

**UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C. 20436**

Investigation No. 332-496

Caribbean Region: Review of Economic Growth and Development

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

**ACTION:** Institution of investigation and scheduling of hearing.

**SUMMARY:** Following receipt of a request on November 7, 2007, from the Committee on Ways and Means of the U.S. House of Representatives pursuant to section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), the Commission instituted investigation No. 332-496, *Caribbean Region: Review of Economic Growth and Development*.

**DATES:**

January 16, 2008: Deadline for filing requests to appear at the public hearing.

January 22, 2008: Deadline for filing pre-hearing briefs and statements.

January 29, 2008: Public hearing.

February 5, 2008: Deadline for filing post-hearing briefs and statements and all other written submissions.

May 7, 2008: Transmittal of Commission report to Committee on Ways and Means.

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

**FOR FURTHER INFORMATION CONTACT:** Project leaders Walker Pollard (202-205-3228 or [walker.pollard@usitc.gov](mailto:walker.pollard@usitc.gov)) or Nannette Christ (202-205-3263 or [nannette.christ@usitc.gov](mailto:nannette.christ@usitc.gov)) for information specific to this investigation. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or [william.gearhart@usitc.gov](mailto:william.gearhart@usitc.gov)). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or [margaret.olaughlin@usitc.gov](mailto:margaret.olaughlin@usitc.gov)). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

**BACKGROUND:** As requested by the Committee, the Commission will conduct an investigation under section 332(g) of the Tariff Act of 1930 and prepare a report that provides (1) an in-depth description of the current level of economic development in the Caribbean basin, and (2) an overview of the economic literature on potential Caribbean development.

The Committee requested that the Commission institute a fact-finding investigation to provide a report containing information that will assist the Committee in identifying the ways that U.S. trade and aid policy can most help the Caribbean Basin. The Committee noted that the Caribbean Basin Trade

Partnership Act (CBTPA) will expire on September 30, 2008 (ending temporary trade preferences for imports of apparel, petroleum and petroleum products, and several other products not otherwise eligible for preferences under the Caribbean Basin Economic Recovery Act (CBERA)). In its request letter, the Committee noted the importance of economic development in the Caribbean region, and also noted that, despite many successes, parts of the region still lack the economic development that will allow a wider population in CBERA countries to compete globally and become strong economic and political partners for the United States. The Committee expressed a need, in deciding on the best policy moving forward, to examine past successes and failures of the region's economic growth. The letter further notes that there are companies in the Caribbean that have found creative ways to use the region's strengths to overcome its constraints and compete successfully in the global market, and that their success may suggest ways that U.S. policy can best assist the region.

*Current level of Caribbean economic development.* With respect to the current level of Caribbean economic development, the report will provide an overview of the current level of economic development in the Caribbean, at the regional level and the country level. To the extent possible, the regional level overview will include:

- Data on standard indicators of economic development in the Caribbean region;
- Data relating to the importance of trade, especially with the United States, in the economies of countries in the region; and
- Data on the extent of utilization of CBERA preferences, including the textile and apparel provisions.

The country level overview will include country profiles of the 18 non-DR-CAFTA CBERA countries. For each country, the Commission in the report will, to the extent possible, seek to:

- Identify the major industries/sectors, by output, exports, employment, and wages and also indicate the extent to which people in each country live in economic conditions below poverty levels;
- Identify the division of output, employment, and exports between agriculture, services, and manufacturing;
- Identify the industries/sectors (if any) that have been particularly successful in attracting investment, creating jobs and exports, and raising the standard of living for a broad portion of the population. The Commission will, if it finds it feasible, include brief case studies of successful industries that have been able to compete globally despite small size or capacity constraints, with an eye toward identifying what enabled these smaller industries to be successful; and
- Identify the non-trade-related factors that have had major impacts on the country's economic development.

*Overview of economic literature on potential Caribbean development.* The report will also summarize the literature assessing the direction of future Caribbean development, and in particular, articles that address the following:

- Economic development policies that have been tried in the Caribbean, including how these policies have fared, the extent to which progress reached a broad portion of the population, the role of international financial institutions, and the major impediments to further economic development in the region today;
- The importance of trade liberalization and subsequent trade growth to progress in economic development;
- The extent to which trade growth allowed goods and services providers in CBERA countries to move to production that yields higher value-added per worker and/or higher wages for workers, and whether there is evidence that trade growth has contributed to poverty reduction, faster economic growth, or other aspects of economic development;
- The industries/sectors that may show promise for output, job, and export creation in the Caribbean, based either on the success of those industries/sectors in other Caribbean countries or the success of those industries/sectors in other world regions with similar national economic characteristics. Identify (1) industries/sectors that bring widespread benefits, (2) smaller industries/sectors that are globally competitive, (3) the potential for a hub-and-spoke system in the region, and (4) industries/sectors that are non-traditional in the region;
- The extent to which Caribbean goods and services industries/sectors compete in the global economy against other countries' goods and services, as well as the major impediments to the global competitiveness of Caribbean goods and services.
- The extent to which agreements such as NAFTA, the Uruguay Round, the International Technology Agreement, and CAFTA have affected Caribbean trade with the United States.
- Countries that have benefited from CBERA preferences, and from CBERA textile and apparel preferences in particular. Describe the extent to which these preferences (1) allowed these countries to move into production that yields higher value-added per worker and/or higher wages, and (2) attracted industries other than apparel and textiles;
- The extent of loans and other financial support provided by the Inter-American Development Bank and the World Bank;
- Types of policies that might encourage a wider use of the CBERA program.
- Ways that U.S. trade policy, including through preference programs and trade expansion, as well as economic aid (e.g., financial aid for training, technical assistance, etc.) as part of a coordinated policy, might strengthen the ability of the region to compete globally in terms of increasing output, employment, and exports.
- Identify ways that U.S. trade policy liberalization, special tax preference programs, and/or economic aid might help Caribbean countries to develop new industries that will improve the Caribbean standard of living.
- Identify U.S. investment or services trade liberalization policies that could assist the Caribbean region, if those policies will benefit a broad base of the populations of the affected countries.

As requested by the Committee, the Commission will provide its report by May 7, 2008.

**PUBLIC HEARING:** A public hearing in connection with this investigation will be held at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC, beginning at 9:30 am on January 29, 2008. Requests to appear at the public hearing should be filed with the Secretary, no later than 5:15 p.m., January 16, 2008, in accordance with the requirements in the “Submissions” section below. All pre-hearing briefs and statements should be filed not later than 5:15 p.m., January 22, 2008, and all post-hearing briefs and statements should be filed not later than 5:15 p.m., February 5, 2008. In the event that, as of the close of business on January 16, 2008, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant may call the Secretary to the Commission (202-205-2000) after January 16, 2008, for information concerning whether the hearing will be held.

**WRITTEN SUBMISSIONS:** In lieu of or in addition to participating in the hearing, interested parties are invited to submit written statements concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., February 5, 2008. All written submissions must conform with the provisions of section 201.8 of the Commission’s *Rules of Practice and Procedure* (19 C.F.R. 201.8). Section 201.8 requires that a signed original (or a copy so designated) and fourteen (14) copies of each document be filed. In the event that confidential treatment of a document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission’s rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, [http://www.usitc.gov/secretary/fed\\_reg\\_notices/rules/documents/handbook\\_on\\_electronic\\_filing.pdf](http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf)). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

Any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the *Commission’s Rules of Practice and Procedure* (19 C.F.R. 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the “confidential” or “non-confidential” version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

Committee staff has indicated that the Committee intends to make the Commission’s report available to the public in its entirety, and has asked that the Commission not include any confidential business information or national security classified information in the report that the Commission sends to the Committee. Any confidential business information received by the Commission in this investigation and used in preparing this report will not be published in a manner that would reveal the operations of the firm supplying the information.

By order of the Commission.

/s/  
Marilyn R. Abbott  
Secretary to the Commission

Issued: December 11, 2007