

Investigation No. 332-595, Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 26th Report model release

Overview:

The model contained in the file “cbera_model 2023 release.xlsx” and contained in the folder “Model release” accompanies the USITC report, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries*, Inv. 332-595. Detailed technical information about the model, along with tables of the data inputs used, can be found in Appendix B of the CBERA report.

Model:

The model simulates the effects on prices, production quantities, labor needed in production as well as operating profits of industry participants from the United States granting preferential treatment to CBERA beneficiary countries.

The model of ad valorem tariffs is based on the assumption of firms operating under monopolistic competition. Consumers buy differentiated products from firms producing in three distinct sources: U.S. domestic market, CBERA beneficiary countries, and non-CBERA beneficiary countries. Consumer demand has a constant elasticity of substitution (CES) form for the products of the industry. Total industry demand in the market has a constant price elasticity.

The data inputs of the model are the initial expenditures on products from each source, initial tariffs, and revised tariffs and the number of initial production workers employed in the domestic industry. The parameter inputs of the model are the elasticity of substitution and the price elasticity of total demand.

Economic effects are calculated in the “Model” tab. In the “Model” tab, a user can select one of the HTS product codes from the drop-down menu. Data and parameter inputs are automatically populated in the **BROWN** cells from the “Data” tab that correspond to the HTS product code selected. Economic effects are then populated in the **GREEN** cells, based on calculations in the hidden columns of the “Model” tab. Economic effects for all 20 product codes in the 2023 CBERA report can be found in the “Results” tab.

Recommended citation for this dataset:

U.S. International Trade Commission (USITC). *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, Investigation 332-595, 26th report*. USITC Publication 5446. Washington, DC: USITC, August 2023. <https://usitc.gov/publications/332/pub5446.pdf>