	11	11	33	14	100
Aruba	26	2	18	13	31	10	100
Guyana	24	4	10	14	37	11	100
Belize	28	6	24	9	21	12	100
St. Lucia	27	9	17	6	24	17	100
Antigua Barbuda	31	(1)	15	3	32	19	100
British Virgin Islands ..	22	(1)	21	5	33	19	100
St. Vincent and the Grenadines	46	(1)	4	2	31	17	100
Grenada	27	(1)	3	9	34	27	100
Dominica	38	3	3	13	34	9	100
St. Kitts and Nevis	16	3	12	(1)	49	19	100
Montserrat	6	(1)	(1)	(1)	63	31	100

[1] Less than $1 million.

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

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Most U.S. exports to the Caribbean Basin consist of food, capital goods for industry and infrastructure, parts for assembly and re-export, and other industrial inputs. During 1990-97, U.S. exports of agricultural and horticultural products increased by 71 percent, from $1.4 billion in 1990 to $2.4 billion in 1997. Of such exports, wheat, yellow dent corn, soybean products, and tobacco accounted for 35 percent of total U.S. exports of agricultural and horticultural products to the region in 1997. Other products experiencing a growth in U.S. exports include plastics and related articles, paper products, and medical goods. During the period 1990-97, U.S. exports of plastics and related articles (HTS chapter 39) to CBERA countries increased from $369.0 million in 1990 to $644.3 million in 1997, or by 75 percent. Specific plastics resins and materials, such as polyethylene and polypropylene, and downstream plastics products (containers, closures, pipe and fittings) dominated the mix of plastics products. Polyethylene and polypropylene are used by a large number of small firms throughout the CBERA region to produce packaging materials and blow-molded plastics products. U.S. exports of paper products (HTS chapter 48) grew by 78 percent, from $342 million in 1990 to $607 million in 1997. Paper exports consisted primarily of kraft linerboard (facing material for corrugated boxes) used in shipping agricultural and industrial products.

Leading Items

The composition of U.S. exports to CBERA countries changed modestly during 1996-97 as exports of cut fabric for apparel assembly grew rapidly, while exports of most agricultural and horticultural products, minerals and metals, chemicals, and plastic products declined in importance (table 2-12). The United States experienced declines in its exports of agricultural commodities such as yellow dent corn (16 percent), wheat and meslin (21 percent), and uncoated, unbleached kraftliner paper (12 percent). Nonagricultural products experiencing declines in the value of U.S. exports included motor vehicles with an engine capacity between 1500cc and 3000cc (6 percent) and lubricating oils (9 percent). Much of the decline can be attributed to declines in demand for U.S. exports by the Dominican Republic and Costa Rica. U.S. exports of tobacco grew the most—by 74 percent—reflecting increased production of cigars in CBERA beneficiaries.

Shifts in U.S. Exports by CBERA-Country Destination

Since 1990, the Dominican Republic, Costa Rica, Honduras, Guatemala, Panama, Jamaica, and El Salvador have been the dominant CBERA markets for U.S. exports (table 2-10). These nations, also CBERA's principal production-sharing nations, have seen their share of U.S. exports to the region grow from 58 percent in 1980 to 76 percent in 1997. Aruba and Belize were the only CBERA destinations with declining rates of growth in U.S. exports in 1997 compared to 1992.

Effect of CBERA on U.S. Exports

Since CBERA's implementation in 1984, total U.S. exports to CBERA beneficiaries have increased at the same rate as U.S. exports to the rest of the world. Meanwhile, the composition of U.S. exports has changed moderately over the years 1990-97, the period when data were available. Like those of many developing regions, some U.S. exports reflect the region's need to develop its manufacturing base and modernize its infrastructure. However, the increased use of free trade zones, as well as CBERA and production-sharing programs, has generated a growing demand for U.S.-made parts, accessories, machinery, and equipment.[62] Some of the major product categories of current U.S. exports to the CBERA beneficiary countries mirror the significant categories of U.S. imports under CBERA, such as electronic components and medical devices. Almost all U.S. apparel exports to CBERA beneficiaries consist of garment parts, which are re-imported as assembled garments. The diversification of the Caribbean's leading economies and a rise in living standards have created markets for U.S.-made items ranging from sophisticated medical equipment, to textile machinery for the production-sharing industry, to motor vehicles for use by the growing tourist industry.

[62] "Preferential Trade Agreements," *Latin American Business Intelligence*, The Economist Intelligence Unit, Sept. 25, 1997.

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

This chapter assesses two issues: the impact of the CBERA preference program on the United States in 1997 and the probable future effect of the program. In the impact analysis, items most affected by the CBERA preferences are identified and specific U.S. industries are examined. Information on CBERA-related investment in the beneficiary countries was the main basis for the probable future effects section. This information was collected during field visits to the Dominican Republic and The Bahamas, and was solicited from U.S. embassies in the other countries of the region.

Impact of CBERA on the United States in 1997

Since it was implemented in 1984, CBERA has had a minimal effect on the overall economy of the United States. In each year from 1984 through 1997, the value of CBERA duty-free U.S. imports has been less than 0.04 percent of U.S. gross domestic product. As pointed out in chapter 2, the total value of U.S. imports from CBERA countries remained small in 1997, amounting to 1.9 percent of total U.S. imports.

The value of the CBERA program to beneficiary countries, as well as its potential for affecting the U.S. economy, consumers, and industries, has fallen since the implementation of the program in 1984 because of the erosion of the margin of preference for many products.[1] Sources of this erosion include the final (through 1987) phased tariff cuts under the Tokyo Round of tariff reductions, phased tariff cuts under the Uruguay Round of trade concessions, tariff cuts and eliminations under sectoral trade negotiations, the extension of preferential trading arrangements under NAFTA and ATPA, and the erosion of the ad valorem equivalent of specific duties due to inflation. An examination of the erosion of the margin of preference for specific import items is included later in this chapter.

Because most U.S. imports from CBERA countries can enter the United States free of duty at general rates or under GSP, or are excluded from the program, the Commission focuses its analysis of the impact of CBERA on products that can enter free of duty or at reduced duties only under CBERA and not under other programs.

It should be noted that the presence of CBERA guarantees duty-free entry of GSP-eligible products from CBERA beneficiary countries, making investment in such products more attractive than would be the case in the absence of CBERA. This is because investment that depends solely on GSP for duty-free preferences is riskier because of the recent uncertainties about the periodic renewals of GSP and because certain products from particular countries may exceed competitive need limits and face loss of GSP eligibility as detailed in chapter 1. The analysis below does not attempt to quantify these effects.

The material that follows in 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 1997 and had the largest potential impact on competing U.S. industries.

[1] The higher the ad valorem column 1-general duty rate (formerly known as the MFN (Most-Favored-Nation) duty rate) for any given product, the greater is the benefit to CBERA beneficiaries—the higher the margin of preference. CBERA beneficiaries also benefit more if the column 1-general rate is more extensively applied, that is, if fewer non-CBERA countries enjoy preferential rates.

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Products That Benefited Exclusively From CBERA in 1997

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 column 1-general rates or under other programs, such as GSP. 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.[2]

Since the inception of the CBERA program, U.S. imports that benefit exclusively from CBERA have accounted for a relatively small portion of total U.S. imports from CBERA countries; this portion rose steadily through 1993, mainly through growth of imports of products that exceeded GSP competitive-need limits. This portion fell slightly in 1994, and the 1997 share was roughly in line with the 1994 share (see table 3-1). The "exclusively benefiting" shares were markedly higher in 1995 and 1996, due mainly to 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.[3]

The value of U.S. imports that benefited exclusively from CBERA decreased from $2.3 billion in 1996 to $1.5 billion in 1997, or 36 percent (table 3-1).[4] Such imports accounted for 8.9 percent of total U.S. imports from CBERA countries in 1997, compared with 16.0 percent in 1996. The large decrease was due mainly to the availability of GSP for almost all of 1997.[5]

The 20 leading items that benefited exclusively from CBERA are shown in table 3-2. The mostnotable change in the value of such imports was for higher-priced cigars (HTS subheading 2402.10.80) from the Dominican Republic and Nicaragua, which increased 127 percent from 1996 to 1997. Other notable changes include medical instruments (HTS subheading 9018.90.80) from the Dominican Republic and the Bahamas, up 90 percent; fresh pineapples (HTS subheading 0804.30.40), up 69 percent; nonwoven disposable apparel (HTS subheading 6210.10.50), up 48 percent; methanol (HTS subheading 2905.11.20) from Trinidad and Tobago, up 35 percent; and fuel-grade ethyl alcohol (HTS subheading 2207.40.60), down 53 percent.

Two items were added to the list of leading imports benefiting exclusively from CBERA because the Dominican Republic exceeded competitive need limits and lost GSP eligibility beginning July 1, 1997—raw cane sugar (HTS subheading 1701.11.10[6]) from the Dominican Republic and Nicaragua, and

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[2] In 1997, Nicaragua and The Bahamas were the only CBERA countries that were not designated GSP-beneficiary countries.

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 limits. Sec. 504(c)(1) 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.

[3] The U.S. GSP program was not in effect from Aug. 1, 1995 through Sept. 30, 1996. Consequently, articles eligible for GSP duty-free entry were subject to ordinary column 1-general duties during this period unless the articles were eligible to enter under another preferential program, such as CBERA, and were entered under that program. The analysis used in the 1995 and 1996 CBERA reports implicitly assumes that importers did not expect the GSP program to be reinstated or the duties to be refunded; therefore, products normally eligible for GSP that entered the United States under CBERA provisions

[3]—*Continued*
during this period were counted as having benefited exclusively from CBERA. Hence, the effects of duty-free entry of these otherwise GSP-eligible products are attributed to CBERA for the period Aug. 1, 1995 through Sept. 30, 1996, which results in higher estimates of the effects of CBERA than would have been the case if the GSP program been operative during that period. See USITC, *CBERA, Twelfth Report, 1996*, pp. 35-36, for further explanation.

[4] 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 this year's report or in reports in this series previous to the 1995 report, despite the similar analytical approach used.

[5] The decrease derives from the assumptions used in designating items that benefit exclusively from CBERA, not from the change in actual usage. The GSP program expired on May 31, 1997, but was renewed retroactive to June 1, 1997 by section 981 of the Budget Reconciliation Tax Act of 1997 when President Clinton signed the Act on Aug. 5, 1997. Renewal was widely anticipated during the lapse, which was not considered significant enough to warrant a repeat of the assumptions used in the 1995 and 1996 CBERA reports.

[6] The full HTS description for subheading 1701.11.10 includes "Described in additional U.S. note 5 to this chapter and entered pursuant to its provisions." The referenced note sets out rules for the tariff-rate quota for

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Table 3-1
Total imports from CBERA beneficiaries, imports entered under CBERA, and imports that benefited exclusively from CBERA, 1993-97

Item	1993	1994	1995	1996	1997
Total imports from CBERA beneficiaries:					
Value (*million dollars*[1])	10,094	11,200	12,550	14,545	16,572
Imports entered under CBERA:[2]					
Value (*million dollars*[1])	1,904	2,050	2,261	2,791	3,208
Percent of total	18.9	18.3	18.0	19.2	19.4
Imports that benefited exclusively from CBERA:					
Value (*million dollars*[1])	1,016	943	1,405	2,324	1,478
Percent of total	10.1	8.4	11.2	16.0	8.9

[1] Customs value.
[2] Includes articles entered free of duty or at reduced duties under CBERA provisions (table 2-6). Those provisions are discussed in ch. 1.
Source: Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

jewelry articles (HTS subheading 7113.19.50) from the Dominican Republic, The Bahamas, and Nicaragua.

Leading imports that were identified in previous annual CBERA reports as benefiting exclusively from CBERA between 1984 and 1996 continued to rank among the leading U.S. imports in 1997. These are beef (HTS subheadings 0201.30.50 and 0202.30.50), pineapples, and frozen concentrated orange juice (HTS subheading 2009.11.00). Fuel-grade ethyl alcohol has ranked as one of the leading items benefiting exclusively from CBERA since 1985.

Welfare and Displacement Effects of CBERA on U.S. Industries and Consumers in 1997

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 C. A range of estimates is reported, reflecting those made assuming higher substitution elasticities (upper range), and those made assuming lower substitution elasticities (lower range).

[6]—*Continued*
U.S. sugar imports. Within-quota imports are subject to relatively low tariff rates and are eligible for preferences under GSP, CBERA, ATPA, NAFTA, and the U.S.-Israel Free Trade Agreement. Overquota imports are subject to much higher tariffs and are not eligible for the aforementioned preferences, except for a slight reduction from the over-quota column 1-special rate for overquota imports from Mexico.

The analysis was conducted on the 20 leading items that benefited exclusively from CBERA shown in table 3-2.[7] Estimates of welfare and potential U.S. industry displacement effects were made. Industries that experienced estimated displacement of over 5 percent of the value of U.S. production, based on upper-range estimates, were selected for further analysis.

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. Table 3-2 presents the 20 leading items that are shown to have benefited exclusively from CBERA in 1997 on the basis of their c.i.f. (customs value plus insurance and freight charges) import values.[8] These products represented 82 percent of the $1.5 billion in imports that benefited exclusively from CBERA

[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] The analysis uses U.S. market expenditure shares in computing estimates of welfare and domestic production displacement effects. Since U.S. expenditures on imports necessarily include freight and insurance charges and duties, when applicable, the analysis, where indicated in the text and supporting tables, uses c.i.f. values for duty-free items and landed, duty-paid values for reduced-duty items benefiting exclusively from CBERA, and landed, duty-paid values for the remaining imports. Technically, landed, duty-paid values are equal to c.i.f. values for items entering free of duty.

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Table 3-2
Value of leading imports that benefited exclusively from CBERA, 1997

(1,000 dollars)

HTS Number	Description	Customs value	C.i.f. value
2402.10.80[1]	Cigars, cheroots and cigarillos, each valued 23¢ or over	248,358	252,112
6406.10.65[2]	Footwear uppers, other than formed, of leather	176,271	178,237
2905.11.20[3]	Methanol, except for use in synthetic natural gas or for direct use as fuel	90,596	103,578
1701.11.10[4]	Raw cane sugar, subject to add. US 5 to Ch.17	87,546	95,073
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	72,621	88,139
9018.90.80[5]	Medical, surgical, or dental instruments and appliances	83,719	84,418
7213.91.30	Iron/nonalloy steel, nesi, hot-rolled bars & rods in irregularly wound coils, w/cir. x-sect. diam. <14mm, n/tempered/treated/partly mfd	62,478	66,895
7113.19.50[6]	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesi	58,225	58,318
1701.11.20[7]	Raw cane sugar, to be used for certain polyhydric alcohols	52,324	57,560
2009.11.00	Orange juice, frozen, unfermented and not containing added spirits	38,925	42,008
0202.30.50	Frozen boneless beef, except processed	35,633	38,929
6210.10.50	Nonwoven disposable apparel designed for use in hospitals, clinics, etc.	31,052	32,420
2207.10.60	Undenatured ethyl alcohol for nonbeverage purposes	28,058	30,830
0201.30.50	Fresh or chilled boneless beef, except processed	26,732	28,491
8533.40.80	Electrical variable resistors, other than wirewound, including rheostats and potentiometers	27,209	27,351
7115.90.30[8]	Gold and gold-clad articles (o/than jewellry or goldsmiths' wares), nesi	23,600	23,608
2401.20.85	Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf, described in addl US note 5 to chap 24	21,111	21,541
4202.12.80[9]	Trunks, suitcases, vanity & attache cases, etc., with outer surface of textile materials nesi	18,614	19,966
3812.30.60[10]	Antioxidizing prep & oth compound stabilizers for rubber/plastics cont any aromatic or modified aromatic antioxidant or o/stabilizer, nesi	18,623	18,762
0710.80.97	Vegetables nesi, uncooked or cooked by steaming or boiling in water, frozen, reduced in size	15,221	18,337

[1] Includes only imports from the Dominican Republic and Nicaragua. 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 Nicaragua, another supplier of this item, were included because that country was not a designated GSP beneficiary in 1997.

[2] Includes only imports from the Dominican Republic. 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.

[3] 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.

[4] Includes only imports from the Dominican Republic for the second half of 1997and Nicaragua for the full year. 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 in the second half of the year. Imports from Nicaragua, another supplier of this item, were included because that country was not a designated GSP beneficiary in 1997.

[5] Includes only imports from the Dominican Republic and Bahamas. 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, another supplier of this item, were included because that country was not a designated GSP beneficiary in 1997.

[6] Includes only imports from the Dominican Republic for the second half of 1997, and from the Bahamas and Nicaragua for the full year. 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 in the second half of the year. Imports from the Bahamas and Nicaragua, other suppliers of this item, were included because those countries were not designated GSP beneficiaries in 1997.

[7] Includes only imports from Guatemala and Nicaragua. Item is GSP-eligible, but imports from Guatemala exceeded the competitive need limit and thus were eligible for duty-free entry only under CBERA. Imports from Nicaragua, another supplier of this item, were included because that country was not a designated GSP beneficiary in 1997.

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Footnotes for Table 3-2– Continued

[8] Includes only imports from Nicaragua. Item is GSP-eligible, but Nicaragua was not a designated GSP beneficiary in 1997.

[9] Subject to reduced duties under CBERA.

[10] Includes only imports from the Bahamas. Item is GSP-eligible, but the Bahamas was not a designated GSP beneficiary in 1997.

Note.–The abbreviation, nesi, stands for "not elsewhere specified or included."

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

during 1997.[9] The five leading CBERA-exclusive imports in 1997 were (1) higher-priced cigars from the Dominican Republic and Nicaragua, (2) leather footwear uppers (HTS subheading 6406.10.65) from the Dominican Republic, (3) methanol from Trinidad and Tobago, (4) raw cane sugar from the Dominican Republic and Nicaragua, and (5) fresh pineapples. The Dominican Republic was the leading supplier of the top three items, while Trinidad and Tobago was the leading (and exclusive) supplier of methanol and Costa Rica was the leading supplier of pineapples.[10] Cigars and leather footwear uppers ranked third and second, respectively, in 1996.

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) is a major factor in determining the estimated impact on competing domestic producers;[11] market shares varied considerably in 1997 (table 3-3). For instance, the market share of CBERA-exclusive imports of pineapples was approximately 58 percent, while the market share of CBERA-exclusive imports of stemmed tobacco (HTS subheading 2401.20.85) was under 1 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 1997.[12] 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

Fuel-grade ethyl alcohol provided the largest estimated gain in consumer surplus ($8.1 million to $11.4 million) resulting exclusively from CBERA tariff preferences in 1997 (table 3-4). The price U.S. consumers would have paid for imports of ethyl alcohol from CBERA countries would have been 45 percent higher (the ad valorem duty rate adjusted for freight and insurance charges) without CBERA. Methanol provided the second largest estimated gain in consumer surplus ($9.8 million to $10.9 million). Without CBERA, the price of methanol from CBERA countries would have been 12 percent higher. In general, items providing the largest gains in consumer surplus also have (1) the highest column 1-general tariff rates and/or (2) the largest volumes of imports from CBERA countries.

CBERA preferences also reduced U.S. tariff revenues. For example, for ethyl alcohol, lower tariff revenues offset 57 percent to 84 percent of the gain in consumer surplus; for frozen orange juice, the offset was 49 percent to 67 percent. For many of the other items listed in table 3-4, especially those items with low column 1-general 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 except for two sugar items: (1) raw cane sugar, which does not provide a gain in consumer

[9] The import values reported in tables 3-2 and 3-3 reflect only that portion of imports under each HTS subheading that entered duty-free or at reduced duty under CBERA. Even though all of these items were eligible for CBERA tariff preferences, full duties were paid on a certain portion of imports under each HTS subheading for a variety of reasons such as failure to claim preferences or insufficient documentation.

[10] Leading CBERA suppliers are shown in table 2-8.

[11] 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.

[12] The methodology used is described in appendix C.

Table 3-3
Value of leading imports that benefited exclusively from CBERA, apparent U.S. consumption, and CBERA-exclusive market share, 1997

HTS Number	Description	Imports from CBERA countries (c.i.f. value) (A)	Apparent U.S. consumption (B)[1]	Market share (A/B)
		——(1,000 dollars)——		Percent
2402.10.80	Cigars, cheroots and cigarillos, each valued 23¢ or over	252,112	627,473	40.18
6406.10.65	Footwear uppers, other than formed, of leather	178,237	1,015,737	17.55
2905.11.20	Methanol, except for use in synthetic natural gas or for direct use as fuel	103,578	1,397,925	7.41
1701.11.10	Raw cane sugar, subject to add. US 5 to Ch.17	95,073	3931040	2.42
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	88,139	152,749	57.70
9018.90.80	Medical, surgical, or dental instruments and appliances	84,418	5,729,990	1.47
7213.91.30	Iron/nonalloy steel, nesi, hot-rolled bars & rods in irregularly wound coils, w/cir. x-sect. diam. <14mm, n/tempered/treated/partly mfd	66,895	2,573,050	2.60
7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesi	58,318	4,273,343	1.36
1701.11.20	Raw cane sugar, to be used for certain polyhydric alcohols	57,560	(2)	(2)
2009.11.00	Orange juice, frozen, unfermented and not containing added spirits	42,008	1,313,126	3.20
0202.30.5[3]	Frozen boneless beef, except processed	38,929	2,647,791	2.55
6210.10.50	Nonwoven disposable apparel designed for hospitals, clinics, etc.	32,420	505,596	6.41
2207.10.60	Undenatured ethyl alcohol for nonbeverage purposes	30,830	1,820,997	1.69
0201.30.5[3]	Fresh or chilled boneless beef, except processed	28,491	-	-
8533.40.80	Electrical variable resistors, other than wirewound, including rheostats and potentiometers	27,351	340,222	8.04
7115.90.30	Gold (including metal clad with gold) articles (o/than jewellry or goldsmiths' wares), nesi	23,608	102,024	23.14
2401.20.85	Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf, described in addl US note 5 to chap 24	21,541	3,809,878	0.57
4202.12.80	Trunks, suitcases, vanity & attache cases, etc., with outer surface of textile materials nesi	19,966	447,442	[4]5.14
3812.30.60	Antioxidizing prep & oth compound stabilizers for rubber/plastics cont any aromatic or modified aromatic antioxidant or o/stabilizer, nesi	18,762	593,580	3.16
0710.80.97	Vegetables nesi, uncooked or cooked by steaming or boiling in water, frozen, reduced in size	18,337	(5)	(5)

[1] Apparent U.S. consumption defined as U.S. production plus total imports (landed, duty-paid basis) minus exports.
[2] Most raw sugar imported under this HTS subheading is re-exported either as refined sugar or in sugar-containing products, which would qualify for a duty drawback. Comparable domestic production does not exist.
[3] Apparent consumption for HTS subheadings 0201.30.50 and 0202.30.50 were aggregated into one category and reported under HTS subheading 0202.30.50.
[4] Market share based on landed, duty-paid value.
[5] U.S. production data not available.

Note.—The abbreviation, nesi, stands for "not elsewhere specified or included."

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

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Table 3-4
Estimated welfare effects on the United States of leading imports that benefited exclusively from CBERA, 1997

(1,000 dollars)

HTS Number	Description	Gain in consumer surplus (A)		Loss in tariff revenue (B)		Net welfare effect (A-B)	
		Upper range	Lower range	Upper range	Lower range	Upper range	Lower range
2402.10.80	Cigars, cheroots and cigarillos, each valued 23¢ or over	9,348	9,561	9,022	9,438	326	122
6406.10.65	Footwear uppers, other than formed, of leather	2,590	2,605	2,536	2,567	53	38
2905.11.20	Methanol, except for use in synthetic natural gas or for direct use as fuel	9,847	10,910	7,429	9,227	2,418	1,683
1701.11.10[1]	Raw cane sugar, subject to add. US 5 to Ch.17	0	0	2,431	2,572	-2,431	-2,572
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	2,257	2,282	2,192	2,240	65	41
9018.90.80	Medical, surgical, or dental instruments and appliances	2,482	2,638	2,296	2,597	185	40
7213.91.30	Iron/nonalloy steel, nesi, hot-rolled bars & rods in irregularly wound coils, w/cir. x-sect. diam.<14mm, n/tempered/treated/partly mfd	798	807	784	803	14	5
7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesi	2,987	3,155	2,586	2,896	400	260
1701.11.20[2]	Raw cane sugar, to be used for certain polyhydric alcohols	-	-	-	-	-	-
2009.11.00	Orange juice, frozen, unfermented and not containing added spirits	7,065	8,882	3,495	5,914	3,570	2,968
0202.30.50[3]	Frozen boneless beef, except processed	1,250	1,273	1,192	1,238	58	36
6210.10.50	Nonwoven disposable apparel designed for hospitals, clinics, etc.	1,288	1,337	1,213	1,308	74	29
2207.10.60	Undenatured ethyl alcohol for nonbeverage purposes	8,106	11,410	4,608	9,538	3,498	1,871
0201.30.50[3]	Fresh or chilled boneless beef, except processed	-	-	-	-	-	-
8533.40.80	Electrical variable resistors, other than wirewound, including rheostats and potentiometers	1,012	1,048	940	1,010	72	39
7115.90.30	Gold (including metal clad with gold) articles (o/than jewellry or goldsmiths' wares), nesi	1,190	1,239	1,090	1,184	100	56
2401.20.85[4]	Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf, described in addl US note 5 to chap 24	1,772	1,941	1,465	1,767	308	174
4202.12.80	Trunks, suitcases, vanity & attache cases, etc., with outer surface of textile materials nesi	477	487	453	472	24	15
3812.30.60	Antioxidizing prep & oth compound stabilizers for rubber/plastics cont any aromatic or modified aromatic antioxidant or o/stabilizer, nesi	1,802	2,001	1,441	1,792	361	209
0710.80.97	Vegetables nesi, uncooked or cooked by steaming or boiling in water, frozen, reduced in size	(5)	(5)	(5)	(5)	(5)	(5)

[1] Raw sugar imports of this category are subject to U.S. tariff-rate quotas; therefore, the net welfare effect from a tariff elimination on these imports is composed solely of a transfer of tariff revenue for the U.S. Treasury to sugar exporters. Because the quotas set maximum U.S. import levels, no U.S. shipments are displaced following a tariff reduction.

[2] Most raw sugar imported under this HTS subheading is re-exported either as refined sugar or in sugar-containing products, which would qualify for a duty drawback. Therefore, there is no effect on U.S. consumers and no loss of tariff revenues.

[3] Analysis for HTS subheadings 0201.30.50 and 0202.30.50 is combined under HTS subheadings 0202.30.50. Although beef imports are subject to tariff rate quotas, indications are that they are not binding for CBERA countries.

[4] Although cigarette tobacco imports are subject to tariff rate quotas, indications are that they are not binding for CBERA countries.

[5] Welfare and displacement effects were not calculated because of the unavailability of U.S. production data.

Note.—The abbreviation, nesi, stands for "not elsewhere specified or included."

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

Table 3-5
Estimated displacement effects on the United States of leading imports that benefited exclusively from CBERA, 1997

HTS Number	Description	U.S. domestic shipments	Reduction in domestic shipments			
			Value		Share	
			Upper range	Lower range	Upper range	Lower range
		1,000 dollars			*Percent*	
2402.10.80	Cigars, cheroots and cigarillos, each valued 23¢ or over	238,398	10,253	2,833	4.30	1.19
6406.10.65	Footwear uppers, other than formed, of leather	663,000	1,715	0	0.26	0.00
2905.11.20	Methanol, except for use in synthetic natural gas or for direct use as fuel	1,047,000	38,660	19,987	3.69	1.91
1701.11.10[1]	Raw cane sugar, subject to add. US 5 to Ch.17	3,037,826	0	0	0.00	0.00
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	59,074	4,377	2,500	7.41	4.23
9018.90.80	Medical, surgical, or dental instruments and appliances	4,799,092	9,950	1,105	0.21	0.02
7213.91.30	Iron/nonalloy steel, nesi, hot-rolled bars & rods in irregularly wound coils, w/cir. x-sect. diam. <14mm, n/tempered/treated/partly mfd	1,993,600	1,370	119	0.07	0.01
7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesi	1,810,715	4,248	1,415	0.23	0.08
1701.11.20[2]	Raw cane sugar, to be used for certain polyhydric alcohols	-	-	-	-	-
2009.11.00	Orange juice, frozen, unfermented and not containing added spirits	1,054,100	38,725	19,888	3.67	1.89
0202.30.50[3]	Frozen boneless beef, except processed	1,433,500	3,079	1,672	0.21	0.12
6210.10.50	Nonwoven disposable apparel designed for hospitals, clinics, etc.	340,000	1,750	0	0.51	0.00
2207.10.60	Undenatured ethyl alcohol for nonbeverage purposes	1,790,167	23,138	561	1.29	0.03
0201.30.50[3]	Fresh or chilled boneless beef, except processed	-	-	-	-	-
8533.40.80	Electrical variable resistors, other than wirewound, including rheostats and potentiometers	130,000	1,229	408	0.95	0.31
7115.90.30	Gold (including metal clad with gold) articles (o/than jewellry or goldsmiths' wares), nesi	62,000	2,499	921	4.03	1.48
2401.20.85[4]	Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf, described in addl US note 5 to chap 24	3,340,907	6,746	3,175	0.20	0.10
4202.12.80	Trunks, suitcases, vanity & attache cases, etc., with outer surface of textile materials nesi	149,400	721	387	0.48	0.26
3812.30.60	Antioxidizing prep & oth compound stabilizers for rubber/plastics cont any aromatic or modified aromatic antioxidant or o/stabilizer, nesi	545,000	6,200	2,292	1.14	0.42
0710.80.97	Vegetables nesi, uncooked or cooked by steaming or boiling in water, frozen, reduced in size	(5)	(5)	(5)	(5)	(5)

[1] Raw sugar imports of this category are subject to U.S. tariff-rate quotas. Because the quotas set maximum U.S. import levels, no U.S. shipments are displaced following a tariff reduction.

[2] Most raw sugar imported under this HTS subheading is re-exported either as refined sugar or in sugar-containing products, which would qualify for a duty drawback. Therefore, there is no comparable domestic production to be displaced.

[3] Analysis for HTS subheadings 0201.30.50 and 0202.30.50 is combined under HTS subheadings 0202.30.50. Although beef imports are subject to tariff rate quotas, indications are that they are not binding for CBERA countries.

[4] Although cigarette tobacco imports are subject to tariff rate quotas, indications are that they are not binding for CBERA countries.

[5] Welfare and displacement effects were not calculated because of the unavailability of U.S. production data.

Note.—The abbreviation, nesi, stands for "not elsewhere specified or included."
Source: Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

surplus because it is subject to a binding tariff-rate quota, and (2) sugar for processing and re-export (HTS subheading 1701.11.20[13]), which very likely does not provide a gain to consumers because of restrictions inherent in the HTS category.[14] Of the resulting estimated net welfare gains, the largest were for ethyl alcohol ($1.9 million to $3.5 million), and frozen concentrated orange juice ($3.0 million to $3.6 million). Ethyl alcohol and seasonal cantaloupes had the largest net welfare gains in 1996.[15]

Effects on U.S. producers

Estimates of the potential displacement of domestic production (table 3-5) were small for most of the individual sectors.[16] The analysis indicates that the largest potential displacement effects were for pineapples (an estimated 4.2 percent to 7.4 percent of U.S. domestic shipments displaced, valued at $2.5 million to $4.4 million), higher-priced cigars (1.2 percent to 4.3 percent displaced, valued at $2.8 million to $10.3 million), and gold articles (HTS subheading 7115.90.30, 1.5 percent to 4.0 percent displaced, valued at $0.9 million to $2.5 million). However, the estimated displacement share for the majority of the products benefiting exclusively from CBERA was less than 1.0 percent, even in the upper range of estimates.

Highlights of U.S. Industries Most Affected by CBERA

Industries having estimated displacement of 5 percent or more, based on upper-range estimates, were chosen for further analysis. In 1997, only one product that benefited exclusively from CBERA, pineapples, met this criterion, although the analysis below suggests that the impact is likely to be closer to the lower-range estimate.

Pineapples

U.S. imports of fresh pineapples in crates and other packages (HTS subheading 0804.30.40) were dutiable in 1997 at the column 1-general rate of 1.17 cents per kilogram, an ad valorem equivalent of approximately 3 percent. Such imports were eligible for duty-free treatment in 1997 under CBERA, ATPA, NAFTA, and the United States-Israel Free Trade Area. Imports of pineapples are eligible for duty-free entry under GSP only if they originate in least-developed beneficiary developing countries—Haiti being the only such CBERA country. As discussed below, the great bulk of U.S. imports of fresh pineapples that entered free of duty in 1997 did so under CBERA.

U.S. imports of fresh pineapples from CBERA countries rose from 260.6 million pounds, valued at $44.3 million, in 1996 to 396.8 million pounds, valued at $ 72.9 million, in 1997. This represented a rise of 52.3 percent in quantity and 64.7 percent in value. CBERA countries accounted for 94.0 percent of the total value of U.S. imports of pineapples under this subheading in 1997 compared with 93.7 percent the previous year. Imports entering free of duty under CBERA accounted for 93.8 percent of the total value in 1997, up from 91.1 percent the previous year. Costa Rica was, by far, the principal source of imports, accounting for 83.5 percent of the total value of U.S. imports in 1997. Imports from Costa Rica nearly doubled in 1997, largely the result of the

[13] The full HTS description for subheading 1701.11.20 is "Other sugar to be used for the production (other than by distillation) of polyhydric alcohols, except polyhydric alcohols for use as a substitute for sugar in human food consumption, or to be refined and re-exported in refined form or in sugar-containing products, or to be substituted for domestically produced raw cane sugar that has been or will be exported." Imports under this subheading are not subject to tariff-rate quotas.

[14] Tariff-rate quotas (TRQs) that apply to HTS subheading 1701.11.10 set maximum sugar import levels at lower tariff rates both globally and for imports from individual countries. Overquota imports are charged much higher tariffs, which tend to be prohibitive. When in-quota import quantities are filled, a TRQ is binding, and imports subject to the TRQ are constrained. Because the TRQ for sugar is binding, the net welfare associated with duty elimination is composed solely of a transfer of tariff revenue from the U.S. Treasury to CBERA country sugar exporters; thus, the price of sugar did not change, and there was no consequent gain in consumer surplus, even after CBERA tariff reductions on sugar were implemented.

Imports of sugar under HTS subheading 1701.11.20 are believed to be re-exported after being refined and/or included in other products for export. These imports have no direct effect on U.S. consumers, and there is no revenue loss to the Treasury, given U.S. law on sugar imported for processing and re-export. The U.S. refining industry benefits from these imports because it allows the use of excess refinery capacity, and U.S. consumers may benefit indirectly because of added efficiency in the refining industry. Sugar imported under this provision that is processed and re-exported qualifies for duty drawbacks—i.e., most duties paid are refunded.

[15] See USITC, *CBERA, Twelfth Report, 1996*, table 3-4, pp. 41-42.

[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.

successful introduction of a new variety by the U.S. market leader (whose growing operations are based principally in Costa Rica). Increased production has been achieved through expanded acreage and increased yields. Most of the rise in U.S. imports from Costa Rica occurred in the latter part of the year as production of the new variety came on line.

Following Costa Rica was Honduras, which accounted for 8.9 percent of the total value in 1997, compared with 16.0 percent the previous year. The drop resulted mainly from competitive factors related to the new variety in Costa Rica.[17] Although imports from El Salvador only accounted for 1.4 percent of the total U.S. import value in 1997, they were roughly double the 1996 value. Imports from the Dominican Republic, once a major supplier to the U.S. market, virtually ceased in 1997, as two U.S.-based producers shut down operations.[18]

The U.S. pineapple industry is mainly concentrated in Hawaii, with additional minor production in Puerto Rico. Total U.S. pineapple production was 648.0 million pounds, valued at $91.7 million, in 1997.[19] This was a drop of 6.6 percent in quantity and 4.4 percent in value compared with the previous year. The decline continued a long-term trend and 1997 production was the lowest level on record. The annual decline was caused principally by a reduced yield resulting from poor weather. The bulk of U.S. pineapple production (68.2 percent of the quantity in 1997) is utilized for further processed products, such as pineapple juice and canned pineapples. Domestic fresh pineapple utilization in 1997, 206.0 million pounds, was the lowest level since 1980.

U.S. consumption of fresh pineapples totaled approximately 615.3 million pounds, valued at $136.4 million, in 1997. This was an increase of 25.7 percent in quantity and 23.0 percent in value compared with the previous year. Imports provided 69.3 percent of the quantity and 56.9 percent of the value of consumption in 1997, up from 56.5 percent and 42.6 percent, respectively, in 1996. Most of these shares were provided by CBERA countries, with Costa Rica alone providing 54.6 percent of the quantity and 47.5 percent of the value of total U.S. consumption of fresh pineapples in 1997. In addition, virtually all of the annual increase in U.S. consumption in 1997 was accounted for by increased imports from Costa Rica. While consumption rose 125.8 million pounds in 1997, imports from Costa Rica rose 154.0 million pounds, mitigating declines in domestic production as well as in imports from other sources (mainly Honduras, the Dominican Republic, and Panama). On a per capita basis, U.S. pineapple consumption increased from 1.92 pounds in 1996 to an estimated 2.29 pounds in 1997, or by 19.3 percent. The rise in both absolute and per capita U.S. consumption of fresh pineapples in 1997 resulted mainly from a recently introduced variety by the leading branded marketer. According to industry officials, the new variety, which is sweeter, more nutritious, and different in appearance compared with traditionally marketed varieties, spurred consumer demand.[20] Also contributing to the rise in consumption were increasing consumer awareness of the health benefits of fresh fruit and the expanding availability of pre-cut fruit offering convenience.

The bulk of fresh pineapples from CBERA sources continued to be marketed in the eastern and central United States. During 1997, 56.6 percent of the quantity of U.S. imports of fresh pineapples from CBERA sources entered through Customs districts along the Atlantic seaboard (from Miami to New York). Most of the remainder entered along the Gulf coast, and a minuscule amount entered through West coast ports. Domestically produced fresh pineapples continued to dominate the West coast market in 1997. Hawaiian pineapples also are marketed as a premium product in other areas throughout the U.S. market.[21]

The typical seasonal pattern for U.S. pineapple imports from CBERA countries was interrupted during the second half of 1997. The customary relatively steady monthly level of imports jumped considerably beginning in August of that year and remained at substantially higher monthly levels the rest of the year compared with historical levels. This jump in imports reflected the rise in the production and export of the new variety of pineapple mentioned above.[22]

According to U.S. pineapple industry officials, the direct effect of CBERA in 1997 was minor. Most of the impact of the program was felt in the initial years, as the pineapple industries in CBERA countries were

[17] USITC staff telephone interview with a U.S. pineapple industry official, July 7, 1998.

[18] U.S. Department of Agriculture, Foreign Agricultural Service, *Agricultural Situation—Dominican Republic*, U.S. Embassy, Santo Domingo, No. DR7017, Dec. 15, 1997, p. 8.

[19] Hawaii Agricultural Statistics Service, *Hawaii Pineapples, Annual Summary*, Apr. 9, 1998.

[20] USITC staff telephone interviews with various pineapple industry officials, July 1998.

[21] Hawaiian pineapples generally are left in the field to ripen for a longer period of time and are transported by air to major markets.

[22] USITC staff telephone conversation with a U.S. pineapple industry official, July 7, 1998, and Fresh Del Monte Produce, Inc., *1997 Annual Report*, pp. 6-7.

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established and developed.[23] The most important development in 1997 was the introduction of a new pineapple variety, which is grown mainly in Costa Rica. The primary effect on U.S. consumers in 1997 was the increased availability of this variety, whose unique characteristics spurred demand. The U.S. industry has benefited as well from increased consumer demand for fresh pineapples caused, in part, by the availability of the CBERA product.[24]

Erosion of the Margin of Preference

The central element of any program with preferential duty treatment is the margin of preference that the program affords beneficiaries. The greater the margin of preference, that is, the difference between the general duty rate and the preferential duty rate, the greater the benefit to beneficiaries. As mentioned earlier, the value of the CBERA program to beneficiary countries, as well as its potential to affect the U.S. economy, consumers, and industries, has fallen since the inception of the program in 1984 because of the erosion of the margin of preference for many products.

Table 3-6 shows the 20 leading items that benefited exclusively from CBERA in 1997; duties for these items in the base year of the Uruguay Round (UR) tariff staging (1994), in 1997, and in the final year of UR staging; the final year of staging; and the percentage decrease in duties under UR staging. Duties for the beef (HTS subheadings 0201.30.50 and 0202.30.50) and sugar (HTS subheadings 1701.11.10 and 1701.11.20) items were not modified by the UR. Five items on the list are scheduled for the total elimination of duties (HTS subheadings 6210.10.50, 6406.10.65, 7213.91.30, 8533.40.80, and 9018.90.80). Base-year duties on these five items were relatively low, with the exception of nonwoven disposable apparel (HTS subheading 6210.10.50), which had a base-year rate of 17 percent. Four items (HTS subheadings 2402.10.80, 2905.11.20, 3812.30.60, and 7115.90.30) have fully staged reductions of between 50 percent and 70 percent. The seven remaining items have fully staged reductions of roughly 15 percent.[25]

Many of the leading items that have benefited exclusively from CBERA (either currently or in the past) were affected by duty reductions under the Tokyo Round of trade negotiations. Notable among these items have been raw cane sugar, rum, stemmed cigarette tobacco leaf, and some pharmaceutical and steel products. Duties on raw cane sugar experienced a particularly large drop during the early years of the CBERA program.

In some cases, sectoral trade agreements have reduced or eliminated duties on leading CBERA-exclusive items. For example, duties were eliminated for monolithic integrated circuits and certain analgesics under a bilateral agreement with Japan covering trade in semiconductors[26] and the Agreement on Trade in Pharmaceutical Products, respectively.

Since CBERA was implemented in 1984, the United States has implemented three free-trade agreements (U.S.-Israel FTA, U.S.-Canada FTA, and NAFTA), an additional preferential trade program (ATPA), and an extension of GSP product eligibility for least-developed beneficiary countries. Each of these programs erodes the CBERA beneficiary margin of preference in rough proportion to the extent that countries that benefit from these programs produce items that compete with CBERA products in the U.S. market, in addition to the level of the column 1-general rate of duty. Although there has been much recent concern about the potential negative effect of NAFTA on CBERA countries, most of this concern has been over the erosion of the advantage from the Special Access Program and its Guaranteed Access Levels accorded to apparel assembled in CBERA beneficiary countries. While this is a legitimate concern, it is not technically related to CBERA since textiles and apparel are generally excluded from CBERA duty preferences.

Ad valorem duties automatically keep up with inflation, but the ad valorem equivalent of specific duties will fall as prices increase. Nine of the leading items that benefited exclusively from CBERA in 1997 had specific duties or specific-duty components. The exact extent of the erosion of the CBERA margin of preference on these items depends on the actual import prices of these items, but a rough idea can be obtained using various U.S. price indices such as the Gross Domestic Product (GDP) implicit deflator, the

[23] USITC staff telephone conversation with a U.S. pineapple industry official, July 7, 1998.

[24] Ibid.

[25] This is a bit misleading for nonbeverage ethyl alcohol (HTS subheading 2207.10.60). Although the column 1-general rate is scheduled to fall about 17 percent, the penalty duty on fuel-grade ethyl alcohol is

[25]—*Continued*
unchanged at 14.27 cents per liter. The exemption from paying the latter duty is what makes production of fuel-grade ethyl alcohol in CBERA countries for export to the United States attractive.

[26] USITC, *CBERA, First Report, 1984-85*, USITC publication 1897, September 1986, p. 3-55.

Table 3-6
Tariff rate staging under the Uruguay Round (UR) for leading import items benefiting exclusively from CBERA

HTS Number	Description	1994	1997	UR final	Final year	Change 1994 to UR final year
						Percent
0201.30.50[1]	Fresh or chilled boneless beef, except processed	4.4¢/kg	4.4¢/kg	4.4¢/kg	([2])	0
0202.30.50[3]	Frozen boneless beef, except processed	4.4¢/kg	4.4¢/kg	4.4¢/kg	([2])	0
0710.80.97	Vegetables nesi, uncooked or cooked by steaming or boiling in water, frozen, reduced in size	17.5%	16.2%	14.9%	2000	-14.9
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	1.31¢/kg	1.2¢/kg	1.1¢/kg	2000	-16.0
1701.11.10[4]	Raw cane sugar, subject to add. US 5 to Ch.17	([5])	([5])	([5])	([2])	0.0
1701.11.20[6]	Raw cane sugar to be used for certain polyhydric alcohols	([5])	([5])	([5])	([2])	0.0
2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	9.25¢/ltr	8.55¢/ltr	7.85¢/ltr	2000	-15.1
2207.10.60[7]	Undenatured ethyl alcohol for nonbeverage purposes	3.0%	2.8%	2.5%	2000	-16.7
2401.20.85[8]	Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf, described in addl US note 5 to chap 24	44.1¢/kg	40.8¢/kg	37.5¢/kg	2000	-15.0
2402.10.80	Cigars, cheroots and cigarillos, each valued 23¢ or over	$1.26/kg + 3%	92¢/kg + 2.2%	57¢/kg + 1.4%	2000	([9])
2905.11.20	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	18.0%	14.2%	5.5%	2004	-69.4
3812.30.60[10]	Antioxidizing prep & oth compound stabilizers for rubber/plastics cont any aromatic or modified aromatic antioxidant or o/stabilizer, nesi	3.7¢/kg + 13.6%	2.6¢/kg + 11.5%	6.5%	2004	([11])
4202.12.80	Trunks, suitcases, vanity & attache cases, etc., with outer surface of textile materials nesi	20.0%	19.3%	17.6%	2004	-12.0
6210.10.50[12]	Nonwoven disposable apparel designed for use in hospitals, clinics, etc.	17.0%	4.4%	0.0%	2004	-100.0
6406.10.65	Footwear uppers, other than formed, of leather	3.7%	1.5%	0.0%	1999	-100.0
7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesi	6.5%	5.9%	5.5%	1999	-15.4

See footnotes at end of table.

Table 3-6—Continued
Tariff rate staging under the Uruguay Round (UR) for leading import items benefiting exclusively from CBERA

HTS number	Description	1994	1997	UR final	Final year	Change 1994 to UR final year
7115.90.30[13]	Gold and gold-clad articles (o/than jewelry or goldsmiths' wares), nesi	7.8%	5.5%	3.9%	1999	-50.0
7213.91.30[14]	Iron/nonalloy steel, nesi, hot-rolled bars & rods in irregularly wound coils, w/cir. x-sect. diam. <14mm, n/tempered/treated/partly mfd	1.9%	1.3%	0.0%	2004	-100.0
8533.40.80	Electrical variable resistors, other than wirewound, including rheostats and potentiometers	6.0%	4.0%	0.0%	2000	-100.0
9018.90.80	Medical, surgical, or dental instruments and appliances	7.9%	3.2%	0.0%	1999	-100.0

[1] Prior to Jan. 1, 1995, reported under HTS subheading 0201.30.60.
[2] Not applicable.
[3] Prior to Jan. 1, 1995, reported under HTS subheading 0202.30.60.
[4] Prior to Jan. 1, 1995, reported under HTS subheading 1701.11.01.
[5] For HTS subheadings 1701.11.01 and 1701.11.02—1.4606¢/kg less 0.020668¢/kg for each degree under 100 degrees but not less than 0.943854¢/kg. For HTS subheading 1701.11.03—37.386¢/kg less 0.529¢/kg for each degree under 100 degrees but not less than 24.161¢/kg.
[6] Prior to Jan. 1, 1995, reported under HTS subheading 1701.11.02 and 1701.11.03.
[7] In addition to the column 1 duty rate, there is an additional duty of 14.27¢/liter for fuel grade ethyl alcohol, which was not changed under the UR.
[8] Prior to Sept. 1, 1995, reported under HTS subheading 2401.20.80.
[9] The change in the specific duty component was -54.8 percent and the change in the ad valorem duty component was -53.3 percent.
[10] Prior to Jan. 1, 1995, reported under HTS subheading 3812.30.40.
[11] The change in the specific duty component was -100 percent and the change in the ad valorem duty component was -52.2 percent.
[12] Prior to Jan. 1, 1995, reported under HTS subheading 6210.10.40.
[13] Prior to Nov. 1, 1996, reported under HTS subheading 7115.90.10.
[14] Prior to Jan. 1, 1996, reported under HTS subheadings 7213.31.30 and 7213.41.30.

Note.—The abbreviation, nesi, stands for "not elsewhere specified or included."

Source: Complied by the staff of the U.S. International Trade Commission from the *Harmonized Tariff Schedule of the United States, 1994*; Presidential Proclamation 6763, Dec. 23, 1994; Presidential Proclamation 6821, Sept. 12, 1995; Presidential Proclamation 6857, Dec. 15, 1995; and Public Law 104-295, Oct. 11, 1996.

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Consumer Price Index (CPI), or the Producer Price Index (PPI). These indices indicate that the ad valorem equivalent of specific duties may have fallen roughly 25 to 35 percent over the period from 1984 to 1997.

Probable Future Effects of CBERA

Previous reports in this series found that most of the effects on the U.S. economy and consumers of the one-time elimination of import duties under CBERA occurred within 2 years of the program's inception in 1984. Other effects were expected to occur over time as a result of an increase in export-oriented investment in the region. Such investment in new production facilities, or to expand existing facilities, may rise in response to the availability of CBERA tariff preferences. Therefore, the report continues to monitor CBERA-related investment in the Caribbean Basin, using investment expenditures as a proxy for future trade effects of CBERA on the United States.

Although official foreign direct investment statistics show that FDI in the region is growing gradually,[27] it is difficult to isolate trends in investment in CBERA-eligible products alone. As a result, information on CBERA-related investment activity and trends during 1997 was obtained from field visits to the Dominican Republic and The Bahamas and from U.S. embassies in the Caribbean Basin.

Only one U.S. embassy in CBERA beneficiary countries responded to the Commission's request for information regarding new or expansion investments in CBERA-eligible products. The U.S. Embassy in Trinidad and Tobago provided information on U.S. direct investment in the country based on a survey of more than 30 wholly- or partially-owned U.S. firms that are either presently active in the country or are planning substantial investments.[28] The survey revealed that U.S. direct investment in Trinidad and Tobago increased 108 percent from $589 million in 1996 to $1,228 million in 1997, and is expected to increase another 12 percent to $1,378 million in 1998. According to the embassy, "These significant investment figures (in terms of a per capita basis) make Trinidad and Tobago the second most important U.S. investment partner in the Western Hemisphere (after Canada, and excluding countries with extensive offshore banking services)." However, over 80 percent of this investment is accounted for by petrochemicals and oil/gas exploration and production, which are not eligible for CBERA preferences.

Information obtained during the field visit to the Dominican Republic revealed that the number of companies in Dominican free trade zones (FTZs) is increasing and that many existing companies in the FTZs are expanding production. Such new or expansion-related investments are occuring in a variety of CBERA-eligible products, including cigars, footwear, luggage, jewelry, toys, electronic components, and medical equipment, as well as apparel. Information obtained during field work in The Bahamas revealed that several companies are expanding the production of food-grade plastics, expandable polystyrene, and fruits and vegetables. For a more detailed description of the investment activity in these two countries, see the case studies in chapter 4.

CBERA is likely to continue to have minimal future effects on the U.S. economy in general. Chapter 2 of this report described the small share of total U.S. imports made up of imports from CBERA countries (1.9 percent) and this chapter earlier discussed the even smaller share made up of imports that benefited exclusively from CBERA in 1997—less than 0.2 percent. The probable future effect of the new investment identified in Trinidad and Tobago, Dominican Republic, and The Bahamas is also likely to be minimal in most economic sectors.

[27] See table 4-2 in chapter 4, which shows foreign direct investment in CBERA beneficiaries from 1985 to 1996.

[28] U.S. Embassy, Port of Spain, Trinidad and Tobago, "U.S. Direct Investment in Trinidad and Tobago," press release, July 8, 1998.

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CHAPTER 4
Case Studies on the Dominican Republic and The Bahamas

This chapter addresses two major topics. First, it provides a brief overview of economic and trade trends in the CBERA beneficiary countries between the years of 1980 and 1996,[1] which covers the period when CBERA was in effect. This section is intended to provide context for the two country case studies that follow. The case studies, on the Dominican Republic and The Bahamas, are used to examine the effectiveness of the CBERA in achieving its goal of promoting export-led growth and export diversification in beneficiary countries. The case studies analyze these countries' economic and trade performance since 1980, and how it may relate to the CBERA. Factors that may affect levels of trade and investment are described, including the investment climate and investment and export promotion programs.

The Dominican Republic was selected as a case study because it has consistently been the largest CBERA beneficiary. The Bahamas was chosen as a case study for a variety of reasons. The importance of The Bahamas as a U.S. trading partner and CBERA beneficiary has fluctuated throughout the life of the CBERA, but The Bahamas has tended to be a small beneficiary. Also, in 1995, The Bahamas lost its status as a beneficiary of the Generalized System of Preferences (GSP), so that CBERA preferences apply exclusively to a larger number of products. Finally, this case study was selected to examine the effectiveness of the CBERA on an economy that has traditionally been services-oriented. Information for the case studies was drawn primarily from field visits to each country. Both of the case studies should be considered unique, and not representative of the CBERA region as a whole.

[1] The data presented in this chapter were generally available through 1996. With the exception of bilateral trade statistics shown in the case studies, which include 1997, all of the trade data were compiled from Statistics Canada, *World Trade Analyzer, 1980-96*, CD-ROM, 1998 and only available through 1996.

Overview of Developments in the Beneficiary Countries

Introduction

The effectiveness of the CBERA in promoting export-led economic growth and export diversification among CBERA beneficiaries is difficult to judge on an aggregate basis because of the diverse nature and background of the economies of the region. Nonetheless, as shown more fully below, non-oil exports of the CBERA beneficiaries combined have increased and total exports have diversified significantly from 1980 to 1996. In addition, the United States has become a more significant source of imports by the CBERA beneficiaries over the same time period.

It is likely that CBERA contributed to these trade-related developments. However, the relative importance of CBERA compared to other factors is difficult to determine. For example, other trade preference programs, such as the U.S. GSP and similar programs offered by the European Union (EU) and Canada, have likely provided similar export incentives. Also, domestic economic policies, which improved the investment climate and/or facilitated exports, as well as trends toward market liberalization throughout the hemisphere, were notable factors.

The trends in the economic and trade performance of the CBERA beneficiaries during the period 1980-1996 are presented below. Analysis of the effectiveness of the CBERA is included in the two country case studies that follow.

Economic and Trade Performance of the Beneficiary Countries

Table 4-1 presents some key economic indicators for each of the CBERA beneficiary countries over the

Table 4-1
Annual average growth rates of GDP, per capita GDP, and CPI, and debt to GNP ratio, for CBERA beneficiaries, specified periods, 1979-1996

(Percent)

Item	Antigua	Aruba	The Bahamas	Barba-dos	Belize	British Virgin Is.	Costa Rica	Dominica	Dominican Republic	EL Salvador	Grenada	Guatemala
GDP:												
1981-90 average ...	6.1	(1)	[2]0.7	1.1	4.5	[3]3.3	2.2	4.4	2.4	-0.4	4.9	0.9
1995	-4.2	6.0	0.3	2.6	3.8	3.5	2.2	1.8	4.8	6.3	2.3	5.0
1996	5.6	5.8	4.2	5.5	3.5	3.8	-0.6	3.2	7.0	2.5	3.0	3.1
Per Capita GDP:												
1981-90 average ...	5.6	(1)	[4]-1.0	0.7	1.9	(1)	-0.6	6.6	0.2	-1.4	4.7	-1.6
1995	-4.8	(1)	1.0	2.2	1.1	1.1	-0.1	1.8	2.9	3.8	2.1	2.2
1996	5.6	(1)	1.0	5.1	0.8	1.1	-2.8	3.2	5.2	0.2	2.6	0.4
CPI:												
1979-88 average ...	6.7	[5]5.6	6.6	7.9	3.0	[6]1.1	24.7	8.5	18.9	17.8	8.4	12.4
1995	2.9	[5]7.0	2.2	1.9	2.9	5.1	23.2	1.3	9.2	10.1	2.2	8.4
1996	1.8	[5]3.5	1.5	2.4	2.4	4.3	17.6	1.7	3.8	9.8	2.8	10.6
Debt to GNP:												
1980	(1)	(1)	9	13	31	(1)	40	(1)	22	17	(1)	10
1990	32	(1)	20	38	41	279	57	11	43	35	48	32
1994	18	(1)	41	37	38	268	44	51	33	23	39	18

See footnotes at end of table.

Table 4-1—Continued
Annual average growth rates of GDP, per capita GDP, and CPI, and debt to GNP ratio, for CBERA beneficiaries, specified periods, 1979-1996
(Percent)

Item	Guyana	Haiti	Honduras	Jamaica	Montserrat	Netherlands Antilles	Nicaragua	Panama	St. Kitts & Nevis	St. Lucia	St. Vincent & the Grenadines	Trinidad & Tobago
GDP:												
1981-90 average ...	-2.9	-0.5	2.4	2.2	[7]2.8	([1])	-1.5	1.4	5.8	6.8	6.5	-2.6
1995	4.9	4.4	4.7	0.8	[8]0.8	1.3	4.3	1.9	2.0	4.1	3.0	2.8
1996	3.1	2.8	3.3	-1.7	[8]-2.9	0	6.4	2.5	3.1	1.9	3.6	3.1
Per Capita GDP:												
1981-90 average	-3.4	-2.4	-0.8	1.1	([1])	([1])	-3.9	-0.7	7.0	5.3	5.5	-3.9
1995	3.6	2.3	1.8	0.2	([1])	([1])	1.4	0.2	2.5	2.7	2.1	1.7
1996	2.0	0.7	0.4	-2.4	([1])	([1])	3.6	0.8	3.1	0.5	2.7	2.0
CPI:												
1979-88 average ...	20.4	7.5	7.7	18.1	[6]2.7	5.5	244.8	3.6	4.6	5.9	7.3	12.8
1995	12.3	30.2	18.5	21.7	4.4	2.7	11.2	0.9	3.0	5.9	2.4	5.3
1996	7.1	21.9	8.3	21.5	6.2	3.5	6.8	1.3	2.0	3.3	4.4	3.6
Debt to GNP:												
1980	107	19	45	61	([1])	55	83	65	([1])	([1])	13	13
1990	633	25	134	112	11	67	569	122	31	24	41	41
1994	368	35	129	89	[9]1.1	63	667	47	28	27	67	39

[1] Not available.
[2] 1988-1996 average.
[3] 1992-1996 average.
[4] 1990-1997 average.
[5] CPI data for Aruba based on 1991, 1994, and 1996.
[6] 1985 figure.
[7] 1992-1995 average.
[8] Based on 1994 and 1995 data.
[9] Debt as a percentage of GDP.

Source: Data compiled from ECLAC, UNCTAD, and the IMF. GDP and per capita GDP data for The Bahamas compiled from IADB. GDP figures for Aruba, Monserrat, and Netherlands Antilles compiled from the Canadian Department of Foreign Affairs and International Trade. CPI data for Aruba compiled from CIA World Fact Book. CPI data for The Bahamas, British Virgin Islands, and Monserrat compiled from Caribank data.

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period 1980-1996. These statistics reveal the diversity of the economies in the region. Some of the countries, such as Nicaragua, have shown strong growth following years of civil strife. The performance of other countries, such as some in the Eastern Caribbean, reflects the strength of the tourism industry on which they depend. Foreign direct investment (FDI) has also varied widely among CBERA beneficiaries, although FDI for the region as a whole has gradually increased from 1985 to 1996 (table 4-2).

Table 4-3 lists the major regional and bilateral trade arrangements in which CBERA beneficiaries participate. The list illustrates the growing trend toward market opening in the region.

More revealing is an examination of trends in the growth, direction, and composition of trade. Table 4-4 shows that total trade of the CBERA beneficiaries increased between 1980 and 1996, but only after declines in both exports and imports through most of the 1980s. These declines are attributable primarily to the decline in the oil trade.[2]

Total exports from CBERA beneficiaries fell from 1980 to 1996, largely as a result of large declines in oil exports from the Eastern Caribbean during the period 1980-1987 (table 4-5 and figure 4-1).[3] Eastern

[2] For more details, see ch. 2 of this report.

[3] For a list of the countries included in each of the subregions of the Caribbean Basin—Eastern Caribbean, Central Caribbean, and Central America—see table 4-5 or table 4-6.

Table 4-2
Foreign direct investment inflows, by host region and economy, 1985-96

(Million dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996[1]
World	141,930	158,936	173,761	218,094	238,738	316,524	349,227
Developed countries	116,744	114,792	119,692	138,762	142,395	205,876	208,226
Developing countries	24,736	41,696	49,625	73,045	90,462	96,330	128,741
Latin America and the Caribbean	8,145	15,356	16,204	18,072	26,974	25,424	38,563
CBERA	494	1,329	1,435	1,510	2,162	1,784	1,841
Antigua and Barbuda	36	55	20	15	25	27	31
Aruba	22	185	-37	-18	-73	-6	30
Bahamas	2	55	73	118	137	171	210
Barbados	8	7	14	9	13	12	22
Belize	11	14	16	9	15	21	26
Costa Rica	100	178	226	247	298	396	410
Dominica	11	15	21	13	22	25	19
Dominican Republic	87	145	180	91	132	271	160
El Salvador	15	25	15	16	23	38	25
Grenada	10	15	23	20	19	16	19
Guatemala	122	91	94	143	65	75	100
Guyana	1	13	147	70	107	74	81
Haiti	7	14	8	8	2	2	3
Honduras	40	52	48	27	35	50	35
Jamaica	37	133	142	78	117	167	175
Netherlands Antilles	-22	33	40	11	22	10	11
Nicaragua	-1	1	15	39	40	70	45
Panama	-111	41	139	156	549	-20	18
Saint Kitts and Nevis	23	21	13	14	15	20	17
Saint Lucia	22	58	41	34	32	35	39
Saint Vincent and the Grenadines	7	9	19	31	51	31	45
Trinidad and Tobago	57	169	178	379	516	299	320

[1] Estimates.

Source: UNCTAD, FDI/TNC database.

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Table 4-3
Regional trade arrangements for CBERA countries

Arrangement	Implementation	Member Countries	Type of Arrangement
Alliance of Caribbean States (ACS)	Aug. 1995	G3 (Colombia, Mexico, Venezuela), six Central American nations, and 16 Caribbean countries	Liberalization of intraregional trade beginning with economic and cultural cooperation.
Caribbean Community (Caricom)	Aug. 1, 1973	Antigua & Barbuda, The Bahamas,[1] Barbados, Belize, British Virgin Islands,[2] Dominica, Grenada, Guyana, Haiti,[3] Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Trinidad & Tobago, Turks and Caicos Islands,[2] Suriname	Customs union with a common external tariff introduced in 1993, but not uniformily applied by member countries.
Caricom-Colombia	July 1994	Members of Caribbean Community and Colombia	Temporary non-reciprocal trade agreement, providing for the elimination of Colombian duties on Colombian imports from Caricom.
Caricom-Dominican Republic	Aug. 22,1998[4]	Members of Caribbean Community and the Dominican Republic	Free trade agreement; negotiations continuing concerning the products included in the FTA.
Caricom-Venezuela	Oct. 1992	Members of the Caribbean Community and Venezuela	Temporary non-reciprocal trade agreement, providing for duty-free access for many imports from Caricom countries into Venezuela.
Central American Common Market (CACM)	1963	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua	Customs union with a common external tariff.
Central American Common Market (CACM)-Dominican Republic	Apr. 16, 1998[4]	Members of the CACM and the Dominican Republic	Free trade agreement with 20 exempted products still to be negotiated.
Costa Rica-Mexico	Jan. 1, 1995	Costa Rica, Mexico	Bilateral agreement, provides generally for trade liberalization in goods.

[1] The Bahamas does not participate in the Caricom Common Market.
[2] The British Virgin Islands and the Turks and Caicos Islands are associate members as of July 1991.
[3] Haiti's application was accepted by the leaders of Caricom in July 1997.
[4] Date of signature.

Note.—For further information concerning individual trade agreements, consult OAS, Trade and Integration Arrangements in the Americas.

Source: Compiled from OAS and U.S. Department of State.

Caribbean exports fell nearly 70 percent between 1981 and 1989. Exports from Central America and the Central Caribbean remained fairly stable from 1980 through 1987. At the end of the 1980s, exports from all three subregions began to climb, and increased most significantly in 1995. In the absence of oil exports, the share of Eastern Caribbean exports in total CBERA exports fell from 68 percent in 1980 to 32 percent in 1996.

Total imports of CBERA beneficiaries fell 33 percent from 1980 to 1986, reflecting a 61 percent decline in imports by countries in the Eastern Caribbean (table 4-6 and figure 4-2). This decline primarily reflects declines in petroleum-related imports by countries engaged in petroleum-related transshipments, as discussed in chapter 2. During the same period, imports by the countries of Central

Table 4-4
CBERA-Total exports, total imports, and direction of trade, 1980-96

	Exports				Imports			
Year	Total	US	EU	ROW	Total	US	EU	ROW
		Percent of total				*Percent of total*		
1980	$ 23,652,558	52.0	18.8	29.2	$ 30,546,140	21.1	8.8	70.1
1981	23,887,820	58.7	14.0	27.3	25,317,456	26.1	13.8	60.0
1982	20,089,148	54.4	15.0	30.6	25,336,486	28.9	12.6	58.5
1983	18,692,160	58.1	14.0	27.9	22,581,570	28.8	12.1	59.1
1984	17,864,172	59.2	14.8	26.0	26,138,256	24.8	10.5	64.7
1985	14,084,049	60.5	16.0	23.5	21,409,186	29.0	12.8	58.2
1986	13,793,456	61.2	17.7	21.2	20,394,748	32.9	13.7	53.4
1987	13,721,715	60.2	16.0	23.8	22,282,854	34.3	12.5	53.1
1988	15,886,511	46.4	17.9	35.7	23,318,962	33.6	13.3	53.0
1989	13,951,098	47.2	20.5	32.3	25,530,450	38.5	12.1	49.5
1990	14,659,440	48.9	20.5	30.5	28,149,180	38.1	12.3	49.6
1991	14,733,128	48.7	18.3	32.9	30,548,978	37.4	11.3	51.3
1992	16,550,440	50.5	18.2	31.3	32,852,908	37.8	12.4	49.8
1993	15,337,004	49.3	19.5	31.1	38,569,384	35.3	15.8	48.9
1994	16,423,179	47.3	20.4	32.3	41,078,672	36.2	12.2	51.6
1995	21,882,772	45.8	22.6	31.5	47,160,124	36.6	12.7	50.7
1996	22,864,528	49.3	21.5	29.2	51,512,008	36.8	12.8	50.5

Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer, 1980-96,* CD-ROM, 1998.

Table 4-5
CBERA-Total exports, by subgroup, 1980-96

	Central America				Central Caribbean				Eastern Caribbean			
Year	Total	US	EU	ROW	Total	US	EU	ROW	Total	US	EU	ROW
		—	*Percent of total*	—		—	*Percent of total*	—		—	*Percent of total*	—
1980	$ 5,392,533	37.5	22.7	39.8	$ 2,184,816	53.8	21.5	24.6	$ 16,075,209	56.6	17.1	26.2
1981	4,610,667	35.6	21.2	43.2	2,483,322	58.8	15.4	25.8	16,793,832	65.1	11.8	23.1
1982	4,223,857	35.5	21.5	43.0	1,911,134	53.2	16.9	30.0	13,954,157	60.3	12.8	26.9
1983	4,629,735	39.4	21.9	38.8	1,941,112	59.1	16.3	24.6	12,121,313	65.1	10.6	24.3
1984	4,525,926	39.4	22.0	38.6	2,564,630	72.8	11.1	16.2	10,773,616	64.3	12.6	23.0
1985	4,282,233	41.6	22.8	35.6	2,307,336	71.7	14.4	13.9	7,494,480	67.9	12.6	19.5
1986	4,784,197	47.1	24.5	28.4	2,474,508	71.9	15.3	12.9	6,534,751	67.5	13.6	19.0
1987	4,568,723	45.3	23.9	30.8	2,625,376	74.1	14.0	11.9	6,527,616	65.0	11.3	23.7
1988	7,158,097	25.3	22.9	51.8	3,052,697	69.9	16.5	13.6	5,675,717	60.4	12.3	27.3
1989	5,023,229	40.2	24.9	35.0	3,548,654	67.8	15.5	16.7	5,379,215	40.1	19.7	40.2
1990	4,823,322	42.7	23.7	33.6	3,702,842	69.4	14.2	16.4	6,133,276	41.5	21.9	36.7
1991	4,950,243	44.4	22.1	33.5	3,961,233	70.0	12.8	17.2	5,821,652	37.9	19.0	43.1
1992	5,692,863	43.3	21.6	35.1	4,684,189	68.5	13.6	17.9	6,173,388	43.6	18.6	37.8
1993	6,055,184	43.3	21.7	34.9	3,769,050	68.0	14.1	17.8	5,512,770	43.2	20.9	36.0
1994	6,843,864	40.7	24.2	35.2	3,485,242	70.3	13.0	16.7	6,094,073	41.5	20.4	38.1
1995	8,929,496	38.0	28.0	34.0	5,962,575	71.4	12.7	15.9	6,990,701	34.0	24.2	41.8
1996	9,248,366	41.1	23.9	35.0	6,171,147	71.4	12.9	15.7	7,445,014	41.2	25.6	33.2

Note.—Central American countries include Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. Central Caribbean countries include Dominican Republic, Haiti, and Jamaica. Eastern Caribbean countries include The Bahamas, Barbados, Guyana, Netherlands Antilles, St. Kitts and Nevis, and Trinidad and Tobago.

Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer, 1980-96*, CD-ROM, 1998.

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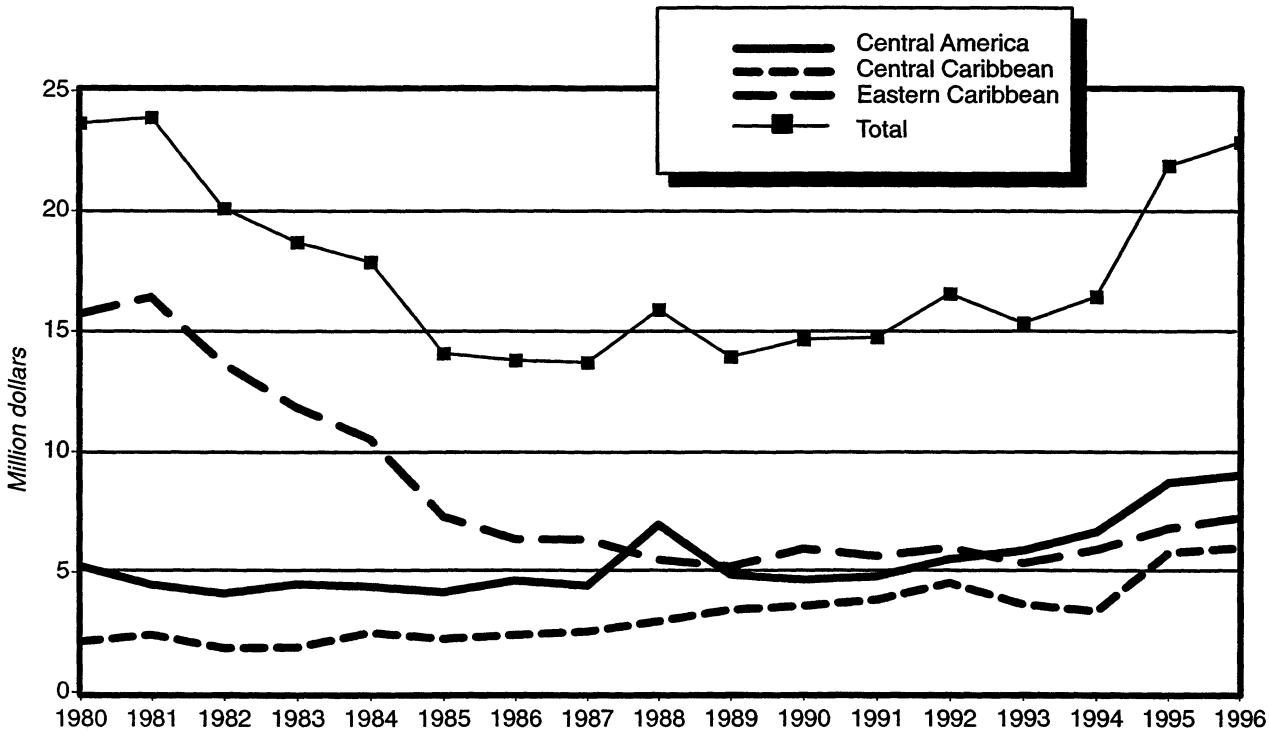
Figure 4-1
Total exports, by CBERA subgroup, 1980-96



Source: Based on data in table 4-5.

America and the Central Caribbean remained stable. Since 1987, Central American imports have increased significantly, and imports into the other two subregions have increased gradually. Central American imports now account for nearly 60 percent of total CBERA countries' imports, rising from 33 percent in 1980.

The United States was the single largest destination for exports of the CBERA beneficiaries combined during the period 1980-1996 (figure 4-3). However, the importance of the United States as a market for such exports declined slightly between the 1980s and 1990s, again reflecting the U.S. oil relationship with the Eastern Caribbean. Between 1981 and 1988, the United States was consistently the market for more than 60 percent of the exports from the Eastern Caribbean. Between 1989 and 1996, the United States accounted for an average 40 percent of the Eastern Caribbean's exports. Both the EU and the rest-of-the-world (ROW) accounted for a slightly higher percentage of the total exports of CBERA beneficiaries in the 1990s, compared to the 1980s.

During the period 1980-1996, the importance of the United States as a source for CBERA beneficiaries' imports gradually increased (figure 4-4). Between 1980 and 1985, the United States supplied less than 30 percent of such imports; however, since 1986 the United States has supplied between 33 and 39 percent. The importance of the United States as a source for imports has grown in all three subregions, but most significantly in Central America and the Central Caribbean. The EU supplied about 12 percent of CBERA beneficiaries' imports throughout the period. The share of CBERA beneficiaries' imports from ROW declined from 70 percent in 1980 to 50 percent in 1996.

The composition of total exports by CBERA beneficiaries, analyzed on an SITC basis, diversified significantly between 1980 and 1996 (figure 4-5). In 1980, oil-related exports accounted for 63 percent of total exports. In 1996, such exports accounted for just 15 percent of total exports. "Food and live animals" was an important category of exports in both 1980 and 1996, accounting for 19 percent of total exports in

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Table 4-6
CBERA-Total imports, by subgroup, 1980-96

	Central America				Central Caribbean				Eastern Caribbean			
Year	Total	US	EU	ROW	Total	US	EU	ROW	Total	US	EU	ROW
		— Percent of total —				— Percent of total —				— Percent of total —		
1980	$ 10,146,662	26.1	10.2	63.7	$ 3,420,436	42.6	10.4	47.0	$ 16,979,044	13.7	7.6	78.6
1981	10,930,556	24.5	13.6	61.9	3,610,402	44.2	10.3	45.5	10,776,498	21.7	15.2	63.0
1982	10,912,726	21.0	13.6	65.5	3,300,165	44.0	11.0	45.0	11,123,595	32.2	12.2	55.6
1983	9,276,070	24.7	11.6	63.7	3,443,448	45.2	13.9	40.9	9,862,052	27.0	12.0	61.0
1984	11,699,633	20.0	9.6	70.4	3,182,900	48.7	9.3	42.0	11,255,723	23.1	11.7	65.2
1985	11,598,509	19.3	11.8	68.9	3,105,096	48.7	10.6	40.6	6,705,581	36.8	15.5	47.7
1986	10,430,171	22.1	11.3	66.7	3,372,288	58.7	11.7	29.6	6,592,288	36.7	18.7	44.6
1987	10,471,288	25.4	11.2	63.4	4,505,311	53.6	11.3	35.1	7,306,255	35.3	15.3	49.4
1988	11,911,738	23.8	11.9	64.3	4,654,243	58.5	12.3	29.1	6,752,981	33.9	16.5	49.7
1989	12,363,013	29.4	10.9	59.7	5,914,346	57.9	10.4	31.7	7,253,091	38.0	15.6	46.4
1990	13,518,413	31.7	10.2	58.1	5,676,967	60.8	10.4	28.8	8,953,800	33.3	16.8	49.9
1991	15,489,500	30.2	8.9	60.9	5,572,954	60.8	9.7	29.5	9,486,524	35.4	16.3	48.4
1992	19,463,236	30.5	9.3	60.2	5,555,301	62.8	10.3	27.0	7,833,713	37.9	21.8	40.3
1993	21,373,876	31.6	9.4	59.0	6,543,301	59.2	11.7	29.1	10,652,206	28.0	31.2	40.7
1994	24,117,652	30.1	8.4	61.5	7,543,782	61.4	10.5	28.1	9,417,240	31.7	23.1	45.2
1995	28,011,548	29.5	8.6	61.9	8,890,455	62.8	10.5	26.7	10,258,122	33.1	25.8	41.1
1996	30,037,220	31.8	9.4	58.9	9,142,522	64.2	10.3	25.5	12,221,264	28.6	22.9	48.5

Note.—Central American countries include Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. Central Caribbean countries include Dominican Republic, Haiti, and Jamaica. Eastern Caribbean countries include The Bahamas, Barbados, Guyana, Netherlands Antilles, St. Kitts and Nevis, and Trinidad and Tobago.

Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer, 1980-90*, CD-ROM, 1998.

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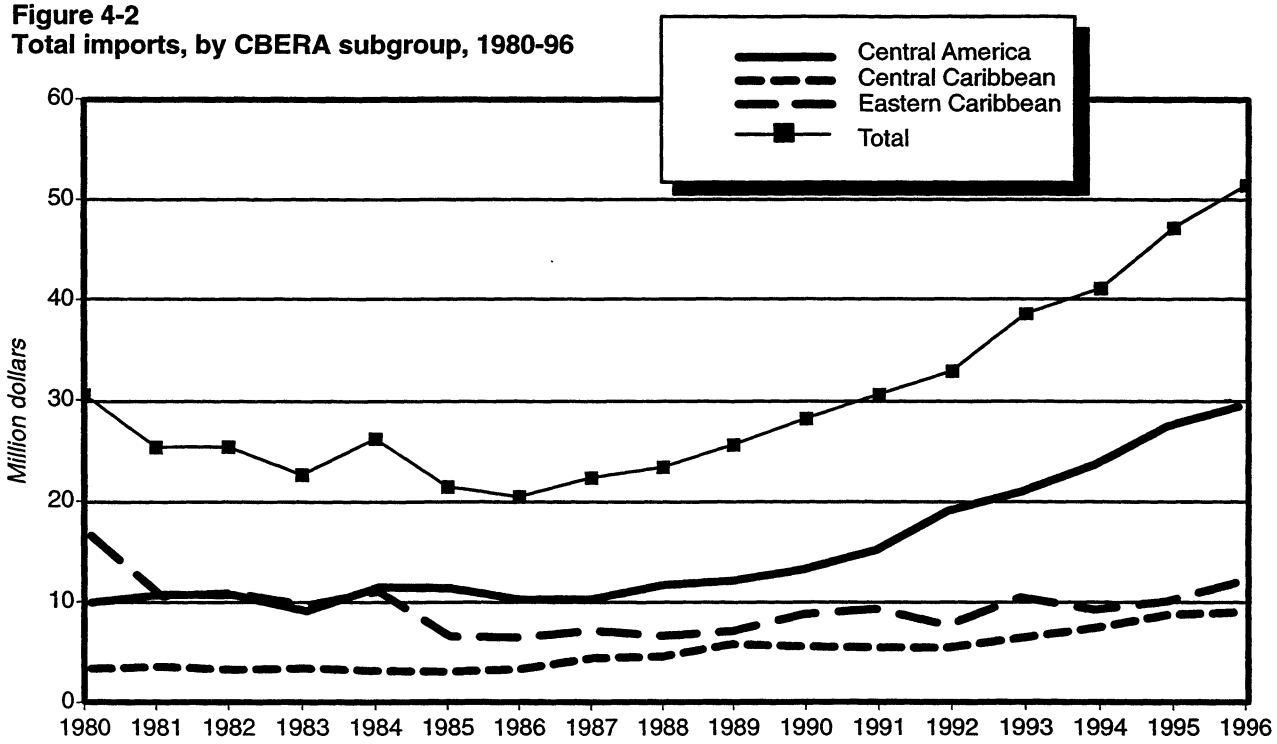
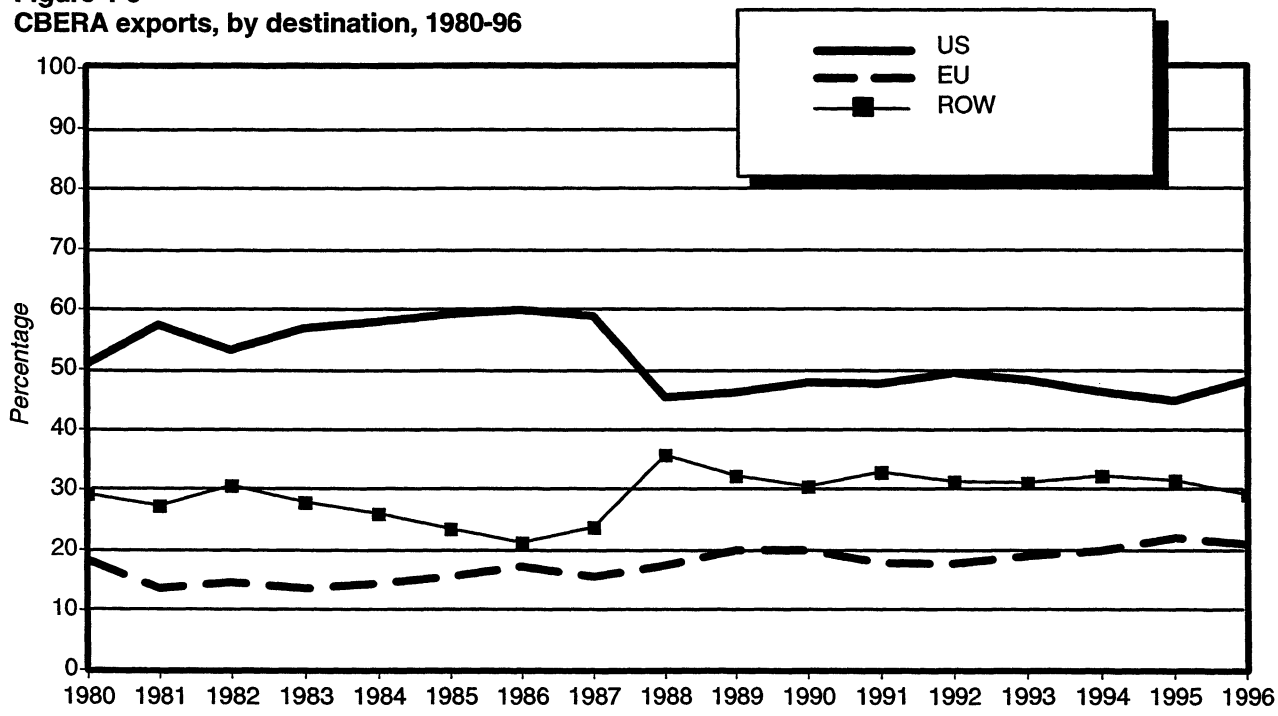
Figure 4-2
Total imports, by CBERA subgroup, 1980-96



Source: Based on data in table 4-6.

Figure 4-3
CBERA exports, by destination, 1980-96



Source: Based on data in table 4-4.

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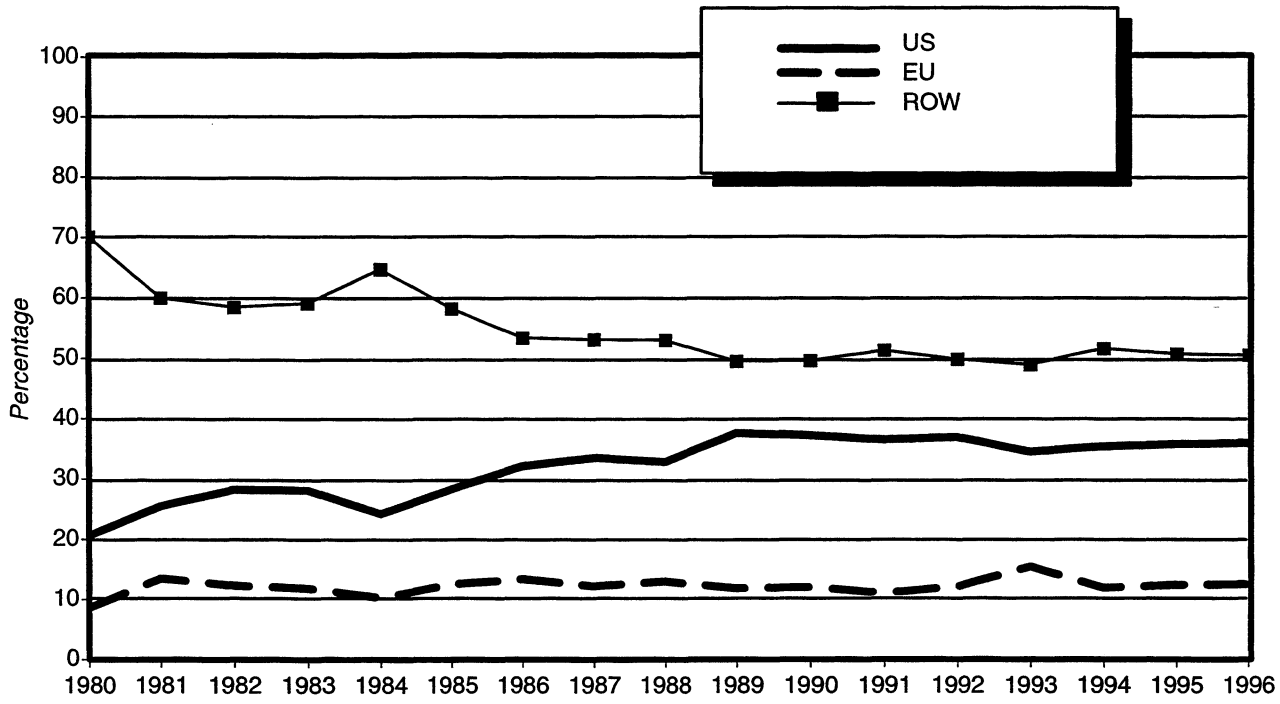
Figure 4-4
CBERA imports, by source, 1980-96



Source: Based on data in table 4-4.

1980 and 32 percent in 1996. The relative importance of apparel exports rose significantly, from 1 percent of total exports in 1980 to 11 percent in 1996. The relative importance of each of the other major product categories, including beverages and tobacco, chemicals, manufactured goods, machinery and transport equipment, and miscellaneous manufactured articles, also increased between 1980 and 1996.

The composition of total CBERA beneficiaries' exports to the United States also diversified between 1980 and 1996 and generally mirrors the shifts described above. The share of oil-related exports in total exports to the United States fell from 71 percent in 1980 to 17 percent in 1996. The relative importance of food and live animals in exports destined for the United States grew from 19 percent in 1980 to 26 percent in 1996. The growth in the share of apparel exports was higher among exports to the United States than total exports to the world; apparel exports accounted for 1 percent of total exports to the United States in 1980 and 21 percent in 1996. Each of the other major product categories also increased as a share of total exports to the United States between 1980 and 1996.

Case Study: Dominican Republic

Economic and Trade Performance

The economy of the Dominican Republic has grown steadily throughout the 1990s. In 1996, real gross domestic product (GDP) grew more than 7 percent (table 4-1) and in 1997, the Central Bank of the Dominican Republic estimated that GDP grew by 8.2 percent, fueled by growth in construction, communications, and tourism.[4] The Economic Commission for Latin America said that the Dominican Republic had the highest GDP growth rate

[4] D.R. Economic Briefs, Dec. 1, 1997, found at Internet address http://www.drl.com/news/EB/EB1376.html, retrieved Mar. 17, 1998.

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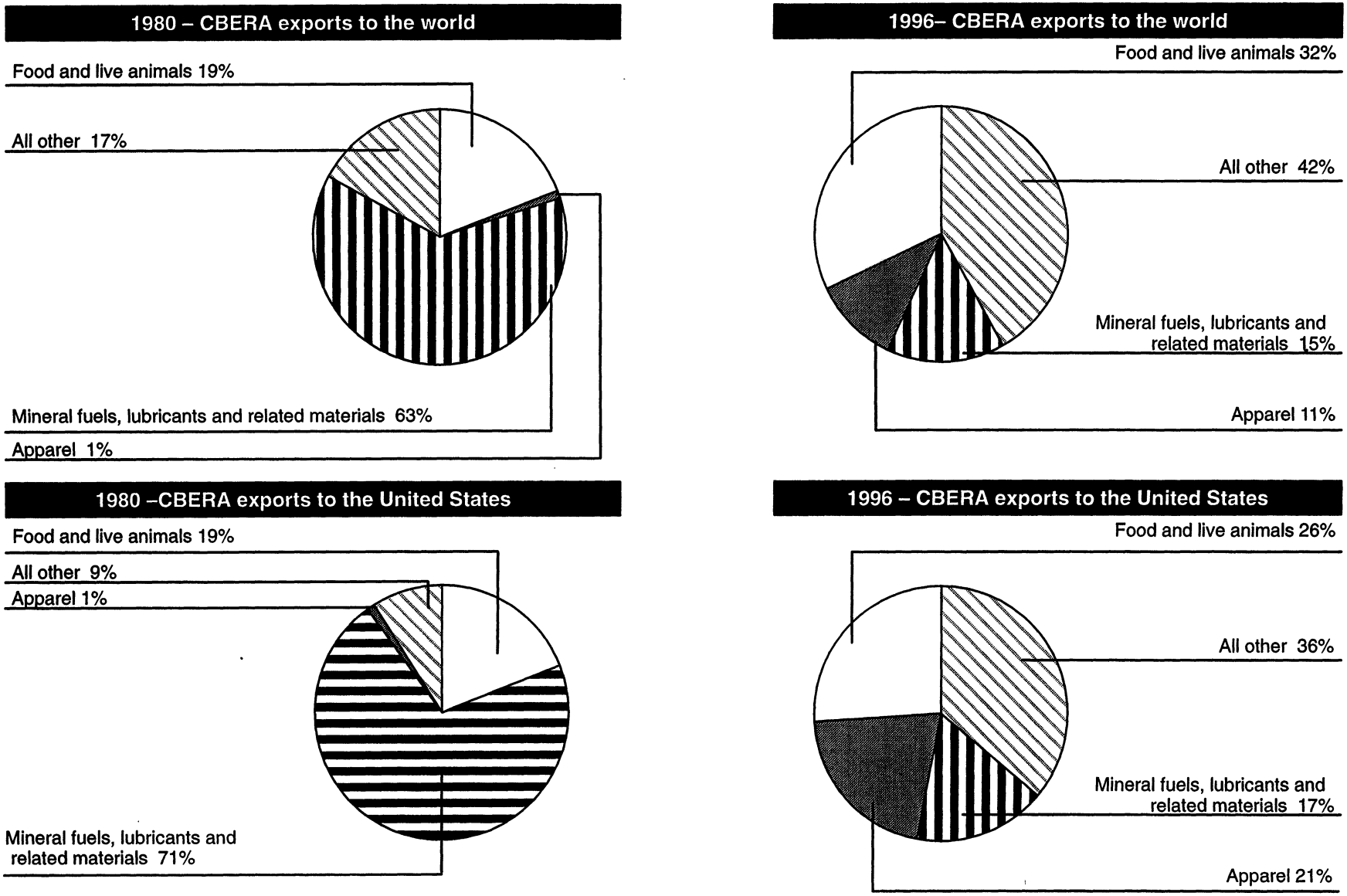
Figure 4-5
Composition of CBERA exports, 1980 and 1996



Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer 1980-96*, CD-ROM, 1998.

in 1997 among all Latin American nations, but the second highest unemployment rate, estimated at 16 percent.[5] Inflation has remained below 10 percent since 1995.

Following a period of serious macroeconomic imbalances in the 1980s, the Dominican Government implemented a series of economic reforms in four areas: foreign trade, the tax system, the financial system, and labor.[6] More recently, under the new government that entered office in mid-1996, judicial reform has become a top priority. Also, in June 1997 the Congress passed legislation permitting privatization of state-owned enterprises. The government has traditionally played a large role in key sectors of the economy, including ownership of all public utilities except telecommunications.[7]

Tariffs and nontariff barriers remain high, despite a 1990 reform that imposed a new tariff regime with rates ranging from 3 to 35 percent ad valorem. The government also imposes a 5 to 80 percent consumption tax on "nonessential" imports and levies an 8 percent value-added tax on industrial goods, which mostly affects imports. About 40 percent of government revenues are derived from such duties, taxes, and fees collected on imports.[8] A number of nontariff barriers, including arbitrary customs clearance procedures, also are reported to impede imports,[9] although procedures have improved recently and clearances are now faster.[10] Furthermore, the Dominican Republic has not yet fully implemented its Uruguay Round commitments, particularly in agriculture.[11]

Nonetheless, the new government is taking steps to further integrate the Dominican economy into the world trading system. In late 1996, the government submitted to Congress a proposal to reduce tariffs, although no action has yet been taken. In April 1998 the country signed a free trade agreement with Central American nations and in August 1998 signed a similar agreement with Caricom, the first such agreements undertaken by the Dominican Republic (table 4-3). In signing the agreement with Central America, the President of the Dominican Republic declared the government's aim is to end its former "isolation" and "incorporate itself...in the modern currents of openness and market liberalization."[12] The Dominican Republic is "assuming a leadership position in the Caribbean and Central America" and has been "actively involved in the FTAA [Free Trade Agreement of the Americas] negotiations."[13]

Trends in Trade

During the period 1980-1996, total Dominican trade grew more than 300 percent. After an initial decline, Dominican imports increased gradually over the period (table 4-7). Dominican exports increased more erratically over the same period, primarily reflecting the trends in exports of traditional products, such as sugar, coffee, cacao, tobacco, and minerals. Exports from the country's free trade zones have increased gradually over this period.

The United States is the Dominican Republic's largest trading partner. Since 1984, the United States has consistently remained the market for over 80 percent of the Dominican Republic's exports. As table 4-7 and figure 4-6 show, the EU, Latin America and the Caribbean (LAC), and the rest-of-the-world have been relatively small markets for Dominican exports throughout the period.

Between 1980 and 1996, the importance of the United States as a source for Dominican imports has grown (table 4-7 and figure 4-7). Since 1988, the United States has supplied over 60 percent of the Dominican Republic's imports. The EU consistently supplied about 10 percent of Dominican imports between 1980 and 1996. The importance of Latin America and the Caribbean as an import source declined from 30-40 percent during the early 1980s to about 15 percent in the 1990s.

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[5] "Unemployment Drops But Still High," *Dominican Republic One, Daily News*, Mar. 11, 1998, found at Internet address http://www.dr1.com/daily/news031198.html, retrieved July 1, 1998.

[6] WTO, Trade Policy Review Body, "Economic Reforms Take Hold in the Dominican Republic: But Obstacles For Export Sectors Remain," press release TPRB/25, Feb. 2, 1996.

[7] U.S. Department of Commerce, *Dominican Republic: Country Commercial Guide*, found at Internet address http://www.stat-usa.gov, retrieved June 16, 1998.

[8] U.S. Department of State, *Dominican Republic: Economic Policy and Trade Practices Report (1997)*, found at Internet address http://www.state.gov, retrieved June 16, 1998.

[9] For more details, see USTR, *1998 National Trade Estimate Report on Foreign Trade Barriers*, pp. 77-79.

[10] U.S. Embassy, USITC staff interviews, Santo Domingo, June 3 and 5, 1998.

[11] *Dominican Republic: Country Commercial Guide*, executive summary.

[12] U.S. Department of State telegram, "Dominicans Sign Central American Free Trade Pact," message reference No. 001893, prepared by U.S. Embassy Santo Domingo, Apr. 20, 1998.

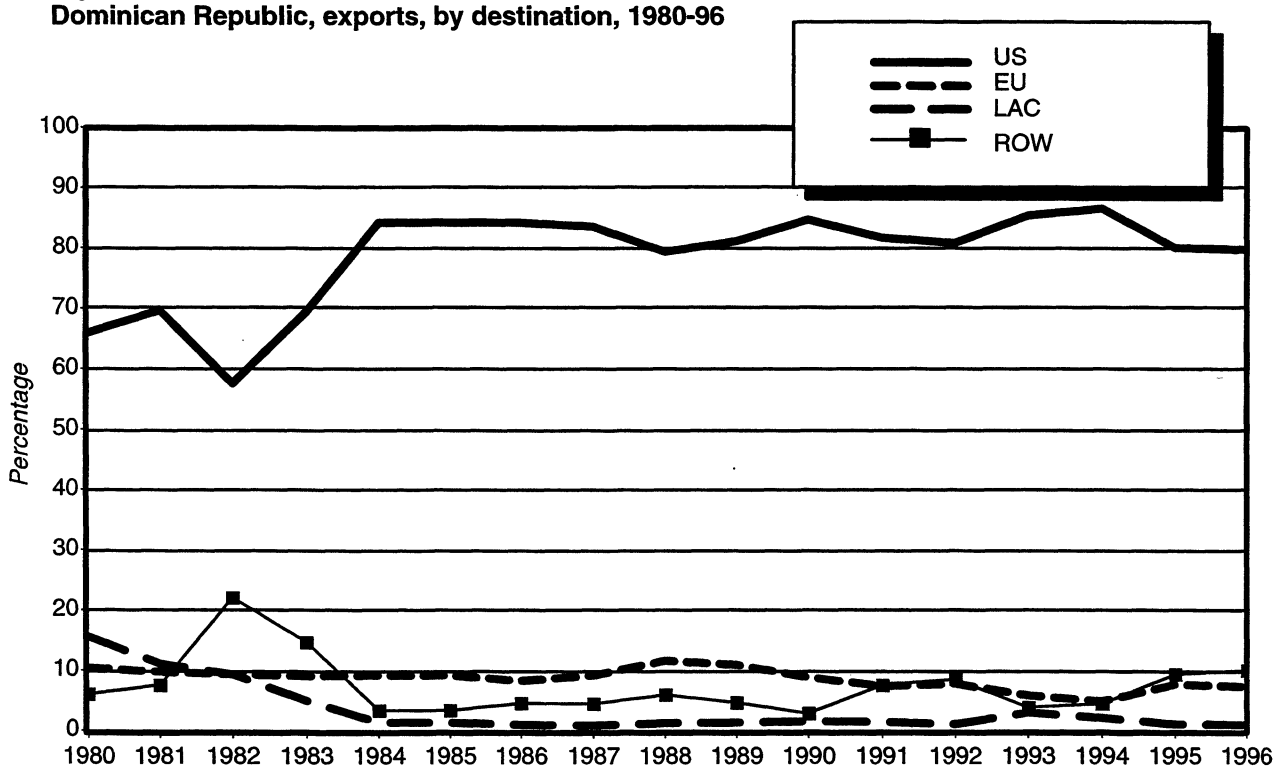
[13] Dominican Republic Office for the Promotion of Investment (OPI), informal communication, July 8, 1998, and "The Dominican Government and the Challenges of Globalization," found at Internet address http://www.dr-opin.com/general.htm, retrieved Apr. 22, 1998.

Table 4-7
Dominican Republic-Total exports, total imports, direction of trade, and trade balance, 1980-96

	Exports					Imports					Trade Balance
Years	Total	US	EU	LAC	ROW	Total	US	EU	LAC	ROW	Total
		Percent of total					*Percent of total*				
1980	$ 762,498	67.5	10.6	15.9	6.0	$ 1,626,608	46.0	9.6	29.5	14.8	$ -864,110
1981	1,061,664	71.3	9.9	11.3	7.5	1,572,016	46.4	8.0	34.3	11.3	-510,352
1982	690,751	58.9	9.5	9.5	22.0	1,383,160	44.2	10.1	35.0	10.7	-692,409
1983	699,213	71.1	9.2	5.0	14.6	1,284,456	44.1	12.0	32.6	11.4	-585,243
1984	1,285,693	86.2	9.3	1.3	3.3	1,392,946	39.1	8.9	42.7	9.3	-107,253
1985	1,196,494	86.2	9.3	1.3	3.3	1,400,085	41.7	9.9	37.1	11.3	-203,591
1986	1,321,121	86.2	8.4	0.9	4.5	1,793,795	57.2	11.3	16.7	14.8	-472,674
1987	1,423,308	85.5	9.3	0.8	4.4	2,449,050	50.5	9.9	23.1	16.6	-1,025,742
1988	1,745,128	81.2	11.8	1.2	5.9	2,318,967	62.3	10.9	15.0	11.8	-573,839
1989	2,071,599	83.0	11.1	1.3	4.6	2,814,443	62.6	10.0	16.2	11.2	-742,844
1990	2,106,508	86.7	9.0	1.5	2.8	2,729,198	64.7	10.5	16.1	8.7	-622,690
1991	2,525,159	83.6	7.5	1.4	7.5	2,986,137	61.8	10.2	17.2	10.8	-480,978
1992	2,965,445	82.7	7.9	1.0	8.5	3,540,185	63.5	9.3	13.1	14.1	-574,740
1993	1,872,808	87.4	5.9	3.0	3.8	4,149,929	59.6	11.2	16.1	13.1	-2,277,121
1994	2,134,887	88.6	4.9	2.1	4.4	4,740,924	62.6	10.3	16.4	10.7	-2,606,037
1995	4,286,943	81.9	7.8	1.0	9.3	4,904,073	65.8	9.6	15.2	9.4	-617,130
1996	4,504,666	81.6	7.4	0.9	10.0	5,084,817	66.9	10.2	13.8	9.0	-580,151

Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer, 1980-96*, CD-ROM, 1998.

Figure 4-6
Dominican Republic, exports, by destination, 1980-96



Source: Based on data in table 4-7.

Both U.S. exports to and imports from the Dominican Republic increased gradually over the period 1980-1996 (table 4-8).[14] Analysis of the top items in bilateral trade shows that many of the largest U.S. exports to the Dominican Republic are transformed into new products, which are exported back to the United States, such as U.S. exports of textiles, subassemblies and components of medical apparatus, electrical components, tobacco, and parts of footwear.[15] The United States registered a trade deficit with the Dominican Republic throughout this period.

The composition of Dominican exports to the world diversified significantly from 1980 to 1996 (figure 4-8). In 1980, food and live animals accounted for 72 percent of Dominican exports. In 1996, this category accounted for just 11 percent of total exports, reflecting an absolute as well as a relative decline. The decrease is primarily accounted for by a decrease in sugar exports. Apparel has replaced food and live animals as the most important Dominican export. Exports of apparel increased from 0 percent of total exports in 1980 to 41 percent in 1996. The relative importance of exports of miscellaneous manufactured articles also rose significantly, from 1 percent in 1980 to 14 percent of total exports in 1996, reflecting increases in exports of medical instruments, footwear, jewelry, and travel bags, among other items. An increase in exports of electrical components is largely responsible for the increase in the relative importance of machinery and transport equipment from 1 percent in 1980 to 6 percent of total exports in 1996.

Because the vast majority of Dominican exports are destined for the U.S. market, shifts in the composition of Dominican exports to the United States between 1980 and 1996 reflect the changes in the composition of total Dominican exports described above, except that the changes in the bilateral relationship tend to be more pronounced. Food and live animals declined from 78 percent of total exports to the United States in 1980 to 10 percent in 1996,

[14] Both tables 4-7 and 4-8 show trade between the Dominican Republic and the United States, but the data do not match exactly because the sources of the data are different. Statistical differences result for a variety of reasons, such as timing differences, valuation differences, and the handling of transshipments.

[15] USITC, dataweb.

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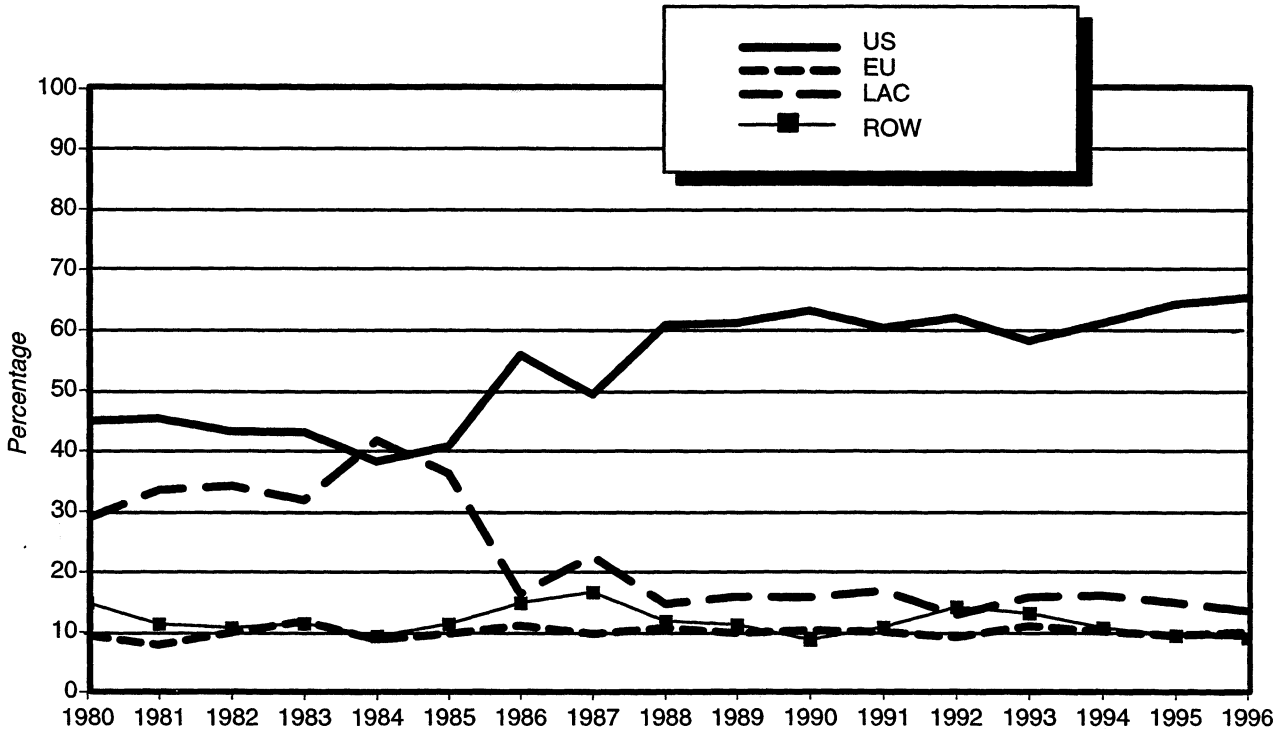
Figure 4-7
Dominican Republic, imports, by source, 1980-96



Source: Based on data in table 4-7.

Table 4-8
Dominican Republic-U.S. imports, U.S. exports, and trade balance, 1980, 1984, 1988, and 1992-97

(Million dollars)

Year	Imports	Exports	Trade Balance
1980	790	785	-5
1984	994	631	-363
1988	1,425	719	-706
1992	2,367	2,063	-304
1993	2,667	2,291	-376
1994	3,077	2,726	-351
1995	3,385	2,961	-424
1996	3,582	3,099	-483
1997	4,308	3,821	-487

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

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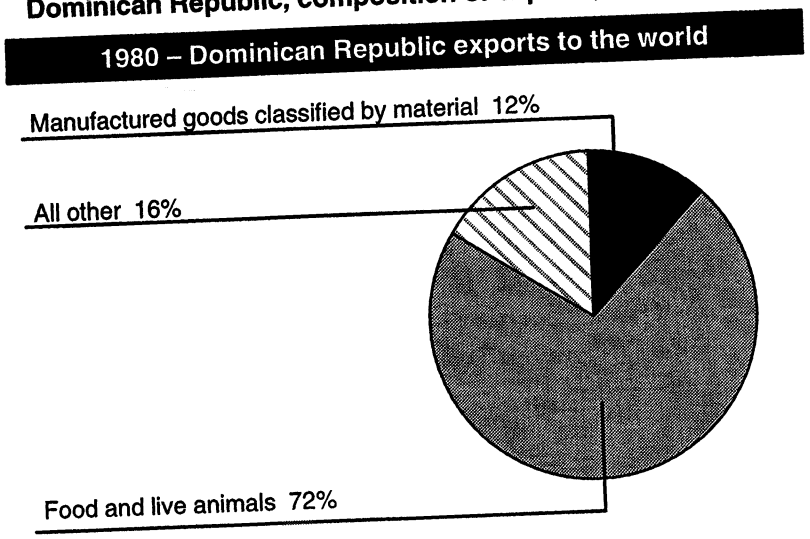
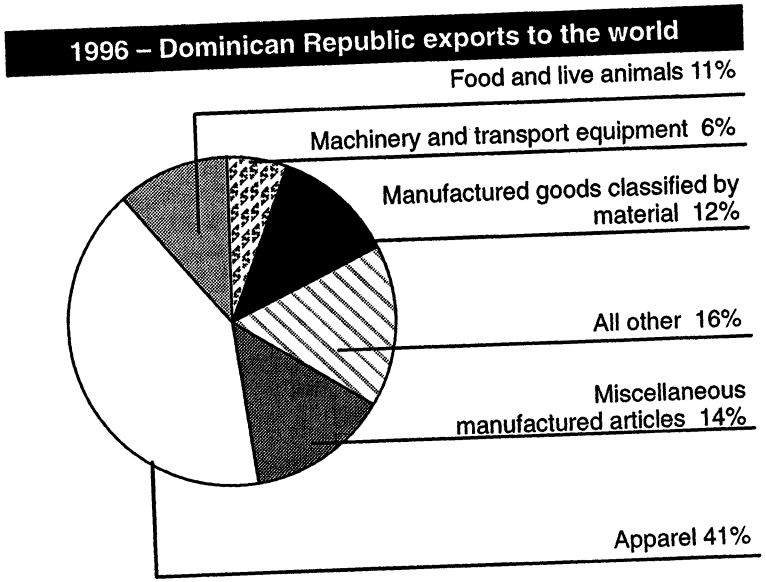
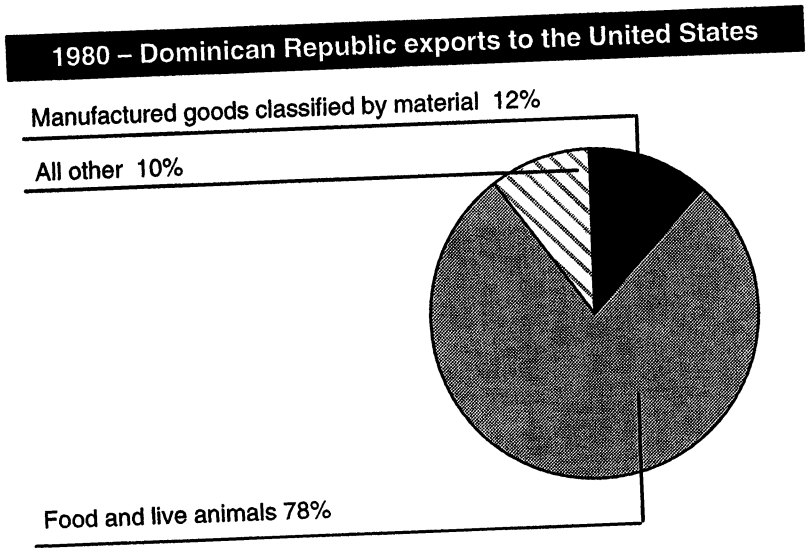
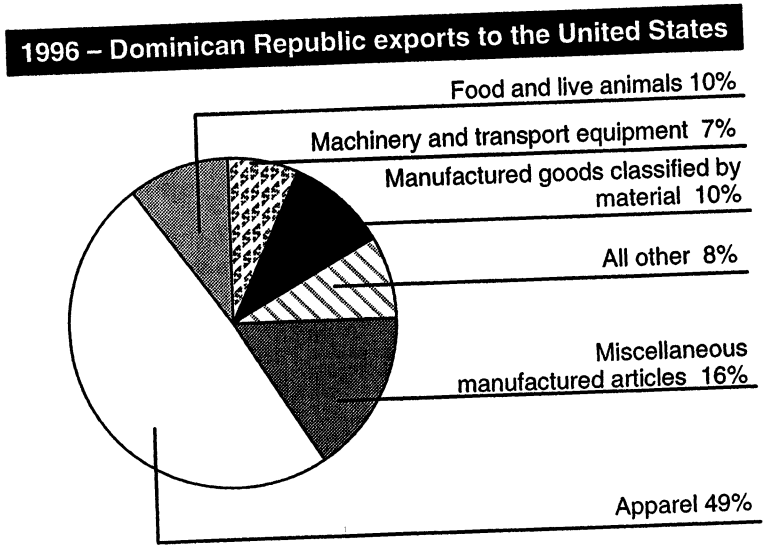
Figure 4-8
Dominican Republic, composition of exports, 1980 and 1996









Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer 1980-96*, CD-ROM, 1998.

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reflecting absolute declines in both sugar and coffee exports. Apparel is now the primary export to the United States, rising from 0 percent of exports to the United States in 1980 to 49 percent in 1996. The relative significance of miscellaneous manufactured articles, as well as machinery and transport equipment, also rose substantially between 1980 and 1996.

Investment Climate and Export Promotion

The Dominican Republic offers investors proximity to the U.S. market, good infrastructure except for electricity, an adequate supply of labor at competitive wages, and special incentives to operate in free trade zones (FTZs). The Government also recently enacted the new Foreign Investment Law No.16-95, which seeks to improve the climate for foreign investment. This new law, which was implemented in September 1996, permits unlimited foreign investment in almost all sectors, repatriation of 100 percent of profits and capital, and nearly automatic approval of investments.[16] Despite these incentives, investors also face an uncertain legal environment for the settlement of disputes, as well as weak enforcement of intellectual property rights. On May 1, 1998 USTR elevated the Dominican Republic to the "Priority Watch List" as part of this year's annual Special 301 review of country practices pertaining to protection of intellectual property rights.[17]

Foreign investment in the Dominican Republic falls into two main categories: free trade zone and outside free trade zone. In general, companies located in FTZs have fewer bureaucratic and legal problems than those located outside.[18] Law No. 8-90, which simplified and clarified a 1968 law, regulates investment in the FTZs. This law provides for a 100-percent exemption on all taxes, duties, charges, and fees affecting the production and export activities in FTZs, for a period of either 15 or 20 years, depending on the location of the FTZ. The law also permits 20 percent of all goods and services produced by a free zone company to be sold in the domestic market, although this provision is generally not implemented.[19] Companies interviewed during the course of this investigation indicated that some FTZ companies sell seconds, irregulars, and excess production to the local market.[20] The National Council of Free Trade Zones, a joint private sector and public sector enterprise, is responsible for administering the FTZ law.[21]

The Dominican Government also offers exporters located outside FTZs an incentive known as the Temporary Admission System. This law permits qualified companies to pay no import duties, as long as the imported and processed merchandise is re-exported.[22] However, reportedly this incentive is little used.[23]

Two foreign exchange markets operate in the Dominican Republic at the same time. Most businesses can carry out foreign exchange transactions through the commercial banking system. However, non-FTZ exporters and the oil industry are still required to buy and sell foreign exchange exclusively through the Central Bank at the official rate, which is higher than the commercial rate.[24]

In general, the Dominican infrastructure is very good, with the exception of electricity. The telecommunications sector is one of the most advanced in Latin America.[25] The transportation infrastructure has improved significantly over the past several years.[26] Nearly $100 million is planned for investment in the construction of the first multimodal free zone area, to be completed by the

[16] For more information, see *Dominican Republic: Country Commercial Guide*, part VII, and Dominican Republic Office for the Promotion of Investment (OPI), *Guide To Investment*, pp. 19-23.

[17] USTR, "USTR Announces Results of Special 301 Annual Review," press release, May 1, 1998.

[18] Private sector representatives, USITC staff interviews, Santo Domingo, June 3-4, 1998; and *Dominican Republic: Country Commercial Guide*, part VII.

[19] *Dominican Republic: Country Commercial Guide*, parts VI and VII, and OPI, *Guide To Investment*, pp. 25-27.

[20] ADOZONA representatives, USITC staff interview, Santo Domingo, June 3, 1998.

[21] *Dominican Republic: Country Commercial Guide*, parts VI and VII, and OPI, *Guide To Investment*, pp. 25-27.

[22] OPI, *Guide To Investment*, p. 15.

[23] U.S. Department of State, *Dominican Republic: Economic Policy and Trade Practices Report (1997)*, found at Internet address http://www.state.gov, retrieved June 16, 1998.

[24] Pellerano & Herrera, *Doing Business in the Dominican Republic*, 1998, p. 16; and U.S. Department of State, *Dominican Republic: Economic Policy and Trade Practices Report (1997)*, found at Internet address http://www.state.gov, retrieved June 16, 1998.

[25] *Dominican Republic: Country Commercial Guide*, part II.

[26] U.S. Embassy, USITC staff interview, Santo Domingo, June 3, 1998.

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year 2000.[27] However, electricity shortages remain a major problem facing investors. On average, a company operates on a standby generator approximately five hours each day. For this reason, location in an FTZ is important, because FTZs usually have their own electricity substations.[28] Privatization of the electricity utility is under way, although progress has been slow.[29]

The Dominican Republic offers investors a good, low-cost source of labor. According to company officials, although workers are generally not skilled, they are easily trained. Compared to Mexico, a major competitor, company officials in the Dominican Republic have found that Dominican workers have lower turnover rates and are more productive.[30] Also, a relatively new labor code, enacted in 1992, has contributed to improving the employer-worker relationship.[31] Under this law, at least 80 percent of the nonmanagement workers must be Dominican.[32]

Interviews conducted in 1991 during the course of a previous CBERA investigation indicated that the Dominican legal system, including its unpredictability, was the main problem identified by investors.[33] This problem continues, although the current government is seeking to address it through judicial reform and other means.[34] The standards for expropriation reportedly do not follow international norms.[35] Judicial and administrative corruption are said to have affected the settlement of business disputes. The Dominican Republic is not a member of the International Center for the Settlement of Investment Disputes, and does not recognize the right of investors to binding international arbitration. Several U.S. investors currently have outstanding disputes with the government regarding expropriated property or nonfulfillment of contractual obligations.[36]

In February 1997, the government created the Dominican Republic Office for the Promotion of Investment (OPI) to promote and market the Dominican Republic internationally.[37] As a new entity, it is expanding and recently opened an office in New York City. The Association of Free Zones (ADOZONA), a privately run association, also promotes investment, but it focuses on attracting investment in the free zones. ADOZONA is currently working with OPI to attract investment in the FTZs in sectors other than apparel to promote diversification. ADOZONA and OPI are also planning a trade mission to the Silicon Valley to encourage higher value-added investment in the Dominican Republic.[38] Although OPI has published an investment guide, and works with potential investors to provide general information,[39] there is currently no one-stop shop for investors in the Dominican Republic.

The Dominican Center for the Promotion of Exports (CEDOPEX) is responsible for promoting exports and maintaining export statistics. CEDOPEX provides exporters with training and advice on how to export. It also sets up trade missions abroad, with the help of the appropriate consulate. Currently there is no coordination between OPI and CEDOPEX.[40]

Investment Activity

Foreign direct investment in the Dominican Republic has grown rapidly, although unevenly, during the 1990s (table 4-2). Much of the investment in manufacturing is directed to FTZs, which continue to be one of the leading growth sectors of the Dominican economy. Free trade zones have become the second largest source of foreign exchange in the Dominican Republic and have outpaced traditional exports throughout the 1990s.[41] Whereas the United States has consistently been the largest investor in

[27] OPI, "Megaport Project Launched," *OPI News*, first edition, p. 4.

[28] Representatives of ADOZONA (Asociacion de Zonas Francas) and the National Council of Free Trade Zones, USITC staff interviews, Santo Domingo, June 3 and 5, 1998.

[29] U.S. Embassy, USITC staff interview, Santo Domingo, June 4, 1998.

[30] Private sector representatives, USITC staff interviews, Santo Domingo, June 4 and 5, 1998.

[31] Representative of the National Council of Free Trade Zones, USITC staff interview, Santo Domingo, June 5, 1998; and OPI, *Guide to Investment*, p. 67.

[32] OPI, *Guide to Investment*, p. 67.

[33] USITC, *Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers, Sixth Report, 1990*, USITC publication 2432, Sept. 1991, p. 4-14.

[34] U.S. Embassy officials, USITC staff interviews, Santo Domingo, June 3 and 5, 1998.

[35] *Dominican Republic: Country Commercial Guide*, part III; and Pellerano & Herrera, *Doing Business in the Dominican Republic*, 1998, pp. 65-68.

[36] Ibid.

[37] OPI, *Guide to Investment*, p. 51.

[38] Representatives of ADOZONA, USITC staff interview, Santo Domingo, June 3, 1998.

[39] OPI, "Facing the Challenges Together," *OPI News*, First Edition, p. 2.

[40] Representatives of ADOZONA and CEDOPEX, USITC staff interviews, Santo Domingo, June 3 and 5, 1998.

[41] OPI, *Guide to Investment*, pp. 31 and 34; and representatives of CEDOPEX, USITC staff interview, Santo Domingo, June 4, 1998.

FTZs, in 1997 Dominican companies represented 30 percent of the total number of companies, compared with 5 to 8 percent in 1986.[42]

As of December 1997, there were 40 free trade zones with 446 companies, employing 182,000 workers in the Dominican Republic. This compares with 1992, when there were 30 parks with 404 companies, employing 141,000 workers.[43] Exports from the FTZs have grown rapidly, as shown in table 4-9. Ninety percent of FTZ exports are destined for the United States.[44] Table 4-10 shows the number and percentage of companies and employees in each sector as of December 1997 (exports by sector were not available).

According to Dominican sources, after a slight slowdown due to initial competition from U.S. imports under NAFTA, FTZs have grown rapidly. In 1997, companies proposing to invest $85 million and create over 17,000 jobs were approved for establishment in the FTZs. Textiles and apparel represented the largest number of these companies, followed by tobacco, footwear and leather articles, services, plastic articles, food, jewelry, and toys.[45]

During January-April 1998, 26 new companies were approved for establishment in the FTZs. These new companies have announced plans to invest $18 million and create over 4,200 jobs. Although the number of textile and apparel companies is still increasing, the FTZs are continuing to diversify; other sectors represented by the 26 newly approved companies include cigars, jewelry, luggage, services, metal mechanics, and handicrafts.[46] CEDOPEX also identified some companies that opened during the past 2-3 years and are believed to be exporting under the CBERA; these companies are producing electronic components, art painting brushes, foam trays, and sacks.[47]

Existing companies have also expanded recently or have announced plans to expand. Companies producing electrical components, medical equipment and related products, footwear,[48] and leather articles all indicated during the course of the investigation that they had recently expanded or had expansion plans.

[42] Consejo Nacional de Zonas Francas de Exportacion, "Informe Estadistico 1997, Sector de Zonas Francas," 1998, p. 34; and Representative of the National Council of Free Trade Zones, USITC staff interview, Santo Domingo, June 5, 1998.

[43] Consejo Nacional de Zonas Francas de Exportacion, "Informe Estadistico 1997, Sector de Zonas Francas," 1998, p. 8.

[44] Representatives of CEDOPEX, USITC staff interview, Santo Domingo, June 4, 1998.

[45] Consejo Nacional de Zonas Francas de Exportacion, "Informe Estadistico 1997, Sector de Zonas Francas," 1998, p. 49.

[46] Consejo Nacional de Zonas Francas de Exportacion, Nota de Prensa; "Free Zone Thrives on Diversification and Quality," *Dominican Republic One, Daily News*, found at Internet address http://www.drl.com/daily/news031198.html, retrieved July 1, 1998; and representative of the National Council of Free Trade Zones, USITC staff interview, Santo Domingo, June 5, 1998.

[47] Representatives of CEDOPEX, USITC staff interview, Santo Domingo, June 4, 1998.

[48] According to the Rubber and Plastic Footwear Manufacturers Association, U.S. imports of rubber footwear and slippers from the Caribbean, principally the Dominican Republic, have hurt the U.S. industry. A summary of the submission is contained in appendix B.

Table 4-9
Total exports from the free trade zones, 1988-97

Year	Exports	Increase
	Million dollars	*Percent*
1988	518.6	60.5
1989	735.3	41.8
1990	850.2	15.6
1991	1,052.9	23.8
1992	1,195.3	13.5
1993	1,259.6	5.4
1994	1,421.8	12.9
1995	1,812.3	27.5
1996	1,877.1	3.6
1997	[1]2,500.0	133.2

[1] Preliminary estimate.

Source: Compiled from División de Estadística, CEDOPEX.

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Table 4-10
Total number of companies and employees in the free trade zones, by sector, 1997

Sector	Number of companies	Percent of companies	Number of employees	Percent of employees
Textiles and apparel	272	61.0	132,120	72.5
Electronics	23	5.2	10,121	5.6
Footwear	22	4.9	12,286	6.7
Tobacco	22	4.9	11,119	6.1
Services	21	4.7	3,770	2.1
Jewelry	18	4.0	1,728	0.9
Medical products	10	2.2	4,633	2.5
Electrical products	10	2.2	1,402	0.7
Leather goods	10	2.2	679	0.4
Plastics	5	1.1	704	0.4
Luggage	3	0.7	1,109	0.6
Other	30	3.4	2,503	1.4
Total	446	100	182,174	100

Source: Compiled from Consejo Nacional de Zonas Francas de Exportación, "Informe Estadistico, 1997, Sector de Zonas Francas."

Luggage, cigars, and services, such as data processing and international call-ins, were cited as additional growing sectors.[49]

Many of the officials interviewed indicated that expansions are resulting from efforts to consolidate operations in the Dominican Republic, which in turn are leading to higher value-added production in the country. For example, two companies visited during the fieldwork indicated they had recently moved more sophisticated production lines from Puerto Rico to the Dominican Republic. Another company said it had moved data services and management information systems (MIS) functions to its Dominican facility. One of the FTZs interviewed said that plans were underway to build a sterilization unit in the park for medical devices, which would add another step to the production process in the Dominican Republic.[50] In general, officials interviewed said more value-added production had come to the Dominican Republic, particularly in the apparel, electronics, and medical equipment sectors.[51]

None of the officials interviewed during the investigation could cite an example of co-production among beneficiary countries as one way to meet CBERA rules-of-origin requirements. Interviewees indicated that problems associated with transportation and customs regulations made co-production for Dominican companies too costly an option.

Several officials interviewed argued that NAFTA has adversely affected production in the Dominican Republic, particularly in the apparel sector. After NAFTA entered into effect, Dominican apparel production declined, later stabilized, and now is growing again. One official noted that although some apparel companies actually moved to Mexico, a number of them had returned to the Dominican Republic because of the higher productivity of the Dominican workforce.

Representatives of the footwear and jewelry sectors also said that NAFTA had hurt their production.[52] For example, footwear officials indicated that finished shoes are not covered by CBERA preferences, but enter the United States at reduced rates or free from Mexico under NAFTA. As a result, there has been a trend toward contracting out the production of the entire shoe to Mexico, away from contracting uppers from the Dominican

[49] Private and public sector representatives, USITC staff interviews, Santo Domingo, June 3-5, 1998.

[50] Ibid.

[51] Representatives of ADOZONA, USITC staff interview, Santo Domingo, June 2, 1998; and "Most Modern Containerized Trans-shipment Center in the Caribbean," *Dominican Republic One, Daily News*, Feb. 24, 1998, found at Internet address http://www.dr1.com/daily/news022498.html, retrieved July 1, 1998.

[52] Company representatives, USITC staff interviews, Santo Domingo, June 3, 1998.

Republic, which would later be finished in the United States. Dominican statistics show that three footwear companies closed between 1995 and 1996, and the number of employees in the sector declined in 1995 and again in 1996, although total exports, by value, have continued to grow throughout the period.[53] U.S. imports from the Dominican Republic of leather uppers under CBERA declined between 1994 and 1995 and have remained stable ever since.[54] One footwear official said that the Mexican peso devaluation had a greater impact on his company than NAFTA did.

Effectiveness of the CBERA

Since 1980 there has been a fundamental restructuring of the Dominican economy, which has been reflected in the strong growth and diversification of Dominican exports to the world. The composition of Dominican exports has shifted dramatically from a reliance on agriculture to manufactured products. Furthermore, production has gradually shifted to higher value-added products. Recent fieldwork showed that more and more companies are consolidating production operations at their Dominican facilities, including more sophisticated processes. Such developments have brought income, jobs, and in turn, social stability to the Dominican Republic.

Dominican officials credit a variety of factors for the country's success. They cite as critical the Dominican law on FTZs and the CBERA. Free trade zones are one of the major growth sectors of the economy, and have played a large role in attracting foreign investment, creating jobs, and generating exports and foreign exchange. Also, FTZs have generated stable export earnings, unlike the traditional exports, which have fluctuated over the years.

In the past, FTZs were criticized as being "isolated" from the rest of the economy in that they had no linkages and made only minimum use of local outside suppliers.[55] However, officials interviewed indicated that this situation is no longer true. Whereas in the past, office supplies were purchased in the United States, almost all are now bought on the local market, except for sophisticated computers and office machines. One source indicated that FTZs purchase more than $28.5 million each year on the local market. Also, FTZs employed 182,000 workers at the end of 1997 and reportedly have indirectly created another 270,000 jobs. It is estimated that in 1997 the FTZ sector contributed $464.5 million in salaries and services to the Dominican economy.[56] FTZ workers have also benefited from a transfer of technology, which has improved productivity and brought skills to the Dominican workforce. Finally, as mentioned earlier, Dominicans now own around 30 percent of the companies in the FTZs, compared with only 5-8 percent in 1986.

Although FTZs have played a major role in improving the country's export performance, Dominican officials argued that the CBERA has also played a crucial role. Without CBERA preferences, the magnitude of growth would not have been nearly as great.[57] Most companies interviewed said there were three major reasons why they chose to invest in the Dominican Republic: the FTZ law, CBERA, and the low cost of labor.

According to Dominican officials, the Dominican Republic's success over the past 15 years has also resulted from other international programs, such as the GSP. Indeed, many of the products eligible for CBERA preferences are also eligible for the GSP. However, as noted in chapter 3 (table 3-2), because Dominican exports exceed the so-called GSP competitive need limits in a number of important product categories—for example, footwear uppers, cigars, and medical devices—and thus are exclusively CBERA eligible, the CBERA continues to be a strong incentive.

Other international policies that have also contributed, but to a lesser extent, to the Dominican Republic's strong export performance are a World Bank loan to develop FTZs, an IMF agreement that led to a major devaluation of the local currency, and aid from the U.S. Agency for International Development. Local conditions have also been important in attracting export-oriented investment,

[53] Consejo Nacional de Zonas Francas de Exportacion, "La Industria del Calzado en Las Zonas Francas de la Republica Dominicana," May 1998, pp. 3, 9, and 11.

[54] USITC, dataweb.

[55] USITC, *Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers, Sixth Report, 1990*, USITC publication 2432, Sept. 1991, pp. 4-13, 4-14.

[56] "Free Zone Thrives on Diversification and Quality," *Dominican Republic One, Daily News*, found at Internet address http://www.dr1.com/daily/news031198.html, retrieved July 1, 1998.

[57] Representatives of ADOZONA and CEDOPEX, USITC staff interviews, Santo Domingo, June 3-4, 1998.

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such as the large supply and low cost of labor, geographic proximity to Puerto Rico and the United States, and political stability compared to the countries of Central America. More recently, government efforts to take an active role in promoting investment, diversification, and integration into the international trading system are helping to create the environment necessary to continue these positive trends.

The Dominican Republic has been the largest CBERA beneficiary throughout the life of the program. Indeed, during the 1990s, the Dominican Republic's position as the largest beneficiary strengthened; U.S. imports under the CBERA from the Dominican Republic grew from an average 30 percent of the total in 1985-1990, to an average 35 percent of the total during 1991-1997. Although it is difficult to isolate the effectiveness of the CBERA from other factors in promoting export diversification and export-led growth,[58] CBERA appears to have been an important component in the package of local and international incentives that, over time, has helped to transform the Dominican economy.

Case Study: The Bahamas

Economic and Trade Performance

The economic recovery that began in 1995 continued throughout 1996 and 1997 (table 4-1).[59] The Central Bank of The Bahamas attributes the current rate of economic growth to expansion in the tourism and construction sectors.[60] Per capita GDP remains among the highest in the hemisphere. Over the past 5 years, inflation has been moderate, around 2 percent.

The Bahamas economy is based primarily on tourism and financial services, which account for about 60 percent and 12 percent of GDP, respectively.[61] Agriculture and industry together account for less than 10 percent of GDP.[62] Efforts by the government to diversify the economy have largely focused on encouraging local industry to produce import-substitutable goods. Currently, The Bahamas is required to import almost all of its food and manufactured products.

In the absence of an income tax, The Bahamas collects nearly 65 percent of its total revenues from tariffs. The average tariff is 35 percent, although a large number of products have separate rates. Also, The Bahamas charges "stamp taxes" on most imports in addition to any applicable tariff.[63] Because of the government's heavy reliance on import duties as a source of revenue, The Bahamas has not entered into any regional agreements liberalizing trade (table 4-3). Its membership in the Caribbean Community (Caricom) is limited to cooperation in a number of areas; it is not a member of the Caricom common market.[64] Nor is The Bahamas a member of the WTO. Although The Bahamas endorses the FTAA, participation is anticipated to require a major restructuring of their tax system.[65]

Trends in Trade

Both Bahamian exports and imports have decreased significantly since 1980 as a result of the oil trade (table 4-11). Declines in the price and volume of petroleum exports are reflected in the declines in Bahamian exports to the world as well as to the United States between 1980 and the early 1990s.[66] Around 1990-91, the oil refinery responsible for large Bahamian exports stopped refining oil, which resulted in a precipitous fall in exports. According to Central Bank statistics, exports of non-oil merchandise have primarily reflected the trend in chemicals exports, which increased gradually in the 1980s, but declined in the 1990s.[67]

The United States is The Bahamas' largest single trading partner. Because oil accounted for an overwhelming portion of the bilateral trade, the trend in U.S. imports from The Bahamas reflects the trend

[58] Data permitting, econometric analysis could help separate the effects of different programs, including CBERA.

[59] Data for 1997 is from the Inter-American Development Bank.

[60] Central Bank of The Bahamas, *Annual Report and Statement of Accounts for the Year Ended December 31, 1997*, 1998, p. 1, and Representative of the Central Bank, USITC staff interview, Nassau, June 10, 1998.

[61] U.S. Department of State, *Bahamas: Economic Policy and Trade Practices Report (1997)*, found at Internet address http://www.state.gov, retrieved June 16, 1998.

[62] American Embassy Nassau, *Country Commercial Guide for the Commonwealth of The Bahamas*, Aug. 1997, executive summary, and p. 4.

[63] *Bahamas: Country Commercial Guide*, pp. 20-21.

[64] The Bahamas Handbook, found at Internet address http://www.bahamasnet.com, retrieved June 25, 1998.

[65] Public and private sector representatives, USITC staff interviews, Freeport and Nassau, June 8-10, 1998.

[66] USITC, *Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers, Ninth Report, 1993*, USITC publication 2813, Sept. 1994, pp. 20, 29.

[67] Central Bank, *Quarterly Statistical Digest*, May 1998, section 9.

Table 4-11
The Bahamas-Total exports, total imports, direction of trade, and trade balance, 1980-96

	Exports					Imports					Trade Balance
Year	Total	US	EU	LAC	ROW	Total	US	EU	LAC	ROW	Total
		Percent of total					*Percent of total*				
1980	$5,182,689	66.4	21.2	4.0	3.2	$6,565,573	9.2	3.8	5.4	81.5	$-1,382,884
1981	6,248,815	90.0	4.4	4.0	1.6	4,760,848	9.5	12.1	13.2	65.2	1,487,967
1982	4,645,762	87.3	7.9	1.9	2.8	4,351,086	22.1	4.9	19.0	54.0	294,676
1983	4,075,529	90.5	3.9	1.6	4.0	3,783,144	14.3	3.1	6.8	75.8	292,385
1984	3,498,352	87.3	5.4	2.0	5.3	3,880,932	19.8	10.9	7.3	62.1	-382,580
1985	2,811,190	87.6	6.2	0.8	5.4	2,679,297	34.8	6.8	15.6	48.4	131,893
1986	2,791,814	93.3	1.6	0.8	4.4	2,581,286	34.7	11.6	5.3	48.4	210,528
1987	2,745,006	92.0	3.0	0.8	4.2	3,338,990	31.6	5.3	5.8	57.2	-593,984
1988	2,173,517	89.7	2.5	2.6	5.2	2,033,020	44.1	8.8	6.4	40.6	140,497
1989	1,135,333	42.1	13.9	4.1	39.9	1,582,079	52.3	9.6	12.6	25.5	-446,746
1990	1,076,081	48.9	30.5	1.4	19.2	2,212,496	38.6	19.3	10.1	32.1	-1,136,415
1991	261,031	63.2	21.2	9.7	5.9	2,079,416	47.2	17.0	3.9	31.9	-1,818,385
1992	1,197,859	50.7	27.0	2.1	20.2	2,248,570	34.0	27.3	2.9	20.2	-1,050,711
1993	942,880	38.9	40.4	3.5	17.2	3,204,675	23.1	52.6	4.2	20.2	-2,261,795
1994	659,865	33.3	29.5	3.6	33.7	2,432,641	29.9	28.0	6.8	35.4	-1,772,776
1995	674,824	25.3	39.5	4.2	31.1	1,825,937	38.7	33.2	8.6	19.5	-1,151,113
1996	710,415	25.1	42.9	2.8	29.2	3,186,899	24.3	32.5	2.8	40.3	–2,476,484

Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer, 1980-96*, CD-ROM, 1998.

in total Bahamian exports (table 4-12). U.S. exports to The Bahamas increased gradually over the period 1980-1997. The United States registered a trade surplus with The Bahamas during much of this period.

During the 1980s, when oil accounted for most exports, the United States was the destination for around 90 percent of Bahamian exports. When The Bahamas' role as an oil transshipment center ceased, exports to the United States fell to less than 50 percent of total exports, and in 1996 accounted for just 25 percent (table 4-11 and figure 4-9). In contrast, the relative importance of the EU and the rest-of-the-world as destinations for Bahamian exports has grown since oil exports have declined. In every year between 1980 and 1992, the United States was the largest market for Bahamian exports. However, in 1993 and 1994, the United States ranked second, and in 1995 and 1996, the United States ranked third, behind the EU and the rest-of-the-world. Bahamian exports to Latin America and the Caribbean remained a small percentage of total exports throughout the 1980-1996 period.

Between 1982 and 1992, the share of The Bahamas' imports from the United States was greater than that from the EU (table 4-11 and figure 4-10). Between 1993 and 1996, the United States and the EU took turns as the more important source of Bahamian imports. Bahamian imports from the rest-of-the-world outpaced all other sources between 1980 and 1987, but have declined sporadically in the 1990s. Bahamian imports from Latin America and the Caribbean remained a small percentage of total imports throughout the entire 1980-1996 period.

Exports of oil to the United States as well as to the world accounted for nearly 98 percent of total Bahamian exports in 1980. In contrast, in 1996, oil exports accounted for only 5-6 percent of exports to the United States and to the world. Figure 4-11 shows the composition of non-oil exports to the world and to the United States. This figure shows that the composition of non-oil exports to the world diversified between 1980 and 1996. In 1980, chemicals accounted for 61 percent of non-oil exports to the world, and accounted for 22 percent in 1996. The decline in the importance of chemicals was primarily made up for by machinery and transport equipment, particularly ships and boats, which rose from 3 percent in 1980 to 32 percent of total exports in 1996. Other product categories also increased in percentage terms, except for manufactured goods, which declined from 11 percent to less than 1 percent of total exports.

Table 4-12
The Bahamas -U.S. imports, U.S. exports, and trade balance, 1980, 1984, 1988, and 1992-97
(Million dollars)

Year	Imports	Exports	Trade Balance
1980	1,373	391	-982
1984	1,154	546	-608
1988	268	369	101
1992	581	691	110
1993	342	668	326
1994	193	654	461
1995	144	643	499
1996	162	699	162
1997	153	790	637

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

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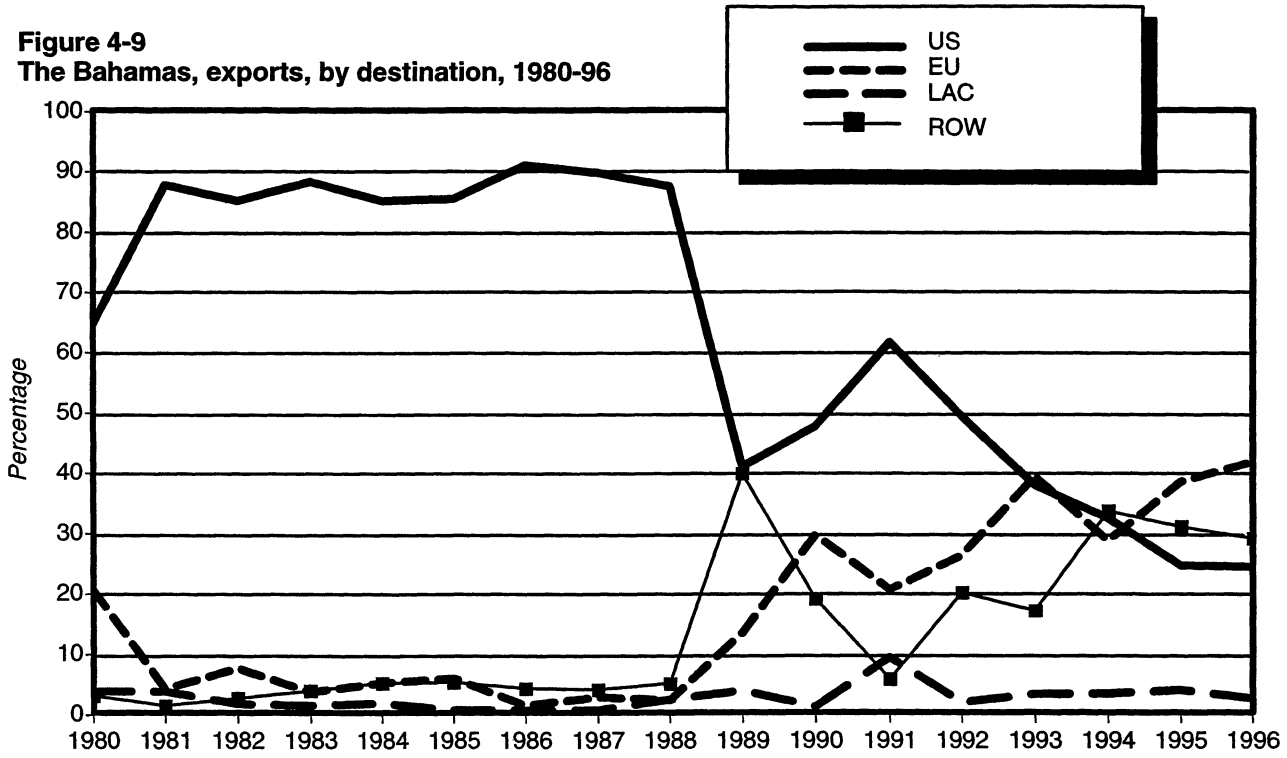
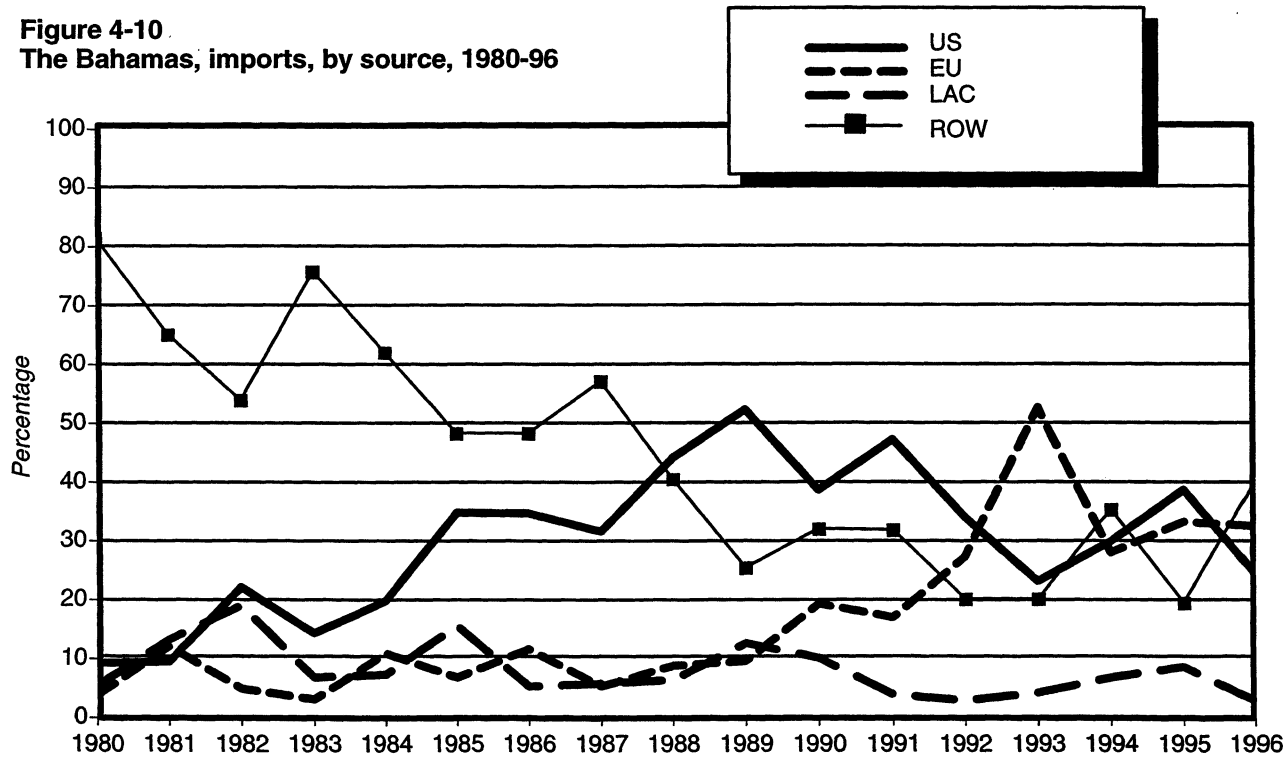
Figure 4-9
The Bahamas, exports, by destination, 1980-96



Source: Based on data in table 4-11.

Figure 4-10
The Bahamas, imports, by source, 1980-96



Source: Based on data in table 4-11.

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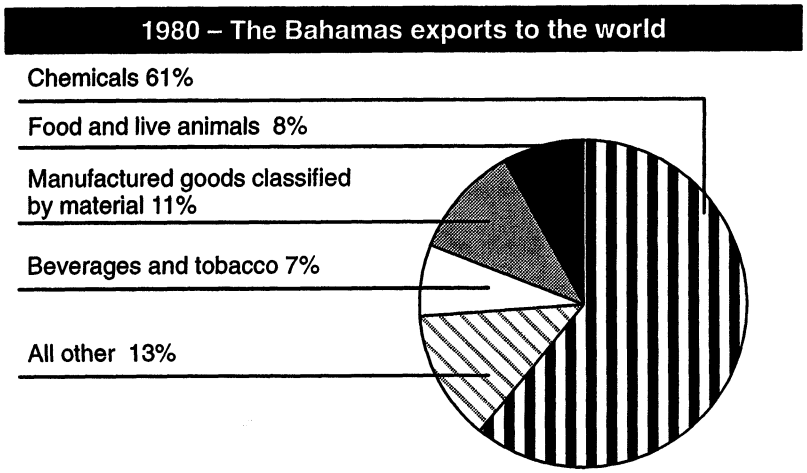
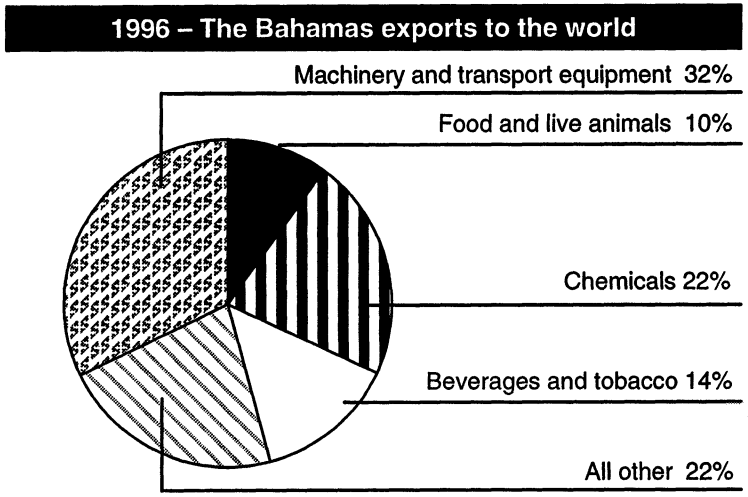
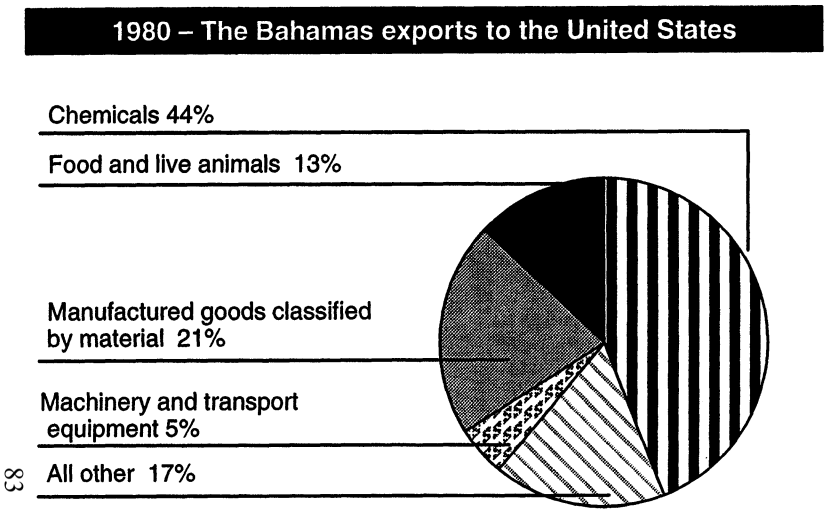
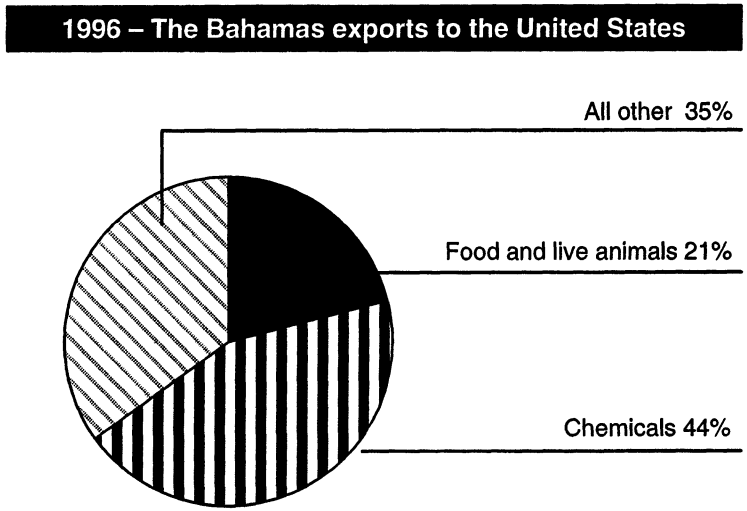
Figure 4-11
The Bahamas, composition of non-oil exports, 1980 and 1996









Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer 1980-96*, CD-ROM, 1998.

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The composition of non-oil exports to the United States was less diversified in 1996 than in 1980 and did not mirror the composition of total non-oil exports in either 1980 or 1996. Although chemicals accounted for the largest portion of Bahamian non-oil exports to the United States as well as to the world in 1980, their significance among exports to the United States remained the same in 1996. The relative importance of two product categories increased between 1980 and 1996 (food and live animals, as well as "all other," reflecting an increase in crude materials exports). The significance of two product categories declined to less than 1 percent in 1996, including machinery and transport equipment, which represented the largest export category among total non-oil exports that year.

Investment Climate and Export Promotion

The Bahamas offers foreign investors a stable political environment, relief from corporate and personal income taxes, free and timely repatriation of corporate profits, proximity to the United States, good infrastructure, and an adequate supply of labor. There are few limitations on foreign investment, although certain businesses are reserved exclusively for Bahamians, including but not limited to most restaurants, most construction projects, and most retail outlets.[68] Problems remain in the protection of intellectual property, but a new law was passed in December 1997, which awaits implementation.[69] The Bahamas is a party to the Convention on the Settlement of Investment Disputes.

The Bahamas' tax-free status has long been a lure for investment. Taxes are not levied on capital gains, corporate earnings, personal income, sales, inheritance, or dividends.[70] In addition, the government has enacted a range of laws designed to encourage foreign investment by providing relief from customs duties on approved raw materials, equipment, and building supplies, as well as allowing exemptions from real property taxes for up to 20 years. Such legislation includes the Industries Encouragement Act, the Export Manufacturing Industries Encouragement Act, the Bahamas Free Trade Zone Act, the Agricultural Manufactories Act, the Hotels Encouragement Act, and the Spirits and Beer Manufacture Act.[71] The Hawksbill Creek Agreement created the free trade zone at Freeport in 1955 and laid the foundation for business development on Grand Bahama Island. Some of its provisions offering duty exemptions and tax relief are in effect until 2054.[72]

Infrastructure on the islands is considered relatively good. A new container port, which opened in Freeport in April 1997, can accommodate the largest ships in the world.[73] Previously, the port could only service smaller ships carrying cargo destined for the local market and cruise ships. The new port is rapidly becoming an important transshipment hub, and a $71.9 million planned expansion scheduled to be completed by the end of 1999 should provide a further incentive for investment in the adjacent free trade zone.[74] Companies already located in Freeport indicated the container port offers important opportunities for expansion of exports internationally.[75]

Air links through Florida are also extensive.[76] However, compared to the United States, freight rates both by sea and air are considered high. Communications are good, but electricity is unreliable and also considered expensive compared to U.S. rates.[77]

In the manufacturing and agricultural sectors, the supply of labor is viewed as adequate but costly compared to the rest of the Caribbean. In the industrial sector, wages are only slightly lower than those in the United States. With a small industrial base in The Bahamas, labor has little experience with technology and large-scale manufacturing. However, workers are easily trained and turnover has remained low. Farm workers are more difficult to find and

[68] *Bahamas: Country Commercial Guide*, p. 23.
[69] U.S. Embassy, USITC staff interview, Nassau, June 10, 1998.
[70] Bahamas Investment Authority, *The Bahamas: A Paradise for Many Reasons*, p. 7.
[71] Ibid., p. 7.
[72] Grand Bahama Development Company, "Welcome To Freeport/Lucaya, Grand Bahama," pamphlet.
[73] Freeport Container Port, pamphlet; and representatives of the Freeport Harbour Company, USITC staff interview, Freeport, June 9, 1998.
[74] Representatives of the Freeport Harbour Company, USITC staff interview, Freeport, June 9, 1998; and Freeport Container Port, "Freeport Container Port (FCP) Announces Details of the Phase Two Expansion Project," news release, June 2, 1998.
[75] Company representatives, USITC staff interviews, Freeport, June 8-9, 1998.
[76] *Bahamas: Country Commercial Guide*, p. 23.
[77] Company representatives, USITC staff interviews, Freeport, June 8-9, 1998; and *Bahamas: Country Commercial Guide*, p. 23..

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turnover is relatively high. Farm wages are considered high compared to those in Mexico, a major competitor.[78]

The Government of The Bahamas is strongly committed to diversification in agriculture and industry to limit the economy's reliance on tourism, whose performance so closely depends on the performance of the U.S. economy.[79] The current government, which is viewed by most as investor-friendly and business-oriented, entered office in 1992 and was recently reelected to serve a term ending in 2002.[80] In 1994, this government introduced its "National Investment Policy" designed to "support an investment-friendly climate...and to foster the economic growth and development of The Bahamas."[81] In addition, the current administration has made efforts to upgrade infrastructure, particularly on the outer islands, to encourage economic activity.

In 1992, the government established The Bahamas Investment Authority (BIA) in the Office of the Prime Minister. BIA has four major functions: to develop investment policies; promote investment; evaluate project proposals; and monitor projects and provide support. Most important, it acts as a one-stop-shop for investors to facilitate the investment process. In addition, the BIA has conducted trade missions in Canada, Latin America, the European Union, and Asia to attract investment, although none has gone to the United States.[82]

The Ministry of Agriculture and Fisheries is promoting agricultural production and exports by targeting the development of specific products. For example, the Ministry is organizing farmers to produce okra and providing them with credit for inputs and land preparation, and support for grading and shipping of the product. The Ministry is also trying to revitalize the pineapple industry, which was hurt by disease, by distributing healthy tissue cultures to expand production.[83]

[78] Company representatives, USITC staff interviews, Freeport, June 8-9, 1998.

[79] Public and private sector representatives, USITC staff interviews, Freeport and Nassau, June 8-10, 1998.

[80] Ibid.

[81] Representative of The Bahamas Investment Authority, USITC staff interview, Nassau, June 10, 1998; and Bahamas Investment Authority, *The Bahamas: A Paradise for Many Reasons*, p. 26.

[82] Representative of The Bahamas Investment Authority, USITC staff interview, Nassau, June 10, 1998; and Bahamas Investment Authority, *The Bahamas: A Paradise for Many Reasons*, p. 7.

[83] Minister of Agriculture and Fisheries, USITC staff interview, Nassau, June 10, 1998.

The Bahamas Agricultural and Industrial Corporation (BAIC), a government entity, is charged with advising and promoting domestic agricultural and industrial investment to supply the local market, and developing Bahamian entrepreneurs. As such, they are rarely involved in the international market.[84]

Investment Activity

Although foreign direct investment in The Bahamas has been increasing consistently throughout the 1990s (table 4-2), most new investments remain in the traditional areas of tourism and banking. Nonetheless, there are manufacturing companies, generally located in Freeport and foreign-owned, and farms, scattered throughout the islands, which export to the United States under the CBERA. Some have plans to increase exports to the United States as well as take advantage of the new container port to expand exports internationally.

Chemicals and pharmaceuticals have long been exported from The Bahamas to the United States. Food-grade plastics represented the largest export to the United States under CBERA in 1997. These exports have grown rapidly since they first were recorded in 1995. Increased exports to the United States are planned in the future, as well as to overseas markets such as the European Union and Asia.[85]

Exports to the United States under CBERA of expandable polystyrene, for the manufacture of coffee cups and deli containers, began in 1997 and are expected to increase significantly over the next few years. Exports to other destinations are also anticipated to increase rapidly. Production of plastic coffee lids to complement the current product line is under consideration.[86]

Exports to the United States of the pharmaceutical drug naproxen, a pain reliever, grew rapidly throughout the 1980s and first were exported to the United States under CBERA in 1992. During 1992 and 1993, such exports ranked within the top three U.S. imports under CBERA, but the expiration of the patent caused a large decline.[87] Although exports of the generic product are beginning to revive, they now enter free of duty under the pharmaceuticals appendix to the Harmonized Tariff Schedule negotiated during the Uruguay Round, rather than under CBERA.

[84] Representatives of BAIC, USITC staff interview, Nassau, June 10, 1998.

[85] Company representatives, USITC staff interview, Freeport, June 8, 1998.

[86] Ibid.

[87] Company representatives, USITC staff interview, Freeport, June 9, 1998.

A new industrial park, known as the Sea/Air Business Center, is currently being developed in Freeport and is scheduled to break ground before the end of the year. The goal is to attract 30 companies, most likely in the areas of warehousing, distribution, transshipping, and value-added manufacturing. To date, committed companies include a medical supplies assembler, wholesale foods distributor, cotton blanket mill, reservation call center, local beer brewery, distributors for cruise ships, and services for trailers and containers. Exports of local beer to the United States reportedly began in January 1998 and are expected to expand.[88]

Agricultural exports to the United States have had mixed success. Currently, Bahamian exports of citrus under CBERA, including grapefruit, lemons, limes, and oranges, are increasing. Exports of certain vegetables, such as avocado, are also expanding. However, setbacks in the production of certain agricultural products are not uncommon. For example, a major papaya producer was forced to close when fertilizer killed the crop. U.S.-owned citrus groves have come and gone, depending on market conditions.[89] Pineapple production has declined due to disease. Moreover, the cost of farm labor is relatively high and workers are sometimes difficult to find.[90]

The success of fruit and vegetable exports to the United States is highly dependent on supply and price conditions of Florida products and on finding niche markets. For example, exports of Bahamian limes have increased, reportedly because the effects of Hurricane Andrew are still being felt on Florida lime production, and limes entering the United States from Mexico are facing transport delays. Also, export opportunities for The Bahamas, which is frost-free, expand when Florida production is hurt by frost. Competition from Mexico is another factor affecting the level of exports to the United States.[91]

The goal of the Government of The Bahamas is to expand agricultural production to supply the local market, the U.S. market, and possibly, the European Union under Lome trade preferences.[92] As mentioned above, the Government has instituted special programs to support expansion of okra and pineapple production. Also, public and private sector representatives believe the spread of urbanization in Florida will gradually expand opportunities for agricultural exports from The Bahamas. The Government anticipates increased exports of citrus and avocados, and believes there is export potential in such products as onions, traditional Cuban products like cassava, and papaya. Company officials indicated they have plans to increase exports of avocado, lemons, tangerines, and different varieties of oranges, as well as tomatoes, peppers, lettuce, and zucchini.[93]

Aquaculture projects to develop commercial shrimp farming have recently begun. New projects are also planned, but the current goal is to supply the domestic market.[94]

According to officials interviewed, there are no known examples of co-production with another CBERA beneficiary country as a way to meet rules-of-origin requirements. Interviewees indicated that high transportation costs as well as poor transportation links with other Caribbean nations prevent such co-production.

Effectiveness of the CBERA

The Bahamas' economy has traditionally been based on services. Little industry developed due to the relatively small population and limited raw materials,[95] as well as to a history as a transshipping center rather than a manufacturing nation.[96] Excluding oil, total exports from The Bahamas were about the same in 1980 and 1995.[97] Several officials interviewed indicated that much of the agricultural and industrial production that exists today has been in The Bahamas for a considerable period of time.

During the 1980s, CBERA preferences were rarely advertised as an incentive to invest, partly because the CBERA was viewed as a temporary

[88] Representatives of the Grand Bahama Development Corporation, USITC staff interview, Freeport, June 8, 1998.

[89] Representatives of The Bahamas Investment Authority, USITC staff interview, Nassau, June 10, 1998.

[90] Company representative, USITC staff interview, Freeport, June 8, 1998.

[91] Representatives of the Ministry of Agriculture and Fisheries and the private sector, USITC staff interviews, Freeport and Nassau, June 8 and 10, 1998.

[92] Minister of Agriculture and Fisheries, USITC staff interview, Nassau, June 19, 1998.

[93] Public and private sector representatives, USITC staff interviews, Freeport and Nassau, June 8-10, 1998.

[94] The Bahamas Handbook, found at Internet address http://www.bahamasnet.com, retrieved June 25, 1998.

[95] Representative of The Bahamas Investment Authority, USITC staff interview, Nassau, June 10, 1998.

[96] USITC, *Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers, Sixth Report, 1990*, USITC publication 2432, Sept. 1991, p. 4-18.

[97] Central Bank, *Quarterly Statistical Digest*, May 1998, section 9.

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program,[98] and also because the government did not take an active role in the development of industries or in export promotion.[99] Interviews conducted in 1991 during the course of a previous CBERA investigation indicated there was a general lack of awareness in The Bahamas business sector about the trade benefits available to them under CBERA, as well as other programs such as the U.S. GSP and the EU Lome Convention.[100] (On February 3, 1995, The Bahamas lost GSP benefits because its per capita GNP exceeded the applicable limit.)[101]

In 1992, a new government entered office. According to interviewees, this government is investor-friendly and has taken an active role in promoting investment in agriculture and industry to diversify the economy away from tourism. Among other things, the government established The Bahamas Investment Authority to "cut red tape and lay out the red carpet" for investors.[102] However, rather than focusing on export promotion and using CBERA preferences to access the U.S. market, these efforts have been aimed more at promoting import substitution and production of items for use by the tourist industry.[103]

Furthermore, relatively high costs continue to hamper efforts to attract new foreign investment. Compared to the United States, the costs of transportation and utilities, such as water and electricity, are high. Because most products are imported and subject to tariffs, the cost of living is also relatively high. Finally, labor costs are high compared to the rest of the Caribbean and nearly equivalent to U.S. wages in some sectors, especially when lower productivity is taken into account.[104]

Indeed, because costs are so high, CBERA plays a crucial role in increasing the competitiveness of Bahamian products on the U.S. market. Despite the low use of CBERA preferences to date, public and private sector officials agreed that opportunities for Bahamian exports would be strictly limited without such preferences, particularly in the absence of GSP. Although none of the companies interviewed cited CBERA as their primary reason for investment, they said that their success would be in jeopardy if CBERA benefits were eliminated.[105]

The trade data and findings from the field work indicate that non-oil exports have played a marginal role at best in contributing to the economic growth of The Bahamas, and therefore to date, CBERA has played a limited role in promoting diversification of the economy as well as export-led growth. Indeed, non-oil exports to the United States appear to be less diversified in 1996 than in 1980. Furthermore, because of The Bahamas' long history as a services economy, import substitution appears to be the primary focus of investment promotion efforts; attracting investment that generates exports is secondary. Nonetheless, officials interviewed indicated that because of the support of the current government, as well as the new container port, The Bahamas' future prospects for diversification and economic growth are the best in years. Although CBERA is just one factor in this economic picture, it appears to be an important factor for investors interested in selling to the U.S. market.

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[98] Minister of Agriculture and Fisheries, USITC staff interview, Nassau, June 10, 1998.

[99] USITC, *Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers, Sixth Report, 1990*, USITC publication 2432, Sept. 1991, p. 4-18.

[100] Ibid.

[101] 60 F.R. 7425.

[102] Bahamas Investment Authority, *The Bahamas: A Paradise for Many Reasons*, p. 8.

[103] *Bahamas; Country Commercial Guide*, part I; and representatives of BAIC, USITC staff interview, Nassau, June 10, 1998.

[104] Company representatives, USITC staff interviews, Freeport, June 8-9, 1998.

[105] Public and private sector representatives, USITC staff interviews, Freeport and Nassau, June 8-10, 1998.

CHAPTER 5
Summary of the ATPA Program

ATPA authorizes the President to grant certain unilateral preferential trade benefits to Bolivia, Colombia, Ecuador, and Peru in the form of reduced-duty or duty-free treatment of eligible products imported into the customs territory of the United States, based on importer claims for this treatment. ATPA preferential tariffs are scheduled to remain in effect through December 3, 2001, 10 years after the date of enactment. The World Trade Organization (WTO) renewed the United States' temporary waiver for the program on October 14, 1996.[1] The following sections summarize ATPA provisions concerning beneficiaries, trade benefits, and qualifying rules, and the relationship between ATPA and GSP.

Beneficiaries

Colombia, Bolivia, Peru, and Ecuador are eligible to be designated by the President for ATPA benefits;[2] the President can terminate such designations or suspend or limit a country's ATPA benefits at any time.[3] In determining whether to designate a country for ATPA benefits, the President must take into account whether that country has met the U.S. narcotics cooperation certification criteria.[4] By 1993, all four countries had been designated for full ATPA benefits.

ATPA beneficiaries are required, among other things, to afford internationally recognized worker rights as defined under the Generalized System of Preferences (GSP) program and to provide effective protection of intellectual property rights (IPR), including copyrights for film and television material.[5] To date, ATPA benefits have not been withdrawn from any country on the basis of worker rights, inadequate protection of IPR, or lack of U.S. certification for cooperation on narcotics.[6] None of the ATPA beneficiaries was the subject of a GSP review in 1997. In April 1997, the USTR conducted a review of country practices pertaining to IPR protection under the so-called special 301 provisions of the Trade Act of 1974, as amended, and placed 36 countries, including Bolivia, Colombia, and Peru, on the watch list of countries to be monitored for progress in implementing commitments with regard to IPR protection and for providing comparable market access for U.S. intellectual property products.[7] In addition to placing Ecuador on the "priority watch list" for IPR monitoring in 1997, the USTR announced the initiation of "WTO dispute settlement actions" against Ecuador for failure to comply with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).[8] In April 1998, the USTR placed 32 countries on the watch list, including Colombia and Peru.[9] Ecuador was retained on the "priority watch list" for 1998,[10] while Bolivia was cited for progress[11] in IPR and was taken off of the watch list.

Trade Benefits Under ATPA

ATPA affords preferential rates of duty below the column 1-general duties, formerly known as most-

[1] A waiver is required because benefits are not extended on a most-favored-nation (MFN) basis. Decision of the WTO General Council of Oct. 14, 1996 (WT/L/184).

[2] 19 U.S.C. 3202(b).

[3] 19 U.S.C. 3202(e).

[4] 19 U.S.C. 3202(d)(11). These criteria are set forth in section 2291(h)(2)(A) of title 22.

[5] 19 U.S.C. 3202(c). For more details, see chapter 1.

[6] See chapter 9 below for a discussion of U.S. certification for ATPA beneficiaries in 1997.

[7] USTR, "USTR Announces Results of Special 301 Annual Review," press release, Apr. 30, 1997.

[8] Ibid.

[9] USTR, "USTR Announces Results of Special 301 Annual Review," press release, May 1, 1998

[10] As a result of an "out-of-cycle" review, it was determined that Ecuador would remain on the priority watch list. USTR, "USTR Barshefsky Announces Results of Special 301 $Out-of-Cycle Reviews,"press release, Oct. 27, 1997.

[11] Bolivia signed a bilateral investment agreement with the United States on Apr. 17, 1998 and agreed to become TRIPS consistent within 12 months.

favored nation (MFN) duties,[12] to most products of Andean countries by reducing these tariff rates either to free or, for a small group of products, by 2.5 percent ad valorem.[13] For some products, duty-free entry under ATPA is subject to certain conditions in addition to basic preference eligibility rules. Imports of sugar and beef, like those of some other agricultural products, remain subject to any applicable and generally imposed U.S. quotas and food safety requirements.[14] While not eligible for duty-free entry, certain leather handbags, luggage, flat goods (such as wallets and portfolios), work gloves, and leather wearing apparel from ATPA countries are eligible to enter at reduced rates of duty.[15] Not eligible for any ATPA preferential duty treatment by law are most textiles and apparel, certain footwear, canned tuna, petroleum and petroleum derivatives, certain watches and watch parts, certain sugar products, and rum.[16]

Qualifying Rules

In order to be eligible for ATPA treatment, ATPA products must either be wholly grown, produced, or manufactured in a designated ATPA country or be "new or different" articles made from substantially transformed non-ATPA inputs.[17] The cost or value of the local (ATPA region) materials and the direct cost of processing in one or more ATPA countries must total at least 35 percent of the appraised customs value of the product at the time of entry. ATPA countries are permitted to pool their resources to meet the local-value-content requirement, and to count inputs from Puerto Rico, the U.S. Virgin Islands, and countries designated under the Caribbean Basin Economic Recovery Act[18] in full toward the value threshold. In addition, goods with an ATPA content of 20 percent of the customs value and the remaining 15 percent attributable to U.S.-made (excluding Puerto Rican) materials or components[19] and those undergoing "double substantial transformation" are deemed to meet the 35-percent local-value-content requirement.[20]

ATPA and GSP

The four ATPA beneficiaries are also GSP beneficiaries. ATPA and GSP are similar in many ways, and many products may enter the United States free of duty under either program. However, the two programs differ in several ways that tend to make Andean producers prefer the more liberal ATPA; the reasons are identical to those described in the section on CBERA and GSP in chapter 1. First, ATPA covers more tariff categories than GSP: unless specifically excluded, all products entering the United States under ATPA receive a tariff preference. Second, ATPA imports are not subject to GSP "competitive need" and country income restrictions. Under GSP, products that achieve a specified market penetration in the United States (the "competitive need" limit) may be excluded from GSP eligibility; products so restricted under GSP may continue to enter free of duty under ATPA. Countries may lose all GSP privileges once their national income grows to exceed a specified amount. Third, ATPA 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

[12] For some products, the general or normal trade relations rate is free.

[13] General note 3(c) to the HTS summarizes the special tariff treatment for eligible products of designated countries under various U.S. trade programs, including ATPA. General note 11 covers ATPA.

[14] 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 abolished former absolute quotas on imports of agricultural products of WTO members; U.S. quotas had been created under section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624) and under the Meat Import Act of 1979 (Public Law 88-482). URAA also amended ATPA by excluding from tariff preferences any imports from beneficiary countries in quantities exceeding the new tariff-rate quotas' global trigger levels. 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.

[15] Applies to articles that were not designated for GSP duty-free entry as of August 5, 1983. Under ATPA provisions, beginning in 1992, duties on these goods were reduced slightly in five equal annual stages. 19 U.S.C. 3203(c).

[16] 19 U.S.C. 3203(b).

[17] Products undergoing the following operations do not qualify: simple combining or packaging operations, dilution with water, or dilution with another substance that does not materially alter the characteristics of the article. 19 U.S.C. 3203(a)(2).

[18] CBERA beneficiaries are listed in chapter 1.

[19] 19 U.S.C. 3203(a).

[20] "Double substantial transformation" 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. Thus, ATPA countries may import inputs from non-ATPA countries, transform the inputs into intermediate material, and transform the intermediate material into ATPA-eligible articles. The cost or value of the constituent intermediate material may be counted toward the 35-percent ATPA content requirement. For additional information, see U.S. Department of Commerce and U.S. Agency for International Development, *Guidebook to the Andean Trade Preference Act* (Washington, DC: GPO, July 1992), p. 5.

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PART II
Andean Trade Preference Act: Impact of ATPA on the United States

association of GSP-eligible countries, whereas ATPA allows regional aggregation within ATPA plus U.S. content. In addition to the many benefits of using ATPA over GSP, suppliers have increasingly come to make use of ATPA to avoid any risk of losing duty-free access to the U.S. market when GSP is not in effect, most recently, from August 1, 1995 to September 30, 1996 and from May 31 to August 5, 1997.[21]

[21] See chapter 1 for details on GSP's expiration. At the time of this writing, GSP preferences have again expired—on June 30, 1998. See chapter 6 for an analysis of the trends in the use of GSP compared to ATPA.

CHAPTER 6
U.S. Trade With The ANDEAN Region

Introduction

This chapter covers U.S. trade with the four countries that are designated as ATPA beneficiaries: Bolivia, Colombia, Ecuador, and Peru. The purpose of the chapter is to examine U.S. imports under ATPA in the context of overall bilateral trade between the United States and ATPA beneficiaries from the years immediately preceding the program through 1997. Because U.S. imports under ATPA represent only a small portion of U.S. imports from the region, other factors also have affected trends in the growth and composition of U.S. trade with the region during this time period. Such factors include market forces, production sharing, and GSP. All of these variables are addressed in this chapter.

This chapter discusses trade in terms of (a) two-way trade; (b) overall U.S. imports from the beneficiaries; (c) the portion of U.S. imports that enter under ATPA; and (d) U.S. exports to these countries. Each trade flow is examined in terms of long-term trends in growth and composition by 2-digit HTS chapter. Most of these long-term trends are analyzed over the years 1990-97, which includes the entire period that ATPA has been in effect. For a discussion of U.S. imports under ATPA, the base year of comparison is 1994.[1] The discussion of leading import and export items (by 8-digit HTS item) focuses on 1997. The role of the individual beneficiary countries as sources and destinations for this trade is also addressed.

Two-way Trade

The significance of the four designated ATPA beneficiaries in overall U.S. trade is small. ATPA countries combined accounted for 1.3 percent of total U.S. exports and 1.0 percent of total U.S. imports in 1997. ATPA countries became a somewhat larger U.S. export market in the 1990s, as their collective share rose from 0.9 percent of the world market in the first 2 years of the decade to 1.4 percent in 1995, dropping back to 1.3 percent in 1996 and 1997. The collective share of ATPA countries as a supplier of the U.S. market hovered around 1 percent of total U.S. imports throughout the period (table 6-1 and figure 6-1). Meanwhile, the United States continued to be the single largest trading partner for each ATPA country.

The United States generally registered a trade surplus with the ATPA countries in the 1990s, except in the years 1990, 1991, and 1996. In 1997, trade was balanced, with U.S. exports at $8.7 billion, matching U.S. imports. ATPA countries together ranked 18th as an export market for the United States, which placed them ahead of national markets such as Italy, but behind Australia. Meanwhile, ATPA countries collectively were the 21st largest supplier of U.S. imports from the world—ahead of Switzerland but behind Saudi Arabia.

Overview of Total Imports

During 1990-97, total U.S. imports from the countries that are currently designated ATPA beneficiaries increased at an annual average rate of 2.75 percent. Imports amounted to $5.4 billion in 1990; they grew to $5.9 billion by 1994—the first year when imports entered the United States under ATPA from all four designated ATPA countries. U.S. imports from ATPA countries amounted to $8.7 billion in 1997.

Product Composition

The composition of U.S. imports from ATPA countries has not changed significantly in the 1990s. The two top HTS chapters—covering petroleum and coffee—were consistently responsible for about one-half of the total (table 6-2 and figures 6-2 and 6-3).

[1] In 1992, Colombia and Bolivia were the only countries designated under ATPA. During 1993, Ecuador and Peru were also designated, but 1994 was the first full year during which all four countries enjoyed ATPA treatment.

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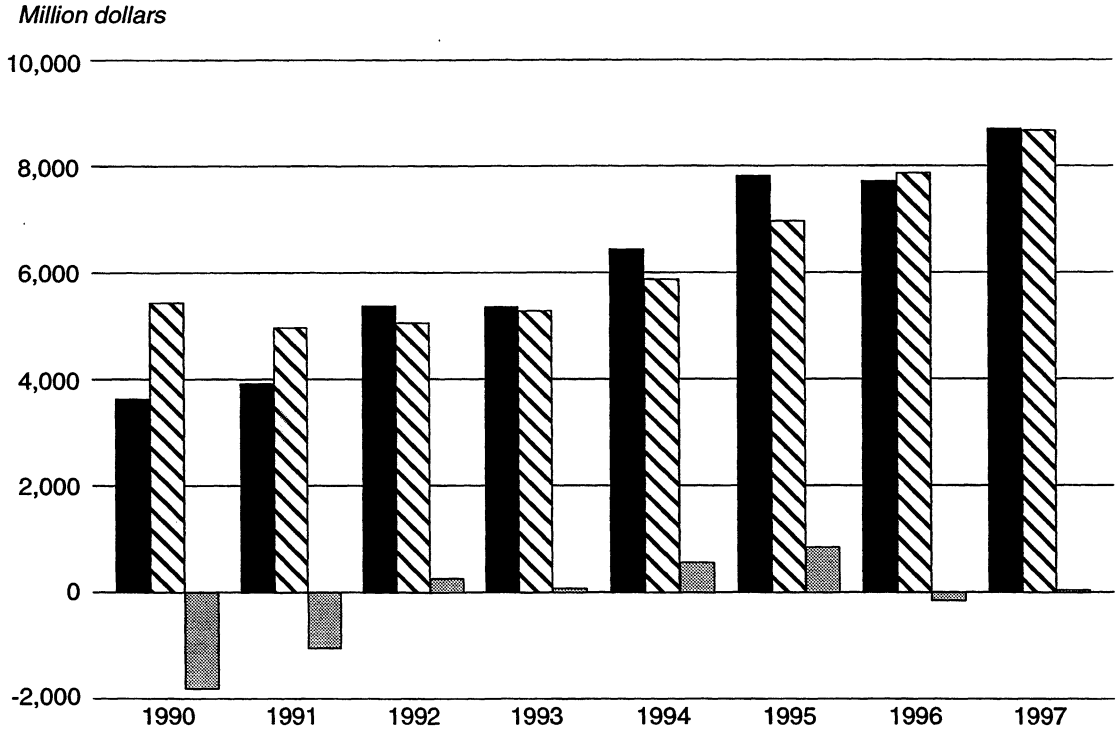
Table 6-1
U.S. trade with ATPA countries, 1990-97

Year	U.S. exports[1]	Share of U.S. exports to the world	U.S. imports[2]	Share of U.S. imports from the world	U.S. trade balance
	Million dollars	*Percent*	*Million dollars*	*Percent*	*Million dollars*
1990	3,534.2	0.9	5,438.6	1.1	-1904.4
1991	3,924.4	0.9	4,969.5	1.0	-1045.1
1992	5,319.7	1.3	5,058.7	1.0	261.0
1993	5,359.1	1.2	5,282.3	0.9	76.7
1994	6,445.0	1.3	5,879.5	0.9	565.5
1995	7,820.2	1.4	6,968.7	0.9	851.4
1996	7,718.7	1.3	7,867.6	1.0	-148.9
1997	8,681.8	1.3	8,673.6	1.0	8.2

[1] Domestic exports, f.a.s. basis.
[2] Imports for consumption, customs value.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 6-1
U.S. trade with ATPA countries, 1990-97



Items	1990	1991	1992	1993	1994	1995	1996	1997
U.S. exports	3,635.1	3,924.4	5,319.7	5,359.1	6,445.0	7,820.2	7,718.7	8,681.8
U.S. imports	5,438.6	4,969.5	5,058.7	5,282.3	5,879.5	6,968.7	7,867.6	8,673.6
U.S. trade balance	-1,804.3	-1,045.1	261.0	76.7	565.5	851.5	-148.9	8.2

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

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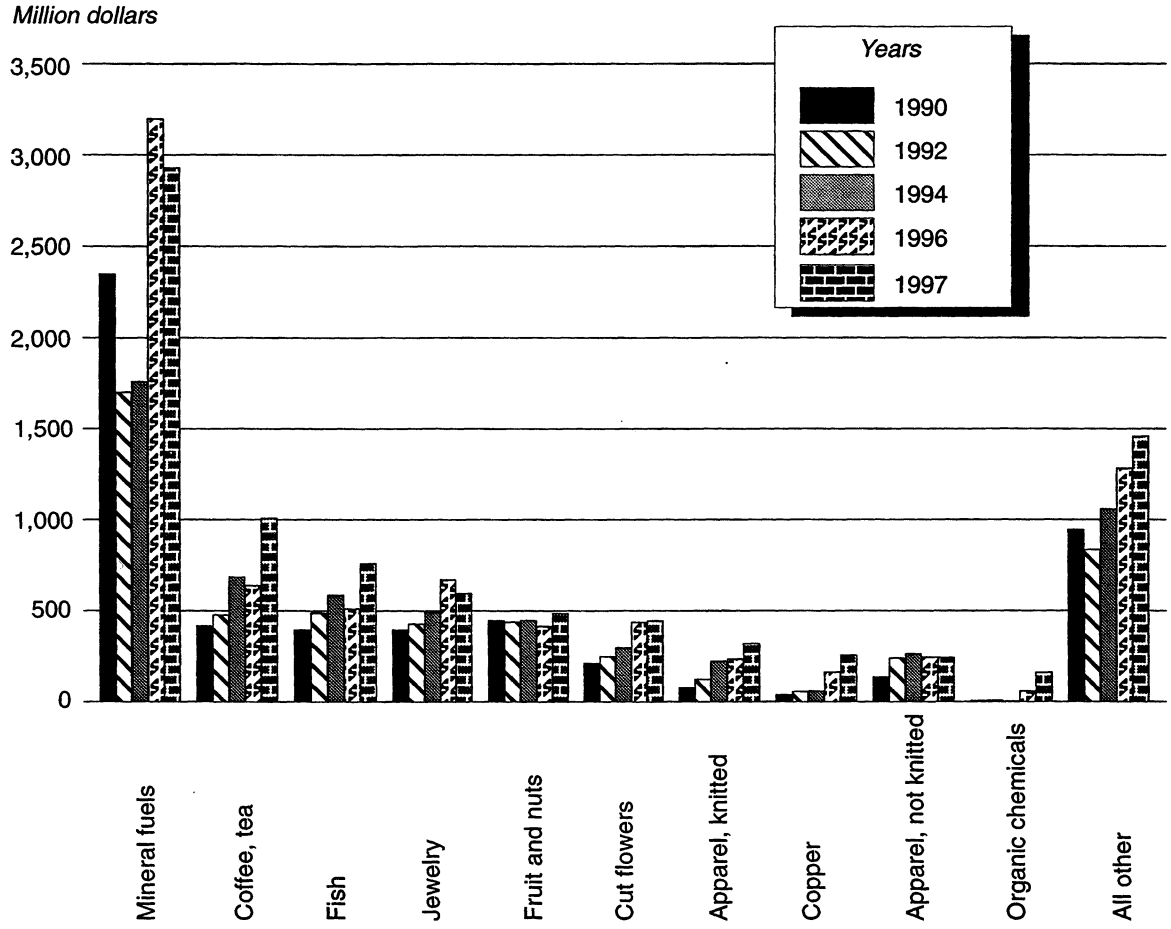
Table 6-2
Leading U.S. imports for consumption from ATPA countries, by major product categories, 1990, 1992, 1994, and 1996-97

HTS Item	Description	1990	1992	1994	1996	1997
				Value		
27	Mineral fuels, mineral oils and products of their distillations; bituminous substances; mineral waxes	$2,350,017	$1,703,205	$1,758,544	$3,200,265	$2,928,673
09	Coffee, tea, mate and spices	417,978	477,553	686,217	640,163	1,009,732
03	Fish and crustaceans, molluscs and other aquatic invertebrates	398,041	489,468	586,047	511,913	759,982
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	397,915	428,919	492,178	670,858	596,926
08	Edible fruit and nuts; peel of citrus fruit or melons	448,265	439,750	448,269	416,361	487,308
06	Live trees and other plants; blubs, roots and the like; cut flowers and ornamental foliage	212,928	249,740	298,111	437,836	446,675
61	Articles of apparel and clothing accessories, knitted or crocheted	79,720	125,251	223,443	235,202	320,815
74	Copper and articles thereof	39,700	57,909	60,464	163,915	257,242
62	Articles of apparel and clothing accessories, not knitted or crocheted	137,746	240,885	262,254	246,367	245,172
29	Organic chemicals	8,229	8,811	4,046	61,030	161,051
	Total of above	4,490,538	4,221,489	4,819,573	6,583,911	7,213,574
	All other	948,020	837,180	1,059,932	1,283,735	1,459,989
	Total all commodities	5,438,557	5,058,669	5,879,505	7,867,646	8,673,564
				Percent of total		
27	Mineral fuels, mineral oils and products of their distillations; bituminous substances; mineral waxes	43.21	33.67	29.91	40.68	33.77
09	Coffee, tea, mate and spices	7.69	9.44	11.67	8.14	11.64
03	Fish and crustaceans, molluscs and other aquatic invertebrates	7.32	9.68	9.97	6.51	8.76
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	7.32	8.48	8.37	8.53	6.88
08	Edible fruit and nuts; peel of citrus fruit or melons	8.24	8.69	7.62	5.29	5.62
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	3.92	4.94	5.07	5.57	5.15
61	Articles of apparel and clothing accessories, knitted or crocheted	1.47	2.48	3.80	2.99	3.70
74	Copper and articles thereof	0.73	1.14	1.03	2.08	2.97
62	Articles of apparel and clothing accessories, not knitted or crocheted	2.53	4.76	4.46	3.13	2.83
29	Organic chemicals	0.15	0.17	0.07	0.78	1.86
	Total of above	82.57	83.45	81.97	83.68	83.17
	All other	17.43	16.55	18.03	16.32	16.83
	Total all commodities	100.00	100.00	100.00	100.00	100.00

Note.—Because of rounding, figures may not add to totals given.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 6-2
Leading U.S. import categories for consumption from ATPA countries, 1990, 1992, 1994, and 1996-97



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

Mineral fuels (HTS 27) constitute the leading HTS category of U.S. imports from ATPA countries. In 1990, mineral fuels (petroleum products) accounted for 43.2 percent of U.S. imports from these countries, in 1994 for 29.9 percent, in 1996 for 40.7 percent, and in 1997 for 33.8 percent. Only Colombia and Ecuador currently have economically recoverable reserves of petroleum. During 1997, Colombia contributed 64.7 percent, and Ecuador 25.1 percent of total U.S. imports of mineral fuels from ATPA countries.[2] Ninety-eight percent of such imports consisted of crude petroleum, the remainder of refined petroleum products. The volume of petroleum- product imports increased by 50 percent during the years 1990-97, but because prices fell, their value rose only by about 25 percent. The year-to-year value of imports has fluctuated, reflecting largely the volatility of oil prices. Data nonetheless suggest a moderate downward trend in the dominance of petroleum products in U.S. imports from ATPA countries, mostly because of softening oil prices and diversification of production and exports in ATPA countries.

[2] Table D–4 (in appendix D) shows U.S. imports by ATPA country by HTS chapter.

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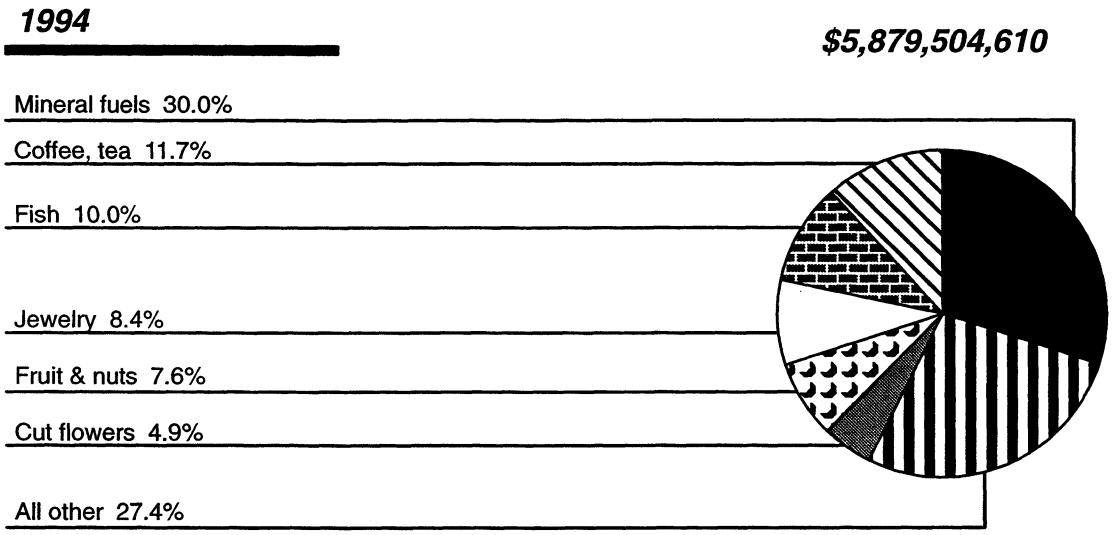
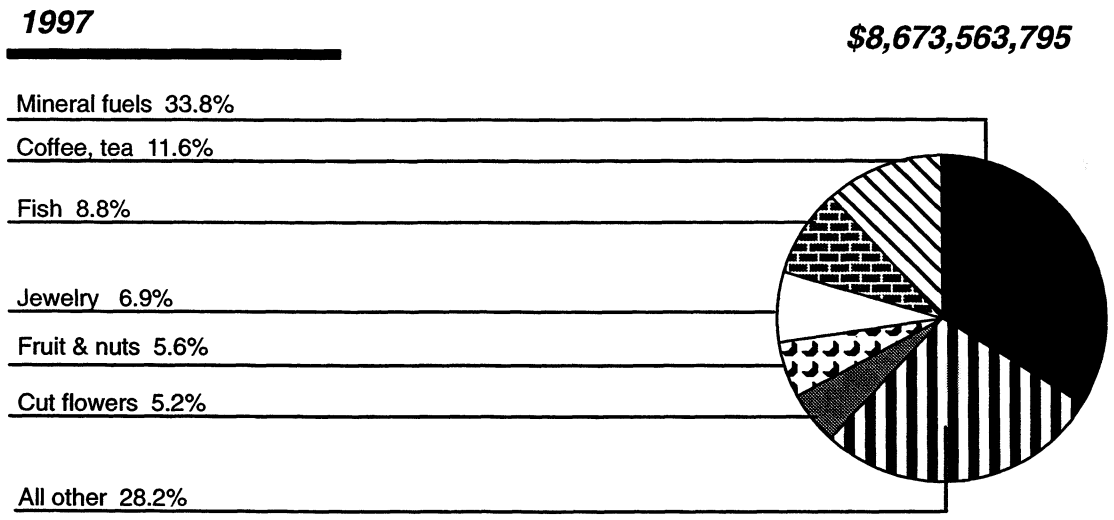
Figure 6-3
Composition of U.S. imports for consumption from ATPA countries, by major product categories, 1994 and 1997





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

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Coffee, tea, and spices (HTS chapter 9) constitute the second largest import category from ATPA countries. Over 95 percent of this category is accounted for by coffee. During the period 1990-97, imports by value tended to rise irregularly. The share of the category in total U.S. imports from ATPA countries was 7.7 percent in 1990, and 11.6 percent in 1997. Some three-quarters of these imports originate in Colombia, and less than 20 percent in Peru.

The other major import groups from ATPA countries have a significant component of ATPA-eligible items. These are: fish (HTS chapter 3); jewelry, precious stones, and precious metals (HTS chapter 71); edible fruits and nuts (HTS chapter 8); cut flowers (HTS chapter 6) ; copper and copper articles (HTS chapter 74); and organic chemicals (HTS chapter 29). Imports classified in these chapters will be discussed separately under "Imports under ATPA Preferences."

Among the smaller, but still significant import categories from ATPA countries, only the two apparel chapters (HTS 61 and HTS 62) contain primarily tariff provisions that are not eligible for ATPA preferences. Imports of knitted apparel (HTS chapter 61) show a tendency to grow faster than other groups. Based on HTS product classification, knitted apparel accounted for 1.5 percent of all U.S. imports from ATPA countries in 1990; this share peaked at 3.8 percent in 1994, and was 3.7 percent in 1997. Imports of apparel, not knitted (HTS chapter 62) also increased comparatively in the period 1990-94 from 2.5 to 4.5 percent of the total, but such imports declined in 1997, amounting to 2.8 percent of the total.[3] For more discussion regarding trends in imports of apparel from ATPA countries, see "Textiles and Apparel" immediately below.

Textiles and Apparel

The ATPA countries are a small but growing supplier of U.S. imports of textile and apparel articles, almost all of which are ineligible for duty-free entry under the ATPA program.[4] Between 1990 and 1997, sector imports from ATPA countries grew by an annual average of 12.7 percent, to $637 million, compared with annual gains of 9.8 percent in total U.S. textile and apparel imports and 6.9 percent in total U.S. imports from the region.[5] Although ATPA countries supplied only 1 percent of U.S. textile and apparel imports in 1997, the sector accounted for a growing share of U.S. imports from the region, rising from 5.1 percent of the total in 1990 to 7.3 percent in 1997. Sector imports in 1997 came mostly from Colombia (60 percent) and Peru (35 percent) and consisted mainly of apparel ($566 million).

Sector imports from Colombia more than doubled during the years 1990-95, to $391 million, fell to $335 million in 1996, and then partially recovered to $382 million in 1997. A Colombian official attributed the 1996 decline to NAFTA, which provides Mexico with a duty advantage.[6] The import decline was widespread among products, with the largest declines occurring in manmade-fiber hosiery and woven cotton shirts and blouses, imports of which fell from $34 million in 1995 to just under $2 million in 1997 and from $30 million to just under $3 million, respectively. A major portion of U.S. apparel imports from Colombia involves production-sharing, in which U.S. firms ship garment parts there for sewing and re-import the assembled garments under U.S. tariff provision 9802.00.80, which provides a duty exemption for U.S. components that are returned to the United States as parts of goods assembled abroad. Garments entered under the provision made up about 45 percent of the apparel imports from Colombia in 1997.

Colombia is the only ATPA country currently subject to U.S. import quotas on sector goods. Of the four quotas in place in 1997, Colombia only filled the quota for men's wool suits; the other quotas, covering cotton printcloth, cotton and manmade-fiber underwear, and women's wool suits, were either unused or largely unfilled. In August 1995, the United States established "special access limits" (SALs) for Colombia under the 9802.00.80 tariff provision that provided, in addition to the reduced duties, greater market access for certain garments

[3] The combination of HTS chapter 61 and 62 is used here to compare trends of apparel imports with those of other industries in the HTS 2–digit classification system, which is generally used in this chapter.

[4] Textiles and apparel subject to textile quota agreements are excluded from duty–free treatment under ATPA; they include articles of cotton, other vegetable fibers, wool, manmade fibers, and silk blends.

[5] U.S. import data are in terms of section XI of the HTS (chs. 50–63).

[6] Remarks attributed to Nicolas Lloreda, Director of the Colombian Trade Office in Washington, as stated in U.S. Department of State telegram, "Annual Trade and Investment Meeting: Bogota, June 10, 1997," message reference No. 012274, prepared by U.S. Embassy, Bogota, Jan. 5, 1998.

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assembled from U.S.-made and -cut fabric.[7] In 1997, Colombia filled 39 percent of the SAL for women's wool suits and about 9 percent of the SAL for cotton and manmade-fiber underwear. The quotas and SALs for the underwear and women's suits expired on December 31, 1997.

The apparel industry in Colombia comprises about 4,000 registered firms, of which about 120 firms, including 30 to 40 production-sharing operations, produce apparel for export.[8] The industry employs about 300,000 employees and indirectly supports another 600,000 workers, or roughly 2 percent of the country's population.[9] With easy ocean access to Miami, apparel production-sharing operations in Colombia offer short lead times and competitive transportation costs compared with Asian competitors.[10]

Peru has almost tripled its sector shipments to the United States since 1990, to $221 million in 1997. Two-thirds of the 1997 imports, or almost $150 million, consisted of knit cotton shirts. Many of these knit shirts are made from Peruvian pima cotton, a high-grade, long-staple fiber known for its softness. Several U.S. merchandising and retail catalog companies with widely recognized brand names have played a major role in fostering the growth in imports of such knit shirts from Peru. Further expansion of this trade is dependent on the effectiveness of using Peruvian cotton as a promotional/advertising ploy.

Peru's cut-and-sew apparel industry consists of about 14,200 firms, 200 of which are considered to be medium- or large-size firms. The industry has 120,000 production workers and another 80,000 workers provide support services to the production sector. The export sector of the industry uses modern technology in the production of apparel to buyer specifications; non-export firms either still use outdated, labor-intensive equipment or are in the process of modernizing their plants. Peru's apparel exports grew from $364 million in 1990 to an estimated $590 million in 1997. The United States is the largest export market for Peruvian apparel; based on data for January-July 1997, it accounted for 38 percent of Peru's apparel exports.[11]

Leading Items

Table 6-3 shows the 20 leading U.S. import items from ATPA countries during the period 1994-97 on an 8-digit HTS subheading basis, ranked by their 1997 import value. Only a few items—petroleum oils, distillate and residual fuel oils, and apparel items—are dutiable under column 1-general duty rates of the HTS, formerly known as Most-Favored-Nation (MFN) duties. The other leading items, while dutiable, are eligible for ATPA tariff preferences, including cut flowers and jewelry, and will be covered under "U.S. Imports under ATPA Preferences" later in this chapter.

The remaining items on the list are unconditionally column 1-general-duty-free goods, including coffee, shrimp and prawns, nonmonetary gold, bananas, rubies, sapphires, and emeralds. Colombia is the principal supplier of dutiable petroleum products and apparel, duty-free coffee, and gemstones. Ecuador is the principal supplier of duty-free shrimp and bananas, and Peru of duty-free gold.

Imports of bananas, which had declined since 1994, rebounded in 1997 from both ATPA sources, Ecuador and Colombia. Ecuador is the world's leading exporter of fresh bananas, with longstanding U.S. investment and U.S. involvement in their production and distribution. Ecuador was the second leading U.S. supplier in 1997 after Costa Rica, accounting for 24 percent of the value of U.S. imports from all sources.

Ecuador was among the countries that requested a WTO dispute-settlement panel[12] to examine the importation, sale, and distribution of bananas in the European Union (EU).[13] These countries claimed that, by imposing import quotas and distribution

[7] Committee for the Implementation of Textile Agreements, "Establishment of a Special Access Textile Program for Andean Trade Preference Act Countries," *Federal Register*, Aug. 30, 1995 (60 F.R. 45144).

[8] U.S. Department of State, "Colombia – Textile Sector – IMI980223: Market Research Reports," prepared by U.S. Embassy, Bogota, Feb. 23, 1998, found at Internet address http://www.stat-usa.gov, retrieved June 2, 1998.

[9] "The Andean Region," *Apparel Industry Magazine*, Oct. 1997, p. 28, found at Internet address http://proquest.umi.com, retrieved July 8, 1998.

[10] It takes 3 days for a ship to travel between Colombia and the United States; the flight time to Miami is two and a half hours. See "Top 5 Latin American Markets," *Apparel Industry Magazine*, Oct. 1995, p. 30, found at Internet address http://proquest.umi.com, retrieved July 8, 1998.

[11] The information in this paragraph is from U.S. Department of State telegram, "Working Conditions in the Peruvian Apparel Industry," message reference No. 003885, prepared by U.S. Embassy, Lima, June 15, 1998.

[12] The others were the United States, Mexico, Honduras, Guatemala, and Panama.

[13] The banana regime of the EU entered into force on July 1, 1993, favors bananas from former European colonies in African, Caribbean and Pacific (ACP) countries over cheaper "dollar bananas" from Central and South America. The EU regime limited the amount of bananas that could be distributed from non–ACP sources by traditional operators, mainly U.S. companies.

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Table 6-3
Leading U.S. imports for consumption from APTA countries, 1994-97

HTS Number	Description	1994	1995	1996	1997	Change 1996/1997
			Value (1,000 dollars)			*Percent*
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	1,402,626	1,978,628	2,053,061	1,319,426	-35.73
0901.11.00	Coffee, not roasted, not decaffeinated	606,163	651,639	554,779	887,124	59.91
0306.13.00	Shrimps and prawns, cooked in shell or uncooked, dried, salted or in brine, frozen	498,915	491,989	414,208	656,445	58.48
0803.00.20	Bananas, fresh or dried	392,616	387,065	352,399	417,858	18.58
2710.00.05	Distillate and residual fuel oils (including blends) derived from bituminous minerals, testing under 25 degrees A.P.I.	236,156	155,468	372,705	357,104	-4.19
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	388	167,916	183,458	344,406	87.73
2713.11.00	Coke, petroleum, not calcined	-	19,693	129,891	222,270	71.12
7403.11.00	Refined copper cathodes and sections of cathodes	29,491	26,603	121,681	214,643	76.40
0603.10.60	Roses, fresh cut	105,926	127,817	156,486	184,291	17.77
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids, fresh cut	121,054	147,966	162,300	147,827	-8.92
7108.12.10	Gold, nonmonetary, bullion and dore	67,611	165,418	238,177	139,667	-41.36
2710.00.10	Distillate and residual fuel oils (including blends) derived from bituminous minerals, testing 25 degrees A.P.I. or more	1,123	3,658	93,513	111,932	19.70
2711.29.00	Petroleum gases and other gaseous hydrocarbons, except natural gas	-	9,347	76,122	111,698	46.74
0901.12.00	Coffee, not roasted, decaffeinated	69,908	95,903	73,756	99,588	35.02
2701.12.00	Coal, bituminous, whether or not pulverized, but not agglomerated	89,544	84,561	79,903	97,527	22.06
7113.19.10	Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture	83,921	127,863	103,528	80,398	-22.34
7103.91.00	Rubies, sapphires and emeralds, worked, whether or not graded, but n/strung (ex. ungraded temporarily strung), mounted or set	390,151	94,200	74,523	79,957	7.29
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	27,569	38,206	54,226	77,489	42.90
0603.10.80	Cut flowers and flower buds suitable for bouquets or ornamental purposes, fresh cut, nesi	45,699	64,592	81,505	76,151	-6.57
7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi	103,080	57,550	63,430	75,762	19.44
	Subtotal	3971941	4,896,082	5,439,650	5,701,563	4.81
	All Other	1,907,564	2,072,648	2,427,996	2,972,001	22.41
	Total	5,879,505	6,968,729	7,867,646	8,673,564	10.24

Note.—The abbreviation, nesi, stands for "not elsewhere specified or included." The abbreviation, nesoi, stands for "not elsewhere specified or otherwise included."

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

restrictions, the EU favored bananas from domestic producers and former European colonies in Africa, the Caribbean, and the Pacific (ACP countries) over cheaper, so-called "dollar" bananas from Latin America.[14] Indeed, during 1997, a WTO panel and subsequently a WTO Appellate Body found several EU practices inconsistent with WTO rules, and upheld the complaints of the United States and other countries of EU discriminatory practices.[15] Since then, however, the EU has not come into compliance with its WTO obligations, and the dispute adversely affecting the banana markets of certain countries, including Ecuador, continued into 1998.

The coastal areas of Colombia, Ecuador, and Peru provide ideal conditions for shrimp aquaculture. Production has grown steadily in these regions for many years, despite a leveling off of prices in the United States and other major markets in recent years.

In 1997, the fastest growing major import items, on an 8-digit HTS basis, were petroleum oils testing under 25 degrees A.P.I., refined copper cathodes, coke and petroleum not calcined, coffee, shrimps and prawns, men's and boys' knitted shirts of cotton, and bituminous coal. Imports of petroleum oils testing 25 degrees A.P.I or more, and nonmonetary gold suffered the biggest decline during the year.

Shifts Between ATPA Countries

Table 6-4 and figure 6-4 show overall U.S. imports from each ATPA country. Throughout the 1990s, Colombia has been the number one source of such imports, contributing well above one-half of the total. While losing some percentage points of its share as a U.S. supplier, Colombia still accounted for more than half of all U.S. imports from ATPA countries in 1997. Ecuador has been the second-ranking U.S. source during the 1990s, constituting about one-quarter of all U.S. imports from ATPA countries, followed by Peru and Bolivia. Although the order of these countries as U.S. suppliers has been the same through the period, their relative significance has changed owing to variations in their overall export drive, and to changes that have taken place in the product composition of their exports to the United States.

[14] Specifically, these complainants believe that the EU banana regime is inconsistent with GATT Articles I, II, III, X, XI, and XIII, as well as with provisions of the WTO Agreements on Agriculture, Import Licensing Procedures, Trade–Related Investment Measures (TRIMs), and the General Agreement on Trade in Services (GATS).

[15] USTR, "Update: Developments in International Trade Dispute Settlement," Feb. 9, 1998, p. 12.

Peru's share of total U.S. imports from ATPA countries increased markedly, mostly at the expense of Colombia. In 1990, Peru was responsible for 13.6 percent of all U.S. imports from ATPA countries; its share increased to 19.7 percent of the total by 1997. Peru's exports to the United States were up in virtually all major categories, including precious metals, precious stones, and jewelry (HTS chapter 71); and petroleum products (HTS chapter 27). Peru (and also Bolivia) experienced a mining boom in recent years, as Latin American countries liberalized their foreign-investment and mining laws in the early 1990s.[16] By 1996, Peru overtook Brazil to become the largest gold-mining country in Latin America, while remaining the world's second largest producer of silver, after Mexico.[17] However, Peru's exports to the United States grew most rapidly in knitted apparel products (HTS chapter 61), most of which are not covered by ATPA, and other smaller categories of items largely covered by ATPA.

Colombia's gradually diminishing significance from 58.0 percent of all imports from ATPA countries in 1990 to 53.2 percent of the total in 1997 (table 6-4 and figure 6-4) was caused in large part by the shrinking value of petroleum products as a portion of its overall exports to the United States. In 1990, petroleum products constituted 54.2 percent of total U.S. imports from Colombia; this share dropped to 41.1 percent in 1997. By contrast, the share accounted for by knitted apparel from Colombia climbed from 0.9 percent of Colombia's exports to the United States in 1990 to 2.6 percent in 1997.

Ecuador's share in U.S. imports from ATPA countries was 25.0 percent in 1990; it peaked with 29.1 percent in 1994, then returned to 24.7 percent in 1997. Petroleum products have again been the leading import sector; such imports fluctuated with oil prices in the 1990s, accounting for generally more than one-third of the total (table D-4). Another notable change in the composition of U.S. imports from Ecuador has been the growing significance of some product categories largely covered by ATPA provisions, such as cut flowers, tuna not in cans, and articles made of wood.

[16] See for example, D.R. Wilburn, "Annual Review 1997, Exploration," *Mining Engineering*, vol. 50, no. 5, May 1998, pp. 51–60.

[17] In 1996, Peru produced 64.8 metric tons of gold, just exceeding Brazil's 62.5 metric tons, and produced 1,968 metric tons of silver, compared to 2,500 metric tons for Mexico. Earle B. Amey, "Gold," *Minerals Yearbook*, U.S. Geological Survey, Minerals Information, 1996, Table 6, Gold, World Mine Production, By Country; and Henry E. Hilliard, "Silver," *Minerals Yearbook*, U.S. Geological Survey, Minerals Information, 1996, Table 6, Silver, World Mine Production, By Country.

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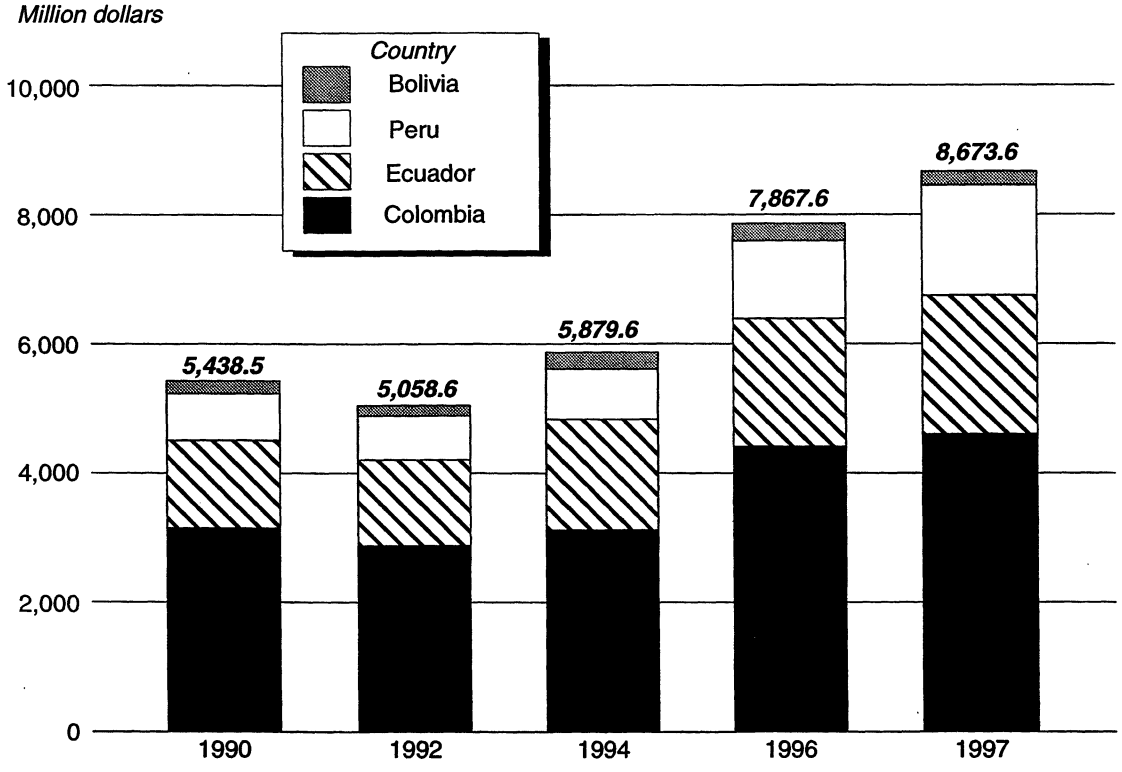
Table 6-4
U.S. imports for consumption from ATPA countries, by source, 1990, 1992, 1994, and 1996-97

Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Colombia	3,154,087	2,888,009	3,132,398	4,421,492	4,614,873
Ecuador	1,358,304	1,323,031	1,709,790	1,975,027	2,139,354
Peru	726,842	686,043	779,945	1,202,788	1,705,929
Bolivia	199,325	161,586	257,373	268,339	213,408
Total	5,438,557	5,058,669	5,879,505	7,867,646	8,673,564
			Percent of total		
Colombia	58.0	57.1	53.3	56.2	53.2
Ecuador	25.0	26.2	29.1	25.1	24.7
Peru	13.4	13.6	13.3	15.3	19.7
Bolivia	3.7	3.2	4.4	3.4	2.5
Total	100.0	100.0	100.0	100.0	100.0

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

Figure 6-4
U.S. imports for consumption from ATPA countries, by source, 1990, 1992, 1994, and 1996-97



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

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Bolivia accounted in 1990 for 3.7 percent of all U.S. imports from ATPA countries (table 6-4 and figure 6-4). This share dropped to 2.5 percent of the total by 1997, as the value of U.S. imports under the leading two chapters in terms of Bolivian trade—precious stones and jewelry (HTS chapter 71), and tin and tin articles (HTS chapter 80)—declined (table D-4). The growth categories of U.S. imports from Bolivia—knitted apparel, edible fruit and fruit products, and inorganic chemicals—could not offset the decline of imports in that country's leading product categories.

Dutiability

In 1997, the dutiable share of total U.S. imports from ATPA countries was 33.6 percent, the average rate of duty was 3.27 percent ad valorem, and the duty revenues from such imports (calculated duties) amounted to $95.4 million (table 6-5). Less than 1 percent by value entered under reduced-duty ATPA provisions in each year (table 6-6). Products eligible for these reduced duties are limited to luggage and handbags of leather, work gloves, flat goods, and leather wearing apparel.

Duty-free Imports

Two-thirds of U.S. imports from ATPA countries were free of duty in 1997. Duty-free imports entered in one of the following ways: (1) unconditionally free under column 1-general tariff rates (44.9 percent of all imports); (2) conditionally free under GSP (2.9 percent); (3) conditionally free under "production sharing," i.e. chapter 98 of the HTS (1.9 percent); (4) conditionally free under ATPA (14.8 percent); or (5) under other provisions (1.8 percent).

The duty-free portion of U.S. imports from ATPA countries was higher in 1997 (66.4 percent) than in 1994 (63.8 percent), owing to a larger share of column 1-general-duty-free imports, including coffee, shrimp, bananas, and precious stones, and also to imports under ATPA. Entries under other duty- free provisions—GSP and production-sharing—were comparatively lower in 1997 than in 1994 (table 6-6).

Imports Under ATPA Preferences

Compared with the 2.8 percent average annual growth of total U.S. imports from ATPA countries in 1990-97, imports under ATPA (1994-97) increased faster, at an annual rate of 4.0 percent. This faster growth of imports under ATPA provisions occurred before 1997. In 1994, 11.6 percent of total U.S. imports entered under ATPA; in 1995, 13.5 percent; and in 1996 16.1 percent, as suppliers came to prefer using ATPA in shipping certain products that were eligible for duty-free entry under either GSP or ATPA. Their motivation in choosing ATPA was based on numerous considerations: to avoid GSP competitive-need restrictions,[18] to use ATPA's more liberal rules of origin, or to avoid any risk of losing duty-free access to the U.S. market should GSP not be renewed.

However, in 1997, U.S. imports afforded duty-free entry under ATPA[19] ($1.3 billion) stopped increasing faster than overall imports from ATPA countries. Imports under ATPA dropped to 15.6 percent of all imports from ATPA countries. The reason was that dutiable imports that are not eligible for duty-free entry under ATPA (such as apparel), or that are unconditionally column 1-general-duty-free (such as coffee, shrimp, and bananas) increased faster from ATPA countries than did the ATPA-eligible portion.

[18] For a definition of GSP competitive-need restrictions, see *First Report, 1993,* p. 8.

[19] Data in this chapter on imports under ATPA provisions show the value of products entered free of duty less Column 1–general duty–free imports, if entered under ATPA. However, some of these imports were also eligible for duty–free entry under GSP. The data are disaggregated further in chapter 7.

Table 6-5
U.S. imports for consumption from ATPA countries: Dutiable value, calculated duties, and average duty, 1992, 1994, and 1996-97

Item	1992	1994	1996	1997
Dutiable imports[1] *(1,000 dollars)*	2,318,863	2,261,297	3,379,043	2,915,126
Dutiable as a share of total *(percent)*	45.8	38.5	42.9	33.6
Calculated duties *(1,000 dollars)*[1]	87,445	85,467	87,124	95,374
Average duty *(percent)*[2]	3.77	3.78	2.58	3.27

[1] Dutiable value and calculated duty exclude the U.S. content entering under HTS subheading 9802.00.80 and subheading 9802.00.60 and misreported imports. Data based on product eligibility corresponding to each year.

[2] Average duty = (calculated duty/dutiable value) * 100.

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

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Table 6-6
U.S. imports for consumption from Bolivia, Colombia, Ecuador, and Peru, by duty treatment, 1994-97

Item	Bolivia	Colombia	Ecuador	Peru	ATPA total	Share of total
			Value (1,000 dollars)			*Percent*
1994:						
Total imports	257,373	3,132,398	1,709,790	779,945	5,879,505	100.0
Dutiable value[1]	12,425	1,312,104	591,338	210,192	2,126,059	36.2
ATPA reduced duty	684	19,635	102	10	20,432	0.3
Duty-free value[3]	244,948	1,820,294	1,118,452	569,753	3,753,446	63.8
Col. 1-general[4]	115,185	1,070,386	1,007,929	270,876	2,464,376	41.9
GSP[5]	37,418	88,754	37,267	176,012	339,451	5.8
ATPA[6]	91,156	392,007	72,803	107,420	663,386	11.3
Production sharing[7]	853	145,550	254	9,013	155,670	2.6
Other duty free[8]	336	123,597	199	6,432	130,563	2.2
1995:						
Total imports	256,795	3,807,348	1,939,218	965,370	6,968,729	100.0
Dutiable value[1]	18,974	1,716,998	766,565	360,541	2,863,078	41.1
ATPA reduced duty	1,317	21,715	138	6	23,176	0.3
Duty-free value[3]	237,821	2,090,350	1,172,653	604,829	4,105,653	58.9
Col. 1-general[4]	137,083	1,330,470	1,000,602	273,575	2,741,730	39.3
GSP[5]	15,470	75,737	23,125	113,908	228,240	3.3
ATPA[6]	82,783	477,546	147,721	207,563	915,613	13.1
Production sharing[7]	2,106	169,028	907	185	172,226	2.5
Other duty free[8]	379	37,569	298	9,598	47,844	0.7
1996:						
Total imports	268,338	4,421,492	1,975,027	1,202,788	7,867,645	100.0
Dutiable value[1]	30,656	2,108,721	783,551	456,115	3,379,043	42.9
ATPA reduced duty	1,468	23,489	226	22	25,205	0.3
Duty-free value[3]	237,682	2,312,771	1,191,476	746,673	4,488,602	57.1
Col. 1-general[4]	126,128	1,520,542	941,542	277,798	2,866,010	36.4
GSP[5]	2,446	45,538	17,837	64,788	130,609	1.7
ATPA[6]	104,323	537,057	218,193	385,276	1,244,849	15.8
Production sharing[7]	2,102	126,148	1,676	1,018	130,944	1.7
Other duty free[8]	2,683	83,486	12,228	17,793	116,190	1.5
1997:						
Total imports	213,408	4,614,873	2,139,354	1,705,929	8,673,564	100.0
Dutiable value[1]	33,492	1,662,344	692,408	526,881	2,915,126	33.6
ATPA reduced duty	1,882	25,157	139	45	27,224	0.3
Duty-free value[3]	179,916	2,952,528	1,446,946	1,179,048	5,758,438	66.4
Col. 1-general[4]	90,957	2,041,264	1,195,364	566,376	3,893,961	44.9
GSP[5]	18,885	78,162	17,312	140,910	255,271	2.9
ATPA[6]	65,730	579,205	215,247	424,057	1,284,238	14.8
Production sharing[7]	2,874	159,759	2,178	427	165,238	1.9
Other duty free[8]	1,469	94,148	16,845	47,279	159,740	1.8

[1] Dutiable value excludes the U.S. content entering under HTS subheading 9802.00.80 and misreported imports.

[2] Not eligible during 1992.

[3] Calculated as total imports less dutiable value.

[4] Value of imports that have a col. 1-general duty rate of free.

[5] Reduced by the value of unconditionally duty-free imports and ineligible items that were misreported as entering under the GSP program.

[6] Reduced by the value of unconditionally duty-free imports and ineligible items that were misreported as entering under ATPA.

[7] HTS items 9802.00.60 and 9802.00.80. Refers to the value of nondutiable exported and returned U.S.-origin products or components.

[8] Calculated as a remainder, and represents imports entering free of duty under column 1-special.

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

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Product Composition

Fresh cut flowers (HTS chapter 6) have been the leading articles imported under ATPA and were the top import category from the Andean region even before the inception of the program (table 6-7 and figure 6-5). Fresh cut flowers is also a major category in overall imports from ATPA countries (table 6-2 and figures 6-2 and 6-3). During the years 1990-97, such imports from ATPA sources rose steadily and substantially, to $444.9 million in 1997. Flower imports surged most rapidly in the first years of the 1990s.[20] Colombia provides 81 percent by value, and supplies mainly fresh cut carnations, roses, and chrysanthemums. Ecuador provides 19 percent, mainly fresh cut roses (see table D-5 for imports under ATPA by major category and by country).

A strong U.S. economy, a real decline in certain cut flower prices, and the development of nontraditional flower outlets such as supermarkets and street vendors, raised U.S. demand for cut flowers, and contributed to the expansion of cut flower imports. Colombia and Ecuador provided three-quarters of total U.S. cut flower imports in 1997, up from about two-thirds in 1990. The competitive edge of ATPA countries is attributable to a favorable climate for growing flowers, relatively low production costs, the development of air freight service and distribution infrastructure, and duty-free treatment under ATPA. Prior to ATPA's inception, the bulk of cut flower imports from ATPA countries was dutiable; a relatively small share (16 percent in 1990) entered free of duty under the GSP. By 1997, virtually all fresh-cut flower imports from ATPA countries entered free of duty under ATPA.

Yet, despite their ATPA-assisted rapid growth, fresh-cut flower imports as a share of imports of all products under ATPA diminished during the ATPA years, from 43.3 percent in 1994 to 32.9 percent in 1997 as ATPA countries diversified their economic profile, and imports of some other product categories under ATPA have grown even faster (table 6-7 and figure 6-5). Nevertheless, cut flower products have remained the leading import items under ATPA each year since the program has been in effect. In 1997, the first, third, and fourth leading 8-digit HTS items were cut flowers (table 6-8).

Jewelry, gemstones, and precious metals (HTS chapter 71) were the second leading ATPA import sector. This sector also has a large unconditionally duty-free content (gem stones, gold, and silver), and is also a major sector in overall imports from ATPA countries (table 6-2 and figures 6-2 and 6-3). ATPA countries supplied some 4 percent of the U.S. jewelry market in 1990-97; Italy, Thailand, Hong Kong, and India were the major sources of U.S. imports.

Abundant, skilled, low-cost labor, and rising consumer demand in the United States for high-quality, low-cost jewelry of gold and silver, have contributed to the establishment of an export-competitive industry in Peru and Bolivia. These two countries have nurtured their domestic jewelry industries, particularly for gold chain and similar articles, to take advantage of ATPA treatment. Nonetheless, as imports of some other product categories under ATPA have grown even faster than imports of jewelry, this category declined as a portion of imports of all products under the program. The jewelry, gemstones, and precious metals sector accounted for somewhat less than 20 percent of all ATPA imports in the years 1994-96, dropping to 16.2 percent by 1997.

Copper articles are a major import sector from ATPA countries both overall and under ATPA (table 6-2, figures 6-2 and 6-3, and table 6-7 and figure 6-5). Some three-quarters of copper-related imports from ATPA countries entered under ATPA in 1997. Copper-based imports under ATPA have grown faster than imports of flowers and jewelry. Imports of copper products surged steadily as a portion of U.S. imports under ATPA, from 1.4 percent of the total in 1994 to 13.9 percent in 1997.

Some 85 percent of copper-based imports have originated in Peru since 1991 (table D-5). Their surge was attributable to a sharp increase in foreign investment in Peru's copper industry in response to liberalized mining and investment laws and opportunities for low-cost production (copper deposits are typically richer in Peru than in the United States).[21] Mine production (ore/concentrates), smelter production (unrefined copper), and refinery production (refined copper from unrefined copper and from chemical treatment of copper ore) have all increased, mostly for exports. Foreign companies have announced plans for extensive additional investment in Peru's metal industries, which will likely result in further growth of U.S. imports of copper articles from Peru in the future.

[20] Colombia, the principal flower producer among ATPA countries, became eligible for ATPA in 1992.

[21] The other ATPA countries are not significant copper producers.

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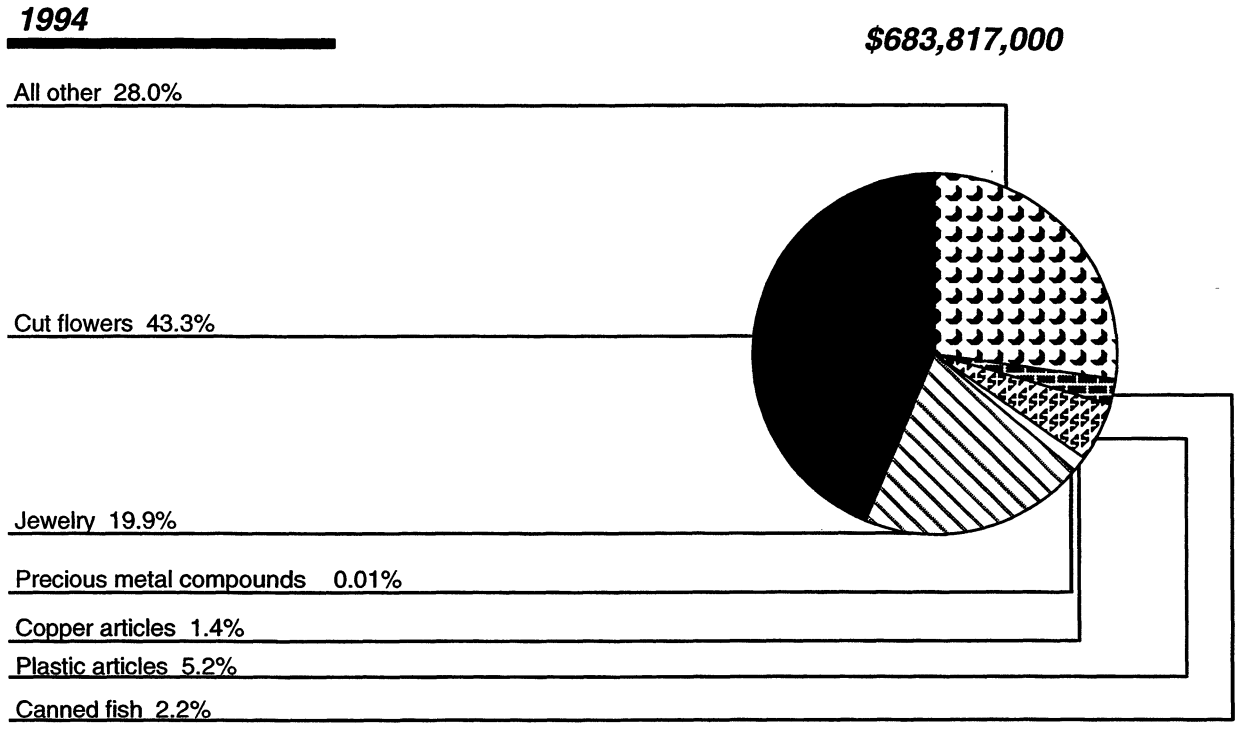
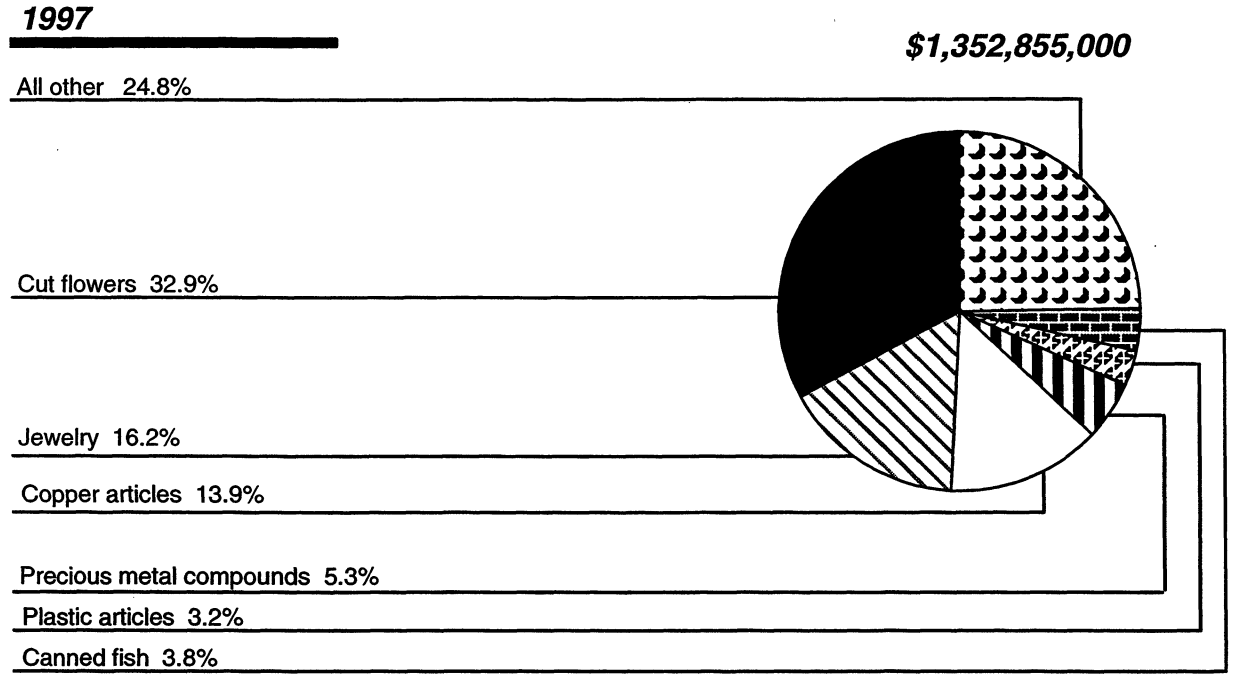
Table 6-7
Leading U.S. imports for consumption under ATPA, by major product categories, 1994-97

HTS Item	Description	1994	1995	1996	1997
		Value (1,000 dollars)			
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	296,368	371,882	435,871	444,922
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	136,267	177,124	245,316	219,040
74	Copper and articles thereof	9,679	26,512	105,608	187,826
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	86	417	2,261	72,259
16	Edible preparations of meat, fish crustaceans, molluscs or other aquatic invertebrates	14,984	39,442	61,232	51,129
39	Plastics and articles thereof	35,136	39,435	44,673	42,676
07	Edible vegetables and certain roots and tubers	18,181	27,020	37,544	39,757
17	Sugar and sugar confectionary	27,654	64,220	74,692	33,944
44	Wood and articles of wood; wood charcoal	9,094	18,644	30,093	32,125
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	20,984	23,911	26,045	27,803
	Total of above	568,433	788,608	1,063,335	1,151,481
	All other	115,384	150,181	206,719	201,374
	Total all commodities	683,817	938,789	1,270,054	1,352,855
		Percent of total			
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	43.34	39.61	34.32	32.89
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	19.93	18.87	19.32	16.19
74	Copper and articles thereof	1.42	2.82	8.32	13.88
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.01	0.04	0.18	5.34
16	Edible preparations of meat, fish crustaceans, molluscs or other aquatic invertebrates	2.19	4.20	4.82	3.78
39	Plastics and articles thereof	5.14	4.20	3.52	3.15
07	Edible vegetables and certain roots and tubers	2.66	2.88	2.96	2.94
17	Sugars and sugar confectionary	4.04	6.84	5.88	2.51
44	Wood and articles of wood; wood charcoal	1.33	1.99	2.37	2.37
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	3.07	2.55	2.05	2.06
	Total of above	83.13	84.00	83.72	85.11
	All other	16.87	16.00	16.28	14.89
	Total all commodities	100.00	100.00	100.00	100.00

Note.—Because of rounding, figures may not add to totals given.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 6-5
Composition of U.S. imports for consumption under ATPA, by major product categories, 1994 and 1997





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Plastic articles (HTS 39), which contain nonadhesive plates from Colombia, were another import category benefiting from ATPA, as were edible vegetables (chapter HTS 7), a category which contains asparagus. Articles made of wood (HTS chapter 44) is a small, fast-growing sector containing ATPA-eligible articles. U.S. imports under ATPA of wood articles increased from 1.3 percent of ATPA imports of all products in 1994 to 2.4 percent of the total by 1997. First-time imports of gold compounds from Colombia pushed the share of organic chemicals (HTS chapter 28) from negligible to over 5 percent of all imports under ATPA in 1997.

Leading Items

Table 6-8 shows the 20 top items entering free of duty under ATPA in 1996 and 1997 on an 8-digit HTS subheading basis, ranked by their 1997 import value, and the principal ATPA supplier of each product in 1997.[22] Items whose duty-free ATPA treatment had a measurable impact on the U.S. industry in 1997 (chrysanthemums, roses, asparagus) are covered separately in chapter 7.

In 1997, fresh cut roses, mostly from Colombia and Ecuador, were the number one item entering the United States under ATPA (see table D-6 for leading import items under ATPA by country). Imports of roses increased steadily in the 1990s. Refined copper cathodes, solely from Peru, were the second ranking ATPA import. Imports of this item, which were introduced on a meaningful scale in 1994, surged in 1996 and 1997. Other fast-growing major import items in 1997 were asparagus, semi-manufactured gold, gold necklaces, unrefined copper, and articles of wood.

Meanwhile, imports under ATPA of several other top items declined in 1997 for the first time, including chrysanthemums and other fresh cut flowers from Colombia, tunas and skipjack (tuna not in cans) from Ecuador, plastic nonadhesive plates and sheets from Colombia, and cane sugar from Peru. Imports under ATPA of tuna not in cans, which originate solely in Ecuador, soared in the first ATPA years, before shrinking in 1997. Such imports were apparently assisted by ATPA eligibility, since tuna is not eligible for GSP preferences.

[22] Total imports of some of these products (imports entering both under and outside of ATPA) also appear in table 6–3.

Shifts Between ATPA Beneficiaries

Colombia is the leading supplier of imports under ATPA, followed by Peru and Ecuador[23] (table 6-9 and figure 6-6). U.S. imports under ATPA increased faster from Peru and Ecuador than from Colombia, and they declined from Bolivia. Peru's growing importance as an ATPA beneficiary is even more pronounced than its importance as a U.S. supplier overall. Whereas in 1994, Peru accounted for 15.7 percent of U.S. imports under ATPA, its share of this total grew steeply each ATPA year to 34.1 percent in 1997 (table 6-9). In 1997, Peru provided eight of the 20 leading tariff items under ATPA shown in table 6-8, including most importantly refined copper cathodes, jewelry, nonmonetary gold, and asparagus. The surge of imports of copper articles (HTS chapter 71), and of articles made of precious stones and metals (HTS chapter 71), played an important part in Peru's ascent as an ATPA beneficiary (see also tables D-5 and D-6). Peru is the most important Andean source for U.S. imports of jewelry, mainly necklaces and neck chains, accounting for just over one-half of jewelry imports from ATPA countries.[24]

Peru's rising importance as a source of imports under ATPA took place largely at Colombia's expense. Colombia's commanding share in ATPA trade shrank from 60.2 percent in 1994 to 44.8 percent in 1997 (table 6-9). This reflected in part the absolute decline in the value of some entries under ATPA from Colombia during 1997, including chrysanthemums, some other cut flowers, and nonadhesive plates (table D-6). In 1997, Colombia was the source of seven leading tariff items under ATPA (table 6-8). Four of these were flowers; others were nonadhesive plates, gold compounds, and leather products. Ecuador's share in U.S. imports under ATPA increased from 10.7 percent in 1994 to 17.2 percent in 1996 (table 6-9, figure 6-6), owing mostly to surging imports of roses, tuna not in cans, and wood articles (tables D-5 and D-6). In 1997, however, growth of imports from Ecuador under ATPA slowed down, principally because of the decline in imports of sugar and tuna not in cans. Ecuador accounted for 16.1 percent of all

[23] Ecuador's share of imports under ATPA is much smaller than its share of total U.S. imports from ATPA countries (16 percent compared with 25 percent), because of Ecuador's relatively large shipments of products that are not eligible under ATPA—especially petroleum products and column 1–general–duty–free fish (see also table D–4 in appendix D).

[24] U.S. imports of jewelry from Peru reached a high of $131.6 million in 1995, and then dropped to $113.6 in 1997.

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Table 6-8
Leading U.S. imports for consumption entered under ATPA, 1996-97

HTS Item	Description	1996	1997	Change 1996-97	Leading ATPA source
		Value (1,000 dollars)		*Percent*	
0603.10.60	Roses, fresh cut	156,039	184,116	17.99	Colombia
7403.11.00	Refined copper cathodes and sections of cathodes	91,749	158,790	73.07	Peru
0603.10.70	Chrysanthemums, standard carnations, anthuriums andorchids, fresh cut	161,918	147,786	-8.73	Colombia
0603.10.80	Cut flowers and flower buds suitable for bouquets or ornamental purposes, fresh cut, nesi	81,386	75,825	-6.83	Colombia
2843.30.00	Gold compounds	0	70,366	N/A	Colombia
7113.19.10	Precious metal (other than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture	100,841	68,014	-32.55	Peru
7113.19.50	Precious metal (other than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi	57,383	55,254	-3.71	Bolivia
1604.14.40	Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8kg each	57,933	47,261	-18.42	Ecuador
7108.13.70	Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), nesoi	10,875	41,299	279.75	Peru
0603.10.30	Miniature (spray) carnations, fresh cut	36,035	36,801	2.13	Colombia
3921.12.11	Nonadhesive plates, sheets, film, foil, strip, cellular, ofpolymers of vinyl chloride, with man-made textile fibers, over 70% plastics	33,598	30,957	-7.86	Colombia
1701.11.10	Raw sugar not containing added flavoring or color	54,635	20,884	-61.77	Peru
0709.20.90	Asparagus, nesi, fresh or chilled	15,285	19,804	29.57	Peru
7113.19.29	Gold necklaces and neck chains (other than of rope or mixed links)	11,676	19,117	63.73	Bolivia
0302.69.40	Fresh or chilled fish, including sable, ocean perch, snapper, grouper, and monkfish	14,471	18,307	26.51	Ecuador
7905.00.00	Zinc, plates, sheets, strip and foil	15,112	17,894	18.41	Peru
7402.00.00	Unrefined copper; copper electrolytic refining	5,197	15,690	201.93	Peru
7115.90.30	Gold (including metal clad with gold) articles (other than jewelry or goldsmiths' wares), nesoi	0	11,855	N/A	Peru
4421.90.98	Articles of wood, nesoi	10,166	11,752	15.60	Ecuador
4202.91.00	Cases, bags and containers nesi, with outer surface of leather, of composition leather or patent leather	11,249	11,747	4.43	Colombia
	Total of above items	925,548	1,063,520	14.91	
	All Other	344,506	289,335	-16.01	
	Total	1,270,054	1,352,855	6.52	

Note.—Because of rounding, figures may not add to totals given. The abbreviation, nesi, stands for "not elsewhere specified or included." The abbreviation, nesoi, stands for "not elsewhere specified or otherwise included."

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

ATPA imports in 1997 (table 6-9, figure 6-6), and shipped three of the leading ATPA tariff items as shown in table 6-8: tuna not in cans, fresh and chilled fish, and articles made of wood (table 6-8).

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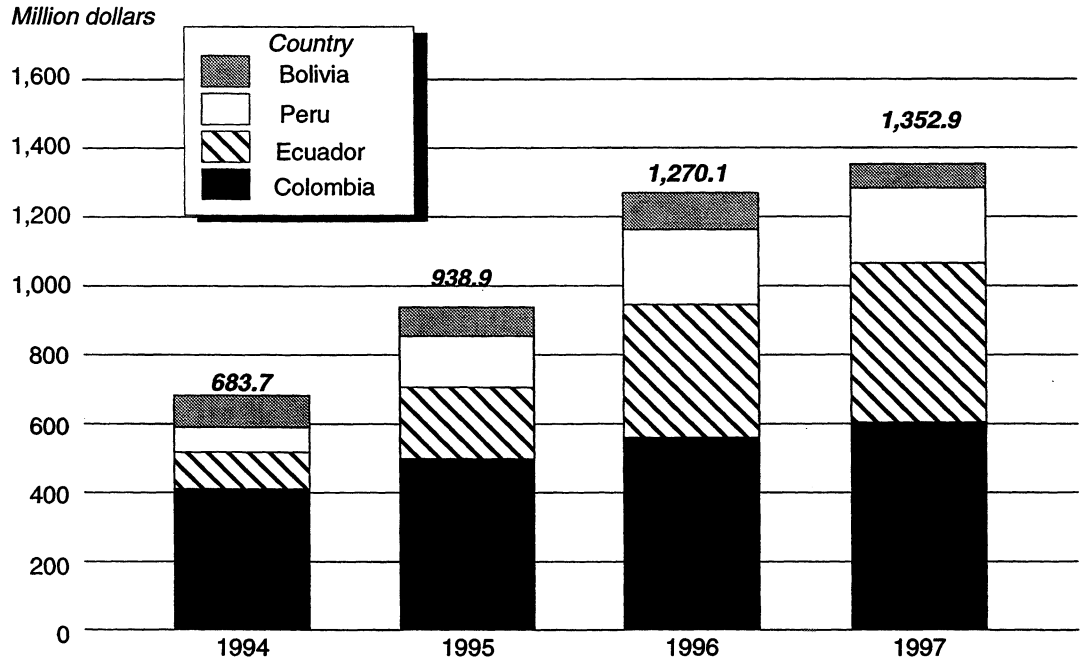
Table 6-9
U.S. imports for consumption under ATPA, by source, 1994, 1995, and 1996-97

Rank	Source	1994	1995	1996	1997
			Value		
1	Colombia	$411,642,163	$499,261,532	$560,545,758	$605,471,572
2	Peru	107,430,178	207,568,654	385,298,437	460,992,315
3	Ecuador	72,905,162	147,859,164	218,418,540	217,436,592
4	Bolivia	91,839,643	84,099,716	105,791,122	68,954,654
	Total	683,817,146	938,789,066	1,270,053,857	1,352,855,133
			Percent of total		
1	Colombia	60.20	53.18	44.14	44.76
2	Peru	15.71	22.11	30.34	34.08
3	Ecuador	10.66	15.75	17.20	16.07
4	Bolivia	13.43	8.96	8.33	5.10
	Total	100.00	100.00	100.00	100.00

Note.—Because of rounding, figures may not add to totals given.

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

Figure 6-6
U.S. imports for consumption under ATPA, by country, 1994-97



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

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The value of U.S. imports from Bolivia under ATPA was lower in 1997 than in 1994 (table 6-9, figure 6-6). Bolivia's share of combined U.S. imports under ATPA, which was 13.4 percent in 1994, declined steadily in the ATPA years to 5.1 percent in 1997, when Bolivia was the leading ATPA supplier of two jewelry items among the top ATPA tariff items shown in table 6-8. All major imports under the program were jewelry items, and their decline explains Bolivia's shrinking role as an ATPA beneficiary (tables D-5 and D-6). Bolivian officials interviewed by USITC staff in 1997 attributed the plight of their jewelry exports to a tax imposed in 1995 on domestic gold. This tax, according to Bolivians questioned by USITC staff,[25] caused jewelry makers to switch from the use of domestic gold to tax-free imported gold as an input for jewelry. The resulting higher costs reduced the competitiveness of Bolivian jewelry, and adversely affected their exports.[26]

Notably, imports under ATPA from Bolivia in some smaller product sectors—wood articles (HTS chapter 44), furniture (HTS chapter 94), leather articles (HTS chapter 42), and inorganic chemicals (HTS chapter 28)—increased over time. However, the rise of such imports could not offset the decline of imports in the commanding jewelry category.

U.S. Exports

U.S. exports to ATPA beneficiaries grew by 63 percent, from $5.3 billion in 1992 when ATPA entered into effect, to $8.7 billion in 1997 (table 6-10). The share of the total value of U.S. exports accounted for by ATPA beneficiaries remained modest, at around 1.3 percent throughout the 1992-97 period (table 6-1).

The growth in U.S. exports to ATPA beneficiaries can be attributed to an overall market expansion resulting from trade liberalization, local government policies encouraging modernization and improved competitiveness of domestic industries, reduced trade barriers, liberalized foreign investment rules, public and private investments in infrastructure projects, and the privatization of government-owned industries. U.S. exports of agricultural commodities also benefited from a drop in crop yield due to unfavorable growing conditions resulting from periodic occurrences of El Niño. Colombia is the dominant economy among the ATPA beneficiaries and is the largest market for U.S. exports, averaging approximately 58 percent of the value of total U.S. exports during the years 1990-97 (table 6-10).

Throughout the 1990-97 period, each of the four ATPA beneficiaries accounted for approximately the same percentage of total U.S. exports to ATPA countries.

Product Composition

Like many developing regions, U.S. exports to ATPA beneficiaries during the period 1990-97 consisted principally of goods that could not be manufactured domestically on a competitive basis and were needed to develop a manufacturing base and modernize infrastructure. In 1997, ten 2-digit HTS chapters accounted collectively for 70 percent of total U.S. exports to ATPA (table 6-11). Table 6-12 presents the 20 leading U.S. exports to ATPA countries in 1997 on an 8-digit HTS subheading basis. These items accounted for 30 percent of total U.S. exports to ATPA nations in 1997. Although the composition of U.S. exports to ATPA countries did not change significantly between 1990 (prior to the enactment of ATPA) and 1997, there was a slight decline in the importance of agricultural and horticultural products, and minerals and metals, as shown in the following tabulation.

Product group	1990	1997
	— *Percent* —	
Machinery, vehicles, medical and measuring instruments	48.3	50.2
Agricultural and horticultural products	16.1	14.3
Chemicals and plastics	15.2	18.2
Minerals and metals	13.7	6.4
Textiles, apparel, and footwear	4.2	4.8
Other	2.5	6.1
	100.0	100.0

Since 1990, the leading U.S. exports to ATPA (by value) have been telecommunications equipment, computer hardware, certain agricultural and chemical products, refined petroleum products, and parts of industrial machinery, motor vehicles, and computers. HTS chapters 84 and 85 dominated U.S. exports during the years 1990-97 in aggregate as well as on an individual country basis (table 6-13). Rising standards of living; growing need for infrastructure

[25] Representatives of the public and private sectors, USITC staff interviews, La Paz, Bolivia, May 15, 1997.
[26] This tax was raised to 4 percent in March 1997.

Table 6-10
U.S. exports to ATPA countries, 1990, 1992, 1994, and 1996-97

Country	1990	1992	1994	1996	1997
			Value		
Colombia	$1,985,324,624	$3,200,484,613	$3,779,659,331	$4,517,569,678	$5,024,534,530
Peru	754,612,605	965,387,683	1,358,516,462	1,709,896,252	1,886,569,884
Ecuador	659,296,126	947,968,896	1,127,433,708	1,228,471,394	1,486,459,907
Bolivia	134,925,609	205,874,168	179,405,540	262,804,498	284,189,470
Total	3,534,158,964	5,319,715,360	6,445,015,041	7,718,741,822	8,681,753,791
			Percent of total		
Colombia	56.18	60.16	58.64	58.53	57.87
Peru	21.35	18.15	21.08	22.15	21.73
Ecuador	18.65	17.82	17.49	15.92	17.12
Bolivia	3.82	3.87	2.78	3.40	3.27
Total	100.00	100.00	100.00	100.00	100.00

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

Table 6-11
Leading U.S. exports to ATPA countries, by major product categories, 1990, 1992, 1994, and 1996-97

HTS Item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	850,880	1,208,911	1,705,375	1,887,436	2,247,209
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	235,715	426,874	574,853	863,194	1,180,874
29	Organic chemicals	300,203	334,378	421,246	448,371	453,264
39	Plastics and articles thereof	167,873	233,040	332,401	380,033	434,977
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	170,628	448,000	540,370	367,707	408,628
10	Cereals	218,002	181,915	232,343	603,810	361,991
48	Paper and paperboard; articles of paper pulp, paper or paperboard	133,526	164,045	195,497	270,755	308,721
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	104,777	136,243	169,888	221,963	263,179
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	55,076	146,094	148,135	161,981	217,950
38	Miscellaneous chemical products	114,627	99,679	129,268	169,182	177,471
	Total of above	2,351,307	3,379,180	4,449,376	5,374,431	6,054,266
	All other	1,182,852	1,940,536	1,995,639	2,344,311	2,627,488
	Total all commodities	3,534,159	5,319,715	6,445,015	7,718,742	8,681,754
		Percent of total				
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	24.08	22.73	26.46	24.45	25.88
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	6.67	8.02	8.92	11.18	13.60
29	Organic chemicals	8.49	6.29	6.54	5.81	5.22
39	Plastics and articles thereof	4.75	4.38	5.16	4.92	5.01
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	4.83	8.42	8.38	4.76	4.71
10	Cereals	6.17	3.42	3.61	7.82	4.17
48	Paper and paperboard; articles of paper pulp, paper or paperboard	3.78	3.08	3.03	3.51	3.56
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2.96	2.56	2.64	2.88	3.03
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	1.56	2.75	2.30	2.10	2.51
38	Miscellaneous chemical products	3.24	1.87	2.01	2.19	2.04
	Total of above	66.53	63.52	69.04	69.63	69.74
	All other	33.47	36.48	30.96	30.37	30.26
	Total all commodities	100.00	100.00	100.00	100.00	100.00

Note.—Because of rounding, figures may not add to totals given.
Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table 6-12
Leading U.S. exports to ATPA countries, 1996-97

HTS Item	Description	1996	1997	Change, 1996-97
		– Value (1,000 dollars)–		*Percent*
8431.43.80	Parts for boring or sinking machinery of 8430.41 or 8430.49, nesi	240,121	309,233	28.78
8473.30.00	Parts and accessories of the machines of heading 8471(automatic data processing machines and parts thereof) not incorporating a cathode ray tube	143,129	187,498	31.00
1005.90.20	Yellow dent corn	270,778	174,305	-35.63
4804.11.00	Uncoated, unbleached kraftliner, in rolls or sheets	136,786	164,871	20.53
8525.20.90	Transmission apparatus incorp. reception app. (other thantransceivers) for radiotelephony, radiotelegraphy, radiobroadcasting or television	58,181	154,518	165.58
2710.00.15	Motor fuel, from petro oils and bitumin. minrls, o/than crude, or preps. 70%+ by wt. from petro. oils	90,679	145,817	60.81
1001.90.20	Wheat & meslin other than durum or seed wheat	277,793	133,467	-51.95
2304.00.00	Oilcake and other solid residues, resulting from the extraction of soybean oil	99,903	112,016	12.13
8431.39.00	Parts suitable for use solely or principally with the machinery of heading 8428, nesi	123,849	97,763	-21.06
3100.00.00	Fertilizer and fertilizer materials	90,869	96,254	5.93
8525.20.30	Transceivers nesi, for radiotelephony, radiotelegraphy or radiobroadcasting	51,377	86,114	67.61
3901.10.00	Polyethylene having a specific gravity of less than 0.94, inprimary forms	81,630	80,535	-1.34
8502.39.00	Electric generating sets, nesoi	85,809	78,012	-9.09
5201.00.10	Cotton, not carded or combed, having a staple length under 28.575 mm, (1-1/8 inches)	35,261	72,971	106.95
8517.30.50	Electrical telegraphic switching apparatus	39,985	69,685	74.27
8411.99.40	Parts of aircraft gas turbines for use in civil aircraft	39,020	67,499	72.98
8803.30.00	Parts of airplanes and helicopters, nesoi	49,094	66,769	36.00
8474.90.00	Parts for the machinery of heading 8474	79,671	64,052	-19.60
2903.21.00	Vinyl chloride (Chloroethylene)	90,371	61,864	-31.54
8471.50.80	Digital processing units other than those of subheading 8471.30 or 8471.41, nesoi	32,498	52,909	62.81
	Total of items shown	2,116,805	2,276,151	7.53
	All other	5,601,937	6,405,603	14.35
	Total all commodities	7,718,742	8,681,754	12.48

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, nesi, stands for "not elsewhere specified or included." The abbreviation, nesoi, stands for "not elsewhere specified or otherwise included."

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

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Table 6-13
U.S. exports to ATPA beneficiaries, by country, 1990, 1992, 1994, and 1996-97

Source	HTS Item	1990	1992	1994	1996	1997
				Value		
Bolivia ...	84	$33,584,414	$52,074,300	$51,445,562	$47,618,711	$90,486,616
	85	13,212,316	16,986,257	11,565,511	34,796,937	45,866,187
	90	10,111,164	6,452,704	5,290,793	6,993,722	16,212,942
	87	8,421,089	13,639,157	12,778,255	12,269,714	15,607,585
	10	8,097,803	19,901,569	14,147,013	23,569,249	11,964,876
	39	2,097,803	4,942,498	5,725,945	6,184,575	9,026,082
	11	7,533,705	13,227,730	10,852,085	6,831,709	8,782,361
	28	701,514	3,874,514	9,927,821	9,502,655	6,883,789
	73	2,250,696	4,462,905	5,854,093	13,708,528	6,602,320
	71	15,182,022	14,820,905	957,249	2,767,522	6,479,998
Subtotal Bolivia		101,192,526	150,382,288	128,544,327	164,243,322	217,912,756
All other		33,733,083	55,491,879	50,861,213	98,561,176	66,276,714
Total		134,925,609	205,874,168	179,405,540	262,804,498	284,189,470
				Percent of total		
Bolivia ...	84	24.89	25.29	28.68	18.12	31.84
	85	9.79	8.25	6.45	13.24	16.14
	90	7.49	3.13	2.95	2.66	5.71
	87	6.24	6.62	7.12	4.67	5.49
	10	6.00	9.67	7.89	8.97	4.21
	39	1.55	2.40	3.19	2.35	3.18
	11	5.58	6.43	6.05	2.60	3.09
	28	0.52	1.88	5.53	3.62	2.42
	73	1.67	2.17	3.26	5.22	2.32
	71	11.25	7.20	0.53	1.05	2.28
Subtotal Bolivia		75.00	73.05	71.65	62.50	76.68
All other		25.00	26.95	28.35	37.50	23.32
Total		100.00	100.00	100.00	100.00	100.00

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Table 6-13—Continued
U.S. exports to ATPA beneficiaries, by country, 1990, 1992, 1994, and 1996-97

Source	HTS Item	1990	1992	1994	1996	1997
				Value		
Colombia .	84	$498,897,714	$730,386,987	$981,239,947	$1,084,371,126	$1,209,244,655
	85	116,327,519	261,497,306	361,659,001	498,446,512	735,414,824
	29	227,530,964	243,615,249	324,624,151	365,713,620	357,110,256
	39	95,110,214	133,559,472	172,979,338	202,190,042	240,787,778
	87	88,374,371	234,497,483	324,653,976	226,240,528	222,032,780
	10	54,706,269	89,217,543	106,114,886	297,727,373	209,393,939
	90	61,634,106	84,895,340	112,543,901	134,234,110	159,469,637
	27	16,151,679	28,459,423	25,068,105	103,689,718	111,394,960
	48	43,080,719	64,733,710	82,559,030	88,934,834	102,368,641
	88	-	409,608,454	143,015,260	54,790,878	92,072,082
Subtotal Colombia ..		1,389,382,007	2,280,470,967	2,634,457,595	3,056,338,741	3,439,289,552
All other		595,942,617	920,013,646	1,145,201,736	1,461,230,937	1,585,244,978
Total		1,985,324,624	3,200,484,613	3,779,659,331	4,517,569,678	5,024,534,530
				Percent of total		
Colombia .	84	41.51	22.82	25.96	24.00	24.07
	85	9.68	8.17	9.57	11.03	14.64
	29	18.93	7.61	8.59	8.10	7.11
	39	7.91	4.17	4.58	4.48	4.79
	87	7.35	7.33	8.59	5.01	4.42
	10	4.55	2.79	2.81	6.59	4.17
	90	0.03	2.65	2.98	2.97	3.17
	27	1.34	0.89	0.66	2.30	2.22
	48	3.58	2.02	2.18	1.97	2.04
	88	-	12.80	3.78	1.21	1.83
Subtotal Colombia ..		94.88	71.25	69.70	67.65	68.45
All other		5.12	28.75	30.30	32.35	31.55
Total		100.00	100.00	100.00	100.00	100.00

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Table 6-13—Continued
U.S. exports to ATPA beneficiaries, by country, 1990, 1992, 1994, and 1996-97

Source	HTS Item	1990	1992	1994	1996	1997
				Value		
Ecuador ..	84	$146,118,991	$228,060,599	$326,602,272	$269,841,480	$342,183,587
	48	86,982,567	82,498,848	83,986,296	141,492,707	163,112,207
	85	35,045,102	82,372,401	103,914,458	151,459,478	133,900,304
	39	47,137,370	57,653,408	81,888,178	84,244,462	100,619,143
	27	3,913,906	36,332,671	14,699,563	28,575,488	86,064,687
	87	35,084,963	113,033,916	113,428,767	48,564,823	68,764,674
	10	60,760,557	9,423,411	10,127,816	76,132,893	62,570,093
	38	22,418,653	31,188,992	35,126,876	37,040,954	48,748,882
	23	1,646,547	7,782,922	2,608,639	26,156,710	42,647,793
	29	26,267,803	28,620,925	37,040,338	30,532,310	36,999,021
Subtotal Ecuador		465,376,459	676,968,093	809,423,203	894,041,305	1,085,610,391
All other		193,919,667	271,000,803	318,010,505	334,430,089	400,849,516
Total		659,296,126	947,968,896	1,127,433,708	1,228,471,394	1,486,459,907
				Percent of total		
Ecuador ..	84	22.16	24.06	28.97	21.97	23.02
	48	13.19	8.70	7.45	11.52	10.97
	85	5.32	8.69	9.22	12.33	9.01
	39	7.15	6.08	7.26	6.86	6.77
	27	0.59	3.83	1.30	2.33	5.79
	87	5.32	11.92	10.06	3.95	4.63
	10	9.22	0.99	0.90	6.20	4.21
	38	3.40	3.29	3.12	3.02	3.28
	23	0.25	0.82	0.23	2.13	2.87
	29	3.98	3.02	3.29	2.49	2.49
Subtotal Ecuador ...		70.59	71.41	71.79	72.78	73.03
All other		29.41	28.59	28.21	27.22	26.97
Total		100.00	100.00	100.00	100.00	100.00

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Table 6-13—Continued
U.S. exports to ATPA beneficiaries, by country, 1990, 1992, 1994, and 1996-97

Source	HTS Item	1990	1992	1994	1996	1997
				Value		
Peru	84	$172,278,386	$198,388,848	$346,087,188	$485,604,686	$605,293,854
	85	71,129,759	66,018,001	97,714,028	178,491,168	265,693,159
	87	38,747,605	86,829,544	89,509,299	80,631,479	102,222,964
	39	23,527,898	36,884,824	71,807,084	87,413,548	84,544,302
	10	94,436,909	63,372,953	101,953,549	206,380,961	78,062,294
	90	16,501,544	19,254,286	28,231,328	55,583,395	64,082,206
	29	45,883,595	61,447,130	58,010,373	50,541,179	57,053,119
	71	1,123,165	2,564,418	26,551,406	27,947,052	47,472,977
	73	8,886,890	12,402,990	23,421,321	32,691,450	43,431,132
	48	3,020,450	16,272,769	28,265,855	39,147,384	40,572,518
Subtotal Peru		475,536,201	563,435,763	871,551,431	1,244,432,302	1,388,428,525
All other		279,076,404	401,951,920	486,965,031	465,463,950	498,141,359
Total		754,612,605	965,387,683	1,358,516,462	1,709,896,252	1,886,569,884
				Percent of total		
Peru	84	22.83	20.55	25.48	28.40	32.08
	85	9.43	6.84	7.19	10.44	14.08
	87	5.13	8.99	6.59	4.72	5.42
	39	3.12	3.82	5.29	5.11	4.48
	10	12.51	6.56	7.50	12.07	4.14
	90	2.19	1.99	2.08	3.25	3.40
	29	6.08	6.37	4.27	2.96	3.02
	71	0.15	0.27	1.95	1.63	2.52
	73	1.18	1.28	1.72	1.91	2.30
	48	0.40	1.69	2.08	2.29	2.15
Subtotal Peru		63.02	58.36	64.15	72.78	73.60
All other		36.98	41.64	35.85	27.22	26.40
Total		100.00	100.00	100.00	100.00	100.00

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

projects; and increasing business activity, particularly in mining and construction projects, drove economic growth in ATPA nations and caused greatly increased demand for U.S. exports of machinery, equipment, and parts included in HTS chapters 84 and 85.

U.S. exports of articles of HTS chapter 84 to ATPA countries averaged 25 percent of total U.S. exports to those countries during 1990-97 and were by far greater than those of any other chapter during the period.[27] U.S. exports of these articles to Colombia averaged 56 percent of the total, while those to Peru averaged 22 percent. However, such exports to Peru increased much more rapidly than those to Colombia in recent years. Colombia and Peru were the principal markets for computers and parts of computers, which accounted for 22 percent ($503.1 million) of total chapter 84 U.S. exports to ATPA countries in 1997, two-thirds of which were computers. Colombia and Ecuador were the principal markets for oil and gas well drilling machinery, equipment, platforms, and parts, which amounted to 20 percent ($440.5 million) of chapter 84 U.S. exports to ATPA countries in 1997, virtually all of

[27] Chapter 84 U.S. exports to ATPA nations reached $2.2 billion in 1997, up from $850.9 million in 1990, an increase of 158 percent.

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which were parts. The remaining chapter 84 U.S. exports to ATPA countries were scattered among many products, with considerable shifts in the makeup between years; on the whole, they tended to be parts. Of these remaining exports, leading articles included construction equipment parts; gas turbine parts, other than those for aircraft; mining equipment parts; gas turbines, other than those for aircraft; motor-vehicle engine parts; construction equipment; and non-commercial washing machines.

HTS chapter 85 U.S. exports to ATPA countries were second to those under HTS chapter 84 during the period 1992-97. Chapter 85 exports to ATPA countries averaged 10 percent of total U.S. exports to those nations during the years 1990-97, but steadily increased its share from 7 percent in 1990 to 14 percent in 1997. U.S. exports of these articles to Colombia averaged 60 percent of the total, those to Peru averaged 18 percent, and those to Ecuador averaged 17 percent. Telephone and telegraph apparatus; radio transmission and reception apparatus, and combinations thereof; and electric motors, generators, and related equipment dominated chapter 85 U.S. exports to ATPA countries in recent years. Together they accounted for 57 percent of such exports to ATPA countries in 1997, up from 49 percent in 1996.

During the period 1990-97, U.S. exports of plastics and related articles (chapter 39) to ATPA countries increased steadily from $167.9 million in 1990 to $435.0 million in 1997 (an increase of 159 percent). Plastics and related articles accounted for around 4-5 percent of total U.S. exports to ATPA countries during these years. Colombia and Ecuador were significant ATPA markets for U.S. exports in 1997. The major plastics exported to these countries in 1997 were polyethylene resins and polypropylene resins. Polyethylene and polypropylene are used by a large number of small firms throughout the ATPA region to produce such downstream products as packaging materials and blow-molded plastics products. Colombia is by far the largest importer of plastics among the ATPA countries and its plastics sector has expanded at a faster rate overall than have other Colombian industrial sectors. This expansion has, in turn, resulted in investments in the ATPA countries by upstream plastics and resin producers, including international firms such as Enka and Mobil, through subsidiaries, joint ventures, and licensing agreements within the past few years.[28]

[28] "Producers Head South," *Chemical Week*, Nov. 5, 1997, pp. 25–26.

U.S. exports of organic chemicals (HTS chapter 29) was the third largest category of U.S. exports to ATPA countries in 1997. Other major exports that increased over the 1990-97 period include paper, primarily kraft linerboard, which is used in shipping agricultural and industrial products. HTS chapter 90 exports, particularly medical goods, also increased as rising incomes and accompanying health care reforms triggered demand for medical equipment and instruments.

Leading Items

With the exception of certain minerals and metals and selected agricultural commodities, the value of U.S. exports of nearly all leading items increased in 1997 compared to 1996 (table 6-12). The United States experienced declines in its exports of agricultural commodities such as yellow dent corn (36 percent) and wheat and meslin (52 percent). Non-agricultural products experiencing a significant decline in the value of U.S. exports included vinyl chloride (32 percent), parts of elevators and conveyors (21 percent), and parts of mineral processing machinery (20 percent). Declines in Colombian imports of U.S. parts and agricultural commodities, and declining Peruvian demand for mineral processing machinery were primarily responsible for these shifts. U.S. exports of wheat to Colombia declined during 1997 primarily due to aggressive pricing strategies employed by the Canadian Wheat Board and because of new deposit requirements imposed by the Colombian central bank on the use of the GSM-102 export promotion program.[29]

Effect of ATPA on U.S. Exports

Since ATPA's implementation in 1992, total U.S. exports to ATPA beneficiaries have increased at the same rate as U.S. exports to the rest of the world. Like those of many developing regions, U.S. exports to ATPA countries have consisted principally of goods needed to develop its manufacturing base and modernize its infrastructure, which could not be manufactured domestically on a competitive basis. U.S. exports to the Andean region differ greatly in composition from U.S. imports under ATPA, unlike U.S. exports to the Caribbean Basin where CBERA, production sharing, and free trade zones have generated a demand for U.S. exports that are used as

[29] U.S. Department of State, *Colombia; Grain and Feed Annual; Annual Report*, Mar. 12, 1998, found at Internet address http://www.stat-usa.gov, retrieved June 29, 1998.

inputs into the production of products that are exported back to the United States under CBERA or production-sharing provisions.[30] Consequently, to date, ATPA trade preferences appear to have had a minimal effect on U.S. exports.

[30] For more details, see chapter 2 of this report.

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CHAPTER 7
Impact of ATPA on the United States and Probable Future Effects

This chapter assesses two issues: the impact of the ATPA preference program on the United States in 1997 and the probable future effects of the program. In the impact analysis, items most affected by the ATPA preferences are identified and specific U.S. industries are examined. Information on ATPA–related investment in the beneficiary countries was the main basis for the probable future effects section. This information was collected during a field visit to Peru, and was solicited from U.S. embassies in the other countries of the region.

Impact of ATPA on the United States in 1997

Since it was implemented in 1992, ATPA has had a minimal effect on the overall economy of the United States. In each year from 1992 through 1997, the value of ATPA duty-free U.S. imports has been around 0.015 percent or less of U.S. gross domestic product. As pointed out in chapter 6, the total value of U.S. imports from ATPA countries remained small in 1997, amounting to 1.0 percent of total U.S. imports.

The value of the ATPA program to beneficiary countries, as well as its potential for affecting the U.S. economy, consumers, and industries, has fallen since the implementation of the program because of the erosion of the margin of preference for many products.[1] Sources of this erosion include phased tariff cuts under the Uruguay Round of trade concessions, tariff cuts and eliminations under sectoral trade negotiations, the extension of preferential trading arrangements under NAFTA, and the erosion of the ad valorem equivalent of specific duties due to inflation. An examination of the erosion of the margin of preference for specific import items is included later in this chapter.

Because most U.S. imports from ATPA countries can enter the United States free of duty at general rates or under GSP, or are excluded from the program, the Commission focuses its analysis of the impact of ATPA on products that can enter free of duty or at reduced duties only under ATPA and not under other programs.

It should be noted that the presence of ATPA guarantees duty-free entry of GSP-eligible products from ATPA beneficiary countries, making investment in such products more attractive than would be the case in the absence of ATPA. This is because investment that depends solely on GSP for duty-free preferences is riskier because of the recent uncertainties about the periodic renewals of GSP and because certain products from particular countries may exceed competitive need limits and face loss of GSP eligibility as detailed in chapter 5. These effects are not as pronounced for ATPA as they are for CBERA since CBERA is permanent but ATPA expires in 2001. The analysis below does not attempt to quantify these effects.

The material that follows in this section defines products that benefit exclusively from ATPA; presents quantitative estimates of the impact of ATPA on U.S. consumers, the U.S. Treasury, and U.S. industries whose goods compete with U.S. imports under ATPA; and describes the U.S. imports that benefited exclusively from ATPA in 1997 and had the largest potential impact on competing U.S. industries.

Products That Benefited Exclusively From ATPA in 1997

U.S. imports of products benefiting exclusively from ATPA are defined as those that enter under either ATPA duty-free or ATPA reduced-duty

[1] The higher the ad valorem column 1-general duty rate (formerly known as the MFN (Most-Favored-Nation) duty rate) duty rate for any given product, the greater is the benefit to ATPA beneficiaries—the higher the margin of preference. ATPA beneficiaries also benefit more if the column 1-general rate is more extensively applied, that is, if fewer non-ATPA countries enjoy preferential rates.

provisions and are not eligible to enter free of duty under column 1-general rates or under other provisions, such as GSP. Consistent with this definition, GSP-eligible items imported from ATPA countries that entered under ATPA preferences are considered to benefit exclusively from ATPA only if imports of the item from a certain country exceeded GSP competitive-need limits.[2]

Since the inception of the ATPA program, U.S. imports that benefit exclusively from ATPA have accounted for a relatively small portion of total U.S. imports from ATPA countries; this portion was substantially higher in 1995 and 1996 than in the first three years of the program before falling in 1997 to a level above the pre-1995 level (see table 7-1). Almost all of the increased share in 1995 and 1996 is attributable to the lapse in the GSP program from August 1, 1995 through September 30, 1996, and subsequent increased use of ATPA provisions to ensure duty-free entry.[3]

The value of U.S. imports that benefited exclusively from ATPA decreased from $1.0 billion in 1996 to $635 million in 1997, a decrease of 39 percent (table 7-1).[4] Such imports accounted for 7.3 percent of total U.S. imports from ATPA countries in 1997, compared with 13.1 percent in 1996. The large decrease is due mainly to the availability of GSP for almost all of 1997.[5]

The 20 leading items that benefited exclusively from ATPA are shown in table 7-2. The most notable

[2] 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 limits. Sec. 504(c)(1) of the Trade Act of 1974, as amended. ATPA 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 ATPA.

[3] The U.S. GSP program was not in effect from Aug. 1, 1995 through Sept. 30, 1996. Consequently, articles eligible for GSP duty-free entry were subject to ordinary column 1-general duties during this period unless the articles were eligible to enter under another preferential program, such as ATPA, and were entered under that

[3]—*Continued*
program. The analysis used in the 1995 and 1996 ATPA reports implicitly assumes that importers did not expect the GSP program to be reinstated or the duties to be refunded; therefore, products normally eligible for GSP that entered the United States under ATPA provisions during this period were counted as having benefited exclusively from ATPA. Hence, the effects of duty-free entry of these otherwise GSP-eligible products are attributed to ATPA for the period Aug. 1, 1995 through Sept. 30, 1996, which results in higher estimates of the effects of ATPA than would have been the case if the GSP program been operative during that period. See USITC, *ATPA, Fourth Report, 1996*, pp. 71-72, for further explanation.

[4] Because of the assumptions about GSP made in the 1995 and 1996 ATPA reports, the findings derived from the analysis in those reports are not strictly comparable to the findings in this year's report or in reports in this series previous to the 1995 report, despite the similar analytical approach used.

[5] The GSP program expired on May 31, 1997, but was renewed retroactive to June 1, 1997 by section 981 of the Budget Reconciliation Tax Act of 1997 when President Clinton signed the Act on Aug. 5, 1997. Renewal was widely anticipated during the lapse, which was not considered significant enough to warrant a repeat of the assumptions used in the 1995 and 1996 ATPA reports.

Table 7-1
Total imports from ATPA beneficiaries, imports entered under ATPA, and imports that benefited exclusively from ATPA, 1993-97

Item	[1]1993	1994	1995	1996	1997
Total imports from ATPA beneficiaries:					
Value (*million dollars*[2])	5,282	5,880	6,969	7,868	8,674
Imports entered under ATPA:[3]					
Value (*million dollars*[2])	401	684	939	1,270	1,353
Percent of total	7.6	11.6	13.5	16.1	15.6
Imports that benefited exclusively from ATPA:					
Value (*million dollars*[2])	249	288	699	1,033	635
Percent of total	4.7	4.9	10.0	13.1	7.3

[1] Bolivia and Colombia were designated beneficiaries for all of 1993. Ecuador and Peru were designated beneficiaries for only a portion of the year.
[2] Customs value.
[3] Includes articles entered free of duty or at reduced duties under ATPA provisions (table 6-6). Those provisions are discussed in ch. 5.

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

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Table 7-2
Leading imports that benefited exclusively from ATPA, 1997

(1,000 dollars)

HTS number	Description	Customs value	C.i.f. value
0603.10.60	Roses, fresh cut	184,116	227,468
0603.10.70[1]	Chrysanthemums, standard carnations, anthuriums and orchids, fresh cut	143,417	179,521
7403.11.00[2]	Refined copper cathodes and sections of cathodes	103,983	106,330
1604.14.40	Tunas and skipjack, not in airtight containers	47,261	49,561
7108.13.70	Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), nesi	41,299	41,348
0709.20.90	Asparagus, nesi, fresh or chilled	19,804	28,470
4202.91.00[3]	Cases, bags and containers nesi, with outer surface of leather, of composition leather or patent leather	11,747	12,217
0709.20.10[4]	Asparagus, fresh or chilled, not reduced in size, if entered September 15 to November 15, inclusive, and transported to the U.S. by air	6,952	10,368
7905.00.00[2]	Zinc, plates, sheets, strip and foil	7,712	7,972
7306.20.60	Iron or nonalloy steel tubing of a kind used for drilling for oil/gas	6,805	7,139
2608.00.00[2]	Zinc ores and concentrates	6,651	6,978
4202.11.00[3]	Trunks, suitcases, vanity cases, attache cases, briefcases, school satchels and similar containers with outer surface of leather, composition or patent leather	6,308	6,573
6908.90.00	Glazed ceramic flags and tiles	5,604	6,389
7109.00.00[2]	Base metals or silver clad with gold, but not further worked than semimanufactured	5,325	5,330
4202.21.90[3]	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, over $20 ea.	5,122	5,207
0703.10.40	Onions, other than onion sets or pearl onions, and shallots, fresh or chilled	3,301	4,888
7403.12.00[2]	Refined copper, wire bars	3,084	3,156
7317.00.55	Iron or steel, nails, tacks, corrugated nails, staples & similar arts., of one piece construction, made of round wire, nesi	2,564	2,751
4202.21.60[3]	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, n/o $20 ea.	2,518	2,587
7113.19.21[2]	Gold rope necklaces and neck chains	1,981	1,991

[1] Includes only imports from Colombia. Item is GSP-eligible, but imports from Colombia exceeded the competitive need limit and thus were eligible for duty-free entry only under ATPA.

[2] Includes only imports from Peru for the second half of 1997. Item is GSP-eligible, but imports from Peru exceeded the competitive need limit and thus were eligible for duty-free entry only under ATPA in the second half of the year.

[3] Subject to reduced duties under ATPA.

[4] Includes only imports from Peru. Item is GSP-eligible, but imports from Peru exceeded the competitive need limit and thus were eligible for duty-free entry only under ATPA.

Note.–The abbreviation, nesi, stands for "not elsewhere specified or included."

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

change in the value of such imports was for semimanufactured gold (HTS subheading 7108.13.70), which increased 280 percent from 1996 to 1997. Other notable changes include fresh cut roses (HTS subheading 0603.10.60), up 18 percent; chrysanthemums, etc. (HTS subheading 0603.10.70), down 9 percent; and tunas and skipjack (HTS subheading 1604.14.40), down 18 percent. Imports of copper cathodes (HTS subheading 7403.11.00) represent a special case because of the combined intricacies of the GSP program and the manner in which items have been classified as benefiting exclusively from ATPA. Total imports of copper cathodes from ATPA countries (all from Peru) increased from $27 million in 1995 to $215 million in 1997. Peru lost GSP eligibility for copper cathodes beginning July 1, 1997, having exceeded the competitive need limit. Only duty-free imports from Peru under ATPA in the second half of 1997 benefited exclusively from the program, but that volume was sufficient to place the item in the number three spot in the list of exclusively benefiting items.

Leading imports that were identified in previous annual ATPA reports as benefiting exclusively from ATPA between 1992 and 1996 continued to rank among the leading U.S. imports in 1997. These are chrysanthemums, etc. and fresh cut roses, which have consistently ranked among the leading items benefiting exclusively from ATPA since the inception of the program.

Welfare and Displacement Effects of ATPA on U.S. Industries and Consumers in 1997

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

The analysis was conducted on the 20 leading items that benefited exclusively from ATPA shown in table 7-2.[6] Estimates of welfare and U.S. potential industry displacement effects were made. Industries that experienced estimated displacement of over 5 percent of the value of U.S. production, based on upper-range estimates, were selected for further analysis.

Items Analyzed

Although a large number of products are eligible for duty-free or reduced-duty entry under ATPA, a relatively small group of products accounts for most of the imports that benefit exclusively from ATPA. Table 7-2 presents the 20 leading items that are shown to have benefited exclusively from ATPA in 1997 on the basis of their c.i.f. import values.[7] These products represented 97 percent of the $635 million in imports that benefited exclusively from ATPA during 1997.[8] The five leading ATPA-exclusive imports in 1997 were (1) fresh cut roses, (2) chrysanthemums, etc. from Colombia, (3) copper cathodes, (4) tunas and skipjack, and (5) semimanufactured gold. Colombia was the leading supplier of each of the two flower subheadings, Peru was the leading supplier of copper cathodes and semimanufactured gold, and Ecuador was the leading supplier of tunas and skipjack.[9] Fresh cut roses and chrysanthemums, etc. ranked second and first, respectively, in 1996.

For any particular item, the size of the U.S. market share accounted for by ATPA-exclusive imports (value of imports benefiting exclusively from ATPA relative to apparent consumption) is a major factor in determining the estimated impact on competing domestic producers;[10] market shares varied considerably in 1997 (table 7-3). For instance, the market share of ATPA-exclusive imports of chrysanthemums, etc. was approximately 75 percent, while the market share of ATPA-exclusive imports of iron or steel nails (HTS subheading 7317.00.55) was just under 0.25 percent.

Estimated Effects on Consumers and Producers

Tables 7-4 and 7-5 present the estimated impact of ATPA tariff preferences on the U.S. economy in 1997.[11] 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

Fresh cut roses provided the largest estimated gain in consumer surplus ($12.6 million to $12.9 million) resulting exclusively from ATPA tariff preferences in 1997 (table 7-4). The price U.S. consumers would have paid for imports of fresh cut

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

[7] The analysis uses U.S. market expenditure shares in computing estimates of welfare and domestic production displacement effects. Since U.S. expenditures on imports necessarily include freight and insurance charges and duties, when applicable, the analysis, where indicated in the text and supporting tables, uses c.i.f. values for duty-free items and landed, duty-paid values for reduced-duty items benefiting exclusively from ATPA, and landed, duty-paid values for the remaining imports. Technically, landed, duty-paid values are equal to c.i.f. values for items entering free of duty.

[8] The import values reported in tables 7-2 and 7-3 reflect only that portion of imports under each HTS subheading that entered duty-free or at reduced duty under ATPA. Even though all of these items were eligible for ATPA tariff preferences, full duties were paid on a certain portion of imports under each HTS subheading for a variety of reasons such as failure to claim preferences or insufficient documentation.

[9] Leading ATPA suppliers are shown in table 6-8.

[10] 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.

[11] The methodology used is described in appendix C.

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Table 7-3
Leading imports that benefited exclusively from ATPA, apparent U.S. consumption, and ATPA exclusive market share, 1997

HTS Number	Description	Imports from ATPA countries (c.i.f. value) (A)	Apparent U.S. consumption (B)[1]	Market share (A/B)
		— *(1,000 dollars)* —		*Percent*
0603.10.60	Roses, fresh cut	227,468	366,434	62.08
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids, fresh cut	179,521	240,282	74.71
7403.11.00	Refined copper cathodes and sections of cathodes	106,330	6,917,198	1.54
1604.14.40	Tunas and skipjack, not in airtight containers	49,561	744,788	6.65
7108.13.70	Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), nesi	41,348	187,135	22.10
0709.20.90[2]	Asparagus, nesi, fresh or chilled	38,839	145,566	26.68
4202.91.00	Cases, bags and containers nesi, with outer surface of leather, of composition leather or patent leather	12,217	207,558	[3]6.08
0709.20.10[2]	Asparagus, fresh or chilled, not reduced in size, if entered September 15 to November 15, inclusive, and transported to the U.S. by air	6,952	-	-
7905.00.00	Zinc, plates, sheets, strip and foil	7,972	161,809	4.93
7306.20.60	Iron or nonalloy steel tubing of a kind used for drilling for oil/gas	7,139	242,878	2.94
2608.00.00	Zinc ores and concentrates	6,978	394,875	1.77
4202.11.00	Trunks, suitcases, vanity cases, attache cases, briefcases, school satchels and similar containers with outer surface of leather, composition or patent leather	6,573	188,880	[3]3.69
6908.90.00	Glazed ceramic flags and tiles	6,389	1,268,508	0.50
7109.00.00	Base metals or silver clad with gold, but not further worked than semimanufactured	5,330	40,055	13.31
4202.21.90	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, over $20 ea.	5,207	495,120	[3]1.13
0703.10.40	Onions, other than onion sets or pearl onions, and shallots, fresh or chilled	4,888	650,472	0.75
7403.12.00	Refined copper, wire bars	3,084	([4])	([4])
7317.00.55	Iron or steel, nails, tacks, corrugated nails, staples & similar arts., of one piece construction, made of round wire, nesi	2,751	1,173,637	0.23
4202.21.60	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, n/o $20 ea.	2,587	223,010	[3]1.25
7113.19.21	Gold rope necklaces and neck chains	1,991	161,878	1.23

[1] Apparent U.S. consumption defined as U.S. production plus total imports (landed, duty-paid basis) minus exports.
[2] Apparent consumption for HTS subheadings 0709.20.10 and 0709.20.90 were aggregated into one category and reported under HTS subheading 0709.20.90.
[3] Market share based on landed, duty-paid value.
[4] No U.S. production.

Note.—The abbreviation, nesi, stands for "not elsewhere specified or included."

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

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Table 7-4
Estimated welfare effects on the United States of leading imports that benefited exclusively from ATPA, 1997

(1,000 dollars)

HTS number	Description	Gain in consumer surplus (A)		Loss in tariff revenue (B)		Net welfare effect (A-B)	
		Upper range	Lower range	Upper range	Lower range	Upper range	Lower range
0603.10.60	Roses, fresh cut	12,620	12,898	11,684	12,211	936	687
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids, fresh cut	9,721	9,858	9,151	9,413	570	445
7403.11.00	Refined copper cathodes and sections of cathodes	1,015	1,025	991	1,010	24	15
1604.14.40	Tunas and skipjack, not in airtight containers	187	188	186	187	2	1
7108.13.70	Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), nesi	2,092	2,182	1,854	2,021	238	161
0709.20.90[1]	Asparagus, nesi, fresh or chilled	3,975	4,325	3,167	3,776	807	549
4202.91.00	Cases, bags and containers nesi, with outer surface of leather, of composition leather or patent leather	214	218	205	212	9	6
0709.20.10[1]	Asparagus, fresh or chilled, not reduced in size, if entered September 15 to November 15, inclusive, and transported to the U.S. by air	-	-	-	-	-	-
7905.00.00	Zinc, plates, sheets, strip and foil	243	250	225	239	18	11
7306.20.60	Iron or nonalloy steel tubing of a kind used for drilling for oil/gas	86	87	83	85	3	2
2608.00.00	Zinc ores and concentrates	26	26	26	26	(2)	(2)
4202.11.00	Trunks, suitcases, vanity cases, attache cases, briefcases, school satchels and similar containers with outer surface of leather, composition or patent leather	97	99	94	97	3	2
6908.90.00	Glazed ceramic flags and tiles	688	778	528	684	159	94
7109.00.00	Base metals or silver clad with gold, but not further worked than semimanufactured	483	529	374	452	110	77
4202.21.90	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, over $20 ea.	89	90	85	88	4	2
0703.10.40	Onions, other than onion sets or pearl onions, and shallots, fresh or chilled	196	204	175	191	20	13
7403.12.00	Refined copper, wire bars	(3)	(3)	(3)	(3)	(3)	(3)
7317.00.55	Iron or steel, nails, tacks, corrugated nails, staples & similar arts., of one piece construction, made of round wire, nesi	10	10	10	10	(2)	(2)
4202.21.60	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, n/o $20 ea.	48	49	46	48	2	1
7113.19.21	Gold rope necklaces and neck chains	97	102	85	94	12	8

[1] Analysis for HTS subheadings 0709.20.10 and 0709.20.90 is combined under HTS subheading 0709.20.90.
[2] Less than $500.
[3] Welfare effects were not calculated because there was no U.S. production.

Note.–The abbreviation, nesi, stands for "not elsewhere specified or included."
Source: Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Table 7-5
Estimated displacement effects on the United States of leading imports that benefited exclusively from ATPA, 1997

HTS Number	Description	U.S. domestic shipments	Reduction in domestic shipments: Value, Upper range	Reduction in domestic shipments: Value, Lower range	Reduction in domestic shipments: Share, Upper range	Reduction in domestic shipments: Share, Lower range
		1,000 dollars			*Percent*	
0603.10.60	Roses, fresh cut	112,801	16,591	7,575	14.71	6.72
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids, fresh cut	34,811	5,990	2,719	17.21	7.81
7403.11.00	Refined copper cathodes and sections of cathodes	5,551,367	3,738	2,077	0.07	0.04
1604.14.40	Tunas and skipjack, not in airtight containers	645,000	768	441	0.12	0.07
7108.13.70	Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), nesi	80,700	3,119	1,093	3.87	1.35
0709.20.90[1]	Asparagus, nesi, fresh or chilled	52,980	8,778	4,949	16.57	9.34
4202.91.00	Cases, bags and containers nesi, with outer surface of leather, of composition leather or patent leather	26,130	89	33	0.34	0.13
0709.20.10[1]	Asparagus, fresh or chilled, not reduced in size, if entered September 15 to November 15, inclusive, and transported to the U.S. by air	-	-	-	-	-
7905.00.00	Zinc, plates, sheets, strip and foil	135,032	972	539	0.72	0.40
7306.20.60	Iron or nonalloy steel tubing of a kind used for drilling for oil/gas	199,063	302	158	0.15	0.08
2608.00.00	Zinc ores and concentrates	361,446	102	53	0.03	0.01
4202.11.00	Trunks, suitcases, vanity cases, attache cases, briefcases, school satchels and similar containers with outer surface of leather, composition or patent leather	53,263	91	34	0.17	0.06
6908.90.00	Glazed ceramic flags and tiles	589,424	1,350	578	0.23	0.10
7109.00.00	Base metals or silver clad with gold, but not further worked than semimanufactured	33,300	1,541	539	4.63	1.62
4202.21.90	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, over $20 ea.	161,000	95	36	0.06	0.02
0703.10.40	Onions, other than onion sets or pearl onions, and shallots, fresh or chilled	508,420	800	467	0.16	0.09
7403.12.00	Refined copper, wire bars	(2)	(2)	(2)	(2)	(2)
7317.00.55	Iron or steel, nails, tacks, corrugated nails, staples & similar arts., of one piece construction, made of round wire, nesi	852,000	31	16	(3)	(3)
4202.21.60	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, n/o $20 ea.	16,600	12	4	0.07	0.03
7113.19.21	Gold rope necklaces and neck chains	123,400	247	82	0.20	0.07

[1] Analysis for HTS subheadings 0709.20.10 and 0709.20.90 is combined under HTS subheading 0709.20.90.
[2] Displacement effects were not calculated because there was no U.S. production.
[3] Less than 0.005 percent.

Note.—The abbreviation, nesi, stands for "not elsewhere specified or included."

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

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roses from ATPA countries would have been 6.0 percent higher (the ad valorem duty rate adjusted for freight and insurance charges) without ATPA. Chrysanthemums, etc. provided the second largest estimated gain in consumer surplus ($9.7 million to $9.9 million). Without ATPA, the price of imports of chrysanthemums, etc. from ATPA countries would have been 5.8 percent higher. In general, items providing the largest gains in consumer surplus also have (1) the highest column 1-general tariff rates and/or (2) the largest volumes of imports.

ATPA preferences also reduced U.S. tariff revenues. For example, for fresh cut roses, lower tariff revenues offset 93 percent to 95 percent of the gain in consumer surplus; for chrysanthemums, etc., the offset was about 94 percent to 95 percent. For most of the other items listed in table 7-4, lower tariff revenues offset nearly all of the gain in consumer surplus; this typically occurs when column 1 duty rates are relatively low, as is the case with most ATPA-exclusive items.

Overall, the estimated net welfare effects of ATPA were small. The gain in consumer surplus (column A of table 7-4) 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 estimated net welfare gains, the largest were for fresh cut roses ($687,000 to $936,000), asparagus (HTS subheadings 0709.20.10 and 0709.20.90) ($549,000 to $807,000), and chrysanthemums, etc. ($445,000 to $570,000). Fresh cut roses and asparagus also had the largest net welfare gains in 1996.[12]

Effects on U.S. producers

Estimates of the potential displacement of domestic production (table 7-5) were small for most of the individual sectors.[13] The analysis indicates that the largest potential displacement effects were for chrysanthemums, etc. (an estimate of 7.8 percent to 17.2 percent of U.S. domestic shipments displaced, valued at $2.7 million to $6.0 million), asparagus (9.3 percent to 16.6 percent displaced, valued at $4.9 million to $8.8 million), and fresh cut roses (6.7 percent to 14.7 percent displaced, valued at $7.6 million to $16.6 million). However, the estimated displacement share for the majority of the products benefiting exclusively from ATPA was less than 1.0 percent, even in the upper range of estimates.

[12] See USITC, *ATPA, Fourth Report, 1996*, p. 76.

[13] 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 ATPA share of the U.S. market, ad valorem equivalent tariff rate, and substitution elasticity, the larger the displacement of domestic shipments.

Highlights of U.S. Industries Most Affected by ATPA

Industries having estimated displacement of 5 percent or more, based on upper-range estimates, were chosen for further analysis. In 1997, only a few products that benefited exclusively from ATPA met this criterion: chrysanthemums, etc., fresh cut roses, and asparagus. Industry-by-industry analysis of the items most significantly affected in 1997 follows.

Fresh Cut Flowers

Fresh cut flowers traditionally have been a major component of U.S. imports from ATPA countries as well as under the ATPA program and represent an important economic activity of ATPA beneficiary countries. Fresh cut roses (HTS subheading 0603.10.60) were the ninth leading U.S. import item from ATPA countries in 1997, accounting for 2.1 percent of the total of such imports. Fresh cut chrysanthemums, standard carnations, anthuriums, and orchids (chrysanthemums, etc.) (HTS subheading 0603.10.70) ranked eleventh among such imports, with a share of 1.7 percent that year. Fresh cut roses were the leading U.S. import item that entered free of duty under the ATPA program in 1997, accounting for 13.6 percent of the total value of such imports. Fresh cut chrysanthemums, etc. were third, accounting for about 10.9 percent. ATPA countries supplied 89 percent of the total value of U.S. imports of fresh cut roses and 91 percent of the total value of U.S. imports of chrysanthemums, etc. in 1997. Virtually all U.S. imports of the two fresh cut flower items considered here from beneficiary countries were entered free of duty under ATPA. U.S. imports of the subject fresh cut flowers from ATPA countries are concentrated between Colombia and Ecuador, with Colombia dominating, particularly in chrysanthemums, etc.

Fresh cut flowers have gained in importance in the economies of ATPA countries, particularly Colombia and Ecuador, and have become a major nontraditional agricultural export item for these countries. Colombia has become the second leading fresh cut flower exporter, trailing only the Netherlands, with a 10 percent global export market

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share.[14] The United States is the principal fresh cut flower export market for these countries, accounting for 77.4 percent of the total value of Colombian exports in 1996.[15]

U.S. imports of cut flowers from ATPA beneficiary countries have been subject to various antidumping and countervailing duties in recent years. U.S. imports of fresh cut Pom Pom chrysanthemums (HTS subheading 0603.10.7010) from Peru are subject to a countervailing duty of 17.53 percent ad valorem, effective Oct. 27, 1986.[16] U.S. imports of fresh cut Pom Pom chrysanthemums, other fresh cut chrysanthemums (HTS subheading 0603.10.7020), and fresh cut standard carnations (HTS subheading 0603.70.30) from Ecuador are subject to antidumping duties ranging between 0.51-5.89 percent ad valorem, effective Mar. 1, 1993.[17] The duties on imports from Peru and Ecuador were unchanged in 1997.[18] The antidumping duties on U.S. imports of fresh cut Pom Pom chrysanthemums, other fresh cut chrysanthemums, fresh cut standard carnations, and fresh cut miniature carnations (HTS subheading 0603.10.30) from Colombia were modified as a result of an administrative review conducted by the U.S. Department of Commerce published in the Federal Register on June 10, 1998.[19] These imports from Colombia are now subject to antidumping duties ranging between 0.11-9.06 percent ad valorem, effective retroactively to March 1, 1996.

Legislation was introduced in 1997 in the U.S. House of Representatives (H.R. 54) and in the U.S. Senate (S. 1052) to amend ATPA to prohibit the provision of duty-free treatment for live plants and fresh cut flowers described in chapter 6 of the HTS. The House bill was referred to the House Committee on Ways and Means on Jan. 7, 1997. The Senate bill was referred to the Committee on Finance on July 22, 1997. No further action was taken on the bills during 1997.

The Floral Trade Council, representing the bulk of the U.S. fresh cut flower industry, contends that U.S. imports of fresh cut flowers entered free of duty under ATPA continued to adversely impact U.S. producers in 1997.[20] Specifically, the Council claims that ATPA has encouraged increased U.S. imports of fresh cut flowers;[21] led to a decline in the number of U.S. fresh cut flower producers;[22] undermined the effectiveness of antidumping duty orders on certain fresh cut flowers from Colombia and Ecuador;[23] caused oversupplies in the U.S. market;[24] and exerted downward pressure on prices in the U.S. market.[25] The U.S. industry also contends that any consumer benefits and employment created as a result of increased imports of fresh cut flowers under ATPA has been outweighed by a long-term decline in the number of U.S. producers and related jobs.[26] Finally, the industry asserts that the ATPA has been ineffective in its goal of drug eradication.[27]

The Colombian Flowers Exporter's Association, Asocolflores, contends that the importation of Colombian fresh cut flowers into the United States has created jobs in Colombia and contributes to the country's socio-economic wellbeing.[28] In addition, Asocolflores states that jobs have been created in the United States related to the importing, transportation, distribution, and retailing (florists and supermarkets) of Colombian fresh cut flowers.[29]

U.S. market and trade developments during 1997 for the two subject fresh cut flower categories are analyzed in greater detail below.

Fresh cut roses

U.S. sales of domestically-produced fresh cut roses (including hybrid tea and sweetheart) went from 352.9 million blooms, valued at $117.3 million, in 1996 to 363.0 million blooms, valued at $116.1 million, in 1997. Wholesale prices declined about 4 percent during the period. The production area declined slightly (1.6 percent) to 29,519 thousand square feet in 1997.[30]

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[14] Asociación Colombiana de Exportadores de Flores, overview of the Colombian flower industry, found at Internet address http://www1.colombiaexport.com/export/flores/florei.htm, retrieved June 23, 1998.

[15] Ibid.

[16] 52 F.R. 13491.

[17] 61 F.R. 37044.

[18] U.S. Department of Commerce, "Final Results of Administrative Reviews," found at Internet address http://www.ita.doc.gov/import_admin/records/stats/finalrev.txt, retrieved Aug. 20, 1998.

[19] 63 F.R. 31724.

[20] Stewart and Stewart, Special Counsel to the Floral Trade Council, written submission, June 30,1998, p. 2.

[21] Ibid., pp. 6-10.

[22] Ibid., p. 11.

[23] Ibid., p. 12.

[24] Ibid., p. 17.

[25] Ibid.

[26] Ibid., pp. 15-17.

[27] Ibid., pp. 12-15.

[28] Asociación Colombiana de Exportadores de Flores, overview of the Colombian flower industry, found at Internet address http://www1.colombiaexport.com/export/flores/florei.htm, retrieved June 23, 1998.

[29] Ibid.

[30] U.S. Department of Agriculture, National Agricultural Statistics Service, *Floriculture Crops, 1997 Summary*, Apr. 1998. Quantities represent the number of blooms sold.

U.S. consumption of fresh cut roses increased to 1.3 billion blooms, valued at $312.7 million in 1997, or by 10.0 percent in quantity and 9.2 percent in value. Imports from all sources accounted for about three-quarters of the quantity and two-thirds of the value of U.S. consumption in 1997. ATPA countries supplied 67.3 percent of the quantity and 58.9 percent of the value of such consumption. Colombia, the leading import supplier, accounted for 47.5 percent of the quantity and 42.3 percent of the value, while Ecuador, the second leading import supplier, accounted for 19.7 percent of the quantity and 16.5 percent of the value of consumption in 1997.[31]

U.S. imports of fresh cut roses in 1997 were dutiable at the column 1-general rate of 7.2 percent ad valorem. Such imports were eligible for duty-free treatment under ATPA, CBERA, NAFTA, and the United States-Israel Free Trade Area. Imports of fresh cut roses are not eligible for duty-free entry under GSP.

U.S. imports of fresh cut roses from all sources totaled $207 million in value in 1997, up 15 percent from the previous year's level. Colombia and Ecuador, both ATPA beneficiary countries, were the leading suppliers, accounting for 64 percent and 25 percent, respectively, of the total value in 1997. Bolivia accounted for a minor share (less than 0.5 percent), while Peru supplied no imports of fresh cut roses in 1997. U.S. imports of fresh cut roses from all ATPA sources totaled $184 million in 1997, a rise of 18 percent compared with the previous year, virtually all of which entered free of duty under ATPA. Colombia supplied 72 percent of imports under the ATPA program in 1997, while Ecuador accounted for 28 percent.

The increase in U.S. imports of fresh cut roses from ATPA sources resulted from a combination of a strong U.S. demand for roses and a continuing shift by growers from carnations to other flowers, including roses, prompted by demand shifts as well as by disease problems in Colombia affecting carnations.[32]

Fresh cut chrysanthemums, etc.

U.S. sales of domestically-produced fresh cut chrysanthemums, etc. declined in quantity from 195.4 million blooms, valued at $47.3 million, in 1996 to 159.7 million blooms, valued at $41.4 million, in 1997, or by 18.3 percent in quantity and 12.5 percent in value.[33] Among the major flowers in this category, wholesale prices for Pom Pom chrysanthemums rose by 3.2 percent, standard carnations increased by 8.2 percent, and standard chrysanthemums decreased by 13.8 percent in 1997 compared with the previous year. The rise in prices of certain flowers was outweighed by a decline in the quantity sold, leading to the overall decline in value in 1997. The combined production area for the flowers in this category declined slightly (2.6 percent) to 33,033 thousand square feet in 1997.

U.S. consumption of fresh cut chrysanthemums, etc. declined in 1997 to 1.6 million blooms, valued at $193.5 million. This was a drop of 10.7 percent in quantity and 9.5 percent in value compared with the previous year. Imports from all sources accounted for 92.3 percent of the quantity and 83.8 percent of the value of consumption in 1997, up slightly from the 1996 shares. Imports from all ATPA countries supplied 85.5 percent of the quantity and 76.4 percent of the value of total U.S. consumption in 1997. Imports from Colombia, by far the leading import supplier, accounted for 83.0 percent of the quantity and 74.1 percent of the value of such consumption, about the same shares as the previous year.

U.S. imports of fresh cut chrysanthemums, etc. were dutiable at the 1997 column 1-general rate of 6.9 percent ad valorem. Such imports were eligible for duty-free treatment under the GSP (excluding Colombia, which exceeded the competitive-need limits), ATPA, CBERA, NAFTA, and the United States-Israel Free Trade Area. Virtually all U.S. imports of fresh cut chrysanthemums, etc. from Colombia in 1997 entered free of duty under the ATPA program. Most imports entering free of duty from Ecuador were entered under ATPA, with a minor amount entered under GSP in 1997.

U.S. imports of fresh cut chrysanthemums, etc. from all sources fell 8 percent in value in 1997 to $162 million. The decline was accounted for mainly by imports of standard carnations and, to a lesser extent, chrysanthemums from Colombia. In terms of ATPA beneficiary countries, Colombia was, by far, the leading supplier (accounting for 88 percent of the total value in 1997) and Ecuador was the third leading supplier (3 percent). Bolivia and Peru accounted for relatively insignificant shares. ATPA beneficiary

[31] Estimated by the staff of the U.S. International Trade Commission based on data from the U.S. Department of Agriculture and the U.S. Department of Commerce.

[32] USITC staff telephone interview with a U.S. fresh cut flower importer, Jul. 15, 1998.

[33] U.S. Department of Agriculture, National Agricultural Statistics Service, *Floriculture Crops, 1997 Summary*, Apr. 1998.

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countries supplied $148 million of U.S. imports of chrysanthemums, etc. in 1997, down 27 percent from the previous year. Colombia was the leading supplier under the program (97 percent of the value in 1997).

Fresh or Chilled Asparagus

U.S. imports of fresh or chilled asparagus (HTS subheadings 0709.20.10 and 0709.20.90)[34] from all countries rose 19 percent from $59.7 million in 1996 to $71.0 million in 1997, with the bulk of the rise accounted for by increased shipments from Mexico and Peru. These two countries are the largest suppliers of fresh or chilled asparagus to the United States, together supplying 87 percent by value of total U.S. imports of fresh asparagus in 1997. Other important foreign suppliers include Colombia and Chile. U.S. imports of fresh asparagus from ATPA countries rose 25 percent from $22.0 million in 1996 to $27.6 million in 1997, with imports from Peru and Colombia accounting for 82 and 17 percent, respectively, of the total imports from ATPA countries in 1997. Peru has remained the leading Andean source of fresh asparagus, supplying about 32 percent of the total value of U.S. imports in 1997, as compared with 31 percent in 1996.

U.S. imports of fresh or chilled asparagus entered under HTS subheading 0709.20.10 in 1997 were dutiable at the column 1-general rate of 5.0 percent ad valorem. Imports entered under HTS subheading 0709.20.90 in 1997 were dutiable at the column 1-general rate of 23.2 percent ad valorem. Imports under both HTS subheadings are eligible for duty-free treatment under ATPA, CBERA, NAFTA (Canada only), and the United States-Israel Free Trade Area. Under NAFTA, tariffs on fresh asparagus imports from Mexico entered under HTS subheadings 0709.20.10 and 0709.20.90 are being phased out over 5 years and 15 years, respectively. Imports entered under HTS subheading 0709.20.10 were eligible for duty-free entry under GSP (excluding Peru, which exceeded the competitive-need limit). Imports of fresh or chilled asparagus entered under HTS subheading 0709.20.90 are eligible for duty-free entry under GSP only if they originate in least-developed beneficiary developing countries (none of which are ATPA beneficiaries). U.S. production of asparagus rose 29 percent, from $103.5 million in 1996 to $133.7 million in 1997.[35] The leading states producing fresh-market asparagus are California, Washington, and Michigan. Virtually all California production is intended for fresh-market sales, while production in both Washington and Michigan goes for processing use as well. Washington State is the largest producer for the processed market and Michigan accounts for most of the remainder. The bulk of U.S. production occurs mainly in Southern California during the months of February through June. Acreage planted in Southern California has declined in recent years, in part because the financial return to growers from raising annual crops has been higher and because production in Sonora, Mexico, intended for export to the United States, has risen in recent years.[36]

U.S. per capita consumption of fresh asparagus has risen slowly to 0.7 pounds in 1997 since reaching a trough at 0.3 pounds in 1979.[37] Whereas U.S. fresh-asparagus consumption traditionally occurred during the first half of the year, which coincided with the peak U.S. production period, higher imports during a greater number of months in recent years have extended product availability through most of the year, which is probably responsible for the recent increase in U.S. per capita consumption.

Industry representatives[38] have mixed views on the impact of ATPA. Much of the Peruvian asparagus enters the United States at times when U.S. fresh asparagus is not available or not at peak production. This is essentially viewed by the U.S. industry as a positive outcome of the agreement. According to U.S. industry views, having fresh asparagus in the marketplace longer tends to promote the consumption of asparagus. However, industry representatives from Washington stated that the fresh and processed asparagus industries are not separable, and that the importation of frozen Peruvian asparagus has killed the frozen asparagus segment of the industry in Washington and will take its toll in Michigan in the coming years. U.S. industry officials have expressed

[34] Fresh or chilled asparagus that is not reduced in size, entered September 15 to November 15, inclusive, and transported to the U.S. by air is classified in HTS subheading 0709.20.10. All other fresh or chilled asparagus is entered under HTS subheading 0709.20.90.

[35] Data compiled from USDA, National Agricultural Statistics Service, *Vegetables—Annual Report*, Pub. No. Vg 1-2 (98), January 1998, pp. 30-31. Harvested acreage of all asparagus was the same or up slightly for two of the three major fresh-market asparagus-producing states in 1997, as compared with levels in 1996, but acreage in California was down in 1996 as a result of a severely weather-damaged crop.

[36] USDA, Economic Research Service, *Vegetables and Specialties—Situation and Outlook Report*, Pub. No. VGS-273, November 1997, pp. 20-26.

[37] USDA, Economic Research Service, *Vegetables and Specialties—Situation and Outlook Report*, Pub. No. VGS-274, April 1998, p. 71.

[38] USDA, Economic Research Service, *Vegetables and Specialties—Situation and Outlook Report*, Pub. No. VGS-274, April 1998, p. 71.

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fear that increasing amounts of Peruvian asparagus not currently exported in a fresh form will be frozen and then exported to the United States.[39] Peru has become a major global competitor in frozen asparagus and the most important supplier of U.S. frozen asparagus imports in recent years. According to industry sources, Peru's asparagus industry regularly diverts fresh asparagus from fresh sales to the frozen market in response to existing fresh-market prices.[40] Producers in Washington State are looking for Federal assistance with import relief as a result of what they perceive to be the negative impact of ATPA on the Washington asparagus growers.[41]

Erosion of the Margin of Preference

The central element of any program with preferential duty treatment is the margin of preference that the program affords beneficiaries. The greater the margin of preference, that is, the difference between the general duty rate and the preferential duty rate, the greater the benefit to beneficiaries. As mentioned earlier, the value of the ATPA program to beneficiary countries, as well as its potential to affect the U.S. economy, consumers, and industries, has fallen since the implementation of the program in 1992 because of the erosion of the margin of preference for many products.

Table 7-6 shows the 20 leading items that benefited exclusively from ATPA in 1997 and duties for these items in the base year of the Uruguay Round (UR) tariff staging (1994), in 1997, and in the final year of UR staging, as well as the final year of staging and the percentage decrease in duties under UR staging. Duties for tunas and skipjack (HTS subheading 1604.14.40), asparagus entered September 15 to November 15 (HTS subheading 0709.20.10), three leather-covered flatgood items (HTS subheadings 4202.11.00, 4202.21.60, and 4202.21.90), and two refined copper items (HTS subheadings 7403.11.00 and 7403.12.00) were not changed by the UR. Three items on the list are scheduled for the total elimination of duties (HTS subheadings 2608.00.00, 7306.20.60, and 7317.00.55). Base-year duties on these three items were all relatively low. Three items (HTS subheadings 6908.90.00, 7108.13.70, and 7109.00.00) have fully staged reductions of between 50 percent and 70 percent. The seven remaining items have fully staged reductions of roughly 15 percent to 34 percent.

Since ATPA was implemented in 1992, the United States has implemented NAFTA and an extension of GSP product eligibility for least-developed beneficiary countries. Each of these programs erodes the ATPA beneficiary margin of preference in rough proportion to the extent that countries that benefit from these programs produce items that compete with ATPA products in the U.S. market, in addition to the level of the column 1-general rate of duty.

Ad valorem duties automatically keep up with inflation, but the ad valorem equivalent of specific duties will fall as prices increase. Three of the leading items that benefited exclusively from ATPA in 1997 had specific duties or specific-duty components. The exact extent of the erosion of the ATPA margin of preference on these items depends on the actual import prices of these items, but a rough idea can be obtained using various U.S. price indices such as the GDP implicit deflator, the Consumer Price Index (CPI), or the Producer Price Index (PPI). These indices indicate that the ad valorem equivalent of specific duties may have fallen roughly 10 percent over the period from 1992 to 1997.

Probable Future Effects of ATPA

As noted earlier, previous reports in this series found that most of the effects on the U.S. economy and consumers of the one-time elimination of import duties under a preference program like ATPA would occur within 2 years of the program's inception. Other effects were expected to occur over time as a result of an increase in export-oriented investment in the region. Such investment in new production facilities, or in the expansion of existing facilities, may rise in response to the availability of ATPA tariff preferences. Therefore, the report continues to monitor ATPA-related investment in the Andean region, using investment expenditures as a proxy for future trade effects of ATPA on the United States.[42]

[39] Industry officials of the Washington Asparagus Commission, the California Asparagus Commission, and Asparagus USA, an umbrella group of Washington, California, and Michigan growers constituted for the purpose of promoting exports in foreign markets. Interviews with USITC staff, June and July 1997.

[40] USITC staff contacts with officials of the Michigan asparagus industry, July 1997.

[41] Ibid.

[42] The methodology of using investment to assess the probable future economic effects on the United States was developed as part of the Commission's reporting

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Table 7-6
Tariff rate staging under the Uruguay Round (UR) for leading import items benefiting exclusively from ATPA

HTS Number	Description	1994	1997	UR final	Final year	Change 1994 to UR final year
						Percent
0603.10.60	Roses, fresh cut	8.0%	7.4%	6.8%	2000	-15.0
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids, fresh cut	8.0%	7.2%	6.4%	2000	-20.0
0703.10.40	Onions, other than onion sets or pearl onions, and shallots, fresh or chilled	3.9¢/kg	3.5¢/kg	3.1¢/kg	2000	-20.5
0709.20.10	Asparagus, fresh or chilled, not reduced in size, if entered September 15 to November 15, inclusive, and transported to the U.S. by air	5.0%	5.0%	5.0%	(1)	0.0
0709.20.90	Asparagus, nesi, fresh or chilled	25.0%	23.2%	21.3%	2000	-14.8
1604.14.40	Tunas and skipjack, not in airtight containers	1.1¢/kg	1.1¢/kg	1.1¢/kg	(1)	0.0
2608.00.00	Zinc ores and concentrates	(2)	(3)	0.0%	1999	-100.0
4202.11.00	Trunks, suitcases, vanity cases, attache cases, briefcases, school satchels and similar containers with outer surface of leather, composition or patent leather	8.0%	8.0%	8.0%	(1)	0.0
4202.21.60	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, n/o $20 ea.	10.0%	10.0%	10.0%	(1)	0.0
4202.21.90	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, over $20 ea.	9.0%	9.0%	9.0%	(1)	0.0
4202.91.00	Cases, bags and containers nesi, with outer surface of leather, of composition leather or patent leather	6.8%	5.4%	4.5%	1999	-33.8
6908.90.00	Glazed ceramic flags and tiles	19.0%	15.8%	8.5%	2004	-55.3
7108.13.70[4]	Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), nesi	8.2%	5.7%	4.1%	1999	-50.0
7109.00.00	Base metals or silver clad with gold, but not further worked than semimanufactured	20.0%	11.6%	6.0%	1999	-70.0
7113.19.21	Gold rope necklaces and neck chains	6.5%	5.6%	5.0%	1999	-23.1
7306.20.60	Iron or nonalloy steel tubing of a kind used for drilling for oil/gas	1.9%	1.3%	0.0%	2004	-100.0
7317.00.55	Iron or steel, nails, tacks, corrugated nails, staples & similar arts., of one piece construction, made of round wire, nesi	0.5%	0.4%	0.0%	2003	-100.0
7403.11.00	Refined copper cathodes and sections of cathodes	1.0%	1.0%	1.0%	(1)	0.0
7403.12.00	Refined copper, wire bars	1.0%	1.0%	1.0%	(1)	0.0
7905.00.00	Zinc, plates, sheets, strip and foil	4.2%	3.4%	2.8%	1999	-33.3

[1] Not applicable.
[2] 1.7¢/kg on lead content.
[3] 0.7¢/kg on lead content.
[4] Prior to Nov. 1, 1996, reported under HTS subheading 7108.13.50.

Note.–The abbreviation, nesi, stands for "not elsewhere specified or included."

Source: Complied by the staff of the U.S. International Trade Commission from the *Harmonized Tariff Schedule of the United States, 1994*; Presidential Proclamation 6763, Dec. 23, 1994; and Public Law 104-295, Oct. 11, 1996.

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Although official foreign direct investment statistics show that FDI in the region is growing significantly,[43] it is difficult to isolate trends in investment in ATPA-eligible products alone. As a result, information on ATPA-related investment activity and trends during 1997 was obtained from a field visit to Peru, from U.S. embassies in the Andean region, and from various published sources.

Three U.S. embassies in ATPA beneficiary countries responded to the Commission's request for information regarding new or expansion investments in ATPA-eligible products.[44] The U.S. Embassy in La Paz provided information through the Bolivian Ministry of Foreign Trade and Investment (MFTI) on ATPA-related activity and trends from 1993 through 1997.[45] MFTI data indicate that 50.0 percent of Bolivian exports to the United States during the period from June 1997 to April 1998 were ATPA-eligible. Foreign investment as a result of ATPA preferences in the last 2 years measured $8 million in 1996 and $11.7 million in 1997. While MFTI does not collect company-specific information, it did report investments in sectors producing gold jewelry and furniture. ATPA preferences were "decisive" in encouraging investment in agro-industry as well in 1997.

The U.S. Embassy in Bogota, after checking with the Colombian Ministry of Foreign Trade, the Colombian-American Chamber of Commerce, and private industry sources, reported that "no significant investment was made in 1997" in ATPA-related sectors.[46] The private sector explanation for this phenomenon is that "there is not enough time left to recoup an investment made now in the few years left before the ATPA terminates in 2001."

The U.S. Embassy in Quito commented that "ATPA's duty-free access provisions have had only a marginal impact on Ecuador's overall export performance and economic climate."[47] Roses and high-value fresh fruits and vegetables were cited as significant exports under the ATPA program. The embassy was unable to provide information on ATPA-related investment in 1997, stating "there is no existing data base regarding individual investments specifically designed to take advantage of ATPA trade benefits."

Information obtained during the field visit to Peru revealed that new or expansion-related investments are occurring in a variety of ATPA-eligible products. Although there continue to be serious constraints, exports of agricultural products show significant potential. The products that are new to ATPA preferences include: frozen, pre-cooked yellow potatoes; maca, a natural product for fertility, sold in health food stores; and quinoa, a grain. Future possibilities include mandarin oranges, miniature limes, melons, and flowers.[48] For a more detailed description of the investment activity in Peru, see the case study in chapter 8.

ATPA is likely to continue to have minimal future effects on the U.S. economy in general. Chapter 6 of this report described the small share of total U.S. imports made up of imports from ATPA countries (1.0 percent), and the even smaller share made up of imports that benefited exclusively from ATPA in 1997—less than 0.07 percent, as reported previously in this chapter. The probable future effect of the new investment identified in Bolivia, Colombia, Ecuador, and Peru is also likely to be minimal in most economic sectors. During 1997 it appears that ATPA-related investment is beginning to slow as the date for the termination of the program approaches.

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[42]—*Continued*
requirement on the Caribbean Basin Economic Recovery Act (CBERA). For a more detailed discussion of the methodology, see USITC, *CBERA, First Report, 1984-84*, USITC publication 1907, Sept. 1986, p. 4-1.

[43] See table 8-2 in chapter 8, which shows foreign direct investment in ATPA beneficiaries from 1985 to 1996.

[44] Embassies in Bogota, LaPaz, and Quito provided cable responses to the USITC request for information. The U.S. Embassy in Lima hosted a USITC research team for an ATPA-related visit to Peru, May 27 - June 2, 1998.

[45] U.S. Department of State telegram, "USITC Annual Investment Survey - Bolivia," message reference No. 2726, prepared by U.S. Embassy, La Paz, June 15, 1998.

[46] U.S. Department of State telegram, "USITC Annual Andean Investment Survey: Colombia," message reference No. 6659, prepared by U.S. Embassy, Bogota, June 8, 1998.

[47] U.S. Department of State telegram, "USITC Annual Andean Investment Survey: Ecuador," message reference No. 2168, prepared by U.S. Embassy, Quito, May 22, 1998.

[48] By "new" is meant newly being traded. Representatives of PROMPEX, U.S. Embassy staff, USITC staff interviews, Lima, June 1, 1998.

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CHAPTER 8
Case Study on Peru

This chapter addresses two major topics. First, it provides a brief overview of economic and trade trends in the ATPA beneficiary countries during the years 1990-96,[1] which cover the period when ATPA was in effect. This section is intended to provide context for the country case study that follows. The case study, on Peru, is used to examine the effectiveness of ATPA in achieving its goal of promoting export-led growth and export diversification in beneficiary countries. This case study analyzes Peru's economic and trade performance since 1990, and how it may relate to ATPA. Factors that may affect its level of trade and investment are described, including the investment climate, and investment and export promotion programs.

Peru was selected as a case study because it has consistently been a major ATPA beneficiary. It demonstrated utilization of the ATPA program by products new to ATPA preferences. Peru was also the ATPA beneficiary country that had significant success in drug control efforts in 1997.[2] A field visit to Peru and earlier reports in this series provided information for the case study. The case study should be considered unique, however, and not representative of the ATPA region as a whole.

Overview of Developments in the Beneficiary Countries

Introduction

The effectiveness of ATPA in promoting export-led economic growth and export diversification among ATPA beneficiaries is difficult to judge on an aggregate basis because of the diverse nature and background of the economies of the region. As shown more fully below, exports have increased in value, but there has been no significant diversification from 1990 to 1996. In addition, the United States has become a slightly less significant source of imports for the ATPA beneficiaries over the same time period.

It is likely that ATPA contributed to these trade-related developments. However, the relative importance of ATPA compared to other factors is difficult to determine. For example, other trade preference programs, such as the U.S. GSP and similar programs offered by the European Union (EU) and Canada, no doubt played a role. Also, internal economic policies, which improved the investment climate and/or facilitated exports, as well as trends toward market liberalization throughout the hemisphere, were also factors.

Trends in the economic and trade performance of the ATPA beneficiary countries during the period 1990-1996 are presented below. More in-depth analysis of the effectiveness of ATPA is included in the country case study that follows.

Economic and Trade Performance of the Beneficiary Countries

Table 8-1 presents some leading economic indicators for each of the ATPA beneficiary countries over the period 1990-1996. These statistics reveal the diversity of the four economies in the region. And, while they show a mixed performance economically, they indicate a general improvement over the period. The macroeconomic statistics indicate respectable performances in terms of GDP growth and control over debt. The debt-to-GNP ratio improved for all four countries over the period. All ATPA beneficiaries managed greater control over inflation, the change in Peru being particularly dramatic. Foreign direct investment (FDI) also varied widely among ATPA

[1] The data presented in this chapter were generally available through 1996. With the exception of bilateral trade statistics shown in the case study, which includes 1997, all of the trade data were compiled from Statistics Canada, *World Trade Analyzer, 1980-96*, CD-ROM, 1998, and only available through 1996.

[2] The Commission is required in this series to report on beneficiary countries' efforts to control illicit drugs. See the following chapter for this analysis.

Table 8-1
Annual average growth rates of GDP, per capita GDP, and CPI, and debt to GNP ratio, for ATPA beneficiaries, specified periods, 1990-96

(Percent)

Item	Bolivia	Colombia	Ecuador	Peru
GDP:				
1990	4.6	3.8	0.3	-5.4
1995	3.8	5.9	2.7	7.8
1996	3.9	2.2	2.0	2.5
Per Capita GDP:				
1990	2.3	1.8	-2.0	-7.1
1995	1.3	4.0	0.5	6.0
1996	1.5	0.5	-0.1	0.7
CPI:				
1990	17.1	29.1	48.4	7481.6
1995	10.2	20.9	22.9	11.1
1996	12.4	20.8	24.3	11.5
Debt to GNP:				
1990	95	41	102	32
1994	78	23	63	28

Source: Data compiled from ECLAC, UNCTAD, and the IMF.

beneficiaries, although FDI for the region gradually increased over the period, with all countries but Ecuador showing dramatic growth in FDI during the 1994-96 time frame (table 8-2).

Table 8-3 lists the major regional and bilateral trade arrangements in which ATPA beneficiaries participate. The list illustrates the growing trend toward market opening in the region.

More revealing is an examination of trends in the growth, direction, and composition of trade. Table 8-4 shows that total trade of the ATPA beneficiaries increased between 1990 and 1996. Total exports from ATPA beneficiaries increased by 70.5 percent, as total imports grew at nearly twice that rate, up 136.2 percent. While the United States began the decade as the destination for the largest amount of ATPA shipments, that distinction was short-lived as the rest-of-the-world (ROW) eclipsed the United States in 1991 (figure 8-1), and has remained in that position ever since. Both the United States and Europe declined in their relative shares as recipients of ATPA products, by 5.8 and 2.1 percent, respectively. Conversely, the ROW share increased by a dramatic 8.0 percent in seven years. The U.S. share of the ATPA market dropped 5.9 percent from 1993 to 1995, and then increased slightly to 34.5 percent in 1996.

Total imports of ATPA beneficiaries increased significantly from 1990 to 1996, practically doubling the increase in exports. U.S. market share declined by 3.1 percent over the period, and the EU share dropped by 1.0 percent (figure 8-2). The U.S. share dropped a full 4 percentage points from 1990 to 1991, but from 1991 on, the shares of the three partners-U.S., EU and ROW-have remained relatively stable, at 33-35 percent, 19 percent, and 45-48 percent respectively.

The composition of total ATPA exports, analyzed on an SITC basis, showed only moderate changes between 1990 and 1996 (figure 8-3). The four most significant categories accounted for 86 percent of total ATPA shipments in 1990; the same four categories accounted for 77 percent of the ATPA total in 1996. The biggest change occurred in the mineral fuels category, which declined in significance by 5 percent. Machinery and transport equipment increased in relative significance from 1 to 4 percent, while textiles and apparel diminished slightly.

The composition of total ATPA exports to the United States was reflective of overall ATPA exports in general. The largest single category of exports (both to the world and to the United States) was mineral fuels, and in the case of the United States, like that of ATPA exports in general, the export share of such products decreased over the period.

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Table 8-2
Foreign direct investment inflows, by host region and economy, 1985-96
(Million dollars)

Host region/economy	1985-90 (Annual average)	1991	1992	1993	1994	1995	1996[1]
World	141,930	158,936	173,761	218,094	238,738	316,524	349,227
Developed countries	116,744	114,792	119,692	138,762	142,395	205,876	208,226
Developing countries	24,736	41,696	49,625	73,045	90,462	96,330	128,741
Latin America and the Caribbean	8,145	15,356	16,204	18,072	26,974	25,424	38,563
South America	3,764	6,782	7,391	8,411	11,874	14,432	26,237
ATPA	705	662	1,136	2,212	5,202	5,259	7,530
Bolivia	8	52	93	123	145	393	527
Colombia	549	457	729	959	1,667	2,501	3,000
Ecuador	118	160	178	469	531	470	447
Peru	30	-7	136	670	2,859	1,895	3,556

[1] Estimates.

Source: UNCTAD, FDI/TNC database.

Nevertheless, two-thirds of ATPA exports to the U.S. in both 1990 and 1996 remained either food or mineral fuels. The smaller categories changed by either 1 or 2 percentage points, indicating little diversification occurring during the 1990-1996 period.

Case Study - Peru

Economic and Trade Performance

With the election of a new government in 1990, Peru embarked on a widespread program of economic reform, transforming the economy from one that was heavily regulated to one centered on a market orientation. Official controls on trade, prices, and capital flows were eliminated, and a number of state enterprises were privatized. The reform effort resulted in a significant improvement in overall economic performance (table 8-1). After posting strong growth rates in the period 1993-95, Peru's GDP grew by a sluggish 2.8 percent in 1996. A widening current account deficit forced the government to tighten monetary and fiscal policies, which improved the external trade balance but caused GDP to slump. In 1996, manufacturing grew by only 1.8 percent. However, inflation dropped to 11.5 percent after averaging 33.3 percent in the years 1992-96.[3] The strong economic performance continued in 1997, when GDP grew 7.4 percent and inflation was held to 6.5 percent.[4]

Peru's progress toward economic, social, and political stability since 1990, when the current government took office, has generated strong investor confidence.[5] Among ATPA beneficiaries, Peru registered the strongest increase in foreign direct investment during the decade (table 8-2). Privatization, a key component of the government's economic reform program, has generated $7.2 billion in revenues since 1991.[6]

[3] Economist Intelligence Unit, *Crossborder Monitor*, Apr. 9, 1997, and *Country Forecasts*, Feb. 28, 1997; and U.S. Department of State telegram, "Despite Hostage Crisis, Peru's Economy Shows Signs of Life," message reference No. 2473, prepared by U.S. Embassy, Lima, Mar. 21, 1997.

[4] Bowen, Sally, "Investment Guide to Peru," *Latin Trade*, May 1998, p. 32.

[5] U.S. Department of State telegram, "Prospects for Economic and Social Growth in Peru - 1997," message reference No. 1770, prepared by U.S. Embassy, Lima, Feb. 28, 1997.

[6] Perhaps even more significant is the fact that private sector owners have pledged another $7.7 billion in future investment for modernization. Bowen, *Latin Trade*, May 1998, p. 33.

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Table 8-3
Regional trade arrangements for ATPA countries

Arrangement	Implementation Date	Member Countries	Type of Arrangement
Andean Group	1969	Bolivia, Colombia, Ecuador, Peru,[1] Venezuela	Customs union with a common external tariff.
Bolivia-Mexico	Jan. 1, 1995	Bolivia, Mexico	Bilateral agreement providing for trade liberalization in goods.
Colombia-Caricom	July 1994	Colombia, Antigua & Barbuda, the Bahamas,[2] Barbados, Belize, British Virgin Islands,[3] Dominica, Grenada, Guyana, Haiti,[4] Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Trinidad & Tobago, Turks and Caicos Islands,[3] Suriname	Non-reciprocal preferential agreement, provides for the immediate elimination of Colombian duties on goods covering 86% of Colombian imports from Caricom countries.
Colombia-Chile	Jan. 1, 1994	Colombia, Chile	Bilateral agreement providing for trade liberalization in goods.
Ecuador-Chile	Jan. 1, 1995	Ecuador, Chile	Bilateral agreement providing for trade liberalization in goods.
Group of Three (G3)	Jan. 1, 1995	Colombia, Mexico, Venezuela	Free trade agreement with the aim of a free trade area by 2005.
Latin American Integration Association (LAIA)	1960	Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela	Loose free trade agreement, objective of increasing intra-regional trade.
Peru-Chile	signed June 22, 1998 effective July 1, 1998	Peru, Chile	Free trade agreement covering 2,600 products and the abolishment of bilateral trade restrictions.

[1] Peru's full reintegration process back into the customs union is set to be completed Dec. 31, 2005.
[2] The Bahamas is a member only of the Caribbean Community, not the common market.
[3] The British Virgin Islands and the Turks and Caicos Islands are associate members as of July 1991.
[4] Haiti's application was accepted by the leaders of Caricom in July 1997.

Note.—For further information concerning individual trade agreements, consult OAS, *Trade and Integration Arrangements in the Americas.*

Source: Compiled from OAS and U.S. Department of State.

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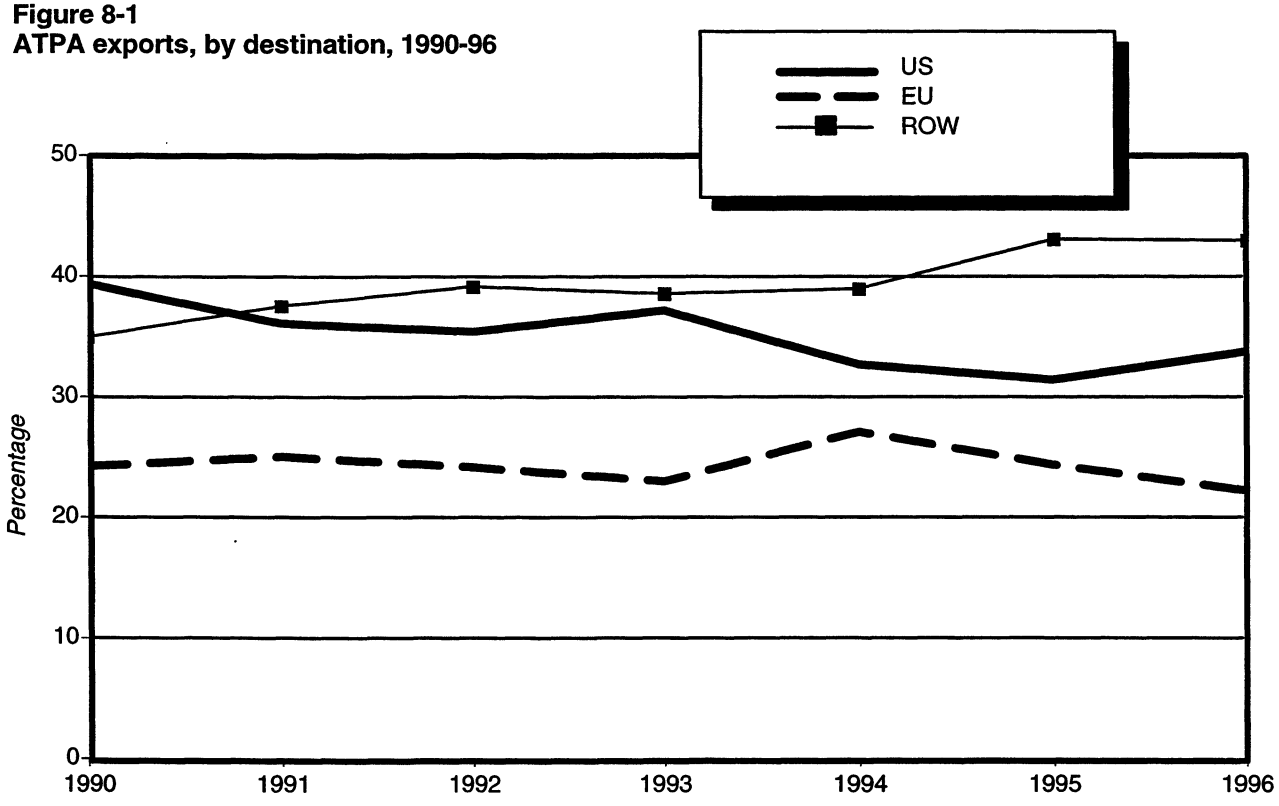
Table 8-4
ATPA-Total exports, total imports, and direction of trade, 1990-96

	Exports				Imports			
Year	Total	US	EU	ROW	Total	US	EU	ROW
		Percent of total				*Percent of total*		
1990	$14,323,819	40.3	24.8	34.9	$11,354,734	37.8	19.8	42.4
1991	15,012,911	36.9	25.6	37.5	12,587,267	33.8	20.8	45.4
1992	14,873,969	36.2	24.7	39.1	15,848,014	35.7	19.4	44.9
1993	15,205,710	38.0	23.5	38.5	18,746,500	33.1	19.8	47.1
1994	19,215,338	33.4	27.7	38.9	23,630,370	32.6	19.2	48.3
1995	22,734,100	32.1	24.9	43.0	27,870,240	32.8	18.6	48.5
1996	24,427,564	34.5	22.7	42.9	26,819,034	34.7	18.8	46.5

Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer, 1980-96,* CD-ROM, 1998.

Figure 8-1
ATPA exports, by destination, 1990-96



Source: Based on data in table 8-4.

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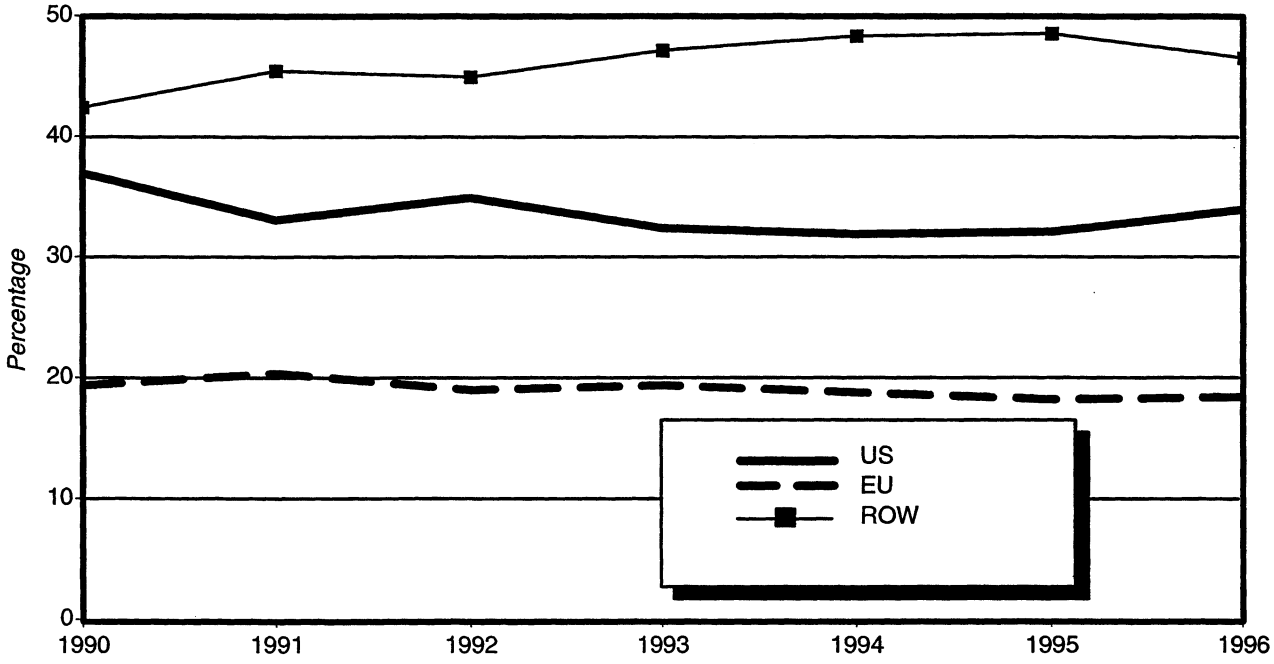
Figure 8-2
ATPA imports, by source, 1990-96



Source: Based on data in table 8-4.

While the internal reforms and privatization efforts of the Fujimori administration contributed greatly to an opening of investment in the Peruvian economy, commitments to increase market opening in terms of international trade have been mixed. Such access can be demonstrated by a relaxation of internal control measures on the one hand, and by a greater willingness to enter into trade agreements and to liberalize bilateral and/or multilateral arrangements on the other. Since coming to power the Fujimori administration has eliminated nearly all controls on trade, investment, and foreign exchange. Nontariff trade barriers are almost nonexistent in Peru.[7]

Table 8-3 highlights the regional trade agreements among ATPA beneficiary countries. Although Peru is not a regional leader in terms of integration and market expansion, it recently signed a free-trade agreement with Chile and is currently negotiating with both Mexico and MERCOSUR over the terms of other bilateral trade liberalizing schemes.[8] A bilateral investment treaty with Canada is also being negotiated.[9] Peru is slated to officially become a member of APEC in November 1998;[10] it strongly supports the establishment of the FTAA by the year 2005.[11]

Peru withdrew from the Andean Community in April 1997 after many years of difficult negotiations. Other Andean countries convinced Peru to remain in the sub-regional integration bloc, and a unique status was approved for Peru in July 1997. As a result, Peru will participate in the free trade area under special conditions—including a provision that allows it to

[7] USTR, *National Trade Estimate Report on Foreign Trade Barriers*, p. 324.

[8] In April 1998, as part of the Andean Community, Peru signed a framework agreement with MERCOSUR as

[8]—*Continued*
the first step toward entering a South American free trade zone. Negotiations are to be completed by Jan. 2000, but tariffs are not expected to be totally eliminated for another 15 years.

[9] Representatives of the Ministry of Industry, Tourism, Integration and International Trade Negotiations, USITC staff interview, June 1, 1998.

[10] U.S. Department of State telegram, "Embassy Views on July 13 U.S. - Peru Trade and Investment Council Meeting," message reference No. 4345, prepared by U.S. Embassy, Lima, July 6, 1998.

[11] Ibid.

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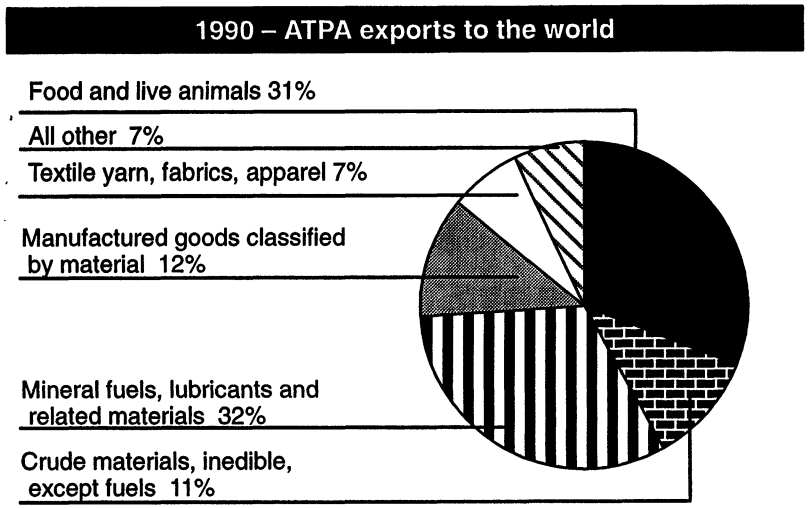
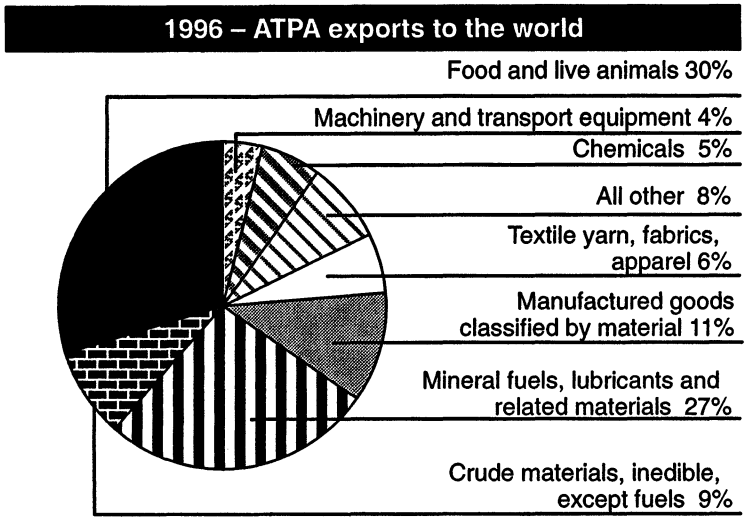
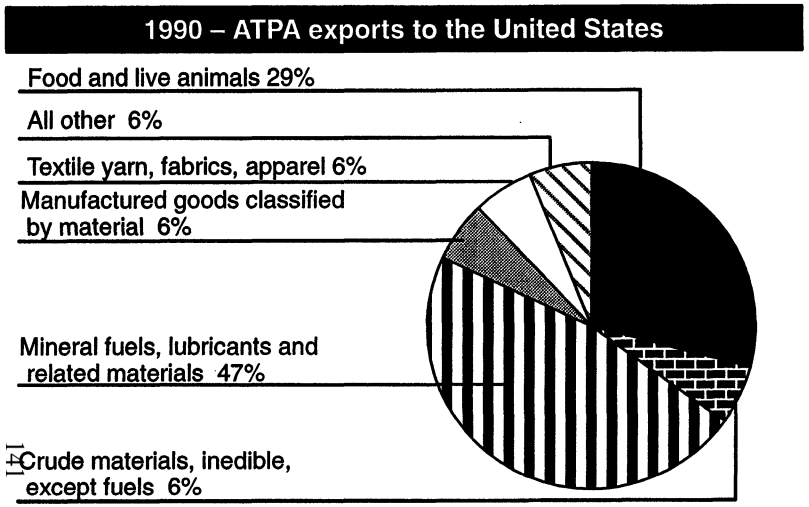
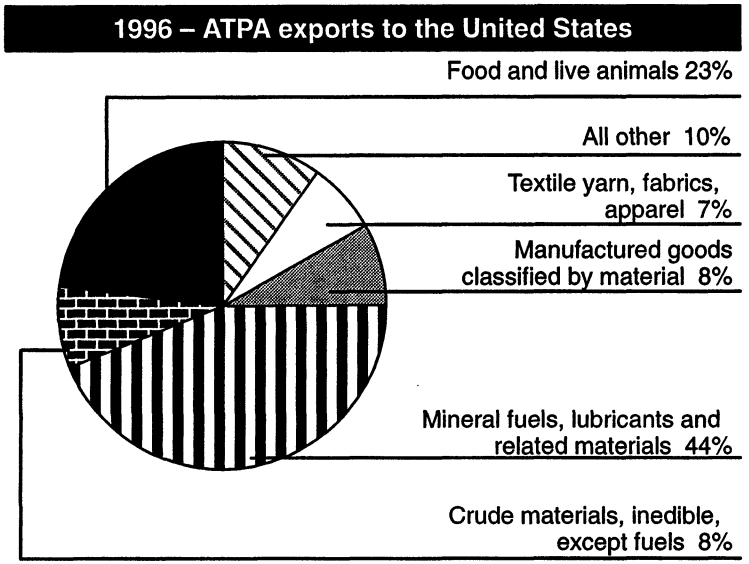
Figure 8-3
Composition of ATPA exports, 1990 and 1996









Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer 1980-96*, CD-ROM, 1998.

place almost all of its products in the regional FTA by 2000, and allows an additional 5 years for some more sensitive products.[12] Peru will not adopt the Community's common external tariff.[13]

Peru was a founding/charter member of the WTO in January 1995 and a contracting party to the GATT at its formation in 1948. It ratified the Uruguay Round agreements in 1994.

Peru has a relatively flat tariff structure: it imposes a 12-percent ad valorem tariff on most imports; some products are subject to a 20-percent levy (both of these applied tariffs are significantly below Peru's Uruguay Round binding commitment of 30 percent). The average tariff is currently 13 percent, a significant reduction from the 66-percent average in effect in 1990.[14] Since 1991 Peru has had a "temporary" surcharge in effect on 18 additional agricultural product categories.[15] In April 1997 an additional "temporary" tariff of 5 percent was imposed on selected agricultural products.[16] The Fujimori administration has eliminated nearly all nontariff barriers as well as other import barriers, including quantitative restrictions, subsidies, import licensing requirements, and most import prohibitions.[17]

Peru's major exports are dominated by minerals and fishmeal-commodities that are highly susceptible to international price changes. Copper is a significant, traditional export, and textiles are also important. Raw materials and capital goods constitute the bulk of Peruvian imports. In 1995 exports represented only 12 percent of GDP, while imports represented 18 percent.[18]

Trends in Trade

As shown in table 8-5, Peruvian imports and exports increased significantly between 1990 and 1996. Between 1991 and 1995 overall trade as a percentage of GDP increased from 21 to 30 percent.[19] Imports nearly tripled over the period, increasing consistently throughout the decade. Exports showed less robust growth than imports, declining somewhat in 1993, but rebounding strongly since then. The strong growth in imports created a trade deficit in 1992, a deficit which has increased since that time, except for a slight period of improvement between 1995 and 1996.

The United States is easily Peru's main trading partner, accounting for 26 percent of total trade with Peru in 1996.[20] Figure 8-4 shows that both the European Union (EU) and the rest-of-the world (ROW) consistently accounted for greater shares of Peruvian exports than the United States did during the years 1990-96. The disparity between these two major Peruvian markets (EU and ROW) increased slightly over the period, as Peru lost market share in the EU and gained it in the ROW, particularly in Asia. This shift away from Europe and toward the ROW was particularly notable in 1995 and 1996. As a Peruvian trading partner, the EU is declining—its share of Peruvian exports fell by 6 percent during 1990-96, and its share of Peruvian imports also declined slightly. The shares accounted for by the ROW, on the other hand, each increased over the same time period—3.2 percent for exports and 4.2 percent for imports. Table 8-5 indicates that other Latin American and regional partners are at the same time the major source of Peruvian imports (figure 8-5) and the weakest market for Peruvian exports.

Although the United States is Peru's largest single trading partner, it received fewer Peruvian imports in 1996 than it did in 1990; during the same period, the

[12] Peru maintains bilateral trade agreements with the other four members of the Community. Peru thus allows about 80 percent of imports from Andean members to enter the country free of duty.

[13] USTR, *Second Report to the Congress on the Operation of the Andean Trade Preference Act*, Dec. 1997, p. 39.

[14] U.S. Department of State telegram, "Embassy Views on July 13 U.S. - Peru Trade and Investment Council Meeting," message reference No. 4345, prepared by U.S. Embassy, Lima, July 6, 1998.

[15] The basic commodities covered are: wheat, rice, sugar, corn, and milk products. "The Peruvian government defends the surcharges as necessary to protect Peruvian farmers from subsidized international competition and cushion the effect of an overvalued" sol" and structural adjustment." U.S. Department of State, "Country Reports on Economic Policy and Trade Practices," submitted to Congress in accordance with Sec. 2202 of the Omnibus Trade and Competitiveness Act of 1988, March 1996, p. 425. Since wheat, rice, and corn account for about 70 percent of U.S. agricultural exports to Peru, the additional higher duties on these products are affecting demand. U.S. Department of State telegram, "Embassy Views on July 13 U.S. - Peru Trade and Investment Council Meeting," message reference No. 4345, prepared by U.S. Embassy, Lima, July 6, 1998.

[16] USTR, *Second Report to the Congress on the Operation of the Andean Trade Preference Act*, Dec. 1997, p. 39.

[17] Imports of firearms, munitions, and explosives are prohibited. Import bans are currently maintained on: used clothing and shoes, used tires, used cars over 5 years old, and used trucks over 8 years old.

[18] World Bank, *World Development Indicators, 1998.*

[19] Ibid.

[20] The EU accounts for 23 percent, Latin American partners, 25 percent, and Asia accounts for the bulk of the rest of Peru's trade. U.S. Department of State telegram, "Peru's Trade Deficit Heads Downward, and GOP Aims for Trade Balance Early Next Century," message reference No. 10473, prepared by U.S. Embassy, Lima, Dec. 23, 1997.

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Table 8-5
Peru-Total exports, total imports, direction of trade, and trade balance, 1990-96

	Exports					Imports					Trade Balance
Year	Total	US	EU	LAC	ROW	Total	US	EU	LAC	ROW	Total
		Percent of total					*Percent of total*				
1990	$ 3,406,926	21.0	32.1	14.6	32.3	$ 2,784,727	32.3	18.2	34.0	15.5	$ 622,199
1991	3,559,778	23.1	29.2	17.8	29.9	3,131,807	28.0	17.9	37.3	16.8	427,971
1992	3,532,474	21.3	26.7	18.0	34.0	3,670,340	30.9	15.5	33.8	19.7	-137,866
1993	3,493,008	23.6	29.2	17.8	29.4	4,326,653	30.2	15.1	34.6	20.2	-833,645
1994	4,625,648	18.1	31.7	19.2	31.0	5,849,650	29.8	16.9	33.0	20.3	-1,224,002
1995	5,791,409	18.8	29.7	17.3	34.2	7,779,210	27.1	18.2	35.2	19.6	-1,987,801
1996	6,181,168	21.9	26.1	16.5	35.5	8,114,200	28.7	17.9	33.8	19.7	-1,933,032

Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer, 1980-96*, CD-ROM, 1998.

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U.S. share of Peru's export market increased slightly. The United States has maintained a consistently positive trade balance with Peru (table 8-6) during the 1990s. U.S. exports to Peru increased one and one-half times from 1990 to 1996, while bilateral imports also increased. The rate of increase in U.S. exports to Peru (150 percent) from 1990 to 1996 was less than the comparable rate for Peruvian imports from the world during the same period (191 percent). Similarly, U.S. imports from Peru increased by 135 percent over the period, while Peruvian exports to the world increased 81 percent.

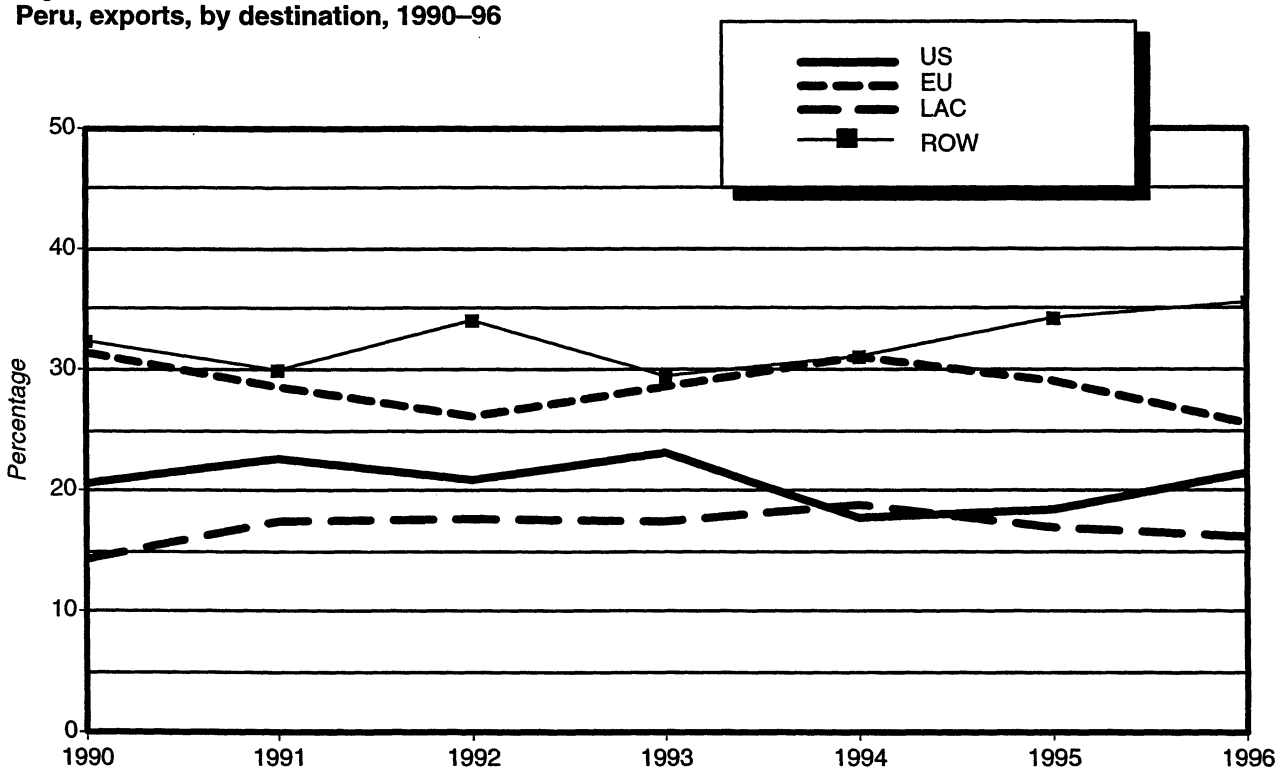
The composition of Peruvian exports to the world has changed somewhat since 1990 (see figure 8-6). Manufactured goods classified chiefly by material accounted for nearly 30 percent of exports in 1990. They were displaced slightly by food and live animals as the major category of Peruvian exports in 1996. The export of crude materials, except fuel, has declined in importance since 1990. Exports of textiles and apparel accounted for fewer overall shipments from Peru in 1996 than they did at the beginning of the decade. The growth in the "all other" category reflects a considerable expansion in shipments of nonmonetary gold, as a result of the operation in Peru of the largest gold mine in South America.[21]

The composition of Peruvian exports to the United States in 1990 was somewhat different from that of Peru's exports to the world (figure 8-6).[22] While

[21] A new, highly efficient, system of mineral extraction is in place at Yanacocha and has accounted for an expansion in shipments of gold to Peruvian trading partners.

[22] Both tables 8-5 and 8-6 show trade between Peru and the United States, but the data do not match exactly because the sources of the data are different. Statistical differences result for a variety of reasons, such as timing differences, valuation differences, and the handling of transshipments.

Figure 8-4
Peru, exports, by destination, 1990–96



Source: Based on data in table 8-5.

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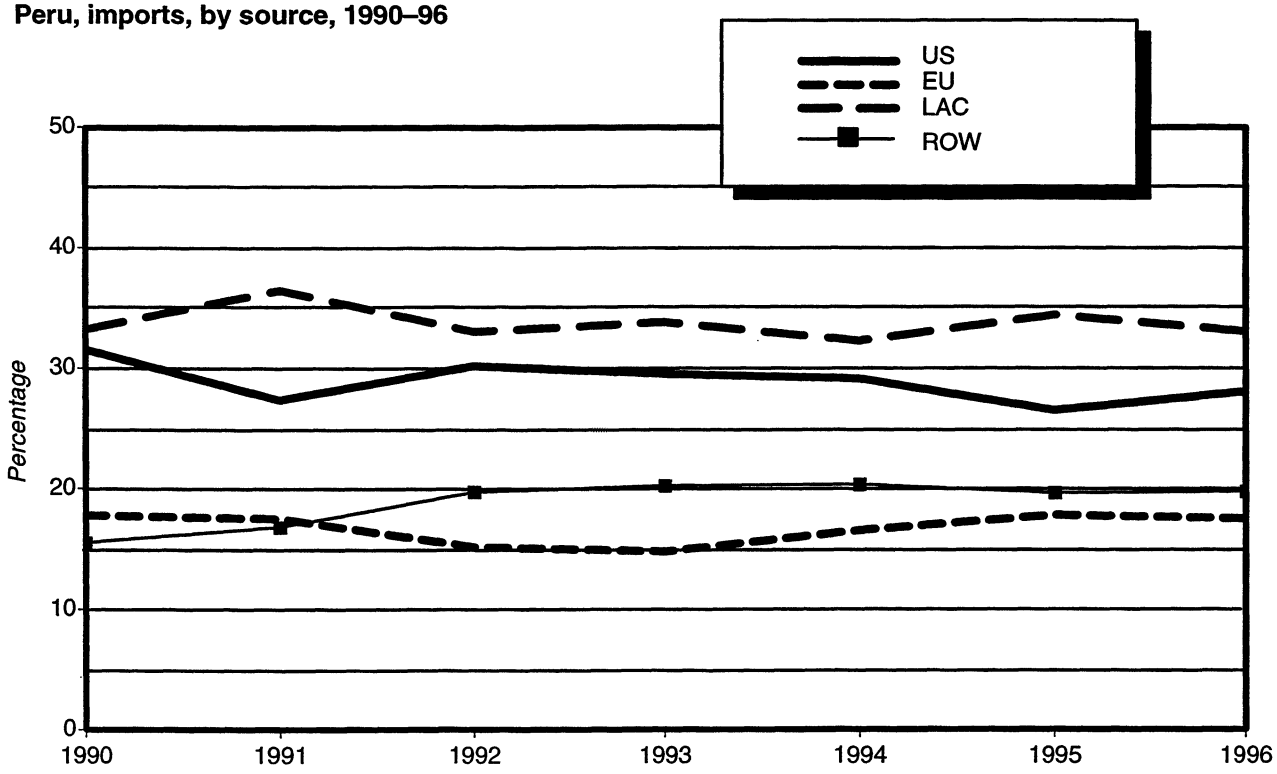
Figure 8-5
Peru, imports, by source, 1990–96



Source: Based on data in table 8-5.

Table 8-6
Peru-U.S. imports, U.S. exports, and trade balance, 1990, 1992, and 1994-97

(Million dollars)

Year	Imports	Exports	Trade Balance
1990	727	755	28
1992	686	965	279
1994	780	1,359	579
1995	965	1,716	751
1996	1,203	1,710	507
1997	1,706	1,887	181

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

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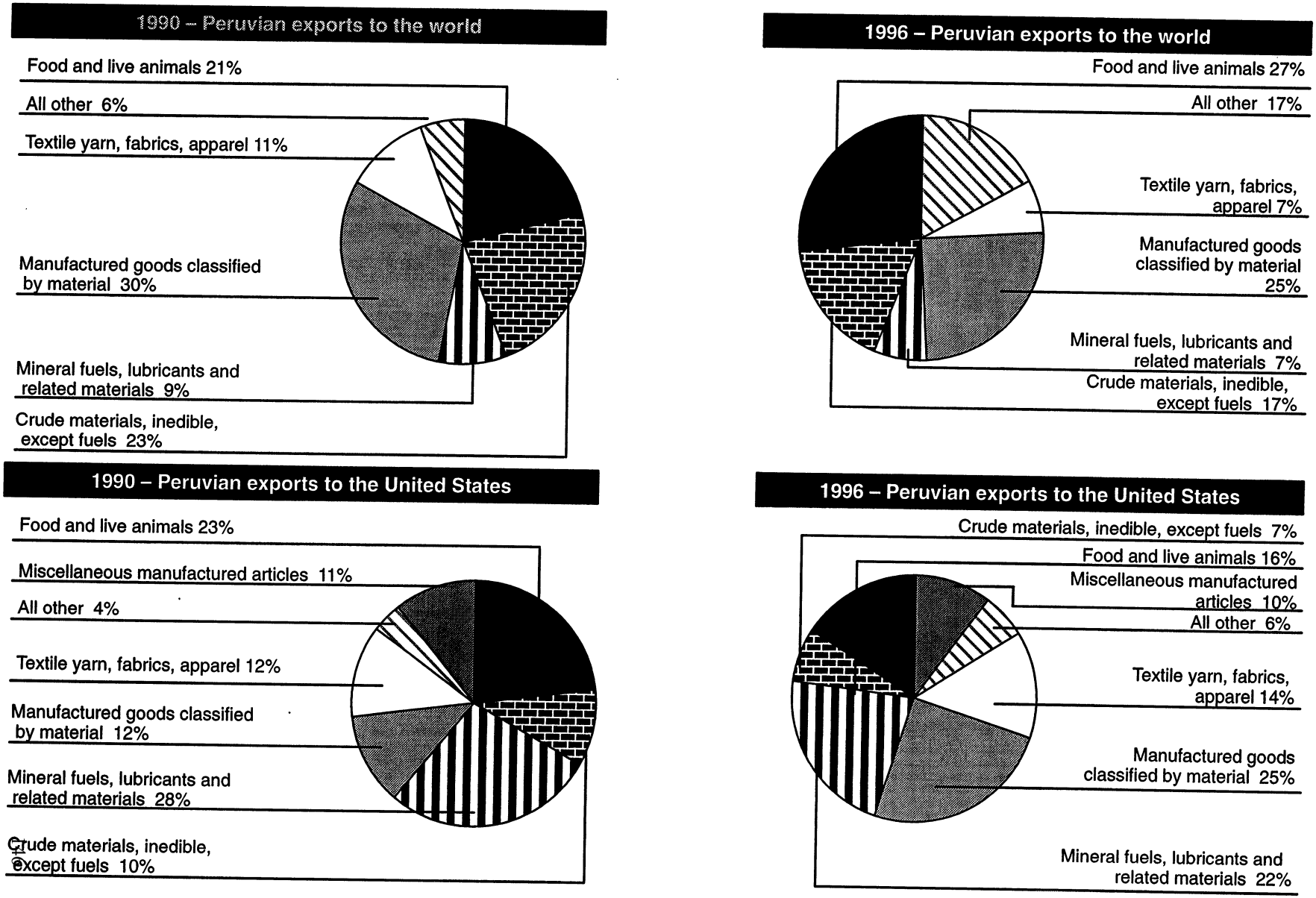
Figure 8-6
Peru, composition of exports, 1990 and 1996



Source: Compiled from official statistics of Statistics Canada, *World Trade Analyzer 1980-96*, CD-ROM, 1998.

three categories (food, crude materials, and manufactured goods classified by material) accounted for nearly three-fourths of Peruvian world exports, these categories accounted for less than half of such shipments to the United States. Copper and zinc are primarily responsible for this difference, as they were barely shipped to the United States from Peru in 1990. Petroleum also accounted for a greater share of Peruvian exports to the United States than to the world as a whole. While the relative importance of Peruvian textiles and apparel to the world decreased from 1990 to 1996, the export share of such products to the United States increased. Between 1990 and 1996, Peruvian exports to the United States of manufactured goods classified chiefly by material doubled in importance relative to other categories, as a result of increased shipments of lead.

Although use of ATPA preferences by Andean exporters has increased greatly over the life of the program,[23] an examination of exports of nontraditional products[24] during the 1990s indicates that very limited, if any, change has occurred in the share of overall exports of these products during the first 5 years of ATPA's existence.[25]

Investment Climate and Export Promotion

Peru's foreign investment regime is considered "quite advanced."[26] The government's economic reform program significantly liberalized foreign investment in Peru. Peru guarantees foreign investors national treatment, unrestricted remittances, free currency conversion, and binding international arbitration for international investment disputes.[27] Foreign investment is permitted in all economic sectors.[28] As a result, Peru is considered to have one of the most open investment regimes in the world.[29]

Negotiations to complete a bilateral investment treaty (BIT) with the United States broke off in 1992 and had not resumed by yearend 1997.[30] Peru has, however, signed BITs with over 25 countries since 1994.[31]

The significant reduction in terrorist activity in the country has also contributed to a more politically stable and attractive investment climate. Although there is a shortage of highly skilled workers, the Peruvian labor force is both abundant and trainable. Up to 50 percent of the economically active population works in the informal sector, generally at low wage levels. In addition, Peru is considered to have one of the strongest intellectual property rights (IPR) regimes in Latin America.[32]

Nonetheless, problems of infrastructure continue to affect all export development in Peru. A significant problem outside of metropolitan Lima is the distribution of goods and services. The transportation infrastructure is poor, and costly. This factor has frequently been mentioned in ITC surveys and country visits over the course of this report series.[33] Ports are reportedly inefficient and storage costs are high. Reliable roads, water supply, electrical generating capacity, railroads and ports are areas of concern for potential investors. Power supply shortages are an area of emphasis in the near term, and transport infrastructure is another area of recognized need.[34] However, in June 1998 Peru and

[23] U.S. Department of State telegram, "Embassy Views on July 13 U.S. - Peru Trade and Investment Council Meeting," message reference No. 4345, prepared by U.S. Embassy, Lima, July 6, 1998. See also chapter 6 of this report.

[24] The data examined included textiles and apparel-not included among ATPA benefits-within the products defined as "nontraditional."

[25] Nontraditional products as a share of merchandise exports ranged from 25.8 to 28.9 percent between 1992 and 1997. While showing robust growth, this group of products still accounts for less than 30 percent of total exports. U.S. Department of State telegram, "Peru's Trade Deficit Heads Downward, and GOP Aims for Trade Balance Early Next Century," message reference No. 10473, prepared by U.S. Embassy, Lima, Dec. 23, 1997.

[26] U.S. Department of State telegram, "Embassy Views on July 13 U.S. - Peru Trade and Investment Council Meeting," message reference No. 4345, prepared by U.S. Embassy, Lima, July 6, 1998.

[27] U.S. Department of State telegram, "Prospects for Economic and Social Growth in Peru - 1997," message reference No. 1770, prepared by U.S. Embassy, Lima, Feb. 28, 1997.

[28] U.S. Department of Commerce, International Trade Administration, *Country Commercial Guide, Peru*, 1997.

[29] Ibid.

[30] U.S. Department of State telegram, "FY 1999 Investment Climate Statement for Peru," message reference No. 5106, prepared by U.S. Embassy, Lima, Aug. 6, 1998.

[31] U.S. Department of State telegram, "Peru Reiterates Interest in Bilateral Investment Treaty," message reference No. 3616, prepared by U.S. Embassy, Lima, Apr. 25, 1997.

[32] U.S. Department of State telegram, "Prospects for Economic and Social Growth in Peru - 1997," message reference No. 1770, prepared by U.S. Embassy, Lima, Feb. 28, 1997.

[33] USITC, *ATPA First Report 1993*, USITC publication 2814, p. 48; *Second Report 1994*, USITC publication 2926, p. 33; *Third Report 1995*, USITC publication 2995, p. 35.

[34] Latin American Business Intelligence, *Country Forecasts - Peru*, Nov. 10, 1997.

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the United States signed a new aviation agreement that will liberalize both passenger travel and cargo transport between the two countries and should decrease shipping costs.[35] It is transitional to an "open skies" agreement in 4 years.[36]

Several business representatives in Peru identified other difficulties that make developing nontraditional products for export both expensive and time-consuming. Infrastructure links to domestic and export markets are slowly being improved, but still pose difficulties for agribusiness centered outside of coastal areas. Water supply infrastructure has been termed "decrepit and unreliable."[37] This is a particular impediment to agricultural development. Limited access to credit, even in cases when potential borrowers holds undisputed land titles, inhibits the ability of farmers and agro-businesses alike to finance new or expanded operations. In addition, expansion of nontraditional exports, it was noted, requires increased expertise about the U.S. market. For example, several private sector representatives said that Peruvian firms need to learn how to access the U.S. market. This includes developing an understanding of competitors in the U.S. market, how to establish marketing links, and how to meet U.S. labeling and other requirements.[38]

In interviews with USITC staff, business and government officials said that the agricultural sector in Peru holds some possibility for future growth in nontraditional exports to the United States. They noted that Peru's growing season for fresh fruits and vegetables products is counter cyclical to that of the United States.[39] Agricultural businesses centered in the coastal regions, such as asparagus and fishery products, operate in the region with the most well-developed social and economic infrastructure in Peru.[40]

Several observers noted that many of the potential crops for export are grown in the highlands or other remote areas. Producers of such goods face logistical difficulties and high costs in transporting products to coastal markets and ports. In addition, some of the products in the highlands face other difficulties that inhibit profitability. For example, several officials noted that Peru's agricultural sector requires substantial, long-term investment to develop a competitive export capacity.[41] The entire sector, they pointed out, suffered from nearly two decades of neglect during the period of domestic instability, which ended with the start of the new administration in 1990. During this period, coffee, palm oil, and other crops were neglected.

U.S. phytosanitary requirements on imports of fresh fruit are often cited as an obstacle to increased exports to the United States under ATPA. Representatives of the Government of Peru point out, however, that Peru is improving its ability to meet those requirements. For example, they noted that Peru is creating pest-free areas for citrus, mangos, grapes, mandarins, and other fresh agricultural products. In addition, they note, the U.S. Department of Agriculture has recently posted an employee of the Agricultural and Plant Health Inspection Service (APHIS) in Peru. Business and government representatives in Peru said that the presence of the APHIS inspector will improve the ability of Peruvian exporters to meet U.S. phytosanitary import standards.[42]

The status of the legal regime for the agricultural sector is widely cited as an impediment to further investment in nontraditional products in Peru. As noted in an earlier report in this series,[43] a legacy of land reform policies initiated by previous governments has left a large share of Peruvian land untitled or under conflicting land title claims. Several Peruvian business representatives stated that the land titling policies contributed to the collapse of the agribusiness sector. They added that the legacy of the land policies now is complicating the ability of the sector to

[35] Representatives of U.S. Embassy staff, USITC staff interviews, Lima, June 1, 1998.

[36] U.S. Department of State telegram, "Embassy Views on July 13 U.S. - Peru Trade and Investment Council Meeting," message reference No. 4345, prepared by U.S. Embassy, Lima, July 6, 1998.

[37] *Peru: Country Commercial Guide*, section 10, p. 5.

[38] Representatives of Peruvian agricultural export businesses and trade associations, USITC staff interviews, Lima, July 16-17, 1996.

[39] A recent study of California produce concluded that the availability of fresh fruits and vegetables year-round contributed to increased demand for the domestic product. Representative of ADEX, USITC staff interview, Lima, June 1, 1998.

[40] Representatives of Peruvian agricultural export businesses and trade associations, USITC staff interviews, Lima, July 16-17, 1996.

[41] Representatives of SNE, ADEX, and U.S. Embassy staff, USITC staff interviews, Lima, May 28 and June 1, 1998.

[42] Representatives of the Government of Peru, Ministry of Industry, Tourism, Integration, and International Trade Negotiations (MITINCI), and Peruvian agricultural export businesses, USITC staff interviews, Lima, July 16-17, 1996; representative of ADEX, USITC staff interview, Lima, June 1, 1998.

[43] USITC, *Andean Trade Preference Act: Impact on U.S. Industries and Consumers and on Drug Crop Eradication and Crop Substitution*, 2nd Report, 1994, USITC publication 2926, pp. 34-35.

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produce products for the domestic and export markets.[44] A major problem is that the majority of farm land in Peru is not titled. The lack of land titling complicates the ability of farmers to apply for bank loans because they lack title to the land they are working. Profitable ATPA products such as asparagus could be even more competitive and profitable with land titling.[45] A U.S. official pointed out that the size of land holdings is limited by the constitution, which is a legacy of Peru's land reform initiative of several decades ago.[46] A representative of Amazon indigenous groups said that the lack of land titling inhibits the ability of farmers to finance and grow legitimate crops instead of coca.[47]

Representatives of the Government of Peru said that the land titling issue is being addressed by recent changes in laws governing land and by efforts to resolve titling disputes and provide land titles in both the coastal and highland areas. They said that since 1994, 90 percent of the land in the coastal region has been titled. In addition, they added, the government hopes to create an index of land holdings in the highlands and jungle regions over the next 5 years.[48]

Water access is another problem area relevant to agricultural development. Antiquated water rules, some of which date from colonial times, need to be modernized to allow the linkage of water and land rights to be clarified.[49] Both land titling and water rights are issues that continue to impede investment in agriculture.

Any future investment in agriculture is likely to be on a small scale and will be slow to develop. An example was offered using grapes as a promising product-once 1000 growers of grapes at 50 hectares each are successful, the next step to a local packing or processing plant is a natural one. But such developments will be incremental and generally slow in taking place. Agriculture is not that profitable if the production is intended only for domestic consumption. Significant earnings will only come with larger production and eventual expansion into export markets.[50]

A goal for the coastal area now is the certification of pest-free zones.[51] This step would be the single, most important measure to allow Peru to develop its full potential in agriculture. The goals of a rational use of water, the development of pest-free zones, and an integrated pest management system, once achieved, would lead to sustainable growth in Peruvian agriculture.[52] Successful development and certification of such zones could lead to exportation by the year 2000.[53]

The government agency charged with promotion of investment and tourism in Peru is PROMPERU. In the past, PROMPERU has actively promoted ATPA by preparing brochures, videos, and other information about the program, as well as by holding public seminars to provide a forum for business attendees to learn about ATPA.[54] Also, during 1996, the expiration of GSP offered government officials the opportunity to advertise the benefits of ATPA.[55] CONITE, the National Commission on Foreign Investment and Technology, provides advice to potential investors in Peru.

Export promotion in the country is under the direction of PROMPEX, an agency that promotes exports of Peru through technical assistance domestically and trade fairs held in foreign countries. One of the goals of PROMPEX is to increase nontraditional exports, especially agricultural goods.[56] PROMPEX has offices in New York City, Miami, Sao Paulo, Toronto, Seoul, Taiwan, and Hamburg.[57] Only

[44] Representatives of Peruvian agricultural export businesses, USITC staff interviews, Lima, July 16-17, 1996.

[45] Representatives of MITINCI, USITC staff interview, Lima, Apr. 4, 1995.

[46] Representatives of U.S. Foreign Agricultural Service, USITC staff interview, U.S. Embassy, Lima, Apr. 6, 1995.

[47] Representative of the Center for the Development of the Amazon Indian, USITC staff interview, Lima, Apr. 7, 1995.

[48] Representatives of MITINCI, USITC staff interviews, Lima, July 16-17, 1996.

[49] U.S. Embassy staff, Lima, USITC staff interview, May 28, 1998.

[50] Representative of ADEX, USITC staff interview, Lima, June 1, 1998.

[51] The possibility of Med fly infestation is the reason for the need for pest-free zones. Such zones for citrus are currently being explored by a USDA Agriculture and Plant Health Inspection Service (APHIS) representative in Peru. Zones for melon are also under consideration. Asparagus is both plentiful and successfully exported because it is not bothered by the Med fly.

[52] Representative of ADEX, USITC staff interview, Lima, June 1, 1998.

[53] Official of U.S. Embassy, Lima, USITC staff interview, June 1, 1998.

[54] Representatives of PROMPERU, USITC staff interview, Apr. 4, 1995.

[55] U.S. Department of State telegram, "Andean Trade Preference Act Benefits Increasingly Used by Peruvian Exporters," message reference No. 5479, prepared by U.S. Embassy, Lima, June 25, 1997.

[56] U.S. Department of State telegram, "Peru's Trade Deficit Heads Downward, and GOP Aims for Trade Balance Early Next Century," message reference No. 10473, prepared by U.S. Embassy, Lima, Dec. 23, 1997.

[57] Representatives of PROMPEX, USITC staff interview, June 1, 1998

two years old, PROMPEX official efforts are supplemented by three private organizations: ADEX, SNE (National Society of Exporters), and SNI (National Society of Industries). ADEX is a group of private sector producers of primarily nontraditional products whose efforts are largely supported by USAID. SNE is comprised of the larger companies that export from the traditional sectors of petroleum, mining, and energy. Its members represent about 75 percent of private Peruvian exports.[58] A representative of SNI noted that it had jointly presented with USAID two seminars on ATPA and was planning a third. Another source of advice for importers interested in taking advantage of U.S. and EU preference programs is MITINCI, which has published a booklet on the subject.[59]

Investment Activity

Investment statistics illustrate the strength of Peru's attractiveness to foreign investors. Table 8-2 shows that among ATPA beneficiary countries, Peru registered the greatest increase in foreign direct investment (FDI) over the period 1990-1995. During the last 3 years for which data are available, Peru lead ATPA beneficiary countries in the level of FDI inflows recorded.

The following tabulation shows the growth of registered foreign direct investment in Peru during the 1990s[60]—

Year	FDI
	(US$ Million)
1990	1,331.0
1991	1,333.6
1992	1,501.3
1993	1,663.6
1994	4,461.3
1995	5,467.1
1996	6,462.8
1997 (May 30)	6,658.0
1998 (May 31)	7,317.3

[58] "Gestion Financiera Integral, SNE - CAF," handout received on USITC staff visit, SNE, Lima, May 28, 1998.

[59] MITINCI, Lima Chamber of Commerce, *Preferencias Comerciales para el Peru en los Mercados de los Estados Unidos y la Union Europea*, and representatives of MITINCI, USITC staff interview, Lima, May 28, 1998.

[60] Data for 1990-96: National Commission for Foreign Investment and Technology (CONITE) in *Foreign Economic Trends Report, 1997*, U.S. Embassy, Lima. Data for 1997: *Peru - Country Commercial Guide.* Data for 1998: CONITE website-www.mef.gob.pe/peruinv/esp/boletin/png4.htm. Actual foreign investment is higher because the above tabulation only reflects foreign direct investment registered with CONITE at book value.

Foreign investment in Peru grew dramatically in the mid 1990s, primarily reflecting the privatization of state enterprises and Peru's success in attracting stable, long-term capital inflows. The latest FDI data indicate that the distribution of investment in Peru is heavily tilted toward communications (40.5 percent of total FDI) and energy (25.6 percent). Mining (11.4 percent),[61] finance (8.4 percent), and industry (7.9 percent) are also significant sectors. Fifty-five percent of the stock of FDI in Peru at the end of 1997 resulted from new investment, and about 17 percent came from the privatization of state-owned enterprises.[62]

Representatives from Peruvian exporters and trading companies, interviewed for an earlier report in this series, identified several other agricultural products that could benefit from ATPA preferences in the future.[63] These products included natural cotton, fruit juices, processed foods such as canned and frozen vegetables (diced peppers, pigeon peas, pinto beans, black-eyed peas, and baby corn), and gourmet foods that require a large labor-intensive element for processing.[64] While a number of these products have been exported to the United States under ATPA, most processing of food products for export has not yet occurred. A Peruvian private sector leader maintained that any investment in the agriculture sector would meet the purpose of aiding in the development of alternatives to coca.[65]

Representatives of Peru's drug policy coordination office reported that the following crops would soon be

[61] The mining sector could again be the driving force of future Peruvian economic growth. Future projects in copper and zinc could produce a minimum of $3.35 billion between 1998 and 2000. See U.S. Department of State telegram, "Potential Greenfield Projects Could Raise Mining Investment by US$ 3.4 Billion," message reference No. 5320, prepared by U.S. Embassy, Lima, June 19, 1997.

[62] U.S. Department of State telegram, "FY 1999 Investment Climate Statement for Peru," message reference No. 5106, prepared by U.S. Embassy, Lima, Aug. 6, 1998.

[63] Representatives of trading companies, Government of Peru officials, and the National Society of Exporters, USITC staff interviews, Lima, Apr. 3-5, 1995.

[64] U.S. Department of State telegram, "USITC Delegation Visits Peru," message reference No. 3688, prepared by U.S. Embassy, Lima, Apr. 18, 1995. It is currently still the case that the near-term emphasis is on fresh produce. Additional "value-added" will come later through processing of fruits and vegetables.

[65] Representative of ADEX, USITC staff interview, June 1, 1998.

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taking advantage of ATPA preferences: pineapple, sesame seed, red kidney beans, rice, and arbasco, a natural insecticide. Cotton and soybeans are also possibilities if sufficient private investment can be attracted.[66]

Current investment activity includes small- and medium-sized producers of fruits and vegetables in such sectors as mangoes, grapes, and figs. Asparagus production is also likely to expand.[67] Future investments in agriculture could be limited by credit availability, pest controls/regulations, and the government's ability to reform the agricultural sector. Competition with Mexico was also cited as a factor in Peruvian expansion in the agriculture sector.

The majority of products that enter the United States under ATPA trade preferences from Peru are gold jewelry, cane sugar, copper cathodes,[68] lead, zinc, and mangoes. Peruvian private sector and government officials identified these and a variety of other products that could lead to increased exports to the United States under ATPA in the future. Such products include: coffee, cacao, dry beans, herbal teas and medicines, yellow potatoes, handicrafts, natural dyes such as carmine and achiote, mango, lemon, garlic, onions, camu-camu, fruit juices, melons, bell peppers, palm hearts, palm oil, and natural cotton.[69] Export promotion officials noted that some of these products could fill niche markets in the United States, such as specialty coffees or herbal teas, or be marketed in areas with high concentrations of Peruvian expatriates in the United States.[70]

USITC staff were unable to find any examples of Peruvian companies that take advantage of the ATPA provision that allows for production-sharing among ATPA beneficiaries.[71] Such co-production is one way to meet ATPA rules-of-origin requirements.

[66] Representatives of CONTRADROGAS, USITC staff interview, Lima, May 28, 1998.

[67] Representative of ADEX, USITC staff interview, June 1, 1998.

[68] Investment in the copper industry has increased, as modernization and more efficient operations are being emphasized. The investment is not ATPA-related, however. U.S. Embassy staff, USITC interviews, Lima, June 1, 1998.

[69] It should be noted that some of these products, like coffee and cacao, are already free of duty, and thus are not advantaged by ATPA preferences.

[70] Representatives of Peruvian government and export promotion associations, USITC staff interviews, Lima, July 16-17, 1996.

[71] Representatives of PROMPEX, U.S. Embassy staff, USITC staff interviews, Lima, June 1, 1998

Effectiveness of the ATPA

Since 1990, there has been a fundamental reform and restructuring of the Peruvian economy. This has been reflected in the strong growth of Peruvian exports to the world as well as in significantly increased inflows of foreign direct investment to the country. The previous period had been one of major government involvement in the economy, considerable regulation, massive inflation, and import substitution.

For continued export expansion and diversification to succeed in Peru, there must be an increase in the quality of Peruvian products by the private sector on the one hand, and an improvement in ports and infrastructure by the government on the other. An official of SNE said that although ATPA was a very important program to Peruvian exporters, firms in Peru were slow to take advantage of ATPA because of the widespread industrial reconversion and modernization still needed. He said that Peru's long experience with import substitution has left a legacy of antiquated manufacturing facilities—with the notable exceptions of minerals and fishmeal—suited only for the domestic market and not able to supply the quantity or quality of goods required for profitable export.[72]

Private sector and business officials pointed out that the ATPA program has provided Peruvian businesses with the opportunity to increase exports of nontraditional, processed agricultural or higher value-added goods than had previously been possible. Several individuals said that for Peru to take better advantage of the program in the future, however, the Government of Peru needs to continue its economic reform program and businesses need to improve its competitiveness by modernizing plant and equipment.[73]

Representatives of two major Peruvian trade associations, the National Society of Industries (SNI) and the National Society of Exporters (SNE)[74] said that ATPA has been well publicized in Peru and that exporters are aware of its provisions. Zinc, copper, lead, fisheries, asparagus, agro-industries, and cut flowers were cited as industries in which ATPA-related investment in production is underway or

[72] Representatives of SNE, USITC staff interviews, Lima, Apr. 5, 1995.

[73] U.S. Department of State telegram, "USITC Delegation Visits Peru," message reference No. 3688, prepared by U.S. Embassy, Lima, Apr. 18, 1995.

[74] In its membership SNE accounts for 75 percent of the total private exports of Peru. USITC staff interview, Lima, May 28, 1998.

might be expected.[75] SNE referred to a recent study that identified agriculture as the under-exploited sector where Peru has a significant, potential comparative advantage. The study called for intensive agro-industrial investment. Among the steps under consideration is the privatization of 60,000 hectares of government land.[76] Agriculture is, therefore, the sector that is currently most in need of investment.

ATPA is playing an important role in expanding nontraditional exports from Peru to the United States, particularly in the agricultural sector. A majority of companies polled by the U.S. Embassy in Peru claimed that they would not have made investments in the absence of ATPA.[77]

Trade has increased in Peru, and the importance of the United States as a trading partner is relatively unchanged since the onset of the ATPA program. Some trade diversification has occurred, but there has been no single product or product category that typifies a move toward diversification. Another significant change taking place in the region is the increased emphasis on regional trade arrangements. Thus, it is not surprising that the trade data show that an increasing amount of Peruvian trade is with other countries in the region. Similarly, trade with the rest-of-the-world has increased in the 1990s. Certain growth areas (e.g., asparagus) are a direct result of ATPA. Thus, there are indications of the importance and the effectiveness of the program.[78] However, ATPA is only one tool of economic development. Peru has implemented significant economic reform measures and developed a greater awareness of market access through foreign investment and trade. The country has institutionalized specific programs for the promotion of both investment and exports. The implementation of regional trade arrangements also influences the extent to which some of the overall aims of ATPA are also being encouraged within Peru.

Two issues concerning ATPA are frequently raised in discussions between U.S. representatives and Peruvian officials. One is the termination date for the program-December 4, 2001. There is a desire on the part of Peruvian business people and government officials to have the ATPA program extended beyond the legislatively-mandated terminus. The other issue-raised as early as the first USITC field trip to Peru in connection with this series of reports-is the desire that the coverage of eligible ATPA products be expanded to include textiles and footwear.[79]

Official comment on the effect of ATPA on beneficiary countries is reflected in the report that USTR submitted to Congress last December:

> *Representatives of the Governments of Bolivia, Colombia, Ecuador, and Peru credit ATPA preferences, together with the actions of the individual governments, in helping each of the ATPA beneficiaries to increase and diversify their exports to the United States, which have "generated positive effects on the economic development of the region and supported economic alternatives to the production of illegal crops." They also believe ATPA has helped to strengthen their trade and business relationships with the United States. However, to ensure that the benefits of ATPA are fully utilized, they request that legislation be proposed that would extend ATPA until the Free Trade Area of the Americas (FTAA) is fully implemented. The extension would provide the stability in market access required for prospective investors. In addition, they request that the ATPA be expanded to include textiles and apparel.*[80]

Finally, ATPA benefits are legislated for only 10 years and can be withdrawn at any time. This lack of guaranteed continuance of existing duty-free status for Andean country goods has caused some uncertainty among potential investors.[81]

[75] Representatives of SNI and SNE, USITC staff interviews, Lima, Apr. 5, 1995.

[76] Representative of SNE, USITC staff interview, Lima, May 28, 1998.

[77] U.S. Department of State telegram, "Andean Trade Preference Act Benefits Increasingly Used by Peruvian Exporters," message reference No. 5479, prepared by U.S. Embassy, Lima, June 25, 1997.

[78] Representatives of the Lima Chamber of Commerce argued that the impact of any termination of ATPA would be "significant." USITC staff interview, Lima, May 28, 1998; Director of International Economic Relations, Peruvian Ministry of Foreign Affairs, USITC staff interview, Lima, June 1, 1998.

[79] Neither of these issues is unique to Peru. Similar concerns/desires have been expressed by each of the other ATPA beneficiary countries. It is interesting to note that reports have circulated of the European Union's giving consideration to an extension of its preferential program to Andean nations. The EU program is currently slated to expire in 2000. U.S. Department of State telegram, "Embassy Views on July 13 U.S. - Peru Trade and Investment Council Meeting," message reference No. 4345, prepared by U.S. Embassy, Lima, July 6, 1998.

[80] USTR, *Second Report to the Congress on the Operation of the Andean Trade Preference Act*, Dec. 4, 1997, p. 55.

[81] This factor was frequently mentioned by Peruvian officials and businesspeople during the conduct of USITC staff interviews in Peru, May 28-June 1, 1998. In fact, as the legislative termination of the ATPA program is approached in late 2001, the uncertainty of continued

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The importance of ATPA to Peruvian trade is recognized by both U.S. and Peruvian authorities.[82] Because the series of economic reforms that has taken place in Peru has coincided with the implementation of the ATPA preference program, it is difficult to isolate the effect of trade preferences in the overall scheme of Peruvian liberalization and reform. The striking improvement of the economic performance in Peru is a direct result of the reform program. However, the coincidental effect of ATPA has contributed to and reinforced the Peruvian reforms which preceded the start of the program. Given the relatively short life of the ATPA program in Peru,[83] it is still too early to see large changes as a result of the U.S. preference program.

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[81]—*Continued*
preferences and the shorter period of time remaining for investors to recoup their investment, further inhibit the investment potential associated with the preference program.

[82] USITC staff interviews with U.S. Embassy staff, Lima, May 28, 1998; representatives of the Secretariat staff of the Andean Community, Lima, May 28, 1998; representatives of the Lima Chamber of Commerce expressed concern over the lack of ATPA coverage for alpaca sweaters. Alpaca is a natural fiber, native to Peru, used in hand-made sweaters. USITC staff interview, Lima, May 28, 1998; Director of International Economic Relations, Peruvian Ministry of Foreign Affairs, USITC staff interview, June 1, 1998.

[83] Peru is the newest ATPA beneficiary. It became eligible for ATPA preferences in Aug. 1993.

CHAPTER 9
Impact of ATPA on Drug-Related Crop Eradication and Crop Substitution

Overview

According to the U.S. Department of State, cocaine remains "our most serious drug threat," and "at the top of the U.S. Government's drug-control priority list."[1] All of the world's coca production takes place in the Andean region, and Colombia is the source of virtually all of the cocaine shipped into the United States.[2]

The main goal of ATPA is to promote broad-based economic growth and development in the Andean countries. Specifically, the program aims to develop sustainable economic alternatives to coca cultivation and cocaine production by offering Andean products broader access to the U.S. market. To assess the effectiveness of the program in reaching its goal, ATPA requires that the Commission, "in conjunction with other agencies," provide "an assessment . . . regarding . . . the estimated effect [of ATPA]. . . on the drug-related crop eradication and crop substitution efforts of the beneficiary countries." This chapter is structured in two parts. The first part describes the scope of the analysis and a summary of findings pertaining to the ATPA reporting requirement on eradication and substitution. Crop eradication and alternative development efforts are then specifically addressed in the second part, where efforts by individual beneficiary countries are highlighted.

The Commission relied on other organizations, both government and private, for information in preparing its assessment. In addition, a fact-finding field trip to Peru and unclassified embassy reports were sources of information for this analysis. The fieldwork by Commission staff afforded the Commission an opportunity to obtain information on the impact of ATPA from representatives of foreign governments and private sector interests. The Commission also used published reports from, and interviews with, relevant U.S. Government agencies on drug-crop control and alternative development in the Andean region.

During 1997, ATPA continued to have a small, indirect, but positive effect on beneficiary countries' drug control efforts. However, the Commission recognizes that ATPA is only one element in a multifaceted effort to combat the drug problem, and notes that no precise estimate of the impact of ATPA on drug-related crop eradication and crop substitution /alternative development is possible.

Eradication and Substitution/Alternative Development

An underlying objective of ATPA is to support the efforts that beneficiary countries are making to stem the supply of illicit drugs. Previous reports in this series have discussed the difficulty of determining any direct connection between crop substitution and coca reduction.[3] Further linkage between supply-control efforts by beneficiary countries and ATPA is therefore particularly tenuous. It is not possible to infer a causal relationship from the evidence available.[4]

[1] U.S. Department of State, *International Narcotics Control Strategy Report* (hereafter, *INCSR*), Mar. 1998, pp. 9, 18.

[2] The first report in this series included a brief history of coca cultivation in the Andean region as well as a survey of drug production trends in the four ATPA beneficiary countries. See USITC, *Annual Report on the Impact of the Andean Trade Preference Act on U.S. Industries and Consumers and on Drug Crop Eradication and Substitution, First Report*, USITC Publication 2814, Sept. 1994, pp. 51-62.

[3] USITC, *First Report*, p. 63; *Second Report*, pp. 45–6; *Third Report*, p. 39, *Fourth Report*, pp. 98–9.

[4] Office of National Drug Control Policy (ONDCP), Executive Office of the President, *Crop Substitution in the Andes*, Rensselaer Lee and Patrick Clawson, Dec. 1993. The paper maintained that "no significant decline of coca and cocaine production can probably be expected for 10 to 20 years," given then–present unfavorable trends and conditions in the region, p. 4.

For the first 4 years of its operation, ATPA had a minimal impact on efforts to eradicate illicit drugs grown in the region and on efforts to substitute other crops for coca. This does not mean that the program has been ineffective or that it is not achieving its objectives. As noted in last year's ATPA report, for the first time in this series, it appeared that eradication and alternative development efforts in 1996 were beginning to show distinct signs of promise. Evidence of both coca eradication and successful alternative crop development in the region continued to increase through 1997.

While achievements in the early years of the ATPA program were generally below initial ambitious objectives, some drug-related crop eradication has been taking place, and progress in 1997 in this regard was particularly significant. In 1997, eradication results were dramatic and alternative development programs appeared to be garnering strength by attracting more adherents in the region.

Bolivia, Colombia, and Peru are engaged in promoting crop control efforts through alternative development programs. Bolivia and Peru have significant support in this endeavor from the U.S. Agency for International Development (USAID), and the Government of Colombia has launched a domestic program with multinational support.[5] Ecuador continues to be a transit zone for processed coca.[6]

Thus, despite progress, both crop eradication programs and alternative development efforts in the region appear, so far, to be only marginally effective in controlling the supply of illicit drugs leaving the region and entering the United States. Although eradication in 1997 did contribute to one of the largest reductions in the number of hectares under coca cultivation on record—7.4 percent from the 1996 level—and opportunities for alternative crops continue to increase in the Andean region, significant inroads into reducing the illicit drug supply have yet to be achieved by beneficiary countries.[7] Nonetheless, beneficiary country efforts are beginning to have concrete, positive effects.

[5] See country profile section for a discussion of PLANTE, the Colombian program of alternative development.

[6] *INCSR*, p. 91.

[7] While the number of cocaine users in the United States has declined substantially since 1985, use rate among hard-core users remains steady. ONDCP, Executive Office of the President, *The National Drug Control Strategy: 1997*, Feb. 1998, pp. 8–9. For an overview of attempts to break the supply sources of cocaine, see p. 49 of the same publication.

Eradication

The degree to which the United States and ATPA beneficiary countries engage in antinarcotics cooperation is directly addressed in an annual report published by the U.S. State Department's Bureau for International Narcotics and Law Enforcement Affairs. The Foreign Assistance Act (FAA)[8] requires the State Department to report annually on certain aspects of U.S. narcotics control strategy and, in its annual report, to identify major illicit drug-producing and major drug-transit countries, as well as major money-laundering countries. In its annual report, the *International Narcotics Control Strategy Report (INCSR)*, the State Department evaluates the extent to which countries worldwide are meeting the goals and objectives of the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (U.N. Convention). The *INCSR* also provides the factual basis for Presidential determinations affecting foreign assistance and multilateral development banking assistance to drug-producing countries.[9] Consideration of whether a country has cooperated fully with the United States or has taken adequate steps on its own to achieve full compliance with the U.N. Convention underlies the required Presidential determination certifying compliance.[10]

The latest *INCSR* report, issued in March 1998, includes the four ATPA countries among those determined to be major drug-producing and/or drug-transit countries. In 1998, on the basis of information contained in the *INCSR* report, the President fully certified Bolivia, Ecuador, and Peru as complying with the U.N. Convention.[11] A Presidential

[8] 22 U.S.C. 2291.

[9] Section 490 of the FAA "requires that fifty percent of certain kinds of assistance be withheld at the start of each fiscal year from such countries, pending . . . certification. If a country is not certified, most foreign assistance is cut off and the United States is required to vote against multilateral development bank lending to that country." *INCSR*, Apr. 1994, p. 62.

[10] Two levels of certification are possible: full certification and national interest certification. The latter is used where a country cannot be certified under the standards required for full compliance, and where "vital national interests of the United States require" that assistance be provided and that the United States not vote against multilateral development bank lending to that country.

[11] In 1996 Bolivia and Peru were certified only with a national interest waiver.

determination granted Colombia a national security waiver, following two successive years of decertification.

The year 1997 marked the second consecutive year in which demonstrable progress was made in ATPA country efforts to counter the production of coca in the Andean region. Table 9-1 shows that in 1997 the downward trend in total coca cultivation continued and the upward trend in coca eradication in the region accelerated.[12] As a result, net cultivation

[12] Total cultivation is the net annual cultivation estimate plus the amount of harvestable, active fields eradicated during the year and the amount of fields abandoned. Eradication may be defined as government-sponsored reduction of coca cultivation by uprooting, cutting off, or applying chemical herbicides to kill the plants.

Recent *INCSR* reports point out the shortcomings in various time series and data elements concerning illicit drugs. The numbers are used to examine trends and are to be considered as *approximations*, not hard data. Generally, the most reliable information available is that on the number of hectares under cultivation. Crop yields are more difficult to estimate. The report states that specific eradication efforts in recent years have been directed to cocaine, the illicit substance "at the top of the U.S. Government's drug-control priority list." Current methodology allows for reliable information on *potential* drug production rather than on actual final drug crop available for harvest. "In publishing these numbers, we repeat our caveat that these are theoretical numbers, useful for examining trends. Though research every year moves us closer to a more precise cocaine yield estimate for Latin America, we do not yet know for certain the actual amount available for distribution." *INCSR*, Mar. 1998, p. 21.

Table 9-1
Coca cultivation and eradication in the Andean region, 1991-97

(*Hectares*)

	Bolivia	Colombia	Ecuador	Peru	Total
1991:					
Cultivated	53,386	38,472	120	120,800	212,778
Eradicated	5,486	972	80	0	6,538
Net	47,900	37,500	40	120,800	206,240
1992:					
Cultivated	50,649	38,059	(1)	129,100	217,808
Eradicated	5,149	959	(1)	0	6,108
Net	45,500	37,100	0	129,100	211,700
1993:					
Cultivated	49,600	40,493	(1)	108,800	198,893
Eradicated	2,400	793	(1)	0	3,193
Net	47,200	39,700	0	108,800	195,700
1994:					
Cultivated	49,200	49,610	(1)	108,600	207,410
Eradicated	1,100	4,910	(1)	0	6,010
Net	48,100	44,700	0	108,600	201,400
1995:					
Cultivated	54,093	59,650	(1)	115,300	229,043
Eradicated	5,493	8,750	(1)	0	14,243
Net.	48,600	50,900	0	115,300	214,800
1996:					
Cultivated	55,612	72,800	(1)	95,659	224,071
Eradicated	7,512	8,750[2]	(1)	1,259	17,521
Net	48,100	67,200	0	94,400	209,700
1997:					
Cultivated	52,800	98,500	(1)	72,300	223,600
Eradicated	7,026	16,165	(1)	3,462	26,653
Net	45,800	79,500	0	68,800	194,100

[1] Not available.

[2] 1996 eradication data for Colombia are based on information received from U.S. Embassy, Bogota, fax message, July 23, 1997.

Note.—Net cultivation figures may not compute directly from the data presented, because abandoned hectarage is included.

Source: U.S. Department of State, *International Narcotics Control Strategy Report*, Mar. 1998, pp. 22, 70, 90, 104, except as noted.

declined 7.4 percent in 1997, following a 2.4 percent-decline from 1995 to 1996. The 194,100 hectares of estimated coca cultivation in the Andean region in 1997 represents the lowest level since 1988.[13] Eradication efforts in the region produced a 52.1-percent increase in the amount of hectarage eradicated in 1997 over 1996. Over 26,000 hectares of coca fields were eradicated in 1997—the largest volume yet recorded. This translates into approximately 110 tons of cocaine never produced.[14]

Coca production in Peru dropped 27 percent, contributing greatly to the regional advance. Peru has long been the world's leading producer of coca leaf, but because of both eradication and the unique interdiction program that has resulted in abandoned coca fields,[15] Peru now ranks second to Colombia in total acres under coca cultivation. Bolivian efforts led to a 5-percent decrease in cultivation in 1997—the second successive annual decline. On the other hand, Colombia, in contrast to its neighbors, experienced an 18-percent increase in the area under coca cultivation, despite a significant increase in the amount of land area eradicated in Colombia in 1997.[16]

While Colombia has a greater amount of acreage under coca cultivation than Peru, the estimated production of coca leaf in Peru was higher than that in Colombia (130,200 metric tons versus 63,600 metric tons in 1997, respectively) because Colombian coca is of poorer quality than that produced in Peru.[17] These figures nevertheless represent a 25-percent decrease in Peruvian production and an 18-percent increase in Colombian production between 1996 and 1997.[18] While the data indicate that coca production in Colombia is growing, the drops in Peru and Bolivia are more significant in terms of the regional assessment and, ultimately, in terms of the amount of cocaine on the streets of the United States.[19]

[13] Ibid., p. 22.

[14] ONDCP, telephone conversation, July 9, 1998.

[15] See section on Peru, below.

[16] Net cultivation in Colombia has increased over 56 percent since 1995.

[17] Representatives of CONTRADROGAS, Peruvian counternarcotics agency, USITC staff interview, Lima, May 28, 1998.

[18] Information on coca leaf production obtained from *INCSR*, p. 23.

[19] Goering, Laurie, "Peru's Cocaine Production Drops 27 Percent," *Chicago Tribune*, Feb. 16, 1998, obtained through NewsEdge, Knight Ridder from Internet address http://www.chicago.tribune.com, retrieved May 12, 1998. Colombian leaf yields (leaf/hectare) are currently under review and could result in higher production estimates for that country. *INCSR*, p. 87.

Each of the three ATPA beneficiary countries where crop eradication is viewed as a needed control measure—Bolivia, Colombia, and Peru—was successful in eliminating coca plants in 1997. Eradication results in two of these countries—Colombia and Peru—were quite significant, particularly in comparison with the immediately preceding years; the net result was a decline in the amount of land under cultivation for the region as a whole. Therefore, crop eradication as carried out in the Andean region can be deemed, in a limited way, a successful supply control measure, and the ATPA can generally be considered an enhancement to individual country efforts in this regard.

Substitution/Alternative Development

The two aspects of supply management that are explicitly cited in the statute are drug-related "crop eradication" and "crop substitution." The latter has more realistically evolved into a policy of alternative development, where, with an explicit linkage to limiting coca cultivation, farmers are encouraged to begin cultivation of other agricultural products to create alternative income and employment.[20] At the time of ATPA's enactment, "crop substitution" was the name given to one facet of supply management policy that applied to illicit drugs. Since that time, however, the concept has fallen into disfavor. For, in fact, there is no single commodity that can compete with coca in terms of profitability, ease of cultivation, frequency of harvesting, and market access.[21] As a strategy, the concept of "alternative development" has come to replace that of "crop substitution." This is most explicitly stated in the 1996 *National Drug Control Strategy:*

> *U.S. international counterdrug policy supports eradication and alternative development programs [emphasis added] to eliminate the illegal production of drug crops. Alternative development is a necessary component because it creates alternative income and employment*

[20] Conversation with USAID officials, Washington, July 23, 1997. Neither the annual ONDCP *National Drug Control Strategy* nor the *INCSR* mention the term "crop substitution."

[21] The current success of the Peruvian "airbridge denial" program and the resulting drop in coca leaf prices (see below) are an indication of the susceptibility of coca to market forces.

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opportunities for drug crop cultivators. In so doing, it helps governments move toward prohibiting and, if necessary, eradicating drug crops. Further, it backstops crop control gains by reducing the adverse environmental impact that results when growers destroy rain forest areas to plant illicit crops.[22]

Alternative development programs, in conjunction with eradication efforts, currently constitute U.S. policy in assisting ATPA beneficiary countries to meet their targets of reducing illicit coca production.[23] In 1997 all three ATPA beneficiaries that produce significant quantities of coca—Bolivia, Colombia, and Peru—had alternative development programs in place. The programs in Bolivia and Peru were joint efforts by the respective governments in conjunction with USAID. Colombia, while receiving USAID assistance,[24] has mounted its own alternative development program, called PLANTE.[25]

Country Profiles

Bolivia

Until 1996 there had been no "significant breakthroughs . . . in reducing the overall size of the coca/cocaine industry in Bolivia."[26] In 1996, however, the amount of coca land area reduced by eradication measured 7,512 hectares, representing an annual increase in land eradicated of 36.8 percent from 1995. While replanting negated most of the effects of eradication, the net result was a reduction of 1 percent in Bolivian land under coca cultivation—the first, albeit small, net reduction since 1992.

A new Bolivian government took office in August 1997. The Banzer government has promised to implement an eradication program in the Yungas region, a major coca-growing area,[27] to re-energize the formerly discontinued policy of arresting and prosecuting persons who plant new coca,[28] and to build a national consensus for an official counternarcotics strategy. The government's five-year plan has a goal of the total elimination of illicit coca cultivation by the year 2002.[29]

Bolivia exceeded its gross eradication goal of 7,000 hectares in 1997 (table 9-1), producing a 2-percent reduction in the net amount of coca cultivated. This amount, while lower in absolute terms than the 1996 quantity eradicated, contributed to an improvement over the 1-percent net reduction achieved in 1996. Even with the eradication of 7,026 hectares, new plantings of coca amounted to 5,570 hectares.[30] This contrasts with a more effective targeting of seedbeds and new coca plants in both 1995 and 1996. According to the U.S. Department of State, "The key to ending illicit coca production in Bolivia is to determine what measures are needed to prevent new plantings."[31]

Official eradication efforts slowed in the Chapare in mid-1997 in response to coca grower-initiated violence. Because a national election campaign was underway, there was an attempt to reduce the eradication effort, given its political sensitivity and its possible influence on the June general election. When the new government took office in August, it was faced with the prospect of not meeting the eradication goals for 1997. The new government undertook a costly and intensive involuntary eradication program in October and was able to meet its gross eradication target for the year.[32]

Bolivia has traditionally opted for a policy of manual eradication of coca. Such eradication has also been voluntary and has been compensated.[33] In its 1998 report on narcotics control strategy, the U.S. Department of State calls for the elimination of the Bolivian policy of individually compensated eradication and for a "sustained and intensified" eradication effort.[34]

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[22] ONDCP, Executive Office of the President, *The National Drug Control Strategy: 1996*, p. 35.

[23] "Eradication . . . is not a panacea; there are other means of reducing crops. The right combination of effective law enforcement actions and *alternative development programs* [emphasis added] has also proven successful." *INCSR*, p. 4.

[24] USAID support in Colombia is focused on programs that enhance justice and increase environmental awareness.

[25] See country profile section on Colombia for a discussion of PLANTE.

[26] USAID, *Strategic Plan, FY 1998–2002*, p. 13.

[27] The Yungas is also where most of the licit coca in Bolivia originates.

[28] Bolivia recognizes the licit use of coca for certain traditional purposes. It controls the amount grown for these purposes and does not authorize the planting of any new coca plants. See USITC, *Fourth Report*, p. 94.

[29] *INCSR*, p. xv.

[30] Ibid., p. 65.

[31] Ibid., p. 68.

[32] Ibid., p. 66.

[33] Narcotraffickers keep most of the proceeds from drug sales. Farmers in Bolivia, for example, typically receive "approximately $2,100/hectare for a year's production of coca leaf, $4,430 if they convert the leaves to coca base, or a one–time payment of $2,500 if they [choose] instead the Government of Bolivia's cash compensation for eradicating that same hectare." USAID, *Strategic Plan, FY 1998–2002*, p. 76.

[34] *INCSR*, p. xvi.

The new government has pledged to make counternarcotics a priority, and a comprehensive strategy—the result of a series of regional dialogues—was issued before the end of the year. The strategy outlined plans to prevent new plantings of coca, and also established a schedule for the reduction and eventual elimination of the policy of individual compensation for eradication.[35]

Reaction to the modification of government eradication policy grew by the spring of 1998. Compensation payments for eradication began to be cut as of April 1, 1998, and violent clashes were reported in the Chapare region between coca leaf growers and national security forces.[36]

Nevertheless, alternative development efforts in Bolivia have been "highly successful" and have contributed to a solidification of public opinion against coca cultivation.[37]

> *Prior to 1992, coca was the principal crop grown in the Chapare. The hectarage in licit crops in the Chapare is now three times greater than coca cultivation....Licit agricultural production in the Chapare now represents 1.5 percent of Bolivia's gross domestic product. The success of this program has enabled the Government of Bolivia to effectively counter arguments that coca eradication impoverishes poor farmers and makes the goal of total crop eradication politically feasible.*[38]

Bolivian data indicate that in 1986, 40,613 hectares were included in alternative development projects. That figure increased by 137 percent, to 96,217 hectares, in 1997. New crops under the program include: palm hearts, black pepper, banana, and other tropical fruits.[39] Because the Chapare is the locus for most of the illicit coca cultivation in the country, alternative development efforts have been centered there.[40] The Bolivian program is administered by the USAID. Participation is contingent on a farmer's agreeing to not plant any more coca and to have substantially or completely eradicated existing coca.

Colombia

During 1997 Colombia made impressive gains in its coca eradication efforts, although these gains were tempered by increased cultivation. The amount of hectarage eradicated increased by 85 percent in 1997 (table 9-1) to more than 16,000 hectares, significantly underscoring the effectiveness of aerial eradication in the only ATPA beneficiary that authorizes and utilizes such efforts.[41] Colombian data indicated that over 44,000 hectares of coca were "fumigated' in 1997.[42] Despite the gains in eradication, net cultivation of coca in Colombia increased from 1996 by 18 percent, because of considerable new planting. Thus, the effectiveness of spraying in the Guaviare region—the area of heaviest eradication effort—where coca cultivation declined by 25 percent, was outweighed by the new planting and expanded cultivation in areas outside the aerial eradication zone.[43] Colombia remained the world's leading producer and distributor of cocaine and displaced Peru in 1997 as the leading supplier of coca leaf in the world. Following Colombia's re-certification[44] based on compliance with the U.N. Convention, after two years of not being certified, the 1997 results point out the need for a concerted and expanded eradication effort in 1998, aimed at the areas of newer coca cultivation in southern Colombia.[45]

The alternative development effort is headed by a Colombian agency, PLANTE—the Spanish acronym for the National Alternative Development Plan. PLANTE is one of the country's largest efforts to take a stand in the war on drugs. This program does not limit itself to crop substitution, but rather it aims at

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[35] Ibid.

[36] The official rate of compensation for voluntary eradication had been $2,500 in U.S. cash for every hectare eradicated. The sum decreased to $1,650 as of April 1, and gradual reductions will continue until payments are terminated in 2002. See Carlos Quiroga,"Bolivia Cuts Coca Growers' Eradication Payments," Reuters, Apr. 2, 1998, found on electric Library, Internet address http://www.elibrary.com, retrieved May 19, 1998.

[37] *INCSR*, p. xvi.

[38] *INCSR*, p. 67.

[39] U.S. Department of State telegram, "USITC Annual Andean Investment Survey – Bolivia," message reference No. 2726, prepared by U.S. Embassy, LaPaz, Jun. 15, 1998.

[40] See detailed discussion in USITC, *Fourth Report*, pp. 93–95. USITC staff visited the Chapare in May 1997 and was briefed on USAID efforts in the region.

[41] Aerial spraying continues to be hazardous because of the need to fly relatively close to the ground and the potential for hostile ground fire. In 1997, 94 aircraft in Colombia were attacked by hostile fire; 51 of these attacks occurred during the conduct of aerial spraying. *INCSR*, p. 85.

[42] Embassy of Colombia, Washington, DC, *Colombia Bulletin*, Jan. – Feb. 1998.

[43] *INCSR*, p. xlv.

[44] This occurred with a waiver as a result of a presidential justification that the vital national interests of the United States required such certification.

[45] *INCSR*, p. xlv. It has been reported that within the first four months of 1998, 40,000 hectares of the expanded areas of coca cultivation in southern Colombia have been "subject to eradication." U.S. Department of State telegram, "Samper's Economic Report Card," message reference No. 6366, prepared by U.S. Embassy, Bogota, June 2, 1998.

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social and economic development such as technological assistance, health, education, public service, transportation, infrastructure, production projects, employment, housing, marketing, credit, and institutional strengthening in affected areas. PLANTE claims that 11,160 families to date have substituted alternatives derived from the PLANTE incentive for illicit crop activities.[46] PLANTE is part of Colombia's National Development Plan and National Drug Control Plan. According to the 1995-98 plan, PLANTE is tasked with substituting approximately 30,000 hectares of illicit crops during the time period. Despite the availability of budget figures, the U.S. Department of State reports that, "In the absence of monitoring and evaluation systems, PLANTE's efforts cannot yet be assessed."[47]

During 1997 PLANTE initiated a total of 475 small projects, valued at nearly $20 million. The total investment budget spent in 1997 was nearly $50 million. On May 3, 1997 the PLANTE Fund was created by Law 368; it authorizes funds previously administered by other Colombian entities (e.g. Integrated Rural Development Program, National Development Fund, and the Institute of Agrarian Marketing) to be administered by PLANTE. International cooperation in the form of additional funding was obtained during the year from such sources as UNDCP, UNDP, USAID, the Republic of China, Japan, OAS, and Germany. These pledges amounted to $5.2 million.[48]

Ecuador

Coca leaf chewing is not traditional in Ecuador as it is in other Andean countries, so the product does not have a significant domestic market. Because no major quantities of coca are believed to be produced in the country, crop control is not an issue. Ecuador is considered primarily a transit zone for drug-related products. In 1997 it continued to be a major transit route for cocaine coming from Colombia, and to a lesser extent from Peru, destined for the United States and Europe.[49]

While it is possible to grow coca in Ecuador, it has never been an indigenous crop. Ecuador cooperated with the United States and eradicated most of its limited coca crop in the mid-1980s. The Government of Ecuador continues to allow aerial reconnaissance missions to search for new cultivation and processing sites. Whenever small plots have been found, they have been eradicated immediately. The government has authorized the use of aerial eradication should that ever be needed.[50] According to the U.S. State Department, "no large-scale, commercial cultivation is believed to exist within Ecuador at this time."[51]

Peru

Peru had the most effective drug interdiction results among ATPA beneficiaries in 1997. Eradication of coca increased significantly at the same time that cultivation was decreasing dramatically, mainly due to the success of continued interdiction efforts and the consequent low price of coca in the country.[52]

Table 9-1 illustrates the drop in Peruvian coca cultivation. After officially starting an eradication program in 1996 and achieving an 18-percent drop in net cultivation from 1995 levels, Peru continued its impressive decline with another 27-percent fall in 1997. Thus, in 2 years, cultivation of coca in Peru has decreased by 40 percent. Eradication in 1997 was close to triple that of 1996. This reflects a strong commitment on the part of the Peruvian Government to continue the policy of forcible, uncompensated eradication of mature coca in national parks, as well as manual eradication in other unpopulated areas. This positive trend is the result of farmers abandoning fields previously planted in coca because of the price drop occasioned by the denial of the "air bridge" between Peru and Colombia.[53]

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[46] See public submission by the Colombian Trade Bureau, "*PLANTE – Colombian National Alternative Development Plan*," p. 17, submitted to USITC, June 30, 1998. A summary of the submission is contained in Appendix B.

[47] *INCSR*, p. 86.

[48] Information supplied by PLANTE to U.S. Embassy, Bogota. U.S. Department of State telegram, "USITC Annual Andean Investment Survey – Colombia," message reference No. 6659, prepared by U.S. Embassy, Bogota, June 8, 1998.

[49] *INCSR*, p. 91. Reports of intensified trafficking efforts have continued into 1998. See Farah, Douglas, "Drug Traffickers Move Into Ecuador," *Washington Post*, Apr. 26, 1998, p. A24.

[50] U.S. Department of State telegram, "USITC Annual Investment Survey: Ecuador," message reference No. 2168, prepared by U.S. Embassy, Quito, May 1998.

[51] Ibid.

[52] Peru's success in 1997 stems from two factors: 1) increased eradication over previous years; and 2) large–scale abandonment of coca by Peruvian farmers.

[53] See USITC, *Fourth Report*, p. 97.

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In 1997 the "airbridge denial" interdiction program continued to prevent traffickers from using their preferred method of exporting large quantities of cocaine base by air from Peru to Colombia for further refining into cocaine hydrochloride (HCl).[54] The success of this program maintained a cocaine base glut in the coca cultivation zones of Peru, while also reinforcing the price of coca below production costs. The collapse of coca leaf prices encouraged coca farmers in greater numbers to accept the terms of the alternative development project that encourages economic alternatives to coca production.[55]

Because of the "airbridge denial" effort and resultant low coca prices, in 1997 coca farmers began abandoning fields previously planted with coca in a number of coca regions of Peru.[56] At the same time, the absence of new seedbeds indicates that efforts to encourage coca farmers to switch to licit crops are meeting with success.[57] It is estimated that the break-even price for coca farmers is approximately $17 per arroba.[58] With coca leaf and base prices below the coca farmers' costs of production, extensive abandonment resulted as "cocaleros" no longer found it profitable to weed, fertilize, or harvest coca leaf.[59] In May 1998 the price for first-quality coca leaf in the Apurimac was 25 Peruvian soles/arroba and second-grade leaf was 18 soles/arroba.[60] Prices for alternative crops in the Apurimac Valley region of Peru (mainly coffee and cacao) in May 1998 were greater than the price of coca leaf.[61] Thus, the abandonment of coca as a cash crop, and the introduction of other licit crops increased during 1997 and continues in 1998. It is expected that if interdiction efforts continue, and the price for coca base remains low, farmers will continue to abandon the crop. The longer coca remains out of cultivation, the more difficult it will be to return to it as a viable though illegal alternative. Experts in Peru maintained that if the trend could continue for a few more years, the likelihood of a total decrease in coca cultivation in the country would be enhanced.[62]

The U.S.-Peru Alternative Development (AD) Program, initiated in 1995 and managed by USAID, is contributing to the success of the counternarcotics strategy. The AD program works with local community leaders to provide access to basic services (schools, health posts, potable water systems, etc.) and to strengthen community participation. It also identifies and supports licit economic activities, rehabilitates critical roads and bridges, and strengthens environmental awareness and natural resource conservation. The AD program has obtained commitments to reduce coca cultivation by approximately 16,300 hectares from 239 communities over the next 5 years.[63] The success of the airbridge interdiction program has reinforced the options available to coca farmers under the AD program. Improvements in the economic infrastructure in coca growing areas of alternative development have included the construction of 12 bridges and the rehabilitation of more than 380 kilometers of roads.[64] If farmers are going to successfully opt for licit crops, they need the supporting infrastructure to ensure their ability to transport those new crops to market.

The AD program created significant gains in 1997 in two spheres: 1) "a strong increase in the value of licit crops relative to the value of coca production," and 2) "increased demand from communities to participate in the Program."[65] Over 35,000 hectares of

[54] The interdiction is the result of a formal decision by the Government of Peru to challenge unidentified aircraft in Peruvian skies. If a plane neither identifies itself, nor responds to an order to land, it is subject to being shot down. To date, 97 flights have been either shot down or forced to land. The price declines from this interdiction program have resulted in a $70 million loss in coca farmers' income. USAID official, USITC staff interview, Lima, May 29, 1998.

[55] *INCSR*, p. xxviii.

[56] U.S. Department of State telegram, "Anecdotal Ground Surveys Reveal Increased Peruvian Coca Abandonment and Few Seedbeds," message reference No. 2929, prepared by U.S. Embassy, Lima, Apr. 7, 1998. Aerial photography indicated a rate of 40 percent of coca fields abandoned in the Sivia area of the Apurimac Valley. This was further verified by a coca measurement and reduction verification unit (CADA) of the Crop Eradication Agency (CORAH), which surveyed hectarage in the region and reported as much as 50 percent coca abandonment. USITC staff were briefed by CORAH and USAID officials during a visit to Sivia on May 29, 1998.

[57] *INCSR*, p. xxviii.

[58] Ibid., p. 101. An arroba equals 25 pounds of coca leaf. Interview with Economic Counselor, U.S. Embassy, Lima, May 28, 1998.

[59] It is estimated that after 2 years of continuous abandonment, a coca field is no longer capable of producing. USITC staff visit to Apurimac Valley, May 29, 1998.

[60] At 2.79 soles/$1, these prices are equivalent to $8.96 and $6.45 per arroba, respectively, or less than $1 per kilo. At such prices cocaleros cannot subsist.

[61] USITC staff visit, May 29, 1998.

[62] Ibid.

[63] *INCSR*, p. xxviii. Comparable data for the Apurimac Valley (12,800 hectares) indicate that 77 agreements have been signed, promising to reduce coca production in 2,700 hectares by 2001. USAID official, USITC staff interview, Sivia, Peru, May 29, 1998.

[64] Ibid., p. 103.

[65] USAID, Lima, briefing material on Alternative Development Program, May 1998.

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Peruvian land are scheduled for licit, profitable agricultural activities: coffee—15,000 hectares; cacao—5,000 hectares; annual crops—9,750 hectares; agroforestry—4,350 hectares; and palm heart—1,150 hectares.[66] The continued success of the AD program is premised on continued drug interdiction and strengthening of the airbridge denial, as well as on the continuation of coca leaf prices at unprofitable levels.[67]

The alternative development efforts in Peru are focused on a small number of products, particularly, coffee and cacao, which were traditionally grown in the Apurimac.[68] In many coca-growing areas, coffee and cacao plants are being rehabilitated to become more productive.[69] Reports of marketing success are beginning to emerge.[70] Other possible alternative crops are camu-camu (a tropical fruit with a very high concentration of vitamin C), palm hearts, and other tropical fruits.[71] Shrimp and processed wood were mentioned as other possible products.[72] New products that are considered as alternatives include sesame seeds, red kidney beans, rice, and arbasco (a natural insecticide). There is currently an effort to attract investment to the Apurimac region in the form of joint ventures with private companies for the growing of coffee, cacao, and soybeans.[73]

The Apurimac Valley is the second largest area of coca production in Peru. It also has the highest productivity of any coca-growing region in the country. The airbridge denial interdiction has had a significant impact in the region, and the Valley is the site of the most successful alternative development efforts to date in Peru.[74] Prior to widespread coca cultivation in the Apurimac, there were 12,000 hectares of coffee and 15,000 hectares of cacao under cultivation. Most of this land was replanted or over-planted with coca, particularly the coffee areas. As a result of the alternative development programs to date, there are currently approximately 5,000 hectares of the Apurimac in coffee and 17,000 hectares in cacao.[75] What used to be more than 20,000 hectares of coca cultivation in the Apurimac is now around 12,800 hectares, and the expectation is that this will drop to 8,000 hectares by 2001.[76]

CONTRADROGAS is the Peruvian Government agency responsible for planning, coordination, and execution of all counter drug operations. It is also responsible for integrating the work of other Peruvian agencies, and for monitoring and evaluating the counternarcotics effort. In short, it is Peru's executive counternarcotics policy office. It accounts for Peru's implementation of alternative development programs, and is assisted in this regard by USAID. CONTRADROGAS efforts are currently focused on the two main coca-growing areas of the country: the Upper Huallaga Valley and the Apurimac Valley.[77]

In 1997 Peru set up a "National Plan for Alternative Development, Drug Prevention, and Rehabilitation." The Plan has set a goal of reducing illicit coca production by approximately 50 percent within 5 years.[78]

A meeting on Peru's behalf is scheduled to take place in Brussels in October 1998 under the auspices of the Interamerican Development Bank (IDB) in order to raise additional funds from international donors for alternative development and demand reduction.[79] Peru's goal is to raise $192 million from

[66] Ibid.

[67] The current situation could easily be reversed if the price of coca were to increase. The current short-term goal is to consolidate the abandonment and reinforce farmers' decisions to produce licit crops. Representatives of CONTRADROGAS, USITC staff interview, May 28, 1998.

[68] Coffee is Peru's most significant agricultural crop, accounting for nearly 40 percent of agricultural exports. Coffee exports in 1996 were valued at $223 million. Cacao is the second most significant agricultural crop During the mid 1980s, Peru was a net exporter of cacao and cacao products. Following problems with disease and abandonment in favor of coca, Peru became a net importer of cacao. Now, half of Peru's domestic need for cacao is met by imports from Ecuador and Indonesia. U.S. Embassy, Lima, faxed message, from USAID, July 23, 1998.

[69] USAID official, USITC staff interview, Lima, May 29, 1998.

[70] "Growers of Cocaine Ingredient Might Produce Chocolate Instead," NewsEdge, Associated Press, July 15, 1998, 1635 EDT, retrieved on July 21, 1998, 8:23 am, EDT.

[71] USITC staff saw coffee, cacao, pineapple, pigeon pea, papaya, and soybeans under cultivation in the Apurimac region.

[72] Representatives of CONTRADROGAS, USITC staff interview, Lima, May 28, 1998.

[73] Ibid.

[74] Ibid.

[75] USAID official, USITC staff interview, San Francisco, Peru, May 29, 1998.

[76] Due to the price decline, 5,000 hectares have been abandoned and 10,000 hectares are now overgrown, i.e., abandoned for 4 years or more. After 2 years, it is extremely difficult to restore an abandoned coca plant. Representatives of CONTRADROGAS, USITC staff interview, May 28, 1998.

[77] Ibid.

[78] *INCSR*, p. xxviii.

[79] U.S. Department of State telegram, "IDB Agrees to Host Drug Donor Meeting in October," message reference No. 1530, prepared by U.S. Embassy, Lima, Mar. 6, 1998.

donors.[80] It is anticipated that Peru's successful counternarcotics program can be used to leverage additional international assistance. The United States supports Peruvian efforts in this regard.[81]

ATPA Effectiveness

The difficulty of isolating the direct effects of ATPA on coca crop reduction has been pointed out in previous reports in this series.[82] The fact that coca eradication and crop substitution programs have been going on for years in the region and that many such programs antedate the ATPA makes it difficult to factor out effects solely attributable to ATPA.

Physical and economic infrastructure, such as paved roads, storage facilities, processing plants, and financing in Andean coca-producing areas is generally inadequate to meet the requirements of alternative legal crops and industries. The fact that coca does not need pesticides, fertilizers, roads, or financing underscores the difficulty. Moreover, development of an infrastructure better able to support alternatives to drug production tends to be slowed by concerns that the potential benefits of development might profit the coca producers themselves (that is, paved roads to better facilitate transportation of coca) or might cause environmental damage. Furthermore, for alternative crops or industries to challenge coca production, a sufficient quantity and quality of product for market must be guaranteed in order to make use of economies of scale and to secure a place in both the domestic and the import market. This is especially true for a large market such as the United States.[83] In the initial ATPA years, this guarantee was difficult to accomplish largely because of a lack of knowledge about viable alternative crops and the lack of adequate infrastructure. However, the situation appears to be changing in terms of opportunities for selling locally. Evidence of successful alternative development programs (e.g., USAID efforts in the Chapare in Bolivia and in the Apurimac in Peru) continues to highlight their potential against illicit coca cultivation.

The year under review represents the completion of more than half of the currently legislated life of the Andean preference program. Last year (1996) was the first time that the attempts of beneficiary countries to cooperate with the United States in controlling the supply of illicit drugs appeared to have had a concrete, positive effect. The 1997 results in this report serve to reinforce that conclusion. The volume of land under coca cultivation declined in 1997 for the second consecutive year. This decline was due in part to widening eradication efforts and also to the successful severing of the Peru-Colombia airbridge, which further depressed coca prices and encouraged Peruvian farmers to abandon illicit cultivation.

The burgeoning success of alternative development programs in the Andean region is worthy of note. The programs hold out the possibility for the introduction of new crops as well as the future cultivation of crops on a scale sufficient to demonstrate their economic viability. The causal linkage between the ATPA itself and beneficiary country coca control measures is unproven. While it is difficult to illustrate the positive impact of the ATPA program more than anecdotally, the success of eradication and alternative development efforts in the Andean region appears to be spreading.[84] However, 1996 marked a turning point—albeit a small one—in efforts to support the ATPA goal of broad-based economic development in the Andean countries. That positive trend is strengthened by the 1997 results, particularly with regard to the development of sustainable alternatives to coca cultivation and cocaine production. Continued success in these efforts could lead to more direct impacts on the supply of illicit drugs in the United States.

[80] Telephone conversation, USITC staff and Economics Section, U.S. Embassy, Lima, July 22, 1998.

[81] *INCSR*, p. 103

[82] For example, *Second Report, 1994,* pp. 45ff.

[83] In fact, most of the alternative crops that are being introduced in the Andean region have yet to be of sufficient quantity to be exported to the United States.

[84] USITC staff interviews in Andean beneficiary countries as well as submissions from the governments of those countries to USTR last year (see USTR, *Second Report to the Congress on the Operation of the Andean Trade Preference Act*, Dec. 4, 1997) indicate the benefit of the program to the economies concerned. Often an observer will comment on the negative impact of the removal of the preferences—the opportunity cost of their not being in place. The alternative employment opportunities offered by illict drugs is frequently mentioned as the most common effect of the removal of trade preferences in the region.

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APPENDIX A
Federal Register Notices

and Natural Resource Division, Northern California Area Office, 16349 Shasta Dam Boulevard, Shasta Lake, California, 96019. Telephone: 530/275–1554.

SUPPLEMENTARY INFORMATION: Task Force members will approve the Three-Year Action Plan for FY 1999; will comment on reauthorization of the Trinity River Basin Fish and Wildlife Management Program; and, will discuss renewal of the Charter under the Federal Advisory Committee Act. Task Force members will be briefed on the Trinity River Flow Evaluation and Trinity River Mainstem Fishery Restoration Environmental Impact Statement/ Report.

The meeting of the Task Force is open to the public. Any member of the public may file a written statement with the Task Force in person or by mail before, during, or after the meeting. To the extent that time permits, the Task Force Chairman may allow public presentation of oral statements at the meeting.

Dated: May 5, 1998.

Roger K. Patterson,

Regional Director.

[FR Doc. 98–12655 Filed 5–12–98; 8:45 am]

BILLING CODE 4310–09–U

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–352]

Andean Trade Preference Act: Effect on the U.S. Economy and on Andean Drug Crop Eradication

AGENCY: International Trade Commission.

ACTION: Notice of opportunity to submit comments in connection with 1997 annual report.

EFFECTIVE DATE: May 5, 1998.

FOR FURTHER INFORMATION CONTACT: Joanne Guth (202–205–3264), Country and Regional Analysis Division, Office of Economics, U.S. International Trade Commission, Washington, DC 20436.

BACKGROUND: Section 206 of the Andean Trade Preference Act (ATPA) (19 U.S.C. 3204) requires that the Commission submit annual reports to the Congress regarding:

(1) The actual economic effect of ATPA on the U.S. economy generally as well as on specific industries which produce articles that are like, or directly competitive with, articles being imported under the Act;

(2) The probable future effect of ATPA on the U.S. economy generally and on industries affected by the Act; and

(3) The estimated effect of ATPA on drug-related crop eradication and crop substitution efforts of beneficiary countries.

In addition, in this year's report the Commission plans to examine the effectiveness of ATPA in promoting export-oriented growth and diversification of production in the beneficiary countries. Notice of institution of the investigation and the schedule for such reports was published in the **Federal Register** of March 10, 1994 (59 FR 11308). The Commission's fifth annual report on ATPA, covering calendar year 1997, is to be submitted by September 30, 1998.

Written Submissions

The Commission does not plan to hold a public hearing in connection with the preparation of the fifth annual report. However, interested persons are invited to submit written statements concerning the matters to be addressed in the report. Commercial or financial information that a party desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons in the Office of the Secretary to the Commission. To be assured of consideration by the Commission, written statements relating to the Commission's report should be submitted at the earliest practical date and should be received no later than June 30, 1998.

Address all submissions to Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (http://www.usitc.gov).

Issued: May 7, 1998.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 98–12682 Filed 5–12–98; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–227]

Annual Report on the Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers

AGENCY: United States International Trade Commission.

ACTION: Notice of opportunity to submit comments in connection with 1997 annual report.

EFFECTIVE DATE: May 5, 1998.

FOR FURTHER INFORMATION CONTACT: Joanne Guth (202–205–3264), Country and Regional Analysis Division, Office of Economics, U.S. International Trade Commission, Washington, D.C. 20436.

BACKGROUND: Section 215(a) of the Caribbean Basin Economic Recovery Act (CBERA) (19 U.S.C. 2704(a)) requires that the Commission submit annual reports to the Congress and the President regarding:

(1) The actual economic effect of CBERA on the U.S. economy generally as well as on specific industries which produce articles that are like, or directly competitive with, articles being imported under the Act; and

(2) The probable future effect of CBERA on the U.S. economy generally and on industries affected by the Act.

In addition, in this year's report the Commission plans to examine the effectiveness of CBERA in promoting export-oriented growth and diversification of production in the beneficiary countries. Notice of institution of the investigation and the schedule for such reports was published in the **Federal Register** of May 14, 1986 (51 FR 17678). The thirteenth report, covering calendar year 1997, is to be submitted by September 30, 1998.

Written Submissions

The Commission does not plan to hold a public hearing in connection with the thirteenth annual report. However, interested persons are invited to submit written statements concerning the matters to be addressed in the report. Commercial or financial information that a party desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will

be made available for inspection by interested persons in the Office of the Secretary to the Commission. To be assured of consideration by the Commission, written statements relating to the Commission's report should be submitted at the earliest practical date and should be received no later than June 30, 1998.

Address all submissions to the Secretary to the Commission, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (http://www.usitc.gov).

Issued: May 7, 1998.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 98–12683 Filed 5–12–98; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–409]

Certain CD-ROM Controllers and Products Containing Same-II; Investigation

AGENCY: International Trade Commission.

ACTION: Institution of investigation pursuant to 19 U.S.C. 1337.

SUMMARY: Notice is hereby given that a complaint was filed with the U.S. International Trade Commission on April 7, 1998, under section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, on behalf of Oak Technology, Inc., 139 Kifer Court, Sunnyvale, California 94086. On April 20 and April 24, 1998, Oak filed supplements to its complaint. The complaint, as supplemented, alleges violations of section 337 in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain CD-ROM controllers and products containing same by reason of infringement of claims 1–5 and 8–10 of U.S. Letters Patent 5,581,715. The complaint further alleges that there exists an industry in the United States as required by subsection (a)(2) of section 337.

The complainant requests that the Commission institute an investigation and, after the investigation, issue a permanent exclusion order and a permanent cease and desist order.

ADDRESSES: The complaint, except for any confidential information contained therein, is available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Room 112, Washington, D.C. 20436, telephone 202–205–2000. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810. 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. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov).

FOR FURTHER INFORMATION CONTACT: Thomas L. Jarvis, Esq., Office of Unfair Import Investigations, U.S. International Trade Commission, telephone 202–205–2568.

Authority: The authority for institution of this investigation is contained in section 337 of the Tariff Act of 1930, as amended, and in 210.10 of the Commission's rules of practice and procedure, 19 CFR 210.10 (1997).

SCOPE OF INVESTIGATION: Having considered the complaint, the U.S. International Trade Commission, on May 7, 1998, ordered that—

(1) Pursuant to subsection (b) of section 337 of the Tariff Act of 1930, as amended, an investigation be instituted to determine whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain CD-ROM controllers or products containing same by reason of infringement of claims 1, 2, 3, 4, 5, 8, 9, or 10 of U.S. Letters Patent 5,581,715, and whether there exists an industry in the United States as required by subsection (a)(2) of section 337.

(2) For the purpose of the investigation so instituted, the following are hereby named as parties upon which this notice of investigation shall be served:

(a) The complainant is—Oak Technology, Inc., 139 Kifer Court, Sunnyvale, CA 94086.

(b) The respondents are the following companies alleged to be in violation of section 337, and are the parties upon which the complaint is to be served:

MediaTek, Inc., No. 13 Innovation Road I, Science-Based Industrial Park, Hsinchu, Taiwan

United Microelectronics Corporation, No. 3, Li-Hsin Road II, Science-Based Industrial Park, Hsinchu, Taiwan

Lite-On Technology Corp., 5F, 16, Sec. 4, Nanking E. Rd., Taipei, Taiwan

AOpen, Inc., 6F, #88, Sec. 1, Hsin Tai Wu Rd., Hsichih, Taipei Hsien, Taiwan 221

(c) Thomas L. Jarvis, Esq., Office of Unfair Import Investigations, U.S. International Trade Commission, 500 E Street, SW., Room 401–J, Washington, D.C. 20436, who shall be the Commission investigative attorney, party to this investigation; and

(3) For the investigation so instituted, the Honorable Sidney Harris is designated as the presiding administrative law judge.

Responses to the complaint and the notice of investigation must be submitted by the named respondents in accordance with § 210.13 of the Commission's rules of practice and procedure, 19 CFR 210.13. Pursuant to 19 CFR 201.16(d) and 210.13(a), such responses will be considered by the Commission if received not later than 20 days after the date of service by the Commission of the complaint and the notice of investigation. Extensions of time for submitting responses to the complaint will not be granted unless good cause therefor is shown.

Failure of a respondent to file a timely response to each allegation in the complaint and in this notice may be deemed to constitute a waiver of the right to appear and contest the allegations of the complaint and this notice, and to authorize the administrative law judge and the Commission, without further notice to the respondent, to find the facts to be as alleged in the complaint and this notice and to enter both an initial determination and a final determination containing such findings, and may result in the issuance of a limited exclusion order or a cease and desist order or both directed against such respondent.

Issued: May 7, 1998.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 98–12676 Filed 5–12–98; 8:45 am]

BILLING CODE 7020–02–P

APPENDIX B
Summary of Submissions in Response to Federal Register Notices

Submissions for the Record Investigation No. 332-227 CBERA

The Rubber and Plastic Footwear Manufacturers Association (RPFMA):[1]

The submission from the RPFMA states that imports of certain footwear from CBERA beneficiaries have adversely affected U.S. rubber footwear and slipper manufacturers. The RPFMA explains that the rubber footwear and slipper industry is both labor-intensive and import-sensitive. American manufacturers (e.g., Carter Footwear and Supreme Slipper) have moved production to the Dominican Republic where wages are lower than those in the United States. Moreover, RPFMA points out that duties on rubber footwear and slippers were among the extremely few which received a 15-year phase-out under NAFTA and were exempted from cuts under GSP. CBI II eliminated its duty-free exemption with respect to those imports from the Caribbean made with American components. "That duty elimination has resulted in an increase in rubber footwear and slippers from the Caribbean from 200,000 pairs in 1990 to 14 million pairs in 1997."

Levis Strauss & Company:[2]

This submission focused on CBERA's positive impact on U.S. companies and CBERA beneficiaries. Levis' Director of Government Affairs, David Weiskopf, states the "CBERA has been a catalyst for significant changes in our global sourcing strategies." Much of the company's offshore production has shifted from Asia to the CBI region "where use of U.S.-made fabric and components is much higher than in Asia." Weiskopf states "the expansion of apparel assembly operations in the CBI countries has brought benefits to all concerned: US textile producers who manufacture fabric used in the region's apparel operations; US apparel manufacturers, who benefit from lower cost assembly operations and lower transportation costs due to the region's proximity to the United States; America's workers in high-value jobs related to pre- and post-assembly stages of apparel manufacturing; and thousands of workers and their families in the Caribbean Basin countries." Weiskopf states that CBERA has and will continue to promote workers' rights, workplace safety, environmental awareness, and other elements of socially responsible business. Levis Strauss supports NAFTA parity legislation because it will "preserve American textile and apparel competitiveness and promote political, economic, and social stability in the Caribbean."

Florida Citrus Mutual (FCM):[3]

The submission from FCM expressed its views of support for "the enactment of CBERA, with adequate protections built into the program to assure that citrus products from Central American and Caribbean Basin countries are truly based on indigenous development, and that those countries do not serve as a trade conduit for citrus from larger and more developed producers of citrus products, such as Brazil or Mexico." FCM noted two potential problems under the preferential system of the Caribbean Basin Initiative. To begin with, during the period 1996-97, FCM noted "significant recent growth in

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[1] Submission to the Commission by Mitchell J. Cooper, Counsel, Rubber and Plastic Footwear Manufacturers Association, received May 27, 1998.

[2] Submission to the Commission by David Weiskopf, Director, Government Affairs, Levis Strauss & Company, received July 2, 1998.

3 Submission to the Commission by Matthew T. McGrath, Counsel to Florida Citrus Mutual, received June 30, 1998; and submission to the Commission by Bobby F. McKown, executive Vice President and CEO, Florida Citrus Mutual, received July 30, 1998.

the volume of imports of frozen concentrated orange juice (FCOJ) from Costa Rica, disproportionate to the percentage growth in the output of the Costa Rican industry." They also indicated a third-country subsidy through "the equity involvement of the Commonwealth Development Corporation ("CDC") in citrus groves and processing plants in Costa Rica" by way of low or no interest loans from U.K.-supported financial institutions distorts "the local development activities of non-subsidized Costa Rican citrus growers, poses a potential threat to U.S. growers, and is contrary to CBERA provisions." Secondly, during the period 1996-97, FCM stated that "there has also been significant growth in the export volume of FCOJ to the United States from Belize, disproportionate to both domestic output of fresh fruit, and maximum theoretical capacity for FCOJ production in that country." Finally, FCM indicated that both of the aforementioned potential problems "are not readily explained by the available data" and indicated past instances of "blending or reconstitution, within the territory of beneficiary countries, using non-CBI-origin juice, which shippers (mistakenly or otherwise) believed to be qualifying activities for receiving duty-free treatment." As a result, FCM urged the determination of "whether such activity may be taking place" through a closer examination of the available data and the "reconciliation of domestic production and export figures" for 1996-97.

In response to the submissions submitted by Belize Food Products, Ltd. and TicoFruit, FCM clarified their earlier June 30, 1998 submission in stating that "FCM did not accuse any country of violating the CBERA statute, nor did it claim that imports of FCOJ from Belize or Costa Rica pose a threat of material injury to the U.S. citrus industry under any U.S. trade statutes." The FCM further stated in their July 30, 1998, submission that "where an entire foreign industry is driven by production for export to the United States market at the most favorable tariff treatment in the world, the competing U.S. industry is justifiably concerned that production and import volumes be monitored carefully and contemporaneously, especially when there is at least an anecdotal history of opportunistic transshipment." Finally, FCM called upon the International Trade Commission to "undertake the critical process of data reconciliation and report its findings to Congress, so they will have the necessary information to be certain the program is working as intended, without harm to domestic industry."

TicoFrut and Public Accountant:[4]

In letters received from TicoFrut and its public accountant, Juan Carlos Lara-Povedano, TicoFrut denounces the allegation that they "serve as a trade conduit for citrus from larger and more developed producers of citrus products such as Brazil or Mexico," made by Florida Citrus Mutual (FCM) in their submission to the Commission. The submission by TicoFrut provides data to prove the point that "[a]ll frozen concentrated orange juice sold by TicoFrut is produced from oranges grown in TicoFrut's owned farms and/or from independent growers, all in Costa Rica." TicoFrut also supports the allegation made by FCM that third-country subsidies from U.K.-supported financial institutions are distorting "local development activities of non-subsidized Costa Rican citrus growers."

Belize Food Products Limited:[5]

In letters received from Belize Food Products Limited, Chairman Eugene J. Zabaneh expressed his concern over the allegation by Florida Citrus Mutual (FCM) that "Belize is allowing the conduit of non-CBI-origin citrus juice into the USA." Because of the company's "grave concern" over the allegation, it wrote a letter to the Prime Minister of Belize (included in the submission) requesting "that

[4] Submission to the Commission by Carlos E. Odio, President, TicoFrut and Juan Carlos Lara-Povedano, Public Accountant and Partner, received July 29, 1998.

[5] Submission to the Commission by Eugene J. Zabaneh, Chairman, and D.F. Jenkins, Managing Director, Belize Food Products Limited, received July 24, 1998

this matter be taken up by the government of Belize." In the letter, the corporation provided statistical references to uphold their claim "that Belize's domestic production of oranges in 1996 and 1997 amply accounted for the quantities of juice exported by Belize to the USA in those years, and that in all other respects, we complied with the CBI regulations." Further, the submission invited the U.S. Embassy in Belize and/or the U.S. International Trade Commission (USITC) to conduct an investigation of their citrus activities related to exports to the United States.

Submissions for the Record Investigation No. 332-352 ATPA

Colombian Government Trade Bureau, Washington DC.:[6]

The submission from the Colombian Government Trade Bureau focuses on The National Alternative Development Plan, PLANTE, which promotes drug control not only by crop substitution, but also by rural development programs. PLANTE creates legal opportunities for peasants, tenant farmers, and natives to earn income. Their mission is "to reduce the participation of the target population (peasants, tenant farmers, and natives) in the economy of illicit crops and to re-direct this population and indeed the regions coming under its scope to the formation and adoption of licit economic and social alternatives." Concentrating on family, human, and rural development, alternative development programs form the framework for an economically, socially, and environmentally sound society.

The Trade Bureau provides a list of activities implemented by the Colombian Government to enhance rural development. These initiatives include the construction and stabilization of alternative production activities and the integration of the rural farming community into municipal life. The PLANTE project will initiate and strengthen social programs such as technology and entrepreneurial training and rural farming cooperatives for human development and health and education services.

The Colombian Government has secured a US$90 million loan from the Interamerican Development Bank and set aside US$60 million of government savings for PLANTE's alternative development projects. This money has been budgeted over the next 4 years. The government notes that success or failure is not measured by the extent of eradication, but rather by the number of individuals who discontinue illicit crop production to pursue alternative employment.

Currently, PLANTE is considering initiating new international markets to the PLANTE program. "These new items would include such products as organic coffee... A second new product would be the 'palmito de chontaduro.'" The introduction of these products will benefit hundreds of families and help to stabilize income flow in these rural farming communities.

Floral Trade Council (FTC):[7]

The submission by the Floral Trade Council (FTC) states "the U.S. fresh cut flower industry continues to be adversely affected by duty-free treatment of fresh cut flowers under ATPA." The FTC noted previous ITC findings of the negative impact of ATPA and provided time series data illustrating the decline of the U.S. fresh cut flower industry. According to the FTC, data show that the ATPA program has increased Colombian exports of fresh cut flowers to the United States, but this has done little to curb Colombian drug exports.

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[6] Submission to the Commission by Miguel Fadul, Director, on behalf of the Colombian Government Trade Bureau, Washington, received June 30, 1998.

[7] Submission to the Commission by Terrance P. Stewart, James R. Cannon, Jr. and Mara M. Burr, Special Counsel, on behalf of the Floral Trade Council, received June 30, 1998.

Rubber and Plastic Footwear Manufacturers Association (RPFMA):[8]

This submission by the Rubber and Plastic Footwear Manufacturers Association (RPFMA) focused on the negative effects of a free trade agreement with Latin America on the rubber footwear and slipper industry. RPFMA states that such an agreement is unlikely to expand export opportunities for this industry because of the "difficulty competing anywhere in the world with such countries as China, Indonesia, Malaysia, and Vietnam." Moreover, the submission states that "the elimination of duties on Latin American rubber footwear and slippers could cause havoc for the domestic industry, particularly since countries like Chile, Brazil, and Argentina already have significant production of this footwear." RPFMA referred to a domestic "downsizing attributable almost entirely to the growth of the industry abroad." According to the RPFMA, "it is our view that any agreement for free trade in the Americas should provide for an exemption for the very few domestic industries, such as rubber footwear and slippers, whose continued survival would be endangered by the elimination, however gradual, of duties."

[8] Submission to the Commission by Mitchell J. Cooper, Counsel, Rubber and Plastic Footwear Manufacturers Association, received May 26, 1998.

APPENDIX C
Technical Notes to Chapters 3 and 7

This section presents the methodology used to estimate the impact of CBERA and ATPA on the U.S. economy in 1997. The economic effects of CBERA/ATPA duty reductions[1] are evaluated using a comparative static analysis. Since CBERA/ATPA tariff preferences were already in effect in 1997, the impact of the program is measured by comparing the market conditions currently present (duty-free entry, or 20-percent reduced-duty entry, for eligible products entered under CBERA/ATPA provisions) with those that might have existed under full tariffs (i.e., no CBERA/ATPA 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/ATPA had not been in place during 1997. 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/ATPA 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.

Using a partial equilibrium framework, three different markets in the United States, namely the markets for CBERA/ATPA products, competing non-CBERA/non-ATPA (foreign) products, and competing domestic products, are modeled. These three markets are depicted in panels a, b, and c of figure C-1. Imports from CBERA/ATPA beneficiaries, imports from non-CBERA/non-ATPA 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/ATPA and non-CBERA/non-ATPA 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/ATPA import supply curve to the U.S. market, the non-CBERA/non-ATPA import supply curve, and the domestic industry supply curve, S_c, S_n, and S_d, are all horizontal, i.e., 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]

The change from full tariffs to duty-free treatment for CBERA/ATPA 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/ATPA 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/ATPA 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/non-ATPA 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.

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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, and ATPA since 1992. 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/ATPA 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, pp. 589-597.

[4] The subscripts c, n, and d refer to CBERA/ATPA imports, non-CBERA/non-ATPA imports, and U.S. output, respectively.

[5] Since CBERA/ATPA 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.

The impact of CBERA/ATPA on the U.S. economy is measured by examining the welfare effects of the tariff reduction in the market for CBERA/ATPA imports and the domestic displacement effects of a decrease in demand in the competing U.S. market. The displacement of non-CBERA/non-ATPA country imports because of CBERA/ATPA tariff preferences is not estimated since the focus of the analysis is on the direct effects of CBERA/ATPA provisions on the United States.

The decrease in the tariff for CBERA/ATPA imports leads to an increase in consumer surplus for these products. This is measured by the trapezoid P_cabP_c' in panel a. There is also an accompanying decrease in the tariff revenue collected from CBERA/ATPA imports. This is measured by the area of the rectangle P_cacP_c' in panel a.

The net welfare effect of CBERA/ATPA is equal to the increase in consumer surplus plus the decrease in tariff revenue—the trapezoid P_cabP_c' minus the rectangle P_cacP_c' in panel a, i.e., triangle abc.[6] The dollar amount by which CBERA/ATPA 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) $$(Q_c/Q_c') = (P_c/P_c')^{\varepsilon cc}$$

(2) $$(Q_n/Q_n') = (P_c/P_c')^{\varepsilon dc}$$

(3) $$(Q_d/Q_d') = (P_c/P_c')^{\varepsilon nc}$$

Given that $P_c = P_c'(1+t)$, these can be restated as:

(1)′ $$(Q_c/Q_c') = (1+t)^{\varepsilon cc}$$

(2)′ $$(Q_n/Q_n') = (1+t)^{\varepsilon nc}$$

(3)′ $$(Q_d/Q_d') = (1+t)^{\varepsilon dc}$$

where ε_{ij} is the uncompensated elasticity of demand for good I with respect to price j. The values for the elasticities ε_{cc}, ε_{nc}, and ε_{dc} are derived from the following relations:

(4) $$\varepsilon_{cc} = V_c\eta - V_n\sigma_{cn} - V_d\sigma_{cd}$$

(5) $$\varepsilon_{nc} = V_c(\sigma_{nc} + \eta)$$

(6) $$\varepsilon_{dc} = V_c(\sigma_{dc} + \eta)$$

where the V_i's are market shares for CBERA/ATPA imports, non-CBERA/non-ATPA imports, and domestic output, respectively, η is the aggregate demand elasticity, and the σ_{ij}'s are the elasticities of substitution between the ith and jth 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/ATPA

[6] Welfare effects typically include a measure of the change in producer surplus. The change in producer surplus for CBERA/ATPA producers is not considered in this analysis because the focus of the analysis is on the direct effects of CBERA/ATPA provisions on the United States.

[7] Equations (4) through (6) are derived from P.R.G. Layard and A.A. Walters, *Microeconomic Theory* (New York: McGraw-Hill, 1978).

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]

Given equations (1)′ through (4)′, we can derive the following equations for calculating the changes in consumer surplus, tariff revenue, and domestic output:

Consumer surplus (where k is a constant)

$$\text{area of trapezoid } P_cabP_c' = \int_{P_c'}^{P_c} kP_c^{\varepsilon_{cc}}\, dP_c$$

$$= [1/(1+\varepsilon_{cc})]\,[(1+t)^{(1+\varepsilon_{cc})} - 1\,]P_c'Q_c' \quad \text{if } \varepsilon_{cc} \neq -1$$

$$= k \ln(1+t) \quad \text{if } \varepsilon_{cc} = -1$$

Tariff revenue from U.S. imports from CBERA/ATPA partners

$$\text{area of rectangle } P_cacP_c' = (P_c - P_c')Q_c$$

$$= P_c'tQ_c \quad \text{given } P_c = P_c'(1+t)$$

$$= tP_c'Q_c'(1+t)^{\varepsilon_{cc}} \quad \text{given } Q_c = Q_c'(1+t)^{\varepsilon_{cc}}$$

Domestic output

$$\text{area of rectangle } Q_d'deQ_d = P_d(Q_d - Q_d')$$

$$= P_dQ_d'\,[(1+t)^{\varepsilon_{dc}} - 1]$$

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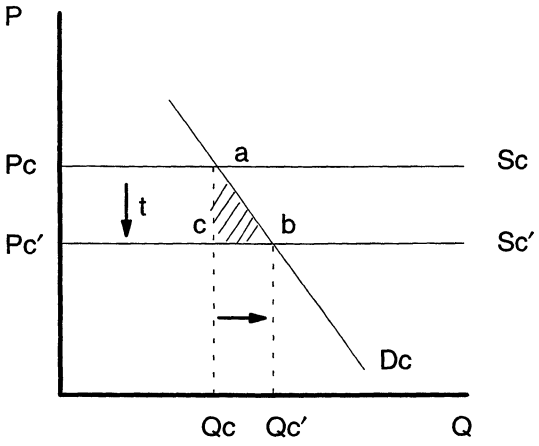
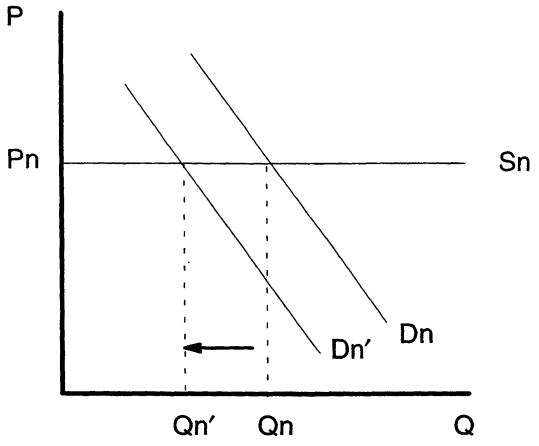
[8] The aggregate elasticities were taken from sources referenced in USITC, *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement*, USITC publication 2596, January 1993.

[9] Commission industry analysts provided evaluations of the substitutability of CBERA/ATPA 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. While 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," *Weltwirtschaftliches Archiv*, 122 (1986), pp. 497-519.

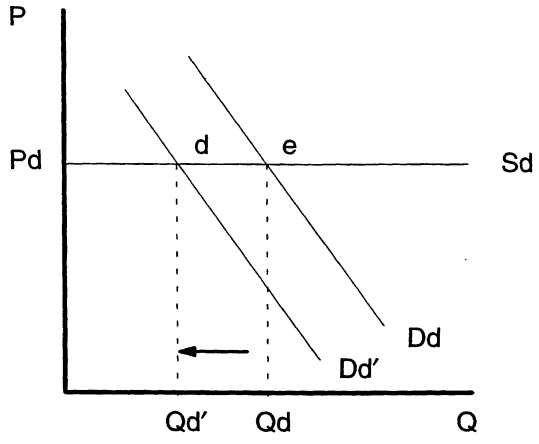
Figure C-1
Partial equilibrium analysis of the effects of CBERA/ATPA duty provisions on U.S. imports



a. CBERA/ATPA imports



b. non-CBERA/non-ATPA imports



c. U.S. domestic output

APPENDIX D
Statistical Tables for Chapters 2 and 6

Table D-1
Leading U.S. imports (HTS 62, Articles of apparel and clothing accessories, not knitted or crocheted), by source, 1990, 1992, 1994, and 1996-97

Country/Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Dominican Republic	506,228	853,992	1,147,321	1,179,342	1,499,204
Guatemala	150,858	351,602	479,767	613,444	713,472
Honduras	81,088	216,797	370,099	507,948	639,686
Costa Rica	279,388	416,500	469,584	430,175	488,072
El Salvador	39,111	77,280	207,577	329,213	392,311
Nicaragua	0	3,409	22,750	111,924	140,550
Jamaica	87,492	105,901	131,726	114,284	93,412
Haiti	89,955	26,813	13,459	36,114	41,155
Belize	5,329	14,032	14,877	15,308	16,594
Panama	28,110	21,109	15,158	18,838	12,047
Guyana	1,588	3,018	5,109	6,339	9,439
St. Lucia	7,974	4,708	7,357	4,373	5,146
Barbados	6,316	5,433	3,004	3,055	3,325
Trinidad & Tobago	1,194	1,331	2,956	2,261	2,545
British Virgin Islands	0	0	84	43	84
Netherlands Antilles	38	324	18	56	53
Dominica	289	7	409	1,293	31
Montserrat	0	2	2	0	26
St. Vincent & Grenadines	2,222	2,052	1,086	4	24
St. Kitts-Nevis	1,937	1,388	40	391	12
Aruba	0	2	3	21	0
The Bahamas	0	0	14	7	0
Grenada	628	264	0	0	0
Antigua Barbuda	1	0	28	85	0
Total:	1,289,746	2,105,963	2,892,429	3,374,519	4,057,189
			Percent of total		
Dominican Republic	39.25	40.55	39.67	34.95	36.95
Guatemala	11.70	16.70	16.59	18.18	17.59
Honduras	6.29	10.29	12.80	15.05	15.77
Costa Rica	21.66	19.78	16.23	12.75	12.03
El Salvador	3.03	3.67	7.18	9.76	9.67
Nicaragua	-	0.16	0.79	3.32	3.46
Jamaica	6.78	5.03	4.55	3.39	2.30
Haiti	6.97	1.27	0.47	1.07	1.01
Belize	0.41	0.67	0.51	0.45	0.41
Panama	2.18	1.00	0.52	0.56	0.30
Guyana	0.12	0.14	0.18	0.19	0.23
St. Lucia	0.62	0.22	0.25	0.13	0.13
Barbados	0.49	0.26	0.10	0.09	0.08
Trinidad & Tobago	0.09	0.06	0.10	0.07	0.06
British Virgin Islands	-	-	(1)	(1)	(1)
Netherlands Antilles	(1)	0.02	(1)	(1)	(1)
Dominica	0.02	(1)	0.01	0.04	(1)
Montserrat	-	(1)	(1)	-	(1)
St. Vincent & Grenadines	0.17	0.10	0.04	(1)	(1)
St. Kitts-Nevis	0.15	0.07	(1)	0.01	(1)
Aruba	-	(1)	(1)	(1)	-
The Bahamas	-	-	(1)	(1)	-
Grenada	0.05	0.01	-	-	-
Antigua Barbuda	(1)	-	(1)	(1)	-
Total:	100	100	100	100	100

See footnotes at end of table.

Table D-1—Continued
Leading U.S. imports (HTS 61, Articles of apparel and clothing accessories, knitted or crocheted), by source, 1990, 1992, 1994, and 1996-97

Country/Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Honduras	31,381	150,334	277,278	731,522	1,046,272
Dominican Republic	178,315	308,132	390,411	538,238	687,389
El Salvador	14,977	88,487	189,923	391,936	659,804
Jamaica	147,299	185,464	321,224	389,930	376,886
Costa Rica	96,678	162,802	209,706	270,081	357,206
Guatemala	38,775	100,615	112,173	184,357	250,383
Haiti	72,905	38,106	17,746	68,388	102,082
Nicaragua	0	35	5,816	30,433	41,448
St. Lucia	11,998	17,480	10,632	5,905	4,524
Panama	31,715	27,155	15,639	6,042	4,098
Guyana	606	1,463	2,980	1,864	1,687
Barbados	782	1,165	1,159	1,106	825
Trinidad & Tobago	219	235	819	571	806
St. Kitts-Nevis	2,366	3,400	1,242	172	693
St. Vincent & Grenadines	770	1,003	1,175	1,287	436
Belize	1,795	3,680	1,479	271	59
The Bahamas	2	33	0	2	30
British Virgin Islands	0	0	6	11	25
Netherlands Antilles	135	105	10	56	7
Antigua Barbuda	2	0	11	3	3
Dominica	2,904	330	429	81	0
Grenada	114	628	0	0	0
Aruba	19	0	0	0	0
Montserrat	0	18	0	17	0
Total:	633,756	1,090,669	1,559,858	2,622,271	3,534,664
			Percent of total		
Honduras	4.95	13.78	17.78	27.90	29.60
Dominican Republic	28.14	28.25	25.03	20.53	19.45
El Salvador	2.36	8.11	12.18	14.95	18.67
Jamaica	23.24	17.00	20.59	14.87	10.66
Costa Rica	15.25	14.93	13.44	10.30	10.11
Guatemala	6.12	9.23	7.19	7.03	7.08
Haiti	11.50	3.49	1.14	2.61	2.89
Nicaragua	-	-	0.37	1.16	1.17
St. Lucia	1.89	1.60	0.68	0.23	0.13
Panama	5.00	2.49	1.00	0.23	0.12
Guyana	0.10	0.13	0.19	0.07	0.05
Barbados	0.12	0.11	0.07	0.04	0.02
Trinidad & Tobago	0.03	0.02	0.05	0.02	0.02
St. Kitts-Nevis	0.37	0.31	0.08	0.01	0.02
St. Vincent & Grenadines	0.12	0.09	0.08	0.05	0.01
Belize	0.28	0.34	0.09	0.01	(1)
The Bahamas	(1)	(1)	-	(1)	(1)
British Virgin Islands	-	-	(1)	(1)	(1)
Netherlands Antilles	0.02	0.01	(1)	(1)	(1)
Antigua Barbuda	(1)	-	(1)	(1)	(1)
Dominica	0.46	0.03	0.03	(1)	-
Grenada	0.02	0.06	-	-	-
Aruba	(1)	-		-	-
Montserrat	-	(1)	-	(1)	-
Total:	100	100	100	100	100

See footnotes at end of table.

D-4

Table D-1—Continued
Leading U.S. imports (HTS 27, Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes), by source, 1990, 1992, 1994, and 1996-97

Country/Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Aruba	0	146,142	310,844	417,872	438,392
Trinidad & Tobago	802,058	647,891	525,961	658,105	427,230
Netherlands Antilles	395,235	541,899	329,226	492,095	385,512
Guatemala	22,821	16,282	16,696	65,728	93,268
Nicaragua	633	0	0	0	4,876
Panama	19,116	59	9,783	13,976	4,664
British Virgin Islands	0	0	0	0	3,817
Barbados	0	0	0	0	278
Jamaica	1,835	54	71	5	13
Dominican Republic	546	0	6	633	12
Dominica	0	0	0	0	2
Honduras	0	0	0	0	1
Belize	6	51	0	1,778	0
The Bahamas	111,442	121,989	49,228	8,843	0
El Salvador	15	33	16	0	0
Guyana	0	51	0	8	0
Costa Rica	2	0	0	0	0
Total:	1,353,710	1,474,451	1,241,830	1,659,041	1,358,066
			Percent of total		
Aruba	-	9.91	25.03	25.19	32.28
Trinidad & Tobago	59.25	43.94	42.35	39.67	31.46
Netherlands Antilles	29.20	36.75	26.51	29.66	28.39
Guatemala	1.69	1.10	1.34	3.96	6.87
Nicaragua	0.05	-	-	-	0.36
Panama	1.41	(1)	0.79	0.84	0.34
British Virgin Islands	-	-	-	-	0.28
Barbados	-	-	-	-	0.02
Jamaica	0.14	(1)	(1)	(1)	(1)
Dominican Republic	0.04	-	(1)	0.04	(1)
Dominica	-	-	-	-	(1)
Honduras	-	-	-	-	(1)
Belize	(1)	(1)	-	0.11	-
The Bahamas	8.23	8.27	3.96	0.53	-
El Salvador	(1)	(1)	(1)	-	-
Guyana	-	(1)	-	(1)	-
Costa Rica	(1)	-	-	-	-
Total:	100	100	100	100	100

See footnotes at end of table.

Table D-1—Continued
Leading U.S. imports (HTS 08, Edible fruit and nuts; peel of citrus fruits or melons), by source, 1990, 1992, 1994, and 1996-97

Country/Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Costa Rica	229,519	343,135	318,402	395,559	417,350
Honduras	157,189	129,392	154,851	195,559	179,340
Guatemala	121,312	142,250	158,597	181,093	170,782
Panama	15,851	14,927	41,631	76,000	67,446
Dominican Republic	15,860	14,966	10,767	20,744	23,512
Nicaragua	4	1,892	2,905	7,556	9,298
Haiti	5,619	120	3,006	5,215	7,248
Jamaica	1,144	2,297	2,610	4,665	3,716
Belize	375	484	966	1,276	2,886
El Salvador	2,992	3,117	2,559	2,616	2,727
The Bahamas	2,325	1,365	2,153	2,072	2,634
Grenada	103	180	138	299	143
Dominica	0	0	7	3	23
Trinidad & Tobago	3	6	0	5	11
St. Vincent & Grenadines	0	1	19	5	7
Barbados	1	0	0	0	5
St. Lucia	65	126	1	0	3
Antigua Barbuda	33	0	0	0	0
British Virgin Islands	0	0	0	0	0
Guyana	0	5	0	0	0
Montserrat	0	3	0	0	0
Total:	552,396	654,267	698,613	892,666	887,130
			Percent of total		
Costa Rica	41.55	52.45	45.58	44.31	47.04
Honduras	28.46	19.78	22.17	21.91	20.22
Guatemala	21.96	21.74	22.70	20.29	19.25
Panama	2.87	2.28	5.96	8.51	7.60
Dominican Republic	2.87	2.29	1.54	2.32	2.65
Nicaragua	-	0.29	0.42	0.85	1.05
Haiti	1.02	0.02	0.43	0.58	0.82
Jamaica	0.21	0.35	0.37	0.52	0.42
Belize	0.07	0.07	0.14	0.14	0.33
El Salvador	0.54	0.48	0.37	0.29	0.31
The Bahamas	0.42	0.21	0.31	0.23	0.30
Grenada	0.02	0.03	0.02	0.03	0.02
Dominica	-	-	(1)	(1)	(1)
Trinidad & Tobago	(1)	(1)	-	(1)	(1)
St. Vincent & Grenadines	-	(1)	(1)	(1)	(1)
Barbados	(1)	-	-	-	(1)
St. Lucia	0.01	0.02	(1)	-	(1)
Antigua Barbuda	(1)	-	-	-	-
British Virgin Islands	-	-	-	-	-
Guyana	-	(1)	-	-	-
Montserrat	-	(1)	-	-	-
Total:	100	100	100	100	100

See footnotes at end of table.

Table D-1—Continued
Leading U.S. imports (HTS 09, Coffee, tea, mate, and spices), by source, 1990, 1992, 1994, and 1996-97

Country/Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Guatemala	187,997	148,029	227,232	261,786	408,564
Costa Rica	46,171	59,011	58,969	85,919	138,131
El Salvador	85,696	94,215	60,315	53,151	101,238
Honduras	46,621	52,688	20,621	38,673	69,386
Dominican Republic	38,714	17,644	43,820	36,137	34,823
Nicaragua	15	2,990	2,303	6,463	17,778
Panama	7,515	7,299	5,866	13,063	14,838
Jamaica	2,361	2,604	2,620	3,569	4,210
British Virgin Islands	0	5	132	431	3,364
Grenada	333	95	383	225	596
Trinidad & Tobago	380	132	318	720	541
Haiti	125	0	0	308	441
Antigua Barbuda	43	0	3	14	152
Belize	0	2	0	37	32
Dominica	1	0	20	42	24
Barbados	0	0	0	5	10
Guyana	10	0	0	0	1
The Bahamas	1	0	0	0	0
St. Lucia	0	5	2	0	0
Aruba	0	0	2,618	0	0
Netherlands Antilles	168	0	3,911	37	0
St. Vincent & Grenadines	1	5	110	0	0
St. Kitts-Nevis	0	2	0	56	0
Total:	416,152	384,725	429,243	500,636	794,130
			Percent of total		
Guatemala	45.17	38.48	52.94	52.29	51.45
Costa Rica	11.09	15.34	13.74	17.16	17.39
El Salvador	20.59	24.49	14.05	10.62	12.75
Honduras	11.20	13.70	4.80	7.72	8.74
Dominican Republic	9.30	4.59	10.21	7.22	4.39
Nicaragua	(1)	0.78	0.54	1.29	2.24
Panama	1.81	1.90	1.37	2.61	1.87
Jamaica	0.57	0.68	0.61	0.71	0.53
British Virgin Islands	-	(1)	0.03	0.09	0.42
Grenada	0.08	0.02	0.09	0.04	0.08
Trinidad & Tobago	0.09	0.03	0.07	0.14	0.07
Haiti	0.03	-	-	0.06	0.06
Antigua Barbuda	0.01	-	(1)	(1)	0.02
Belize	-	(1)	-	(1)	(1)
Dominica	(1)	-	(1)	(1)	(1)
Barbados	-	-	-	(1)	(1)
Guyana	(1)	-	-	-	(1)
The Bahamas	(1)	-	-	-	-
St. Lucia	-	(1)	(1)	-	-
Aruba	-	-	0.61	-	-
Netherlands Antilles	0.04	-	0.91	(1)	-
St. Vincent & Grenadines	(1)	(1)	0.03	-	-
St. Kitts-Nevis	-	(1)	-	0.01	-
Total:	100	100	100	100	100

See footnotes at end of table.

Table D-1—Continued
Leading U.S. imports (HTS 85, Electric machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories), by source, 1990, 1992, 1994, and 1996-97

Country/Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Dominican Republic	96,104	165,326	228,458	247,876	316,200
Costa Rica	44,807	74,222	91,130	154,422	275,559
El Salvador	24,429	29,592	34,162	33,336	32,710
St. Kitts-Nevis	10,613	12,001	16,341	20,119	23,460
Honduras	3	11	558	12,350	18,257
Barbados	12,862	13,157	13,271	11,516	13,768
Jamaica	1,407	3,386	5,181	6,024	6,468
St. Lucia	4,194	3,487	5,540	5,833	5,634
Montserrat	373	217	905	4,031	4,743
Haiti	42,987	6,504	3,345	3,671	4,582
Grenada	235	176	0	0	3,459
Netherlands Antilles	2,092	1,665	1,712	3,011	2,651
St. Vincent & Grenadines	730	578	834	1,074	1,017
Panama	214	94	972	1,128	732
Trinidad & Tobago	340	842	1,686	615	719
Dominica	199	29	39	274	693
Nicaragua	0	0	17	428	520
British Virgin Islands	21	206	0	142	135
Guatemala	7	65	369	13	112
Guyana	90	0	29	79	97
The Bahamas	191	4	55	463	87
Antigua Barbuda	208	1,192	1,360	16	54
Belize	0	16	270	13	31
Aruba	4	4	3	26	26
Total:	242,109	312,774	406,238	506,458	711,715
			Percent of total		
Dominican Republic	39.69	52.86	56.24	48.94	44.43
Costa Rica	18.51	23.73	22.43	30.49	38.72
El Salvador	10.09	9.46	8.41	6.58	4.60
St. Kitts-Nevis	4.38	3.84	4.02	3.97	3.30
Honduras	(1)	(1)	0.14	2.44	2.57
Barbados	5.31	4.21	3.27	2.27	1.93
Jamaica	0.58	1.08	1.28	1.19	0.91
St. Lucia	1.73	1.11	1.36	1.15	0.79
Montserrat	0.15	0.07	0.22	0.80	0.67
Haiti	17.76	2.08	0.82	0.72	0.64
Grenada	0.10	0.06	-	-	0.49
Netherlands Antilles	0.86	0.53	0.42	0.59	0.37
St. Vincent & Grenadines	0.30	0.18	0.21	0.21	0.14
Panama	0.09	0.03	0.24	0.22	0.10
Trinidad & Tobago	0.14	0.27	0.42	0.12	0.10
Dominica	0.08	(1)	(1)	0.05	0.10
Nicaragua	-	-	(1)	0.08	0.07
British Virgin Islands	(1)	0.07	-	0.03	0.02
Guatemala	(1)	0.02	0.09	(1)	0.02
Guyana	0.04	-	(1)	0.02	0.01
The Bahamas	0.08	(1)	0.01	0.09	0.01
Antigua Barbuda	0.09	0.38	0.33	(1)	(1)
Belize	-	(1)	0.07	(1)	(1)
Aruba	(1)	(1)	(1)	(1)	(1)
Total:	100	100	100	100	10-0

See footnotes at end of table.

Table D-1—Continued
Leading U.S. imports (HTS 03, Fish and crustaceans, molluscs and other aquatic invertebrates), by source, 1990, 1992, 1994, and 1996-97

Country/Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Panama	62,803	68,450	80,369	85,104	112,994
Honduras	61,763	91,575	102,500	101,322	99,391
Costa Rica	41,962	34,922	44,241	57,102	73,773
Nicaragua	5,527	17,642	45,093	63,944	71,393
The Bahamas	24,554	36,119	38,427	32,686	39,099
El Salvador	12,422	16,576	23,678	39,178	30,460
Trinidad & Tobago	5,577	3,345	12,813	28,261	29,256
Guyana	13,147	16,390	19,487	25,815	28,668
Guatemala	18,183	14,783	28,389	31,069	22,137
Belize	5,042	6,142	9,124	12,102	19,369
Netherlands Antilles	790	1,861	1,567	14,125	18,884
Jamaica	3,230	6,154	9,950	10,632	8,028
Haiti	2,831	2	288	997	3,477
Barbados	50	244	957	1,806	2,433
British Virgin Islands	0	398	731	1,041	2,248
Dominican Republic	2,791	3,417	2,465	523	1,894
Grenada	80	344	1,184	1,365	1,227
Antigua Barbuda	317	115	666	309	222
St. Vincent & Grenadines	965	611	421	210	145
St. Lucia	28	22	5	139	6
Aruba	14	864	70	0	2
Dominica	0	4	87	4	0
Total:	262,078	319,978	422,515	507,734	565,105
			Percent of total		
Panama	23.96	21.39	19.02	16.76	20.00
Honduras	23.57	28.62	24.26	19.96	17.59
Costa Rica	16.01	10.91	10.47	11.25	13.05
Nicaragua	2.11	5.51	10.67	12.59	12.63
The Bahamas	9.37	11.29	9.09	6.44	6.92
El Salvador	4.74	5.18	5.60	7.72	5.39
Trinidad & Tobago	2.13	1.05	3.03	5.57	5.18
Guyana	5.02	5.12	4.61	5.08	5.07
Guatemala	6.94	4.62	6.72	6.12	3.92
Belize	1.92	1.92	2.16	2.38	3.43
Netherlands Antilles	0.30	0.58	0.37	2.78	3.34
Jamaica	1.23	1.92	2.35	2.09	1.42
Haiti	1.08	(1)	0.07	0.20	0.62
Barbados	0.02	0.08	0.23	0.36	0.43
British Virgin Islands	-	0.12	0.17	0.21	0.40
Dominican Republic	1.07	1.07	0.58	0.10	0.34
Grenada	0.03	0.11	0.28	0.27	0.22
Antigua Barbuda	0.12	0.04	0.16	0.06	0.04
St. Vincent & Grenadines	0.37	0.19	0.10	0.04	0.03
St. Lucia	0.01	(1)	(1)	0.03	(1)
Aruba	(1)	0.27	0.02	-	(1)
Dominica	-	(1)	0.02	(1)	-
Total:	100	100	100	100	100

See footnotes at end of table.

Table D-1—Continued
Leading U.S. imports (HTS 17, Sugars and sugar confectionary), by source, 1990, 1992, 1994, and 1996-97

Country/Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Dominican Republic	119,931	100,776	109,403	165,121	187,018
Guatemala	74,708	100,695	61,123	121,493	87,109
El Salvador	9,375	24,446	18,025	35,788	39,327
Nicaragua	7,332	19,996	17,951	31,911	32,269
Panama	322	2,839	392	26,287	30,843
Costa Rica	17,648	13,029	17,976	37,534	26,546
Belize	12,878	11,951	9,578	17,803	15,759
Honduras	10,306	6,459	2,039	8,199	13,912
Guyana	0	5,769	9,314	9,480	12,912
Jamaica	9,503	6,812	15,822	12,531	11,103
Trinidad & Tobago	8,307	6,597	3,836	9,435	9,115
St. Kitts-Nevis	0	3,070	1,524	0	2,968
Dominica	0	0	0	0	3
The Bahamas	0	233	0	0	0
Netherlands Antilles	25	0	2	3,522	0
Barbados	1,635	831	56	335	0
British Virgin Islands	0	0	0	391	0
Total:	271,972	303,504	267,041	479,830	468,884
			Percent of total		
Dominican Republic	44.10	33.20	40.97	34.41	39.89
Guatemala	27.47	33.18	22.89	25.32	18.58
El Salvador	3.45	8.05	6.75	7.46	8.39
Nicaragua	2.70	6.59	6.72	6.65	6.88
Panama	0.12	0.94	0.15	5.48	6.58
Costa Rica	6.49	4.29	6.73	7.82	5.66
Belize	4.74	3.94	3.59	3.71	3.36
Honduras	3.79	2.13	0.76	1.71	2.97
Guyana	-	1.90	3.49	1.98	2.75
Jamaica	3.49	2.24	5.92	2.61	2.37
Trinidad & Tobago	3.05	2.17	1.44	1.97	1.94
St. Kitts-Nevis	-	1.01	0.57	-	0.63
Dominica	-	-	-	-	(1)
The Bahamas	-	0.08	-	-	-
Netherlands Antilles	(1)	-	(1)	0.73	-
Barbados	0.60	0.27	0.02	0.07	-
British Virgin Islands	-	-	-	0.08	-
Total:	100	100	100	100	100

See footnotes at end of table.

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Table D-1—Continued
Leading U.S. imports (HTS 24, Tobacco and manufactured tobacco substitutes), by source, 1990, 1992, 1994, and 1996-97

Country/Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Dominican Republic	31,807	31,212	49,031	134,466	287,580
Honduras	13,741	18,178	18,011	47,814	79,165
Nicaragua	309	865	558	9,702	32,391
Guatemala	14,762	25,589	10,247	12,211	19,376
Jamaica	6,152	4,825	6,124	9,498	12,665
Panama	3,495	5,547	6,169	5,761	6,214
Costa Rica	396	514	3	184	1,553
Netherlands Antilles	0	0	0	0	68
Barbados	0	0	0	21	31
El Salvador	0	368	0	43	19
British Virgin Islands	0	0	2	0	7
Dominica	0	20	0	5	4
Haiti	0	0	0	0	2
Total:	70,662	87,118	90,146	219,704	439,075
			Percent of total		
Dominican Republic	45.01	35.83	54.39	61.20	65.50
Honduras	19.45	20.87	19.98	21.76	18.03
Nicaragua	0.44	0.99	0.62	4.42	7.38
Guatemala	20.89	29.37	11.37	5.56	4.41
Jamaica	8.71	5.54	6.79	4.32	2.88
Panama	4.95	6.37	6.84	2.62	1.42
Costa Rica	0.56	0.59	(1)	0.08	0.35
Netherlands Antilles	-	-	-	-	0.02
Barbados	-	-	-	(1)	(1)
El Salvador	-	0.42	-	0.02	(1)
British Virgin Islands	-	-	(1)	-	(1)
Dominica	-	0.02	-	(1)	(1)
Haiti	-	-	-	-	(1)
Total:	100	100	100	100	100

See footnotes at end of table.

D–11

Table D-1—Continued
Leading U.S. imports (HTS 90, Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof), by source, 1990, 1992, 1994, and 1996-97

Country/Source	1990	1992	1994	1996	1997
			Value (1,000 dollars)		
Dominican Republic	79,484	117,525	166,224	304,307	307,803
Costa Rica	7,447	13,589	36,820	48,446	57,425
Barbados	1,163	4,317	6,896	8,263	8,761
Trinidad & Tobago	1,368	1,733	1,977	1,798	1,634
Grenada	444	2,765	446	1,072	728
El Salvador	253	236	1,296	929	654
Panama	754	752	191	486	304
Netherlands Antilles	16	11	92	32	245
The Bahamas	0	81	16	92	64
St. Kitts-Nevis	2	274	60	73	59
St. Lucia	228	63	57	69	54
Dominica	90	41	44	48	43
Jamaica	81	389	799	323	17
Haiti	4,977	421	62	9	15
Honduras	2	6	23	45	14
Montserrat	0	25	15	19	14
Guatemala	57	11	33	8	11
Guyana	0	0	52	10	8
Belize	10	0	0	12	3
St. Vincent & Grenadines	0	9	0	5	3
British Virgin Islands	1	4	0	2	3
Aruba	0	0	8	3	2
Antigua Barbuda	0	11	7	20	0
Nicaragua	0	7	0	88	0
Total:	96,376	142,271	215,118	366,161	377,864
			Percent of total		
Dominican Republic	82.47	82.61	77.27	83.11	81.46
Costa Rica	7.73	9.55	17.12	13.23	15.20
Barbados	1.21	3.03	3.21	2.26	2.32
Trinidad & Tobago	1.42	1.22	0.92	0.49	0.43
Grenada	0.46	1.94	0.21	0.29	0.19
El Salvador	0.26	0.17	0.60	0.25	0.17
Panama	0.78	0.53	0.09	0.13	0.08
Netherlands Antilles	0.02	(1)	0.04	(1)	0.06
The Bahamas	-	0.06	(1)	0.03	0.02
St. Kitts-Nevis	(1)	0.19	0.03	0.02	0.02
St. Lucia	0.24	0.04	0.03	0.02	0.01
Dominica	0.09	0.03	0.02	0.01	0.01
Jamaica	0.08	0.27	0.37	0.09	(1)
Haiti	5.16	0.30	0.03	(1)	(1)
Honduras	(1)	(1)	0.01	0.01	(1)
Montserrat	-	0.02	(1)	(1)	(1)
Guatemala	0.06	(1)	0.02	(1)	(1)
Guyana	-	-	0.02	(1)	(1)
Belize	0.01	-	-	(1)	(1)
St. Vincent & Grenadines	-	(1)	-	(1)	(1)
British Virgin Islands	(1)	(1)	-	(1)	(1)
Aruba	-	-	(1)	(1)	(1)
Antigua Barbuda	-	(1)	(1)	(1)	-
Nicaragua	-	(1)	-	0.02	-
Total:	100	100	100	100	100

[1] Less than 0.005 percent.Source: Compiled from official statistics of the U.S. Department of Commerce.

D-12

Table D-2
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Antigua Barbuda

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
91	Clocks and watches and parts thereof	0	0	48	1,300	297
03	Fish and crustaceans, molluscs and other aquatic invertebrates	99	48	348	275	222
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	3	10	34	0	3
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	2	0	0	17	0
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0	0	0	16	0
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	83	200	356	3	0
07	Edible vegetables and certain roots and tubers	0	0	0	3	0
49	Printed books, newspapers, pictures and other printed products; manuscripts, typescripts and plans	0	0	0	2	0
41	Raw hides and skins (other than furskins) and leather	0	0	9	0	0
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	0	0	6	0	0
	Total of above	187	258	801	1,615	522
	All other	488	67	8	0	0
	Total	675	324	809	1,615	522
		Percent of total				
91	Clocks and watches and parts thereof	0.00	0.00	5.91	80.45	56.84
03	Fish and crustaceans, molluscs and other aquatic invertebrates	14.62	14.93	43.01	17.05	42.49
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	0.43	3.03	4.26	0.00	0.57
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	0.30	0.00	0.00	1.03	0.00
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.00	0.00	0.00	1.02	0.00
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	12.29	61.50	44.02	0.18	0.00
07	Edible vegetables and certain roots and tubers	0.00	0.00	0.00	0.16	0.00
49	Printed books, newspapers, pictures and other printed products; manuscripts, typescripts and plans	0.00	0.00	0.00	0.11	0.00
41	Raw hides and skins (other than furskins) and leather	0.00	0.00	1.08	0.00	0.00
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	0.00	0.00	0.72	0.00	0.00
	Total of above	27.64	79.46	99.00	100.00	100.00
	All other	72.36	20.54	1.00	0.00	0.00
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Aruba

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	0	2	0	122	62
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	0	2	3	4	45
76	Aluminum and articles thereof	0	0	0	0	23
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	4	0	0	8	12
72	Iron and steel	0	0	0	0	9
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	0	0	0	0	8
73	Articles of iron or steel	0	0	0	0	3
40	Rubber and articles thereof	0	0	0	0	2
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0	0	4	0	2
62	Articles of apparel and clothing accessories, not knitted or crocheted	0	0	3	1	1
	Total of above	4	4	10	135	165
	All other	0	6	2	3	1
	Total	4	10	12	138	166
		Percent of total				
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	0.00	22.33	0.00	88.27	37.36
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	0.00	20.00	23.69	3.23	27.16
76	Aluminum and articles thereof	0.00	0.00	0.00	0.00	13.60
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	100.00	0.00	0.00	5.44	7.01
72	Iron and steel	0.00	0.00	0.00	0.00	5.34
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	0.00	0.00	0.00	0.00	4.60
73	Articles of iron or steel	0.00	0.00	0.00	0.00	1.95
40	Rubber and articles thereof	0.00	0.00	0.00	0.00	1.27
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.00	0.00	35.96	0.00	1.06
62	Articles of apparel and clothing accessories, not knitted or crocheted	0.00	0.00	23.43	0.67	0.36
	Total of above	100.00	37.88	83.08	97.60	99.70
	All other	0.00	62.12	16.92	2.40	0.60
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, The Bahamas

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
38	Miscellaneous chemical products	291	787	5,654	15,819	18,643
08	Edible fruit and nuts; peel of citrus fruit or melons	2,305	1,365	2,153	2,072	2,634
05	Products of animal origin, nesoi	697	326	1,185	1,078	1,256
03	Fish and crustaceans, molluscs and other aquatic invertebrates	14	33	55	451	676
22	Beverages, spirits and vinegar	74	318	387	370	580
29	Organic chemicals	4,944	86,860	34,883	151	330
71	Natural or cultural pearls. precious or semiprecious stones, precious metals; precious metals clad metals; articles thereof; imitation jewelry; coin	0	0	55	23	296
39	Plastics and articles thereof	12	37	1	0	266
49	Printed books, newspapers, pictures and other printed products; manuscripts, typescripts and plans	0	0	0	131	259
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers parts and accessories	6	0	24	404	47
	Total of above	8,342	89,726	44,396	20,499	24,985
	All other	237	3,598	666	266	147
	Total	8,578	93,324	45,062	20,765	25,132
		Percent of total				
38	Miscellaneous chemical products	3.39	0.84	12.55	76.18	74.18
08	Edible fruit and nuts; peel of citrus fruit or melons	26.88	1.46	4.78	9.98	10.48
05	Products of animal origin, nesoi	8.13	0.35	2.63	5.19	5.00
03	Fish and crustaceans, molluscs and other aquatic invertebrates	0.16	0.04	0.12	2.17	2.69
22	Beverages, spirits and vinegar	0.86	0.34	0.86	1.78	2.31
29	Organic chemicals	57.63	93.07	77.41	0.73	1.31
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	0.00	0.00	0.12	0.11	1.18
39	Plastics and articles thereof	0.14	0.04	(1)	0.00	1.06
49	Printed books, newspapers, pictures and other printed products; manuscripts, typescripts and plans	0.00	0.00	0.00	0.63	1.03
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	0.07	0.00	0.05	1.95	0.19
	Total of above	97.24	96.14	98.52	98.72	99.42
	All other	2.76	3.86	1.48	1.28	0.58
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Barbados

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	11,595	10,749	12,550	11,352	13,172
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0	2,633	5,185	7,947	7,392
22	Beverages, spirits and vinegar	1,829	1,049	1,925	1,271	1,806
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	223	456	802	187	876
63	Made-up textile articles nesoi; needlecraft sets; worn clothing and worn textile articles; rags	0	37	268	1,185	680
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	67	0	37	182	198
49	Printed books, newspapers, pictures and other printed products; manuscripts, typescripts and plans	3	0	119	105	153
74	Copper and articles thereof	456	421	211	212	152
48	Paper and paperboard; articles of paper pulp, paper or paperboard	0	5	0	92	117
21	Miscellaneous edible preparations	29	33	20	55	104
	Total of above	14,202	15,382	21,118	22,588	24,649
	All other	996	96	195	500	334
	Total	15,198	15,478	21,313	23,089	24,983
		Percent of total				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	76.29	69.45	58.88	49.17	52.72
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.00	17.01	24.33	34.42	29.59
22	Beverages, spirits and vinegar	12.04	6.78	9.03	5.51	7.23
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	1.47	2.94	3.76	0.81	3.50
63	Made-up textile articles nesoi; needlecraft sets; worn clothing and worn textile articles; rags	0.00	0.24	1.26	5.13	2.72
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0.44	0.00	0.17	0.79	0.79
49	Printed books, newspapers, pictures and other printed products; manuscripts, typescripts and plans	0.02	0.00	0.56	0.46	0.61
74	Copper and articles thereof	3.00	2.72	0.99	0.92	0.61
48	Paper and paperboard; articles of paper pulp, paper or paperboard	0.00	0.03	0.00	0.40	0.47
21	Miscellaneous edible preparations	0.19	0.21	0.09	0.24	0.41
	Total of above	93.44	99.38	99.09	97.83	98.66
	All other	6.56	0.62	0.91	2.17	1.34
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Belize

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
20	Preparations of vegetables, fruit, nuts, or other parts of plants	15,394	17,541	9,375	11,696	16,131
17	Sugars and sugar confectionary	2,447	5,079	2,295	10,378	14,176
08	Edible fruit and nuts; peel of citrus fruit or melons	368	466	937	1,263	2,886
34	Soap etc.; lubricating products; waxes, polishing or scouring products; candles etc., modeling pastes; dental waxes and dental plaster preparations	0	0	0	396	332
21	Miscellaneous edible preparations	182	32	100	127	318
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	132	306	170	228	307
07	Edible vegetables and certain roots and tubers	4	0	18	72	261
69	Ceramic products	0	0	0	56	112
44	Wood and articles of wood; wood charcoal	6	59	0	34	106
89	Ships, boats and floating structures	2	0	75	52	45
	Total of above	18,536	23,482	12,969	24,302	34,677
	All other	30	250	143	458	33
	Total	18,566	23,733	13,112	24,760	34,710
		Percent of total				
20	Preparations of vegetables, fruit, nuts, or other parts of plants	82.91	73.91	71.50	47.24	46.47
17	Sugars and sugar confectionary	13.18	21.40	17.50	41.92	40.84
08	Edible fruit and nuts; peel of citrus fruit or melons	1.98	1.96	7.15	5.10	8.32
34	Soap etc.; lubricating products; waxes, polishing or scouring products; candles etc., modeling pastes; dental waxes and dental plaster preparations	0.00	0.00	0.00	1.60	0.96
21	Miscellaneous edible preparations	0.98	0.13	0.76	0.51	0.92
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	0.71	1.29	1.30	0.92	0.89
07	Edible vegetables and certain roots and tubers	0.02	0.00	0.13	0.29	0.75
69	Ceramic products	0.00	0.00	0.00	0.22	0.32
44	Wood and articles of wood; wood charcoal	0.03	0.25	0.00	0.14	0.31
89	Ships, boats and floating structures	0.01	0.00	0.57	0.21	0.13
	Total of above	99.84	98.95	98.91	98.15	99.90
	All other	0.16	1.05	1.09	1.85	0.10
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, British Virgin Islands

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
03	Fish and crustaceans, molluscs and other aquatic invertebrates	0	53	0	0	204
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	0	2	0	0	24
88	Aircraft, spacecraft, and parts thereof	0	0	0	0	10
21	Miscellaneous edible preparations	0	2	0	2	10
24	Tobacco and manufactured tobacco substitutes	0	0	0	0	7
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0	0	0	0	3
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	3	0	0	60	3
63	Made-up textile articles nesoi; needlecraft sets; worn clothing and worn textile articles; rags	0	4	0	0	3
17	Sugars and sugar confectionary	0	0	0	391	0
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	16	0	0	116	0
	Total of above	19	61	0	569	262
	All other	138	7	11	62	0
	Total	157	68	11	631	262
		Percent of total				
03	Fish and crustaceans, molluscs and other aquatic invertebrates	0.00	78.52	0.00	0.00	77.93
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	0.00	2.65	0.00	0.00	9.04
88	Aircraft, spacecraft, and parts thereof	0.00	0.00	0.00	0.00	3.81
21	Miscellaneous edible preparations	0.00	2.32	0.00	0.35	3.75
24	Tobacco and manufactured tobacco substitutes	0.00	0.00	0.00	0.00	2.54
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.00	0.00	0.00	0.00	1.01
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	1.95	0.00	0.00	9.47	0.95
63	Made-up textile articles nesoi; needlecraft sets; worn clothing and worn textile articles; rags	0.00	5.87	0.00	0.00	0.95
17	Sugars and sugar confectionary	0.00	0.00	0.00	62.05	0.00
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	9.93	0.00	0.00	18.36	0.00
	Total of above	11.89	89.35	0.00	90.23	100.00
	All other	88.11	10.65	100.00	9.77	0.00
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Costa Rica

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	15,595	49,314	67,931	128,860	222,626
08	Edible fruit and nuts; peel of citrus fruit or melons	49,595	59,997	63,736	79,548	106,886
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	3,895	7,503	46,150	48,551	50,968
07	Edible vegetables and certain roots and tubers	12,605	21,043	34,534	45,344	49,983
20	Preparations of vegetables, fruit, nuts, or other parts of plants	11,974	14,570	18,328	30,866	39,333
40	Rubber and articles thereof	1,337	621	22,618	27,176	31,342
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	9,210	12,774	21,817	28,373	29,359
02	Meat and edible meat offal	49,556	38,898	52,013	37,469	26,572
39	Plastics and articles thereof	7,133	8,440	12,401	18,179	21,382
03	Fish and crustaceans, molluscs and other aquatic invertebrates	13,313	12,240	15,953	18,263	19,684
	Total of above	174,212	225,400	355,481	462,628	598,136
	All other	44,168	69,537	122,628	194,499	148,218
	Total	218,380	294,937	478,109	657,127	746,354
		Percent of total				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	7.14	16.72	14.21	19.61	29.83
08	Edible fruit and nuts; peel of citrus fruit or melons	22.71	20.34	13.33	12.11	14.32
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	1.78	2.54	9.65	7.39	6.83
07	Edible vegetables and certain roots and tubers	5.77	7.13	7.22	6.90	6.70
20	Preparations of vegetables, fruit, nuts, or other parts of plants	5.48	4.94	3.83	4.70	5.27
40	Rubber and articles thereof	0.61	0.21	4.73	4.14	4.20
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	4.22	4.33	4.56	4.32	3.93
02	Meat and edible meat offal	22.69	13.19	10.88	5.70	3.56
39	Plastics and articles thereof	3.27	2.86	2.59	2.77	2.86
03	Fish and crustaceans, molluscs and other aquatic invertebrates	6.10	4.15	3.34	2.78	2.64
	Total of above	79.77	76.42	74.35	70.40	80.14
	All other	20.23	23.58	25.65	29.60	19.86
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Dominica

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars customs value)				
34	Soap etc.; lubricating products; waxes; polishing or scouring products; candles etc.; modeling pastes; dental waxes and dental plaster preparations	553	688	1,903	1,838	1,377
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	0	6	0	0	75
07	Edible vegetables and certain roots and tubers	0	6	17	102	49
22	Beverages, spirits and vinegar	7	0	13	0	15
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	0	0	38	52	15
21	Miscellaneous edible preparations	0	14	50	7	13
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0	87	0	0	5
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	0	0	8	0	3
09	Coffee, tea, mate and spices	0	0	0	0	3
24	Tobacco and manufactured tobacco substitutes	0	0	0	0	2
	Total of above	560	802	2,028	1,998	1,557
	All other	770	206	84	206	0
	Total	1,330	1,008	2,112	2,204	1,557
		Percent of total				
34	Soap etc.; lubricating products; waxes; polishing or scouring products; candles etc.; modeling pastes; dental waxes and dental plaster preparations	42.57	68.29	90.11	83.38	88.47
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	0.00	0.63	0.00	0.00	4.80
07	Edible vegetables and certain roots and tubers	0.00	0.56	0.81	4.61	3.16
22	Beverages, spirits and vinegar	0.55	0.00	0.60	0.00	0.96
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	0.00	0.00	1.79	2.38	0.96
21	Miscellaneous edible preparations	0.00	1.38	2.36	0.30	0.83
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0.00	8.66	0.00	0.00	0.32
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	0.00	0.00	0.36	0.00	0.16
09	Coffee, tea, mate and spices	0.00	0.00	0.00	0.00	0.16
24	Tobacco and manufactured tobacco substitutes	0.00	0.00	0.00	0.00	0.15
	Total of above	42.12	79.52	96.02	90.67	99.98
	All other	57.88	20.48	3.98	9.33	0.02
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Dominican Republic

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
24	Tobacco and manufactured tobacco substitutes	30,020	29,883	47,878	104,331	225,666
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	23,360	89,928	101,100	165,285	186,986
64	Footwear, gaiters and the like; parts of such articles	23,547	134,389	209,191	184,680	185,081
17	Sugars and sugar confectionary	62,388	85,418	46,635	113,226	141,787
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	29,304	66,469	110,969	96,725	102,078
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	53,787	45,051	72,270	46,112	84,867
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	48	24,389	27,755	29,494	36,386
39	Plastics and articles thereof	3,113	6,490	14,659	37,980	21,764
07	Edible vegetables and certain roots and tubers	9,448	8,237	7,687	16,304	17,576
20	Preparations of vegetables, fruit, nuts, or other parts of plants	7,965	11,629	9,353	20,320	17,378
	Total of above	242,981	501,883	647,496	814,459	1,019,567
	All other	68,094	65,855	103,533	117,954	116,956
	Total	311,075	567,738	751,028	932,413	1,136,523
		Percent of total				
24	Tobacco and manufactured tobacco substitutes	9.65	5.26	6.38	11.19	19.86
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	7.51	15.84	13.46	17.73	16.45
64	Footwear, gaiters and the like; parts of such articles	7.57	23.67	27.85	19.81	16.28
17	Sugars and sugar confectionary	20.06	15.05	6.21	12.14	12.48
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	9.42	11.71	14.78	10.37	8.98
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	17.29	7.94	9.62	4.95	7.47
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	0.02	4.30	3.70	3.16	3.20
39	Plastics and articles thereof	1.00	1.14	1.95	4.07	1.92
07	Edible vegetables and certain roots and tubers	3.04	1.45	1.02	1.75	1.55
20	Preparations of vegetables, fruit, nuts, or other parts of plants	2.56	2.05	1.25	2.18	1.53
	Total of above	78.11	88.40	86.21	87.35	89.71
	All other	21.89	11.60	13.79	12.65	10.29
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, El Salvador

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
17	Sugars and sugar confectionary	7,553	10,211	4,328	34,380	37,923
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	8,576	1,481	7,062	8,687	8,193
22	Beverages, spirits and vinegar	97	2,816	10,942	15,067	7,094
76	Aluminum and articles thereof	40	171	1,225	2,405	4,408
48	Paper and paperboard; articles of paper pulp, paper or paperboard	271	1,689	2,711	6,141	3,855
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	0	177	5	3,163	3,545
07	Edible vegetables and certain roots and tubers	2,350	2,421	1,299	3,286	2,845
08	Edible fruit and nuts; peel of citrus fruit or melons	2,845	3,008	2,044	2,437	2,360
62	Articles of apparel and clothing accessories, not knitted or crocheted	3	73	5,024	7,637	2,199
44	Wood and articles of wood; wood charcoal	152	191	840	1,336	1,358
	Total of above	21,888	22,237	35,480	84,539	73,779
	All other	6,425	5,012	5,645	6,715	8,020
	Total	28,313	27,249	41,126	91,254	81,799
		Percent of total				
17	Sugars and sugar confectionary	26.68	37.47	10.52	37.68	46.36
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	30.29	5.43	17.17	9.52	10.02
22	Beverages, spirits and vinegar	0.34	10.33	26.61	16.51	8.67
76	Aluminum and articles thereof	0.14	0.63	2.98	2.64	5.39
48	Paper and paperboard; articles of paper pulp, paper or paperboard	0.96	6.20	6.59	6.73	4.71
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	0.00	0.65	0.01	3.47	4.33
07	Edible vegetables and certain roots and tubers	8.30	8.88	3.16	3.60	3.48
08	Edible fruit and nuts; peel of citrus fruit or melons	10.05	11.04	4.97	2.67	2.89
62	Articles of apparel and clothing accessories, not knitted or crocheted	0.01	0.27	12.22	8.37	2.69
44	Wood and articles of wood; wood charcoal	0.54	0.70	2.04	1.46	1.66
	Total of above	77.31	81.61	86.27	92.64	90.20
	All other	22.69	18.39	13.73	7.36	9.80
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Grenada

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars customs value)				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	205	176	0	0	3,459
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	3	285	235	603	438
08	Edible fruit and nuts; peel of citrus fruit or melons	4	156	125	286	123
22	Beverages, spirits and vinegar	3	0	0	9	22
48	Paper and paperboard; articles of paper pulp, paper or paperboard	0	0	48	39	11
03	Fish and crustaceans, molluscs and other aquatic invertebrates	11	0	15	51	9
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1,703	0	261	2	4
21	Miscellaneous edible preparations	14	0	0	5	2
07	Edible vegetables and certain roots and tubers	21	5	2	5	2
39	Plastics and articles thereof	569	435	72	6	0
	Total of above	2,532	1,056	758	1,007	4,071
	All other	276	25	10	0	0
	Total	2,808	1,081	768	1,007	4,071
		Percent of total				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	7.30	16.30	0.00	0.00	84.97
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.11	26.33	30.59	59.90	10.76
08	Edible fruit and nuts; peel of citrus fruit or melons	0.15	14.44	16.29	28.38	3.03
22	Beverages, spirits and vinegar	0.10	0.00	0.00	0.93	0.55
48	Paper and paperboard; articles of paper pulp, paper or paperboard	0.00	0.00	6.20	3.90	0.27
03	Fish and crustaceans, molluscs and other aquatic invertebrates	0.39	0.00	1.96	5.07	0.23
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	60.63	0.00	34.02	0.24	0.10
21	Miscellaneous edible preparations	0.50	0.00	0.00	0.45	0.04
07	Edible vegetables and certain roots and tubers	0.74	0.45	0.23	0.53	0.04
39	Plastics and articles thereof	20.26	40.20	9.41	0.60	0.00
	Total of above	90.18	97.72	98.69	100.00	100.00
	All other	9.82	2.28	1.31	0.00	0.00
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Guatemala

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
17	Sugars and sugar confectionary	36,093	60,679	33,531	103,601	77,738
08	Edible fruit and nuts; peel of citrus fruit or melons	12,046	13,795	21,394	28,038	32,060
07	Edible vegetables and certain roots and tubers	27,878	37,115	37,627	31,216	29,635
24	Tobacco and manufactured tobacco substitutes	14,129	25,457	10,247	10,983	19,299
34	Soap etc.; lubricating products; waxes, polishing or scouring products; candles etc., modeling pastes; dental waxes and dental plaster preparations	9	258	1,548	13,866	17,169
29	Organic chemicals	5,914	46	4,569	13,661	14,293
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	3,100	6,636	8,469	11,895	13,021
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	82	862	2,474	8,971	8,729
69	Ceramic products	91	103	4,106	9,244	8,074
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	4	0	176	6,912	5,941
	Total of above	99,345	144,951	124,142	238,387	225,960
	All other	54,860	48,004	47,240	41,380	44,309
	Total	154,205	192,955	171,381	279,768	270,268
		Percent of total				
17	Sugars and sugar confectionary	23.41	31.45	19.57	37.03	28.76
08	Edible fruit and nuts; peel of citrus fruit or melons	7.81	7.15	12.48	10.02	11.86
07	Edible vegetables and certain roots and tubers	18.08	19.23	21.96	11.16	10.97
24	Tobacco and manufactured tobacco substitutes	9.16	13.19	5.98	3.93	7.14
34	Soap etc.; lubricating products; waxes, polishing or scouring products; candles etc., modeling pastes; dental waxes and dental plaster preparations	0.01	0.13	0.90	4.96	6.35
29	Organic chemicals	3.84	0.02	2.67	4.88	5.29
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	2.01	3.44	4.94	4.25	4.82
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	0.05	0.45	1.44	3.21	3.23
69	Ceramic products	0.06	0.05	2.40	3.30	2.99
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	(1)	0.00	0.10	2.47	2.20
	Total of above	64.42	75.12	72.44	85.21	83.61
	All other	35.58	24.88	27.56	14.79	16.39
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Guyana

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
44	Wood and articles of wood; wood charcoal	0	0	2,556	22,884	13,294
17	Sugars and sugar confectionary	0	0	9,314	6,627	12,912
03	Fish and crustaceans, molluscs and other aquatic invertebrates	75	458	600	2,140	1,206
73	Articles of iron or steel	14	0	16	32	360
29	Organic chemicals	283	165	384	271	325
22	Beverages, spirits and vinegar	16	216	135	64	175
19	Preparations of cereals, flour, starch or milk; bakers' wares	0	0	0	67	72
10	Cereals	0	0	0	0	68
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	55	113	51	95	52
72	Iron and steel	0	0	0	0	8
	Total of above	443	952	13,056	32,181	28,471
	All other	79	250	43	104	41
	Total	521	1,202	13,100	32,285	28,512
		Percent of total				
44	Wood and articles of wood; wood charcoal	0.00	0.00	19.51	70.88	46.62
17	Sugars and sugar confectionary	0.00	0.00	71.10	20.53	45.29
03	Fish and crustaceans, molluscs and other aquatic invertebrates	14.34	38.13	4.58	6.63	4.23
73	Articles of iron or steel	2.66	0.00	0.12	0.10	1.26
29	Organic chemicals	54.39	13.77	2.93	0.84	1.14
22	Beverages, spirits and vinegar	2.99	17.94	1.03	0.20	0.61
19	Preparations of cereals, flour, starch or milk; bakers' wares	0.00	0.00	0.00	0.21	0.25
10	Cereals	0.00	0.00	0.00	0.00	0.24
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	10.54	9.37	0.39	0.29	0.18
72	Iron and steel	0.00	0.00	0.00	0.00	0.03
	Total of above	84.92	79.20	99.67	99.68	99.86
	All other	15.08	20.80	0.33	0.32	0.14
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Haiti

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
08	Edible fruit and nuts; peel of citrus fruit or melons	4,102	120	2,723	5,045	6,910
41	Raw hides and skins (other than furskins) and leather	164	764	829	5,042	5,265
61	Articles of apparel and clothing accessories, knitted or crocheted	90	1,484	1,886	2,862	3,809
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	27,659	5,853	2,616	3,178	3,587
73	Articles of iron or steel	89	395	680	1,967	1,885
70	Glass and glassware	35	311	216	471	1,386
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	133	905	463	2,059	1,269
95	Toys, games and sports equipment; parts and accessories thereof	23,320	4,656	2,971	2,376	1,123
62	Articles of apparel and clothing accessories, not knitted or crocheted	326	714	505	1,830	1,068
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	430	630	538	845	891
	Total of above	56,348	15,831	13,427	25,675	27,193
	All other	7,457	3,319	2,343	4,548	4,001
	Total	63,804	19,151	15,770	30,223	31,194
		Percent of total				
08	Edible fruit and nuts; peel of citrus fruit or melons	6.43	0.63	17.27	16.69	22.15
41	Raw hides and skins (other than furskins) and leather	0.26	3.99	5.26	16.68	16.88
61	Articles of apparel and clothing accessories, knitted or crocheted	0.14	7.75	11.96	9.47	12.21
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	43.35	30.56	16.59	10.52	11.50
73	Articles of iron or steel	0.14	2.06	4.31	6.51	6.04
70	Glass and glassware	0.05	1.62	1.37	1.56	4.44
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkworm gut)	0.21	4.73	2.93	6.81	4.07
95	Toys, games and sports equipment; parts and accessories thereof	36.55	24.31	18.84	7.86	3.60
62	Articles of apparel and clothing accessories, not knitted or crocheted	0.51	3.73	3.20	6.06	3.42
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	0.67	3.29	3.41	2.80	2.86
	Total of above	88.31	82.67	85.14	84.95	87.17
	All other	11.69	17.33	14.86	15.05	12.83
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Honduras

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars customs value)				
24	Tobacco and manufactured tobacco substitutes	13,369	17,955	17,549	44,647	75,221
08	Edible fruit and nuts; peel of citrus fruit or melons	8,571	14,040	20,590	27,186	32,802
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	1,429	6,065	11,255	22,675	27,617
62	Articles of apparel and clothing accessories, not knitted or crocheted	1	0	4,201	19,044	24,479
64	Footwear, gaiters and the like; parts of such articles	0	0	9,772	15,736	20,889
17	Sugars and sugar confectionary	0	5,614	1,639	8,199	11,592
39	Plastics and articles thereof	2,145	3,396	5,095	8,886	10,342
02	Meat and edible meat offal	24,410	39,311	38,713	11,959	10,265
20	Preparations of vegetables, fruit, nuts, or other parts of plants	4,847	6,010	5,183	12,657	9,308
44	Wood and articles of wood; wood charcoal	3,302	2,529	3,311	9,253	8,163
	Total of above	58,075	94,919	117,308	180,243	230,679
	All other	9,816	17,593	22,530	27,046	33,135
	Total	67,891	112,512	139,838	207,289	263,814
		Percent of total				
24	Tobacco and manufactured tobacco substitutes	19.69	15.96	12.55	21.54	28.51
08	Edible fruit and nuts; peel of citrus fruit or melons	12.62	12.48	14.72	13.12	12.43
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	2.11	5.39	8.05	10.94	10.47
62	Articles of apparel and clothing accessories, not knitted or crocheted	(1)	0.00	3.00	9.19	9.28
64	Footwear, gaiters and the like; parts of such articles	0.00	0.00	6.99	7.59	7.92
17	Sugars and sugar confectionary	0.00	4.99	1.17	3.96	4.39
39	Plastics and articles thereof	3.16	3.02	3.64	4.29	3.92
02	Meat and edible meat offal	35.96	34.94	27.68	5.77	3.89
20	Preparations of vegetables, fruit, nuts, or other parts of plants	7.14	5.34	3.71	6.11	3.53
44	Wood and articles of wood; wood charcoal	4.86	2.25	2.37	4.46	3.09
	Total of above	85.54	84.36	83.89	86.95	87.44
	All other	14.46	15.64	16.11	13.05	12.56
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Jamaica

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
22	Beverages, spirits and vinegar	29,701	18,323	37,834	40,519	28,370
24	Tobacco and manufactured tobacco substitutes	5,737	4,099	5,844	9,288	12,040
07	Edible vegetables and certain roots and tubers	4,703	5,623	7,853	7,903	8,043
17	Sugars and sugar confectionary	8,953	6,812	1,115	12,531	6,441
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	542	1,630	2,502	5,708	5,325
21	Miscellaneous edible preparations	968	2,109	2,533	3,855	3,714
08	Edible fruit and nuts; peel of citrus fruit or melons	1,036	2,162	2,459	4,459	3,589
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, nesoi	19	490	94	1,354	1,202
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	837	1,656	1,878	1,854	973
41	Raw hides and skins (other than furskins) and leather	0	0	31	899	764
	Total of above	52,497	42,904	62,141	88,369	70,460
	All other	8,192	5,252	7,175	7,596	4,056
	Total	60,689	48,156	69,316	95,965	74,515
		Percent of total				
22	Beverages, spirits and vinegar	48.94	38.05	54.58	42.22	38.07
24	Tobacco and manufactured tobacco substitutes	9.45	8.51	8.43	9.68	16.16
07	Edible vegetables and certain roots and tubers	7.75	11.68	11.33	8.24	10.79
17	Sugars and sugar confectionary	14.75	14.15	1.61	13.06	8.64
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	0.89	3.38	3.61	5.95	7.15
21	Miscellaneous edible preparations	1.60	4.38	3.65	4.02	4.98
08	Edible fruit and nuts; peel of citrus fruit or melons	1.71	4.49	3.55	4.65	4.82
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, nesoi	0.03	1.02	0.14	1.41	1.61
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	1.38	3.44	2.71	1.93	1.31
41	Raw hides and skins (other than furskins) and leather	0.00	0.00	0.04	0.94	1.03
	Total of above	86.50	89.09	89.65	92.08	94.56
	All other	13.50	10.91	10.35	7.92	5.44
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Montserrat

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars customs value)				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	0	0	884	3,962	4,679
62	Articles of apparel and clothing accessories, not knitted or crocheted	0	0	1	0	0
22	Beverages, spirits and vinegar	0	41	0	0	0
	Total	0	41	886	3,962	4,679
		Percent of total				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	0.00	0.00	99.84	100.00	100.00
62	Articles of apparel and clothing accessories, not knitted or crocheted	0.00	0.00	0.16	0.00	0.00
22	Beverages, spirits and vinegar	0.00	100.00	0.00	0.00	0.00
	Total	0.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Netherlands Antilles

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
35	Albuminoidal substances; modified starches; glues; enzymes	1,900	1,051	75	637	1,546
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	1,741	1,461	1,368	2,302	1,468
34	Soap etc.; lubricating products; waxes, polishing or scouring products; candles etc., modeling pastes; dental waxes and dental plaster preparations	23	0	34	261	314
48	Paper and paperboard; articles of paper pulp, paper or paperboard	21	166	841	945	213
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	3	6	247	134	136
24	Tobacco and manufactured tobacco substitutes	0	0	0	0	60
37	Photographic or cinematographic goods	0	0	0	0	42
76	Aluminum and articles thereof	0	0	0	0	19
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0	0	51	9	15
22	Beverages, spirits and vinegar	0	0	0	7	14
	Total of above	3,688	2,684	2,617	4,295	3,826
	All other	830	280	597	62	36
	Total	4,518	2,964	3,214	4,357	3,862
		Percent of total				
35	Albuminoidal substances; modified starches; glues; enzymes	42.05	35.45	2.33	14.62	40.03
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	38.54	49.30	42.57	52.83	38.01
34	Soap etc.; lubricating products; waxes, polishing or scouring products; candles etc., modeling pastes; dental waxes and dental plaster preparations	0.51	0.00	1.06	6.00	8.13
48	Paper and paperboard; articles of paper pulp, paper or paperboard	0.46	5.60	26.17	21.70	5.53
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0.07	0.20	7.69	3.08	3.52
24	Tobacco and manufactured tobacco substitutes	0.00	0.00	0.00	0.00	1.54
37	Photographic or cinematographic goods	0.00	0.00	0.00	0.00	1.09
76	Aluminum and articles thereof	0.00	0.00	0.00	0.00	0.48
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.00	0.00	1.60	0.20	0.39
22	Beverages, spirits and vinegar	0.00	0.00	0.00	0.15	0.36
	Total of above	81.63	90.55	81.43	98.58	99.07
	All other	18.37	9.45	18.57	1.42	0.93
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Nicaragua

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars customs value)				
17	Sugars and sugar confectionary	0	19,492	12,059	31,911	32,269
24	Tobacco and manufactured tobacco substitutes	78	863	558	9,364	31,383
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	0	1,111	9,863	37,215	26,264
02	Meat and edible meat offal	0	13,754	48,402	22,271	25,688
03	Fish and crustaceans, molluscs and other aquatic invertebrates	23	2,004	4,358	4,939	6,122
08	Edible fruit and nuts; peel of citrus fruit or melons	0	1,886	2,874	3,164	4,284
69	Ceramic products	0	17	73	1,532	2,116
07	Edible vegetables and certain roots and tubers	0	49	1,410	824	2,040
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0	0	38	632	1,665
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	0	0	0	2,555	1,060
	Total of above	101	39,176	79,634	114,407	132,891
	All other	73	843	920	1,600	2,449
	Total	174	40,018	80,554	116,007	135,340
		Percent of total				
17	Sugars and sugar confectionary	0.00	48.71	14.97	27.51	23.84
24	Tobacco and manufactured tobacco substitutes	44.49	2.16	0.69	8.07	23.19
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	0.00	2.78	12.24	32.08	19.41
02	Meat and edible meat offal	0.00	34.37	60.09	19.20	18.98
03	Fish and crustaceans, molluscs and other aquatic invertebrates	13.36	5.01	5.41	4.26	4.52
08	Edible fruit and nuts; peel of citrus fruit or melons	0.00	4.71	3.57	2.73	3.17
69	Ceramic products	0.00	0.04	0.09	1.32	1.56
07	Edible vegetables and certain roots and tubers	0.00	0.12	1.75	0.71	1.51
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0.00	0.00	0.05	0.54	1.23
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	0.00	0.00	0.00	2.20	0.78
	Total of above	57.86	97.89	98.86	98.62	98.19
	All other	42.14	2.11	1.14	1.38	1.81
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Panama

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
17	Sugars and sugar confectionary	19	1,418	222	12,124	28,278
03	Fish and crustaceans, molluscs and other aquatic invertebrates	2,986	5,624	10,201	12,243	19,301
08	Edible fruit and nuts; peel of citrus fruit or melons	1,340	4,847	4,415	5,194	7,272
24	Tobacco and manufactured tobacco substitutes	3,421	5,412	6,169	5,761	6,109
96	Miscellaneous manufactured articles	399	930	2,516	3,923	4,734
29	Organic chemicals	0	0	1,012	2,771	3,841
39	Plastics and articles thereof	294	85	306	1,096	2,886
07	Edible vegetables and certain roots and tubers	122	468	1,275	2,504	2,785
76	Aluminum and articles thereof	0	0	0	241	1,110
21	Miscellaneous edible preparations	0	400	715	688	767
	Total of above	8,582	19,184	26,833	46,545	77,085
	All other	3,794	4,568	8,308	4,807	3,979
	Total	12,375	23,753	35,141	51,352	81,064
		Percent of total				
17	Sugars and sugar confectionary	0.16	5.97	0.63	23.61	34.88
03	Fish and crustaceans, molluscs and other aquatic invertebrates	24.13	23.68	29.03	23.84	23.81
08	Edible fruit and nuts; peel of citrus fruit or melons	10.83	20.41	12.57	10.11	8.97
24	Tobacco and manufactured tobacco substitutes	27.64	22.79	17.56	11.22	7.54
96	Miscellaneous manufactured articles	3.23	3.91	7.16	7.64	5.84
29	Organic chemicals	0.00	0.00	2.88	5.40	4.74
39	Plastics and articles thereof	2.37	0.36	0.87	2.13	3.56
07	Edible vegetables and certain roots and tubers	0.99	1.97	3.63	4.88	3.44
76	Aluminum and articles thereof	0.00	0.00	0.00	0.47	1.37
21	Miscellaneous edible preparations	0.00	1.68	2.04	1.34	0.95
	Total of above	69.35	80.77	76.36	90.64	95.09
	All other	30.65	19.23	23.64	9.36	4.91
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, St. Kitts-Nevis

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	10,030	9,359	15,193	18,887	20,905
17	Sugars and sugar confectionary	0	3,070	1,524	0	2,968
96	Miscellaneous manufactured articles	62	121	249	136	286
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0	1,264	144	133	248
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	0	0	43	26	176
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0	130	42	59	25
34	Soap etc.; lubricating products; waxes, polishing or scouring products; candles etc., modeling pastes; dental waxes and dental plaster preparations	0	15	0	0	11
93	Arms and ammunition; parts and accessories thereof	0	0	0	0	9
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	0	1	0	0	7
64	Footwear, gaiters and the like; parts of such articles	0	0	0	0	1
	Total of above	10,092	13,958	17,195	19,240	24,635
	All other	44	214	24	1	1
	Total	10,136	14,172	17,220	19,241	24,636
		Percent of total				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	98.95	66.03	88.23	98.16	84.86
17	Sugars and sugar confectionary	0.00	21.66	8.85	0.00	12.05
96	Miscellaneous manufactured articles	0.61	0.85	1.45	0.71	1.16
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0.00	8.92	0.83	0.69	1.01
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	0.00	0.00	0.25	0.13	0.72
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	0.00	0.92	0.24	0.31	0.10
34	Soap etc.; lubricating products; waxes, polishing or scouring products; candles etc., modeling pastes; dental waxes and dental plaster preparations	0.00	0.11	0.00	0.00	0.04
93	Arms and ammunition; parts and accessories thereof	0.00	0.00	0.00	0.00	0.04
94	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	0.00	(1)	0.00	0.00	0.03
64	Footwear, gaiters and the like; parts of such articles	0.00	0.00	0.00	0.00	0.00
	Total of above	99.56	98.49	99.86	99.99	100.00
	All other	0.44	1.51	0.14	0.01	0.00
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, St. Lucia

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	2,800	3,193	5,125	4,881	4,431
63	Made-up textile articles nesoi; needlecraft sets; worn clothing and worn textile articles; rags	222	219	307	464	282
39	Plastics and articles thereof	12	171	332	1,571	264
49	Printed books, newspapers, pictures and other printed products; manuscripts, typescripts and plans	0	0	1	0	100
07	Edible vegetables and certain roots and tubers	0	14	10	12	65
96	Miscellaneous manufactured articles	0	0	0	15	32
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus: parts and accessories thereof	39	60	53	52	23
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0	0	1	4	21
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0	14	22	0	15
21	Miscellaneous edible preparations	0	0	2	22	13
	Total of above	3,072	3,671	5,853	7,020	5,246
	All other	479	286	224	109	17
	Total	3,552	3,957	6,077	7,129	5,263
		Percent of total				
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	78.82	80.70	84.33	68.46	84.19
63	Made-up textile articles nesoi; needlecraft sets; worn clothing and worn textile articles; rags	6.24	5.53	5.05	6.51	5.35
39	Plastics and articles thereof	0.33	4.33	5.46	22.04	5.02
49	Printed books, newspapers, pictures and other printed products; manuscripts, typescripts and plans	0.00	0.00	0.02	0.00	1.90
07	Edible vegetables and certain roots and tubers	0.00	0.36	0.17	0.17	1.24
96	Miscellaneous manufactured articles	0.00	0.00	0.00	0.20	0.61
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus: parts and accessories thereof	1.11	1.51	0.87	0.73	0.44
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0.00	0.00	0.01	0.05	0.41
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	0.00	0.35	0.37	0.00	0.28
21	Miscellaneous edible preparations	0.00	0.00	0.03	0.31	0.24
	Total of above	86.50	92.78	96.31	98.47	99.68
	All other	13.50	7.22	3.69	1.53	0.32
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, St. Vincent and the Grenadines

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof: imitation jewelry; coin	0	0	1,230	3,364	1,716
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	15	74	0	192	634
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	7	0	11	4	9
08	Edible fruit and nuts; peel of citrus fruit or melons	0	1	18	5	7
07	Edible vegetables and certain roots and tubers	67	0	25	10	3
21	Miscellaneous edible preparations	0	2	0	0	3
62	Articles of apparel and clothing accessories, not knitted or crocheted	0	0	7	4	0
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0	0	0	1	0
74	Copper and articles thereof	0	0	4	0	0
03	Fish and crustaceans, molluscs and other aquatic invertebrates	0	14	3	0	0
	Total of above	89	91	1,297	3,580	2,373
	All other	1,429	74	2	0	0
	Total	1,518	165	1,299	3,580	2,373
		Percent of total				
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	0.00	0.00	94.74	93.97	72.33
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	0.99	44.70	0.00	5.35	26.73
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0.44	0.00	0.83	0.11	0.39
08	Edible fruit and nuts; peel of citrus fruit or melons	0.00	0.80	1.37	0.14	0.28
07	Edible vegetables and certain roots and tubers	4.41	0.00	1.91	0.27	0.14
21	Miscellaneous edible preparations	0.00	1.30	0.00	0.00	0.13
62	Articles of apparel and clothing accessories, not knitted or crocheted	0.00	0.00	0.51	0.12	0.00
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	0.00	0.00	0.00	0.04	0.00
74	Copper and articles thereof	0.00	0.00	0.31	0.00	0.00
03	Fish and crustaceans, molluscs and other aquatic invertebrates	0.00	8.53	0.22	0.00	0.00
	Total of above	5.84	55.32	99.88	100.00	100.00
	All other	94.16	44.68	0.12	0.00	0.00
	Total	100.00	100.00	100.00	100.00	100.00

See footnote at end of table.

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Table D-2—Continued
Leading U.S. import categories for consumption under CBERA provisions, by source, 1990, 1992, 1994, and 1996-97, Trinidad and Tobago

HTS item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
29	Organic chemicals	6,134	7,616	54,814	67,144	90,596
72	Iron and steel	19,472	24,243	67,375	69,832	80,496
17	Sugars and sugar confectionary	8,240	6,473	3,828	5,328	8,707
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	27	0	0	11,262	8,075
74	Copper and articles thereof	543	317	333	3,413	6,241
03	Fish and crustaceans, molluscs and other aquatic invertebrates	754	186	3,829	7,064	5,165
22	Beverages, spirits and vinegar	450	828	859	1,371	5,067
40	Rubber and articles thereof	0	0	0	1,189	4,714
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	0	0	923	6,115	3,194
48	Paper and paperboard; articles of paper pulp, paper or paperboard	0	0	27	1,841	2,403
	Total of above	35,620	39,664	131,987	174,558	214,657
	All other	2,654	5,031	10,914	10,337	11,587
	Total	38,274	44,695	142,901	184,895	226,244
		Percent of total				
29	Organic chemicals	16.03	17.04	38.36	36.31	40.04
72	Iron and steel	50.87	54.24	47.15	37.77	35.58
17	Sugars and sugar confectionary	21.53	14.48	2.68	2.88	3.85
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.07	0.00	0.00	6.09	3.57
74	Copper and articles thereof	1.42	0.71	0.23	1.85	2.76
03	Fish and crustaceans, molluscs and other aquatic invertebrates	1.97	0.42	2.68	3.82	2.28
22	Beverages, spirits and vinegar	1.18	1.85	0.60	0.74	2.24
40	Rubber and articles thereof	0.00	0.00	0.00	0.64	2.08
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	0.00	0.00	0.65	3.31	1.41
48	Paper and paperboard; articles of paper pulp, paper or paperboard	0.00	0.00	0.02	1.00	1.06
	Total of above	93.07	88.74	92.36	94.41	94.88
	All other	6.94	11.26	7.64	5.59	5.12
	Total	100.00	100.00	100.00	100.00	100.00

[1] Less than 0.005 percent.

Note.—Because of rounding, figures may not add to the totals shown. The abbreviation, nesi, stands for "not elsewhere specified or included."

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

Table D-3
Leading U.S. imports for consumption entered under CBERA, by source, 1996-97

Source	HTS number	Description	1996	1997	Change, 1996-97
			Value		*Percent*
Antigua Barbuda	9114.90.30	Assemblies and subassemblies for clock movements consisting or 2 or more pieces of parts fastened or joined inseparably together	$1,299,600	$296,687	-77.17
	0302.26.40	Fish, nesi, excl. fillets, livers and roes, fresh or chilled, not scaled, or in immediate containers weighing over 6.9 kg	275,389	221,759	-19.47
Total			1,574,989	518,446	-67.08
Aruba	7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof whether or not plated or clad with precious metal, nesoi	4,455	39,173	779.30
	3305.10.00	Shampoos	59,513	36,296	-39.01
	3305.90.00	Preparations for use on the hair, nesoi	62,323	25,676	-58.80
	7607.19.10	Aluminum, etched capacitor foil, w/thickness n/o 0.2 mm, not rolled or rolled and further worked, not backed	-	22,550	(1)
	7217.20.75	Iron/nonalloy steel, wire (other than flat or round), w/0.25% or more of carbon, plated or coated with zinc	-	8,862	(1)
Total			126,291	132,557	4.96
The Bahamas	3812.30.60	Antioxidizing prep & oth compound stabilizers for rubber/plastics cont any aromatic or modified aromatic antioxidant or o/stabilizer, nesoi	15,795,301	18,623,418	17.90
	0509.00.00	Natural sponges of animal origin	1,077,927	1,256,054	16.52
Total			16,873,228	19,879,472	17.82
Barbados	8533.31.00	Electrical wirewound variable resistors, including rheostats and potentiometers, for a power handling capacity not exceeding 20W	9,233,574	9,367,744	1.45
	9032.89.60	Automatic regulating or controlling instruments and apparatus, nesi	5,531,639	4,241,349	-23.33
	9030.90.88	Parts and accessories for articles of subheadings 9030.20 to 9030.40, 9030.83 and 9030.89, nesoi	(2)	3 1,683,448	(1)
	2208.40.80	Rum and tafia, in containers each holding over 4 liters, valued over $0.69/ proof liter	(4)	4 620,155	(1)
	2208.40.00	Rum and tafia	5 1,221,127	5 581,824	-52.35
Total			15,986,340	16,404,520	3.18
Belize	2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	11,690,581	16,055,901	37.34
	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add, US 5 to Ch. 17	4,293,357	10,113,903	135.57
Total			15,983,938	26,169,804	63.73

See footnotes at end of table.

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Table D-3—Continued
Leading U.S. imports for consumption entered under CBERA, by source, 1996-97

Source	HTS number	Description	1996	1997	Change, 1996-97
			Value		Percent
British Virgin Islands	0303.79.40	Fish, nesi, frozen, excluding fillets, other meat portions, livers and roes	-	107,769	(1)
	0303.77.00	Sea bass, frozen, excluding fillets, other meat portions, livers and roes	-	96,585	(1)
Total			0	204,354	(1)
Costa Rica	0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	33,886,883	64,719,461	90.99
	8571.90.36	Printed circuit assemblies for telephonic switching or terminal apparatus (other than telephone sets)	35,906,188	55,119,175	53.51
	8517.90.24	Parts of electrical telephonic switching or terminal apparatus, incorporating printed circuited assemblies	225,680	48,758,641	(2)
	7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi	43,984,467	46,949,244	6.74
	8516.31.00	Electrothermic hair dryers	36,829,628	39,273,496	6.64
	4016.93.50	Gaskets, washers and other seals, of noncellular vulcanized rubber other than hard rubber	25,839,099	28,802,642	11.47
	8533.40.80	Electrical variable resistors, other than wirewound, including rheostats and potentiometers	12,591,404	26,057,855	106.95
	0807.19.20	Cantaloupes, fresh, if entered during the periods from January 1 through July 31 or September to December 31, inclusive	27,720,844	19,555,957	-29.45
	0302.69.40	Fish, nesi, excl. fillets, livers and roes, fresh or chilled, not scaled, or scaled in immediate containers weighing over 6.8 kg	17,664,625	18,779,932	6.31
	2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	10,840,268	18,095,766	66.93
Total			245,489,086	366,112,169	49.14
Dominica	3401.11.50	Soap, nesoi; organic surface-active products used as soap, in bars, cakes, pieces, soap-impregnated paper, wadding, felt, for toilet use	1,784,505	1,161,559	-34.91
	3401.19.00	Soap; organic surface-active products used as soap, in bars, cakes, pieces; soap-impregnated paper, wadding, felt, not for toilet use	-	113,761	(6)
Total			1,784,505	1,275,320	-28.53
Dominican Republic	2402.10.80	Cigars, cheroots and cigarillos containing tobacco, each valued 23 cents or over	100,726,885	217,398,328	115.83
	6406.10.65	Uppers & pts. thereof for footwear, nesoi, of leather	176,028,820	176,271,120	0.14
	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US to Ch. 17	103,807,889	130,837,023	26.04
	7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi	87,124,008	89,605,050	2.85
	9018.90.80	Instruments and appliances used in medical, surgical, dental or veterinary sciences, nesi, and parts and accessories thereof	43,981,551	83,715,927	90.34
	8536.20.00	Automatic circuit breakers, for a voltage not exceeding 1,000 V	33,975,205	44,357,705	30.56

See footnotes at end of table.

Table D-3—Continued
Leading U.S. imports for consumption entered under CBERA, by source, 1996-97

Source	HTS number	Description	1996	1997	Change, 1996-97
			Value		*Percent*
Dominican Republic (contd)	8538.90.80	Other parts nesi, suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537	40,416,955	41,249,933	2.06
	4202.12.80	Trunks, suitcases, vanity & attache cases, occupational luggage and similar containers, with outer surface or textile materials nesi	12,848,596	18,454,875	43.63
	8536.49.00	Relays for switching, protecting or making connections to or in electrical circuits, for a voltage exceeding 60 but not exceeding 1,000V	4,371,924	15,428,786	252.91
	2203.00.00	Beer made from malt	7,459,201	13,755,587	84.41
Total			610,741,034	831,074,334	36.08
El Salvador	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to Ch. 17	24,654,142	22,316,065	-9.48
	1701.11.20	Cane sugar, raw, in solid form, to be used for certain polyhydric alcohols	4,480,494	11,713,876	161.44
	2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for non-beverage purposes	14,932,076	6,980,583	-53.25
	8532.24.00	Ceramic dielectric fixed capacitors, multilayer	5,965,541	6,010,188	0.75
	1703.10.50	Cane molasses nesi	2,735,834	3,713,186	35.72
	7615.19.70	Aluminum, cooking and kitchen ware (o/than cast), not enameled or glazed and not containing nonstick interior finishes	1,996,295	3,544,365	77.55
	4819.40.00	Sacks and bags, nesi, including cones, of paper, paperboard, cellulose wadding or webs of cellulose fibers	5,382,009	3,125,292	-41.93
	8504.31.40	Electrical transformers other than liquid dielectric, having a power handling capacity less than 1 kVA	2,420,808	2,069,645	-14.51
	4202.92.30	Travel, sports and similar bags with outer surfact of textile materials other than of vegetable fibers	999,851	1,563,385	56.36
	4420.90.80	Wood marquetry and inlaid wood; wooden articles of furniture, nesi	1,229,369	1,249,525	1.64
Total			64,796,419	62,286,110	-3.87
Grenada	8535.90.80	Electrical apparatus nesi for switching, protecting or making connections for electrical circuits, for a voltage exceeding 1,000 V, nesi	-	3,459,044	(1)
Total			-	3,459,044	(1)
Guatemala	1701.11.20	Cane sugar, raw, in solid form, to be used for certain polyhydric alcohols	39,129,912	43,410,861	10.94
	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to Ch. 17	51,645,798	29,473,627	-42.93
	2401.20.85	Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf, described in addl US note 5 to chap 24	10,868,913	19,075,117	75.50
	0807.19.20	Cantaloupes, fresh, if entered during the periods from January 1 through July 31 or September 16 to December 31, inclusive through July 31 or September 16 to December 31, inclusive	14,830,415	18,247,845	23.04

See footnotes at end of table.

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Table D-3—Continued
Leading U.S. imports for consumption entered under CBERA, by source, 1996-97

Source	HTS number	Description	1996	1997	Change, 1996-97
			Value		*Percent*
Guatemala (contd)	3401.11.50	Soap, nesoi; organic surface-active products used as soap, in bars, cakes, pieces, soap-impregnated paper, wadding, felt, for toilet use	13,448,800	15,549,162	15.62
	0710.80.97	Vegetables nesi, uncooked or cooked by steaming or boiling in water, frozen, reduced in size	17,086,182	15,175,610	-11.18
	2921.43.15	alpha,alpha,alpha-Trifluoro-2,6-dinitro-N,N-dipropyl-p-toluidine (Tricluralin)	8,147,071	13,292,011	63.15
	6910.10.00	Porcelain or china ceramic sinks, washbasins, baths, bidets, water closet bowls, urinals & siml. sanitary fixtures	8,897,745	7,725,827	-13.17
	4203.30.00	Belts and bandoliers with or without buckles, of leather or of composition leather	8,037,661	7,544,672	-6.13
	0603.10.60	Roses, fresh cut	6,256,644	6,082,496	-2.78
Total			178,349,141	175,577,228	-1.55
Guyana	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US to Ch. 17	6,627,173	12,912,459	94.84
	4412.13.40	Plywood sheets n/o 6 mm thick, with specified tropical wood outer ply, with face fly nesoi, not surface-covered beyond clear/transparent	1,671,241	6,586,884	294.13
	4412.14.30	Plywood sheets n/o 6mm thick, outer ply of nontropical hardwood, with face ply nesoi, surface-covered beyond clear/transparent	5,602,008	5,922,978	5.73
Total			13,900,422	25,422,321	82.89
Haiti	0804.50.40	Guavas, mangoes, and mangosteens, fresh, if entered during the period September 1 through May 31, inclusive	3,626,630	4,705,306	29.74
	6116.10.44	Gloves, mittens & mitts(excl sports), impreg etc, cut & sewn from pre-exist non-veg fib impreg fab, w/o fourch, con ov 50% wt plast/rub k/c	2,566,986	3,438,723	33.96
	4106.19.20	Wet blues of goat or kidskin leather, without hair on, not incl. chamois, patent, patent laminated or metallized leath, tanned or retanned	2,751,369	2,530,409	-8.03
	4104.31.50	Upper & sole leather of bovine (except buffalo) or equine animals, parchment dressed or prep. after tanning, full grains and grain splits	1,893,668	2,325,518	22.80
	0804.50.60	Guavas, mangoes, and mangosteens, fresh, if entered during the period June 1 through August 31, inclusive	1,399,549	2,192,968	56.69
	8504.90.95	Parts (other than printed circuit assemblies) of electrical transformers, static converters and inductors	1,179,896	1,721,490	45.90
	7326.90.85	Iron or steel, articles, nesoi	1,730,767	1,687,383	-2.51
	7013.99.50	Glassware for toilet/office/indoor decor, or similar purposes, nesoi, valued over $0.30 but n/over $3 each	469,027	1,353,487	188.57
	4203.30.00	Belts and bandoliers with or without buckles, of leather or of composition leather	1,969,581	1,254,304	-36.32
	9506.69.20	Baseballs and softballs	1,872,168	988,517	-47.20
Total			19,459,641	22,198,105	14.07

See footnotes at end of table.

Table D-3—Continued
Leading U.S. imports for consumption entered under CBERA, by source, 1996-97

Source	HTS number	Description	1996	1997	Change, 1996-97
			Value		Percent
Honduras	2402.10.80	Cigars, cheroots and cigarillos containing tobacco, each valued 23 cents or over	36,048,104	69,639,481	93.18
	6210.10.50	Nonwoven dispos apparel designed for hosps, clinics, labs or cont area use, made up of fab of 5602/5603, n/formed or lined w paper, not k/c	18,876,930	23,740,679	25.77
	6406.10.65	Uppers & pts, thereof for footwear, nesoi, of leather	15,736,263	20,445,752	29.93
	0807.19.20	Cantaloupes, fresh, if entered during the periods from January 1 through July 31 or September 16 to December 31, inclusive	13,247,069	18,620,448	40.56
	9403.50.90	Furniture (o/than seats) of wood (o/than bentwood), of a kind used in the bedroom & not designed for motor vehicle use	6,865,874	9,576,423	39.48
	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to Ch. 17	5,223,612	9,395,718	79.87
	3923.21.00	Sacks and bags (including cones) for the conveyance or packing of goods, of polymers of ethylene	6,891,680	8,452,270	22.64
	9403.60.80	Furniture (o/than seats & o/than of 9402) of wooden (o/than bentwood) nesoi	8,198,489	7,679,476	-6.33
	9603.90.80	Brooms & brushes nesoi, mops, hand-operated mechanical floor sweepers, squeegees and similar articles, nesoi	6,611,827	6,777,618	2.51
	0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	6,350,406	6,646,405	4.66
Total			124,050,254	180,974,270	45.89
Jamaica	2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for non-beverage purposes	26,249,459	12,586,632	-52.05
	2402.10.80	Cigars, cheroots and cigarillos containing tobacco, each valued 23 cents or over	8,675,892	11,284,753	30.07
	0714.90.20	Fresh or chilled yams, whether or not sliced or in the form of pellets	6,879,663	7,153,339	3.98
	2203.00.00	Beer made from malt	5,476,173	6,557,259	19.74
	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US to Ch. 17	10,660,884	4,861,489	-54.40
	2208.70.00	Liqueurs and cordials	3,734,873	3,951,540	5.80
	0807.20.00	Papayas (papaws), fresh	3,673,322	3,070,101	-16.42
	2208.40.80	Rum and tafia, in containers each holding over 4 liters, valued over $0.69/ proof liter	(4)	42,013,568	(1)
	2103.90.80	Mixed condiments and mixed seasonings, not described in add US note 3 to Ch. 21	1,319,169	1,736,728	31.65
	8536.90.80	Electrical apparatus nesi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V, nesoi	(7)	71,606,404	(1)
Total			66,669,435	54,821,813	-17.77
Montserrat	8535.90.80	Electrical apparatus nesi for switching, protecting, or making connections for electrical circuits, for a voltage exceeding 1,000 V, nesi connections for electrical circuits, for a voltage exceeding 1,000	3,108,115	4,000,498	28.71
Total			3,108,115	4,000,498	28.71

See footnotes at end of table.

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Table D-3—Continued
Leading U.S. imports for consumption entered under CBERA, by source, 1996-97

Source	HTS number	Description	1996	1997	Change, 1996-97
			Value		*Percent*
Netherlands Antilles	3507.90.70	Enzymes and prepared enzymes, nesoi	637,260	1,546,146	142.62
	8504.31.20	Unrated electrical transformers other than liquid dielectric, having a power handling capacity not exceeding 1 kVA	42,968	309,982	621.43
	3402.90.50	Surface-active, washing, and cleaning preparations nesoi, put up for retail sale	255,716	266,449	4.20
	8544.51.90	Insulated electric conductors nesi, for a voltage exceeding 80 V but not exceeding 1,000 V, fitted with connectors, nesoi	(8)	8186,198	(1)
	8524.51.30	Pre-recorded magnetic tapes, of a width not exceeding 4 mm, nesoi	901,848	160,885	-82.16
	8544.60.20	Insulated electric conductors nesi, for a voltage exceeding 1,000 V, fitted with connectors	705,044	148,384	-78.95
	4818.10.00	Toilet paper	790,114	133,733	-83.07
	8504.34.00	Electrical transformers other than liquid dielectric, having a power handling capacity exceeding 500 kVA	-	100,721	(1)
	4818.20.00	Handkerchiefs, cleansing or facial tissues and towels of paper pulp, paper cellulose wadding or webs of cellulose fiber	18,564	69,221	272.88
Total			3,351,514	2,921,719	796.95
Nicaragua	2402.10.80	Cigars, cheroots and cigarillos containing tobacco, each valued 23 cents or over	8,836,229	30,959,637	250.37
	7115.90.30	Gold (including metal clad with gold) articles (o/than jewellry or goldsmiths' wares), nesoi	8,836,625	23,599,843	167.07
	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to Ch 17	13,058,590	21,669,914	65.94
	0202.30.50	Bovine meat cuts, boneless, not processed, frozen, descr in add. US note 3 to Ch. 2	13,121,274	16,544,471	26.09
	0201.30.50	Bovine meat cuts, boneless, not processed, fresh or chld, descr in add. US note 3 to Ch 2	8,415,694	9,041,510	7.44
Total			52,268,412	101,815,375	94.79
Panama	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to Ch. 17	11,891,084	28,031,081	135.73
	0302.69.40	Fish, nesi, excl. fillets, livers and roes, fresh or chilled, not scaled, or scaled in immediate containers weighing over 6.8 kg	11,729,967	18,305,573	56.06
	0807.19.70	Other melons nesoi, fresh, if entered during the period from December 1, in any year, to the following May 31, inclusive	2,670,009	5,757,681	115.64
	2402.20.80	Cigarettes containing tobacco but not containing clove, paper-wrapped	3,003,265	4,084,130	35.99
	9603.90.80	Brooms & brushes nesoi, mops, hand-operated mechanical floor sweepers, squeegees and similar articles, nesoi	3,321,501	4,044,435	21.77
	2924.29.62	Other aromatic cyclic amides and derivatives for use as drugs	2,770,805	3,841,316	38.64
Total			35,386,631	64,064,216	81.04

See footnotes at end of table.

Table D-3—Continued
Leading U.S. imports for consumption entered under CBERA, by source, 1996-97

Source	HTS number	Description	1996	1997	Change, 1996-97
			Value		*Percent*
St. Kitts and Nevis	8536.50.80	Switches nesi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V	[9]10,839,710	[9]6,395,863	-41.00
	8536.50.90	Switches nesoi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V	(10)	[10]6,146,210	([1])
	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US to Ch. 17	-	2,967,554	([1])
	8504.90.95	Parts (other than printed circuit assemblies) of electrical transformers, static converters and inductors	872,614	1,588,204	82.01
	8529.90.39	Parts of television receivers specified in U.S. note 10 to chapter 85, other than printed circuit assemblies, nesi	1,340,437	1,510,971	12.72
Total			13,052,761	18,608,802	42.57
St. Lucia	8533.21.00	Electrical fixed resistors, other than composition or film type carbon resistors, for a power handling capacity not exceeding 20 W	1,300,745	1,804,629	38.74
	8532.29.00	Fixed electrical capacitors, nesi	1,109,404	515,385	-53.54
	8529.10.20	Television antennas and antenna reflectors, and parts suitable for use therewith	-	401,467	([1])
	8533.40.80	Electrical variable resistors, other than wirewound, including rheostats and potentionmeters	344,393	315,115	-8.50
	8525.10.30	Transmission apparatus for television, nesoi	([11])	[11]283,690	([1])
	3926.90.98	Other articles of plastic, nesoi	1,555,592	254,734	-83.62
	8544.20.00	Insulated (including enameled or anodized) coaxial cable and other coaxial conductors	116,578	210,925	80.93
	8525.10.20	Transmission apparatus for television	[12]1,258,160	[12]199,394	-84.15
Total			5,684,872	3,985,339	-29.90
St. Vincent & Grenadines	7113.19.50	Precious metal (o/than silver) article of jewelry and parts thereof, whether or not plated clad with precious metal, nesoi	3,334,301	1,604,572	-51.88
	8504.50.80	Other inductors, nesoi	([13])	[13]301,512	([1])
Total			3,334,301	1,906,084	-42.83
Trinidad & 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	67,143,694	90,595,617	34.93
	7213.91.30	Iron/nonalloy steel, nesoi, hot-rolled bars & rods in irregularly wound coils, w/cir. x-sect. diam. <14mm, n/tempered/treated/partly mfd	60,491,347	62,477,644	3.28
	2849.90.50	Carbides, nesoi	11,261,745	8,074,930	-28.30
	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to Ch. 17	2,790,258	6,052,321	116.91
	7411.21.50	Copper-zinc base alloys (brass), tubes and pipes, other than seamless	3,268,923	5,996,153	83.43
Total			144,955,967	173,196,665	19.48

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Table D-3—Continued
Leading U.S. imports for consumption entered under CBERA, by source, 1996-97

[1] Not applicable.
[2] Prior to July 1, 1997, HTS 9030.90.88 was reported under part of 9030.90.85.
[3] On July 1, 1997, HTS 9030.90.85 was discontinued and replaced with 9030.90.84 and 9030.90.88.
[4] On July 1, 1997, HTS 2208.40.00 was discontinued and replaced with 2208.40.20/40/60/80.
[5] Prior to July 1, 1997, HTS 2208.40.80 was reported under part of 2208.40.00.
[6] Increase of over 1,000 percent.
[7] Prior to July 1, 1997, HTS 8536.90.80 was reported under part of 8536.90.00.
[8] Prior to July 1, 1997, HTS 8544.51.90 was reported under part of 8544.51.80.
[9] On July 1, 1997, HTS 8536.50.80 was discontinued and replaced with 8536.50.70 and 8536.50.40.
[10] Prior to July 1, 1997, HTS 8536.50.90 was reported under part of 8536.50.80.
[11] Prior to July 1, 1997, HTS 8525.10.30 was reported under part of 8525.10.20.
[12] On July 1, 1997, HTS 8525.10.20 was discontinued and replaced with 8525.10.10 and 8525.10.30.
[13] Prior to July 1, 1997, HTS 8504.50.80 was reported under part of 8504.50.00.

Note.—The abbreviation, nesi, stands for "not elsewhere specified or included." The abbreviation, nesoi, stands for "not elsewhere specified or otherwise included."
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table D-4
Leading U.S. imports for consumption by major product categories, from Bolivia, 1990, 1992, 1994, and 1996-97

HTS	Item	Description	1990	1992	1994	1996	1997
			Value (1,000 dollars, customs value)				
71		Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	96,951	76,534	113,633	100,882	70,052
80		Tin and articles thereof	55,147	41,634	51,999	63,608	42,016
44		Wood and articles of wood; wood charcoal	18,259	13,159	31,703	39,650	31,665
27		Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0	0	0	15,622	17,150
61		Articles of apparel and clothing accessories, knitted or crocheted	3,887	5,349	8,208	10,559	10,744
08		Edible fruit and nuts; peel of citrus fruit or melons	5,547	5,069	6,567	8,462	9,187
28		Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	1,152	5,820	5,917	10,313	9,058
17		Sugars and sugar confectionary	303	3,392	17,082	2,852	6,005
26		Ores, slag and ash	8,408	4,995	11,055	4,526	4,277
94		Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	29	106	561	1,570	2,673
		Total of above	189,684	156,057	246,724	258,046	202,827
		All other	9,641	5,529	10,648	10,293	10,581
		Total	199,325	161,586	257,373	268,339	213,408
			Percent of total				
71		Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	48.64	47.36	44.15	37.60	32.83
80		Tin and articles thereof	27.67	25.77	20.20	23.70	19.69
44		Wood and articles of wood; wood charcoal	9.16	8.14	12.32	14.78	14.84
27		Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	0.00	0.00	0.00	5.82	8.04
61		Articles of apparel and clothing accessories, knitted or crocheted	1.95	3.31	3.19	3.94	5.03
08		Edible fruit and nuts; peel of citrus fruit or melons	2.78	3.14	2.55	3.15	4.30
28		Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.58	3.60	2.30	3.84	4.24
17		Sugars and sugar confectionary	0.15	2.10	6.64	1.06	2.81
26		Ores, slag and ash	4.22	3.09	4.30	1.69	2.00
94		Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, nameplates and the like; prefabricated buildings	0.01	0.07	0.22	0.59	1.25
		Total of above	95.16	96.58	95.86	96.16	95.04
		All other	4.84	3.42	4.14	3.84	4.96
		Total	100.00	100.00	100.00	100.00	100.00

See footnotes at end of table.

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Table D-4—Continued
Leading U.S. imports for consumption by major product categories, from Colombia, 1990, 1992, 1994, and 1996-97

HTS Item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	1,707,996	1,158,464	1,149,462	2,112,747	1,895,640
09	Coffee, tea, mate and spices	313,191	410,027	446,402	502,159	772,506
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	199,493	231,767	270,527	367,579	360,881
62	Articles of apparel and clothing accessories, not knitted or crocheted	124,510	232,836	248,676	235,436	228,202
08	Edible fruit and nuts; peel of citrus fruit or melons	131,975	158,833	221,498	141,536	176,651
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	71,323	126,989	145,115	288,602	154,184
29	Organic chemicals	7,610	8,453	3,822	56,099	153,789
61	Articles of apparel and clothing accessories, knitted or crocheted	29,749	59,805	110,382	77,355	120,081
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	486	301	3,107	25,571	81,359
17	Sugars and sugar confectionary	100,809	40,119	32,993	55,861	61,964
	Total of above	2,687,142	2,427,594	2,631,983	3,862,945	4,005,257
	All other	466,945	460,415	500,415	558,548	609,616
	Total	3,154,087	2,888,009	3,132,398	4,421,493	4,614,873
		Percent of total				
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	54.15	40.11	36.70	47.78	41.08
09	Coffee, tea, mate and spices	9.93	14.20	14.25	11.36	16.74
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	6.32	8.03	8.64	8.31	7.82
62	Articles of apparel and clothing accessories, not knitted or crocheted	3.95	8.06	7.94	5.32	4.94
08	Edible fruit and nuts; peel of citrus fruit or melons	4.18	5.50	7.07	3.20	3.83
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	2.26	4.40	4.63	6.53	3.34
29	Organic chemicals	0.24	0.29	0.12	1.27	3.33
61	Articles of apparel and clothing accessories, knitted or crocheted	0.94	2.07	3.52	1.75	2.60
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.02	0.01	0.10	0.58	1.76
17	Sugars and sugar confectionary	3.20	1.39	1.05	1.26	1.34
	Total of above	85.20	84.06	84.02	87.37	86.79
	All other	14.80	15.94	15.98	12.63	13.21
	Total	100.00	100.00	100.00	100.00	100.00

See footnotes at end of table.

Table D-4—Continued
Leading U.S. imports for consumption by major product categories, from Ecuador, 1990, 1992, 1994, and1996-97

HTS Item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	491,273	456,059	546,847	808,755	734,483
03	Fish and crustaceans, molluscs and other aquatic invertebrates	328,492	419,659	510,265	436,698	659,291
08	Edible fruit and nuts; peel of citrus fruit or melons	308,846	272,390	214,592	258,492	292,658
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	9,597	15,251	26,094	68,250	83,519
18	Cocoa and cocoa preparations	87,894	47,525	56,483	86,236	70,008
09	Coffee, tea, mate and spices	61,782	34,817	187,962	74,563	62,942
16	Edible preparations of meat, fish, crustaceans, molluscs or other aquatic invertebrates	12,241	4,761	26,397	63,013	55,774
44	Wood and articles of wood; wood charcoal	12,492	14,304	18,316	30,194	33,078
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	7,199	11,576	36,759	20,360	16,631
20	Preparations of vegetables, fruit, nuts, or other parts of plants	3,804	7,946	11,105	11,637	15,430
	Total of above	1,323,620	1,284,287	1,634,820	1,858,200	2,023,815
	All other	34,683	38,744	74,970	116,828	115,539
	Total	1,358,304	1,323,031	1,709,790	1,975,028	2,139,354
		Percent of total				
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	36.17	34.47	31.98	40.95	34.33
03	Fish and crustaceans, molluscs and other aquatic invertebrates	24.18	31.72	29.84	22.11	30.82
08	Edible fruit and nuts; peel of citrus fruit or melons	22.74	20.59	12.55	13.09	13.68
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0.71	1.15	1.53	3.46	3.90
18	Cocoa and cocoa preparations	6.47	3.59	3.30	4.37	3.27
09	Coffee, tea, mate and spices	4.55	2.63	10.99	3.78	2.94
16	Edible preparations of meat, fish, crustaceans, molluscs or other aquatic invertebrates	0.90	0.36	1.54	3.19	2.61
44	Wood and articles of wood; wood charcoal	0.92	1.08	1.07	1.53	1.55
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	0.53	0.87	2.15	1.03	0.78
20	Preparations of vegetables, fruit, nuts, or other parts of plants	0.28	0.60	0.65	0.59	0.72
	Total of above	97.45	97.07	95.62	94.08	94.60
	All other	2.55	2.93	4.38	5.92	5.40
	Total	100.00	100.00	100.00	100.00	100.00

See footnotes at end of table.

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Table D-4—Continued
Leading U.S. imports for consumption by major product categories, from Peru, 1990, 1992, 1994, and 1996-97

HTS Item	Description	1990	1992	1994	1996	1997
		Value (1,000 dollars, customs value)				
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	222,442	213,820	196,671	261,014	356,058
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	150,748	88,682	62,235	263,141	281,399
74	Copper and articles thereof	35,963	56,716	56,496	153,713	249,406
61	Articles of apparel and clothing accessories, knitted or crocheted	43,974	56,621	99,040	140,677	180,905
09	Coffee, tea, mate and spices	42,581	32,675	51,791	63,091	172,044
03	Fish and crustaceans, molluscs and other aquatic invertebrates	27,526	30,094	35,405	38,578	63,634
79	Zinc and articles thereof	35,730	49,233	45,617	42,989	43,198
80	Tin and articles thereof	0	0	18	5,645	38,212
07	Edible vegetables and certain roots and tubers	3,525	6,335	18,124	32,288	33,195
17	Sugars and sugar confectionary	16,719	23,877	29,527	38,681	32,246
	Total of above	579,208	558,055	594,924	1,039,816	1,450,298
	All other	147,635	127,988	185,021	162,972	255,631
	Total	726,842	686,043	779,945	1,202,788	1,705,929
		Percent of total				
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	30.60	31.17	25.22	21.70	20.87
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	20.74	12.93	7.98	21.88	16.50
74	Copper and articles thereof	4.95	8.27	7.24	12.78	14.62
61	Articles of apparel and clothing accessories, knitted or crocheted	6.05	8.25	12.70	11.70	10.60
09	Coffee, tea, mate and spices	5.86	4.76	6.64	5.25	10.09
03	Fish and crustaceans, molluscs and other aquatic invertebrates	3.79	4.39	4.54	3.21	3.73
79	Zinc and articles thereof	4.92	7.18	5.85	3.57	2.53
80	Tin and articles thereof	0.00	0.00	0.00	0.47	2.24
07	Edible vegetables and certain roots and tubers	0.49	0.92	2.32	2.68	1.95
17	Sugars and sugar confectionary	2.30	3.48	3.79	3.22	1.89
	Total of above	79.69	81.34	76.28	86.45	85.02
	All other	20.31	18.66	23.72	13.55	14.98
	Total	100.00	100.00	100.00	100.00	100.00

Note.—Because of rounding, figures may not add to the totals shown.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table D-5
Leading U.S. imports for consumption under ATPA, by major product categories, by source, 1994-97

Source	HTS Item	Description	1994	1995	1996	1997
			Value (1,000 dollars)			
Bolivia	71 ...	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal, clad metals, articles thereof; imitation jewelry; coins	89,965	75,339	91,090	55,960
	44 ...	Wood and articles of wood; wood charcoal	130	1,940	4,232	5,257
	94 ...	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, name-plates and the like; prefabricated buildings	0	58	1,201	2,401
	42 ...	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkwood gut)	686	1,330	1,470	1,885
	17 ...	Sugars and sugar confectionary	0	3,606	2,852	1,342
	28 ...	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare earth metals, of radioactive elements or of isotopes	56	187	1,328	1,111
	06 ...	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	910	442	561	517
	26 ...	Ores, slag and ash	0	1,047	2,288	287
	51 ...	Wool and fine or coarse animal hair, including yarns and woven fabrics thereof; horsehair yarn and woven fabric	0	21	233	60
	41 ...	Raw hides and skins (other than furskins) and leather	0	6	52	31
All other			92	123	484	104
Total			91,840	84,100	105,791	68,955
			Percent of total			
Bolivia	71 ...	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	98.0	89.6	86.1	81.2
	44 ...	Wood and articles of wood; wood charcoal	0.1	2.3	4.0	7.6
	94 ...	Furniture; bedding, cushions etc.; lamps and lighting fittings nesoi; illuminated signs, name-plates and the like; prefabricated buildings	0.0	0.1	1.1	3.5
	42 ...	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkwood gut)	0.7	1.6	1.4	2.7
	17 ...	Sugars and sugar confectionary	0.0	4.3	2.7	1.9
	28 ...	Inorganic chemicals ; organic and inorganic compounds of precious metals, of rare earth metals, of radioactive elements or of isotopes	0.1	0.2	1.3	1.6
	06 ...	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	1.0	0.6	0.5	0.7
	26 ...	Ores, slag and ash	0.0	1.2	2.2	0.4
	51 ...	Wool and fine or coarse animal hair, including yarns and woven fabrics thereof; horsehair yarn and woven fabric	0.0	0.0	0.2	0.1
	41 ...	Raw hides and skins (other than furskins) and leather	0.0	0.0	0.0	0.0
All other			0.1	0.1	0.5	0.2
Total			100.0	100.0	100.0	100.0

See footnotes at end of table.

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Table D-5—Continued
Leading U.S. imports for consumption under ATPA, by major product categories, by source, 1994-97

Source	HTS Item	Description	1994	1995	1996	1997
			Value (1,000 dollars)			
Colombia	06 ...	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	269,719	321,419	366,304	359,891
	28 ...	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare earth metals, of radioactive elements or of isotopes	0	13	0	65,856
	39 ...	Plastics and articles thereof	34,577	38,579	43,870	40,890
	42 ...	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkwood gut)	20,181	22,360	24,195	25,623
	73 ...	Articles of iron or steel	2,883	4,439	6,782	11,757
	17 ...	Sugars and sugar confectionary	20,953	36,065	27,049	10,200
	96 ...	Miscellaneous manufactured articles	912	2,391	2,925	9,574
	71 ...	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	2,566	3,645	4,971	7,903
	69 ...	Ceramic products	6,368	6,878	7,336	7,244
	29 ...	Organic chemicals	2,911	1,689	3,594	6,225
			50,571	61,784	73,518	60,310
All other			411,642	499,268	560,546	605,472
Total			*Percent of total*			
Colombia	06 ...	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	65.5	64.4	65.3	59.4
	28 ...	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.0	0.0	0.0	10.9
	39 ...	Plastics and articles thereof	8.4	7.7	7.8	6.8
	42 ...	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silkwood gut)	4.9	4.5	4.3	4.2
	73 ...	Articles of iron or steel	0.7	0.9	1.2	1.9
	17 ...	Sugars and sugar confectionary	5.1	7.2	4.8	1.7
	96 ...	Miscellaneous manufactured articles	0.2	0.5	0.5	1.6
	71 ...	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	0.6	0.7	0.9	1.3
	69 ...	Ceramic products	1.5	1.4	1.3	1.2
	29 ...	Organic chemicals	0.7	0.3	0.6	1.0
			12.3	12.4	13.1	10.0
All other			100.0	100.0	100.0	100.0
Total						

See footnotes at end of table.

Table D-5—Continued
Leading U.S. imports for consumption under ATPA, by major product categories, by source, 1994-97

Source	HTS Item	Description	1994	1995	1996	1997
			Value (1,000 dollars)			
Ecuador	06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	25,408	49,434	67,712	82,930
	16	Edible preparations of meat, fish, crustaceans, molluscs or other aquatic invertebrates	11,450	37,658	58,590	49,733
	44	Wood and articles of wood; wood charcoal	5,787	13,653	22,410	23,982
	03	Fish and crustaceans, molluscs and other aquatic invertebrates	14,295	18,313	15,694	19,284
	20	Preparations of vegetables, fruit, nuts, or other parts of plants	4,271	8,955	9,403	11,750
	71	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	4,387	3,835	8,750	7,647
	17	Sugars and sugar confectionary	1,027	4,337	13,454	4,900
	07	Edible vegetables and certain roots and tubers	972	1,320	3,169	3,395
	08	Edible fruit and nuts; peel of citrus fruit or melons	2,105	3,497	5,993	3,198
	69	Ceramic products	920	1,027	3,240	2,274
All other			2,283	5,831	9,732	8,344
Total			72,905	147,859	218,419	217,437
			Percent of total			
Ecuador	06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	34.9	33.4	31.0	38.1
	16	Edible preparations of meat, fish, crustaceans, molluscs or other aquatic invertebrates	15.7	25.5	26.8	22.9
	44	Wood and articles of wood; wood charcoal	7.9	9.2	10.3	11.0
	03	Fish and crustaceans, molluscs and other aquatic invertebrates	19.6	12.4	7.2	8.9
	20	Preparations of vegetables, fruit, nuts, or other parts of plants	5.9	6.1	4.3	5.4
	71	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	6.0	2.6	4.0	3.5
	17	Sugars and sugar confectionary	1.4	2.9	6.2	2.3
	07	Edible vegetables and certain roots and tubers	1.3	0.9	1.5	1.6
	08	Edible fruit and nuts; peel of citrus fruit or melons	2.9	2.4	2.7	1.5
	69	Ceramic products	1.3	0.7	1.5	1.0
All other			3.1	3.9	4.5	3.8
Total			100.0	100.0	100.0	100.0

See footnotes at end of table.

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Table D-5—Continued
Leading U.S. imports for consumption under ATPA, by major product categories, by source, 1994-97

Source	HTS Item	Description	1994	1995	1996	1997
			Value (1,000 dollars)			
Peru	74 ...	Copper and articles thereof	9,677	26,489	104,706	187,606
	71 ...	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	39,348	94,305	140,505	147,530
	07 ...	Edible vegetables and certain roots and tubers	15,165	22,552	29,960	30,952
	79 ...	Zinc and articles thereof	14,140	7,028	37,634	22,777
	17 ...	Sugars and sugar confectionary	5,674	20,212	31,336	17,501
	85 ...	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	154	413	735	10,186
	26 ...	Ores, slag and ash	1,479	1,018	1,010	10,044
	28 ...	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radioactive elements or isotopes	28	217	933	5,291
	20 ...	Preparations of vegetables, fruit, nuts, or other parts of plants	943	1,881	2,868	5,253
	78 ...	Lead and articles thereof	12,114	12,982	11,442	3,982
All other			8,708	20,472	24,170	19,870
Total			107,430	207,569	385,298	460,992
			Percent of total			
Peru	74 ...	Copper and articles thereof	9.0	12.8	27.2	40.7
	71 ...	Natural or cultured pearls, precious or semiprecious stones, precious metals, precious metal clad metals, articles thereof; imitation jewelry; coins	36.6	45.4	36.5	32.0
	07 ...	Edible vegetables and certain roots and tubers	14.1	10.9	7.8	6.7
	79 ...	Zinc and articles thereof	13.2	3.4	9.8	4.9
	17 ...	Sugars and sugar confectionary	5.3	9.7	8.1	3.8
	85 ...	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	0.1	0.2	0.2	2.2
	26 ...	Ores, slag and ash	1.4	0.5	0.3	2.2
	28 ...	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	0.0	0.1	0.2	1.1
	20 ...	Preparations of vegetables, fruit, nuts, or other parts of plants	0.9	0.9	0.7	1.1
	78 ...	Lead and articles thereof	11.3	6.3	3.0	0.9
All other			8.1	9.9	6.3	4.3
Total			100.0	100.0	100.0	100.0

Note.—The abbreviation, nesi, stands for "not elsewhere specified or included." The abbreviation, nesoi, stands for "not elsewhere specified or otherwise included."

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

Table D–6
Leading U.S. imports for consumption entered under ATPA, by source, 1996–97

Source	HTS item	Description	1996	1997
			Value (1,000 dollars)	
Bolivia	7113.19.50 ...	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi	30,898	24,742
	7113.19.10 ...	Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture	41,569	20,131
	7113.19.29 ...	Gold necklaces and neck chains (o/than of rope or mixed links)	7,700	9,141
		Total	80,166	54,014
Colombia ..	0603.10.70 ...	Chrysanthemums, standard carnations, anthuriums and orchids, fresh cut	158,383	143,417
	0603.10.60 ...	Roses, fresh cut	119,581	132,232
	2843.30.00 ...	Gold compounds	0	65,697
	0603.10.80 ...	Cut flowers and flower buds suitable for bouquets or ornamental purposes, fresh cut, nesi	53,066	48,025
	0603.10.30 ...	Miniature (spray) carnations, fresh cut	34,824	35,836
	3921.12.11 ...	Nonadhesive plates, sheets, film, foil, strip, cellular, of polymers of vinylchloride with man–made textile fibers over 70% plastics	33,598	30,957
		Total	399,452	456,164
Ecuador....	0603.10.60 ...	Roses, fresh cut	36,119	51,565
	1604.14.40 ...	Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each	56,431	47,261
	0603.10.80 ...	Cut flowers and flower buds suitable for bouquets or ornamental purposes, fresh cut nesi	27,032	26,199
	0302.69.40 ...	Fish, nesi, excl. fillets, livers and roes, fresh or chilled, not scaled, or scaled in immediate containers weighing over 6.8 kg	12,744	16,563
	4421.90.98 ...	Articles of wood, nesoi	10,127	11,695
	2009.80.60 ...	Juice of any other single fruit, nesi, (including cherries and berries), concentrated or not concentrated cherries	4,108	5,789
	7113.19.29 ...	Gold necklaces and neck chains (o/than of rope or mixed links)	3,532	4,853
		Total	150,004	163,926

Table D–6—Continued
Leading U.S. imports for consumption entered under ATPA, by source, 1996–97

Source	HTS item	Description	1996	1997
			Value (1,000 dollars)	
Peru	7113.19.10 ...	Precious metal (o/than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture	59,272	47,883
	7108.13.70 ...	Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), nesoi	10,875	41,299
	7113.19.50 ...	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi	20,658	23,113
	7905.00.00 ...	Zinc, plates, sheets, strip and foil	15,112	17,894
	1701.11.10 ...	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to Ch. 17	30,011	17,219
	7402.00.00 ...	Unrefined copper; copper anodes for electrolytic refining	5,197	15,690
	0709.20.90 ...	Asparagus, nesi, fresh or chilled	12,541	15,651
		Total	246,091	347,117

Note.—The abbreviation, nesi, stands for "not elsewhere specified or included." The abbreviation, nesoi, stands for "not elsewhere specified or otherwise included."

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

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