United States International Trade Commission

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

21st Report
2011–12

Investigation No. 332-227
USITC Publication 4428
September 2013

U.S. International Trade Commission

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PREFACE

Section 215 of the Caribbean Basin Economic Recovery Act (CBERA or the Act), as amended (19 U.S.C. 2704), requires the U.S. International Trade Commission to provide biennial reports in odd-numbered years to the Congress and the President on the economic impact of the Act on U.S. industries and consumers and on the economy of beneficiary Caribbean Basin countries. This report constitutes the Commission's report for 2013.

CBERA was originally enacted on August 5, 1983 (Public Law 98-67, 97 Stat. 384, 19 U.S.C. 2701 et seq.). It authorized the President to proclaim duty-free treatment or other preferential treatment for eligible articles from designated beneficiary countries. The Act has been amended several times, including by the United States Caribbean Trade Partnership Act (CBTPA) in 2000, the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE I), the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II), and the Haiti Economic Lift Program Act of 2010 (HELP Act). Among other things, the CBTPA amended section 215 of CBERA to change the frequency of Commission reports from annual reports to the current biennial reports in odd-numbered years.

This is the Commission's 21st report under CBERA and the 7th report since the 2000 amendments. While it covers the period 2011–12, it focuses mainly on developments in calendar year 2012. It should be noted that the current report covers fewer Caribbean Basin countries than earlier reports, as a number of former CBERA countries have concluded free trade agreements with the United States and graduated from the CBERA program. The most recent, Panama, ceased to be a CBERA beneficiary country upon entry into force of the U.S.-Panama Trade Promotion Agreement on October 31, 2012. This report covers the 17 CBERA beneficiary countries of Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, the British Virgin Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago, as well as Panama until October 31, 2012. As in previous reports, trade data for countries graduating from the CBERA program are included through the last month when they were eligible.

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

ABSTRACT

This report is the 21st in a series of reports prepared by the U.S. International Trade Commission (Commission) under section 215 of the Caribbean Basin Economic Recovery Act (CBERA) of 1983 (19 U.S.C. 2704). Section 215 requires the Commission to submit to Congress and the President biennial reports regarding the economic impact of the CBERA program on U.S. industries and consumers, and on the economy of the beneficiary countries. As part of its report the Commission is required, first, to include an assessment of the actual effect, during the period covered by the report, of the program on the U.S. economy generally as well as on specific domestic industries which produce articles that are like or directly competitive with articles being imported into the United States from beneficiary countries. Second, the Commission is required to provide an assessment of the probable future effect that the program will have on the U.S. economy generally, as well as on domestic industries, before the provisions of the program terminate. This report covers the period 2011–12.

CBERA authorizes the President to give preferential treatment (duty-free or reduced-duty treatment) to most products that may be imported into the United States from CBERA beneficiary countries (which numbered 17 during most of the period covered). Some of these products can receive tariff preferences *only* under CBERA provisions; these goods are referred to as CBERA-exclusive imports. The Commission found that the overall effect of CBERA-exclusive imports on the U.S. economy generally and on U.S. industries and consumers continued to be negligible in 2012. U.S. industries supplying garment pieces, yarn, and fabric to CBERA apparel producers benefit from enhancements to CBERA, such as the Caribbean Basin Trade Partnership Act. U.S. imports of the leading CBERA-exclusive items all produced small net welfare gains for U.S. consumers in 2012. On the other hand, the Commission identified one U.S. industry—methanol—that might face significant negative effects due to competition from CBERA-exclusive imports.

The probable future effect of CBERA on the United States should also be minimal for most products, as CBERA countries generally are small suppliers relative to the U.S. market. This assessment is based on an examination of export-oriented investment in these countries. Both investment and production in most CBERA countries have yet to recover from the 2008–09 global economic downturn. Moreover, investment in CBERA countries increasingly targets export-oriented services, such as tourism, finance, and telecommunications, rather than the manufacturing of CBERA-eligible export goods. Investment rose significantly in Haiti's export-oriented apparel sector, but Haiti is—and will likely remain—a small U.S. apparel supplier compared to globally competitive producers in Central America and Asia.

CBERA's impact on the economy of CBERA beneficiary countries varies by country. Special CBERA provisions for Haiti have had a strong, positive effect on export earnings and job creation in Haiti's apparel sector. CBERA also continues to benefit energy sector exports from Trinidad and Tobago and, to a lesser extent, Belize. On a smaller scale, CBERA has encouraged export-oriented manufacturing in niche areas, such as polystyrene in The Bahamas and electronics in St. Kitts and Nevis.

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Executive Summary

The Caribbean Basin Economic Recovery Act (CBERA) was enacted in 1983 as part of the Caribbean Basin Initiative (CBI). CBERA was intended to encourage economic growth and development in the Caribbean Basin countries by promoting increased production and exports of nontraditional products. This report, the 21st in a series, assesses the actual and the probable future effects of CBERA on the U.S. economy generally, on U.S. industries and consumers, and on the economies of the Caribbean Basin beneficiary countries. The report covers the period 2011–12. The tables in this report show data for 2009–12 (four years, instead of the five years of data presented in previous reports) so that the period begins with the year following Costa Rica's graduation from the CBERA program.

Throughout this report, the term "CBERA" refers to CBERA as amended by the Caribbean Basin Trade Partnership Act of 2000 (CBTPA), the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and 2008 (HOPE II) (jointly referred to in this report as the HOPE Acts), the Haitian Economic Lift Program (HELP) Act of 2010, and other legislation. However, in this report trade data under the HOPE and HELP Acts are reported and analyzed separately.

Although the effect of CBERA on the U.S. economy generally was negligible during 2011–12 and is likely to remain so, CBERA continues to have a positive impact on a number of Caribbean Basin countries. By one measure, Haiti has been the greatest beneficiary of CBERA trade preferences in recent years, largely due to more flexible rules of origin for apparel. CBERA also has encouraged the development of niche product manufacturing in several other countries.

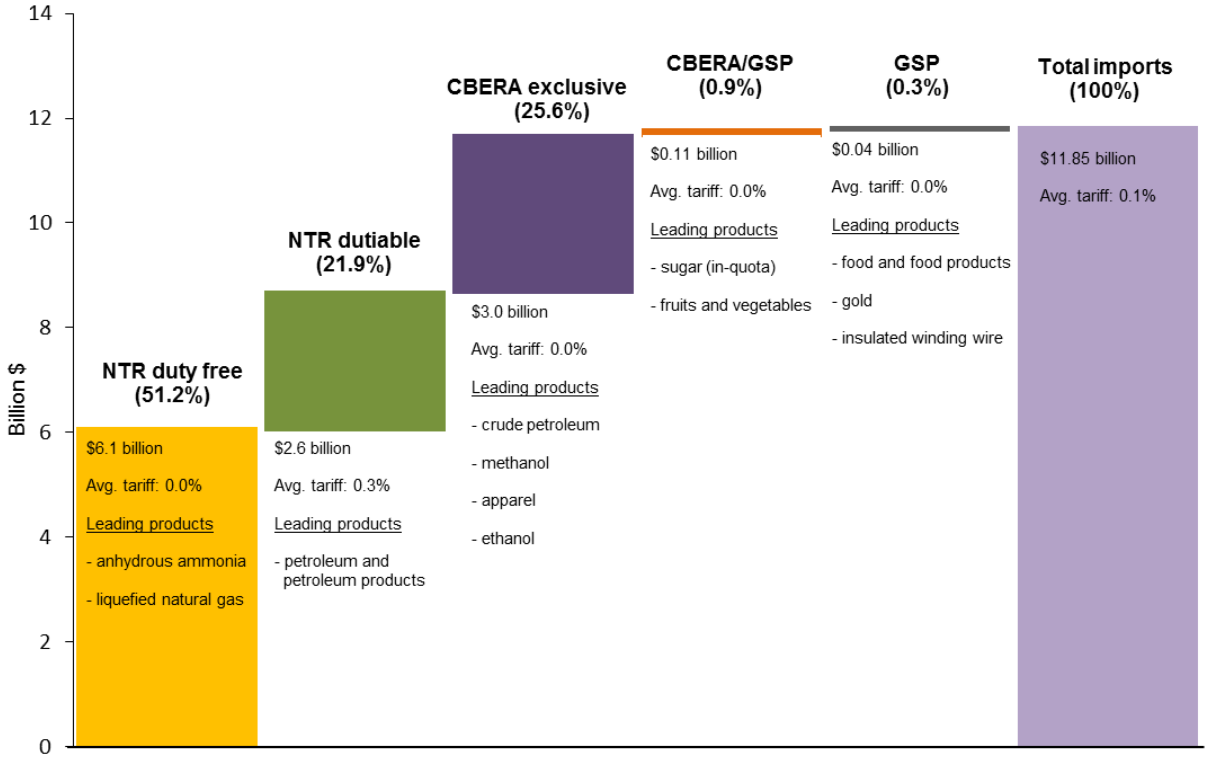
Impact of CBERA on the United States in 2011–12

Overview

The effect of CBERA on the U.S. economy generally was negligible. The overall effect of CBERA-exclusive imports (imports that can receive tariff preferences only under CBERA provisions) on the U.S. economy and U.S. consumers continued to be negligible in 2012. Total imports from CBERA countries represented a minor share (0.5 percent) of the total value of U.S. merchandise imports. CBERA-exclusive imports accounted for an even smaller share (0.13 percent) of the total value of U.S. merchandise imports, and represented a decline from the 2009–10 period covered by the prior report.

Most U.S. imports entered under CBERA preferences were eligible for duty preferences only under CBERA. Of the $3.1 billion in U.S. imports that were entered under CBERA in 2012, imports valued at $3.0 billion could not have received tariff preferences under any other program. The remaining imports that were entered under CBERA could have been entered free of duty under the Generalized System of Preferences (GSP). U.S. imports from CBERA countries, broken down according to the import programs under which they were entered, are shown in figure ES.1. These

FIGURE ES.1 U.S. imports from CBERA beneficiary countries, by import program, 2012



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

Note: "CBERA-exclusive imports" are imports that could only receive preferential entry under CBERA. "CBERA/GSP imports" are imports that were entered under CBERA but were also eligible for duty-free entry under GSP. "Avg. tariff" is the ad valorem equivalent tariff.

CBERA-exclusive imports accounted for 25.6 percent of the value of total U.S. imports from CBERA countries. The five leading items benefiting exclusively from CBERA in 2012 were light crude petroleum, methanol, knitted cotton T-shirts, knitted cotton tops, and ethanol.

Impact on U.S. Consumers and on Tariff Revenues

Eliminating duties on methanol and cotton T-shirts provided the largest consumer welfare gains. Methanol from Trinidad and Tobago imported under CBERA provided the largest single gain in consumer welfare (between $53.2 million and $54.4 million); it is classified in subheading 2905.11.20 of the Harmonized Tariff Schedule of the United States (HTS). Methanol was followed by cotton T-shirts (HTS 6109.10.00) from Haiti (between $26.2 million and $29.9 million). Methanol and cotton T-shirts also accounted for the largest losses of tariff revenues that result from duty-free treatment under CBERA.

Effect on Domestic Industries

Methanol imports may have displaced U.S. production. The Commission's economic and industry analyses indicate that imports receiving CBERA preferences in 2012 in most cases had only a minimal effect on competing U.S. industries, mainly because those imports had low shares of the U.S. market and/or low margins of preference. Methanol is the only U.S. industry for which imports under CBERA may have displaced more than 5 percent of the value of U.S. production in 2012. The Commission estimates that between $12.1 million and $24.3 million of U.S. methanol production in 2012 was displaced by CBERA imports. Further analysis indicates that an important factor in this displacement was the difference in natural gas prices between the United States and Trinidad and Tobago. Natural gas is the feedstock for methanol and, until recently, it was far less costly in Trinidad and Tobago (a major producer of natural gas) than in the United States.

CBERA and the Panama TPA

Panama left CBERA in 2012. The United States-Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012, at which time Panama ceased to be a designated beneficiary country under CBERA. The departure of Panama in the last two months of 2012 had a minimal impact on the value of U.S. imports from CBERA countries. In contrast, Panama was the largest CBERA export market until it left the program in 2012.

Textiles and Apparel

Textile and apparel imports under CBERA decreased while imports under the HOPE and HELP Acts increased. U.S. imports of textiles and apparel products under CBERA (virtually all of which were apparel) fell by 8.0 percent from the 2011 level to $428.8 million in 2012. Haiti was the leading CBERA supplier of U.S. textile and apparel imports in 2012, accounting for nearly 99 percent of such imports. However, total U.S. imports of textiles and apparel from Haiti rose by 4.1 percent to $730.1 million in 2012, reflecting increased imports and expanded trade preferences under the HOPE and HELP Acts. The increases under the HOPE and HELP Acts more than offset the decline in imports under CBERA.

Ethanol

Preferential treatment for the CBERA countries under the special origin quota for fuel ethanol ended on December 31, 2011. Preferential treatment for U.S. imports of fuel ethanol under CBERA ended December 31, 2011, when the special origin quota for fuel ethanol expired. As a result, Brazilian ethanol feedstock no longer qualifies under CBERA local-content requirements. In addition, the U.S. tax credit of 54 cents per gallon to U.S. companies using gasoline-ethanol blends from domestic or imported ethanol expired at yearend 2011. As a consequence, U.S. imports of fuel ethanol from CBERA countries—exclusively from Jamaica in 2012—became subject to the column 1 rates of duty in HTS subheadings 2207.10.60 (undenatured fuel ethanol, dutiable at 2.5 percent ad valorem) and 2207.20.00 (denatured fuel ethanol, dutiable at 1.9 percent ad valorem) in 2012.

Probable Future Effect

The probable future effect of CBERA on the U.S. economy and domestic industries will likely remain small. CBERA countries generally are, and are likely to remain in the near term, small suppliers relative to the U.S. market. Moreover, most of the effect of CBERA on the U.S. economy occurred shortly after the program's implementation in 1984, or shortly after implementation of each of the major enhancements to CBERA.

Overall CBERA-related investment during 2011–12 was low. The Commission found limited investment in most CBERA countries during 2011–12 for the production and export of CBERA-eligible products. The low level of investment appears to stem from two factors in particular: (1) the CBERA countries are relatively small global producers, small exporters, and small suppliers of U.S. imports; and (2) investment in many CBERA countries is aimed much more at services such as tourism and financial services than at goods eligible under CBERA preferences. Foreign direct investment in CBERA countries during 2011–12 rose from low levels in 2009–2010 following the global economic downturn, but still remains small. The only significant export-oriented CBERA-related investments during 2011–12 identified by the Commission were related to textile and apparel production in Haiti.

Increased investment in Haitian apparel production will likely have a minimal impact on U.S. consumers and producers. The Commission noted a significant upturn in investment in Haiti's export-oriented apparel sector during 2011–12. Nevertheless, Haiti is—and will likely remain—a small U.S. apparel supplier compared to globally competitive apparel producers in Central America and Asia. Many short- and long-term economic problems, such as the limited capacity of Haiti's ports and inadequate infrastructure, hurt Haiti's ability to significantly expand its apparel production. As a result, any increase in U.S. apparel imports from Haiti as a result of the HOPE and HELP Acts, which were enacted to give Haiti improved access to the U.S. apparel market, is not likely to significantly affect U.S. producers or consumers.

Increased energy imports from Trinidad and Tobago are unlikely to affect the U.S. economy. Trinidad and Tobago was the leading supplier of U.S. imports (mainly energy products such as crude petroleum and methanol) under CBERA in 2012. Any increase in imports from Trinidad and Tobago under CBERA is not likely to significantly affect the U.S. economy, as Trinidad and Tobago is, and will likely remain, a small supplier of energy products to the United States. Expected increases in U.S. production of methanol may affect future U.S. demand for methanol imports.

Impact of CBERA on the Beneficiary Countries

Benefiting from CBERA trade preferences remains a challenge for most CBERA countries. Exporting CBERA-eligible goods is a challenge for many beneficiaries because of their supply-side constraints. These constraints include inadequate roads, ports, and telecommunications; shortages of skilled workers; high production costs; high energy and telecommunications costs; inadequate access to investment financing; low levels of innovation; and an underdeveloped private sector. Moreover, the economies of many CBERA countries have become more oriented to

international trade in services, rendering CBERA trade preferences for exports of goods less relevant to their economic future.

Special CBERA provisions for Haiti have had a strong, positive effect on export earnings and job creation in Haiti's apparel sector. Apparel assembly is Haiti's largest manufacturing activity and the country's largest source of manufacturing jobs. CBERA, particularly as enhanced by CBTPA and the HOPE and HELP Acts, was an important factor promoting apparel production and exports in Haiti during 2011–12. Haiti's apparel assembly sector quickly recovered from the massive destruction caused by the January 2010 earthquake.

CBERA continues to benefit energy sector exports by Trinidad and Tobago. Trinidad and Tobago accounted for 69.2 percent of the value of all U.S. imports under CBERA in 2012. The country supplied nearly all (91.3 percent) of the crude petroleum entered under CBERA in 2012, and supplied 100 percent of the methanol entered under the program in that year. Because of significant positive spillover effects from the growth of Trinidad and Tobago's energy sector and downstream energy products, CBERA is widely viewed as a key element in the development and diversification of the country's economy. Since 2010, melamine—a resin used to make kitchen and tableware, flooring laminates, wall adhesives, and a variety of other applications—has entered the U.S. market under CBERA, as Trinidad and Tobago's methanol and ammonia industries began producing melamine as a downstream product.

CBERA has encouraged some countries to develop niche exports. CBERA has encouraged the production of polystyrene in The Bahamas, fruits and fruit juices in Belize, and electronics in St. Kitts and Nevis.

CBERA Import and Export Statistics

- CBERA countries account for a very small share of U.S. merchandise trade (hereafter simply "trade"). In 2012, total U.S. trade (exports plus imports) with CBERA countries was slightly less than 1 percent of total U.S. trade with the world. CBERA countries accounted for 1.4 percent of total U.S. exports (down from 1.7 percent in 2010) and 0.5 percent of total U.S. imports (same as in 2010) in 2012.

- In 2012, total U.S. imports of $11.8 billion of goods from CBERA countries (with and without trade preferences) represented a decline of 18.4 percent from $14.5 billion in 2011, after rising from $9.4 billion beginning in 2009. In 2012, of the $11.8 billion in total U.S. imports from CBERA countries, energy products accounted for 49.5 percent; other mining and manufacturing products, 35.6 percent; textiles and apparel products, 6.2 percent; and agricultural products, 4.3 percent. Trinidad and Tobago, Haiti, Aruba, and The Bahamas were the leading sources of imports, accounting for 85.4 percent of all U.S. imports from CBERA countries in 2012.

- In 2012, imports of goods benefiting from CBERA preferences came to $3.1 billion, a decline of 13.3 percent from $3.6 billion in 2011, although it still represents an increase over $2.4 billion in 2009 and $2.9 billion in 2010. Of the $3.1 billion in imports under CBERA in 2012, energy products accounted for 75.7 percent; textiles and apparel products (almost all of which were apparel), 13.7 percent; other mining and manufacturing products, 6.3 percent; and agricultural products, 4.3 percent.

Trinidad and Tobago and Haiti were the leading sources of imports, accounting for 83.1 percent of imports under CBERA in 2012.

- Imports of energy products under CBERA were valued at $2.4 billion in 2012; light crude petroleum and methanol accounted for 92.0 percent of these. Trinidad and Tobago was the principal source, accounting for 89.4 percent of imports of energy products under CBERA.

- Imports of other mining and manufacturing products under CBERA were valued at $196.2 million in 2012. Expandable polystyrene in primary forms accounted for 65.9 percent of these imports, with The Bahamas being the only source.

- Imports of cassava and fresh or chilled yams; orange juice; papayas; and pineapples, guavas, and mangos accounted for 43.8 percent of all U.S. imports of agricultural products under CBERA in 2012. Jamaica, Belize, Panama (through October 2012), Trinidad and Tobago, and Haiti were the principal sources of these imports under CBERA, together accounting for 98.3 percent of such imports in 2012.

- U.S. merchandise exports to CBERA beneficiaries totaled $19.0 billion in 2012, a 1.7 percent increase from $18.7 billion in 2011. These exports had earlier jumped 23.3 percent in 2009–10, from $14.5 billion to $17.9 billion, followed by a further 4.8 percent increase to $18.7 billion in 2011. The value of U.S. exports to the CBERA countries was depressed by Panama's exit from CBERA in October 2012; excluding those to Panama, U.S. exports during 2012 rose by over 5 percent.

- Panama, The Bahamas, Trinidad and Tobago, and Jamaica were the leading destinations for U.S. exports to the region in 2012. Energy products (mostly refined petroleum products) accounted for 41.1 percent of U.S. exports to the region; other mining and manufacturing, 37.1 percent; agricultural products, 12.1 percent; and textiles and apparel, 0.9 percent.

ABBREVIATIONS AND ACRONYMS

ACP	African, Caribbean and Pacific States (European Union)
AGOA	African Growth and Opportunity Act
ATPA	Andean Trade Preference Act
ATPDEA	Andean Trade Preference and Drug Eradication Act
ATC	Agreement on Textiles and Clothing (World Trade Organization)
BEA	Bureau of Economic Analysis (U.S. Department of Commerce)
CAIC	Caribbean Association of Industry and Commerce, Inc.
CAFTA-DR	Central America-United States-Dominican Republic Free Trade Agreement
CARICOM	Caribbean Community
CARIFORUM	Forum of the Caribbean Group of African, Caribbean and Pacific (ACP) States
CBERA	Caribbean Basin Economic Recovery Act
CBEREA	Caribbean Basin Economic Recovery Expansion Act
CBI	Caribbean Basin Initiative
CBTPA	Caribbean Basin Trade Partnership Act
CCAA	Caribbean Central American Action
CIA	U.S. Central Intelligence Agency
c.i.f.	cost, insurance, and freight (value of goods delivered to the port of destination)
ECLAC	Economic Commission for Latin America and the Caribbean (United Nations)
EIA	U.S. Energy Information Agency (U.S. Department of Energy)
EIAP	Earned Import Allowance Program
EIU	Economist Intelligence Unit
ES	elasticity of substitution
EU	European Union
FDI	foreign direct investment
FTA	free trade agreement
GAO	Government Accountability Office
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GSP	Generalized System of Preferences
HELP Act	Haiti Economic Lift Program Act of 2010
HOPE Acts	HOPE I and HOPE II (see below)
HOPE I	Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006
HOPE II	Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008
HS	Harmonized System (global tariff schedule)
HTS	Harmonized Tariff Schedule (of the United States)
IADB	Inter-American Development Bank
IMF	International Monetary Fund
IPR	intellectual property rights
ITA	International Trade Administration (U.S. Department of Commerce)
LNG	liquefied natural gas
MFN	most-favored-nation
MTBE	methyl tert-butyl ether
NMBC	National Minority Business Council, Inc.
NAFTA	North American Free Trade Agreement
n.e.s.o.i.	not elsewhere specified or included

OAS	Organization of American States
ODC	other duties and charges
NTR	normal trade relations (same as MFN)
OTEXA	Office of Textiles and Apparel (U.S. Department of Commerce)
PRIDE	Promote, Renew, Invigorate, Develop and Energize Jamaica program
SABIC	Saudi Basic Industries Corporation
SME	square meter equivalent
TAICNAR	Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program (U.S. Trade Representative)
TAJ	Tax Administration Jamaica
TPA	Trade Promotion Agreement
TRQ	tariff-rate quota
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
URAA	Uruguay Round Agreements Act
US&FCS	United States and Foreign Commercial Services (U.S. Departments of Commerce and State)
USAID	United States Agency for International Development
USDOC	United States Department of Commerce
USDOE	United States Department of Energy
USDOS	United States Department of State
USITC	United States International Trade Commission
USTR	United States Trade Representative
WTO	World Trade Organization

DEFINITIONS OF FREQUENTLY USED TERMS

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

CBERA: Caribbean Basin Economic Recovery Act, as amended by the Caribbean Basin Trade Partnership Act (CBTPA); the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Acts of 2006 and 2008; the Haitian Economic Lift Program (HELP) Act of 2010; and other legislation. Data for CBERA and the Hope Acts are provided separately in this report.

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

Original CBERA: The non-expiring provisions of CBERA.

CBERA beneficiary countries (or CBERA countries): Countries designated by the President as eligible for CBERA benefits. There were 16 CBERA beneficiary countries at yearend 2012: Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, the British Virgin Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. Panama was also a CBERA country for most of the period covered by this report, until the U.S.-Panama Trade Promotion Agreement went into effect on October 31, 2012. See also the definition "former CBERA countries" below.

Former CBERA countries: Countries that were no longer eligible for CBERA benefits at yearend 2012, or earlier, because they had entered into a free trade agreement with the United States. Six Caribbean Basin countries stopped being CBERA beneficiary countries once the Central America-United States-Dominican Republic Free Trade Agreement (CAFTA-DR) entered into force. Those countries (and date of entry into force of CAFTA-DR) were El Salvador (March 1, 2006); Honduras and Nicaragua (April 1, 2006); Guatemala (July 1, 2006); the Dominican Republic (March 1, 2007); and Costa Rica (January 1, 2009). The Netherlands Antilles was dissolved as a political entity on October 10, 2010, and ceased to be a designated CBERA beneficiary country at that time.[1] Panama ceased to be a designated CBERA beneficiary country with the entry into force on October 31, 2012 of the U.S.-Panama Trade Promotion Agreement.

CBTPA beneficiary countries (or CBTPA countries): CBERA countries designated by the President as eligible for CBTPA benefits, and found by USTR to satisfy customs-related requirements established in the CBTPA. At yearend 2012, there were 7 CBTPA countries: Barbados, Belize, Guyana, Haiti, Jamaica, St. Lucia, and Trinidad and Tobago. As noted above, Panama was also a designated CBTPA country until October 31, 2012. CBTPA benefits are currently scheduled to expire on September 30, 2020.

[1] In 2013, the United States continued consideration of whether to grant the Turks and Caicos Islands, as well as the successor political entities of the Netherlands Antilles (Curaçao and Sint Maarten), CBERA beneficiary status, which they requested in 2012. Suriname requested CBERA beneficiary status in 2009. USTR, *2013 Trade Policy Agenda and 2012 Annual Report*, March 2013, 196.

Fuel ethanol: Includes ethanol (ethyl alcohol) imported for fuel use in these product categories: (1) undenatured ethyl alcohol of 80 percent volume alcohol or higher, for nonbeverage purposes (HTS 2207.10.60), and (2) ethyl alcohol and other spirits, denatured, of any strength (HTS 2207.20.00).

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

CHAPTER 1
Introduction

The Caribbean Basin Economic Recovery Act (CBERA or the Act)[1] was enacted in 1983 as part of the Caribbean Basin Initiative (CBI) to encourage economic growth and development in the Caribbean Basin countries by promoting increased production and exports of nontraditional products.[2] The Act authorizes the President to proclaim preferential rates of duty on most products entering the United States from the region. CBERA has no statutory expiration date. The U.S. International Trade Commission (USITC or "the Commission") has submitted its reports on the economic impact of the CBERA program to Congress and the President since 1986.

This report fulfills the statutory requirement under CBERA that the Commission report biennially on CBERA's economic impact on U.S. industries, consumers, the U.S. economy in general, and the economies of the beneficiary countries.[3] This report, the 21st in the series, covers the period 2011–12. Throughout this report, the term "CBERA" refers to CBERA as amended by the United States-Caribbean Basin Trade Partnership Act (CBTPA); the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and 2008 (HOPE II) (jointly referred to as the HOPE Acts); the Haiti Economic Lift Program Act of 2010 (HELP Act); and other legislation.[4] However, in this report imports under the HOPE and HELP Acts are reported and analyzed separately. To identify the non-expiring provisions of CBERA, the term "original CBERA" will be used. Table 1.1 summarizes the major provisions of CBERA.

[1] CBERA was signed into law August 5, 1983, as Pub. L. 98-67, title II, 97 Stat. 384, 19 U.S.C. 2701 et seq. The President signed a proclamation that made preferential rates under CBERA effective January 1, 1984 (Proclamation No. 5133, 48 Fed. Reg. 54453). Minor amendments to CBERA were made by Pub. Laws 98-573, 99-514, 99-570, and 100-418. Major amendments were made to CBERA by Pub. L. 106-200, the Caribbean Basin Trade Partnership Act. Further modifications were made by Pub. L. 107-210, the Trade Act of 2002; Pub. L. 109-53, the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act; Pub. L. 109-432, § 5001 et seq., the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE I); Pub. L. 110-234, § 15401 et seq., the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II); and Pub. L. 111-171, the Haiti Economic Lift Program Act of 2010 (HELP Act). CBERA beneficiary countries are listed in table 1.1.

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

[3] The reporting requirement is set forth in section 215 of CBERA (19 U.S.C. 2704). Section 215 calls for the Commission's report to include an assessment of "(A) the actual effect, during the period covered by the report, 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, before the provisions of this Act terminate."

[4] Preferences provided in the CBTPA and the HOPE and HELP Acts have expiration dates, as detailed below.

TABLE 1.1 Summary of CBERA preferential provisions, yearend 2012

History	Enacted 8/5/83, effective 1/1/84: CBERA Expanded and made permanent 8/20/90: CBEREA[a] Enhanced 5/18/00: CBTPA;[b] CBTPA extended, 5/22/08 and 5/24/10[c] Modified 8/6/02: Trade Act of 2002[d] Enhanced for Haiti: HOPE Act 12/20/06,[e] HOPE II 5/22/08,[f] HELP Act 5/24/10[g]
Benefits	Duty-free entry and reduced-duty entry granted on a nonreciprocal, non-most favored nation (MFN) basis
Exclusions under original CBERA[h]	Most textiles/apparel, leather, canned tuna, petroleum and derivatives, certain footwear, certain watches/parts; over-tariff-rate quota (TRQ) agricultural goods
Duration	Originally 12 years, until 9/30/95 CBEREA: removed expiration date for original CBERA CBTPA: until 9/30/20[i] HOPE and HELP Acts: until 9/30/20
Beneficiaries[j]	Beneficiaries in 2012: Antigua and Barbuda, Aruba, The Bahamas, Barbados,* Belize,* British Virgin Islands, Dominica, Grenada, Guyana,* Haiti,* Jamaica,* Montserrat, Panama,* St. Kitts and Nevis, St. Lucia,* St. Vincent and the Grenadines, and Trinidad and Tobago*
Coverage (eligible provisions)	Approximately 5,700 HTS 8-digit tariff lines
Value of imports under the program	$3.137 billion (2012)
Significance in terms of U.S. trade:	
U.S. imports from the region as a share of total U.S. imports	0.5%
U.S. imports from beneficiaries that receive program preferences as a share of total U.S. imports from beneficiary countries	26.5% (2012)

Source: Commission compilation.

[a]Caribbean Basin Economic Recovery Expansion Act of 1990.
[b]Caribbean Basin Trade Partnership Act, title II, of the Trade and Development Act of 2000, effective October 2000. The measure gives certain preferential treatment to goods originally excluded from CBERA preferences.
[c]Pub. L. 110-234, § 15408 and Pub. L. 111-171, § 3.
[d]Pub. L. 107-210, § 3107.
[e]HOPE Act of 2006 (Pub. L. 109-432, § 5001 et seq.).
[f]HOPE Act of 2008 (Pub. L. 110-234, § 15401 et seq.).
[g]HELP Act of 2010 (Pub. L. 111-171).
[h]The CBTPA provides for the application of Mexico's North American Free Trade Agreement (NAFTA) rates of duty, where goods from CBTPA countries meet NAFTA rule-of-origin criteria, for most goods excluded from CBERA except for agricultural and textile/apparel products. Certain apparel and textile luggage made from U.S. inputs are eligible for duty-free entry. (See subchapter XX (20) of chapter 98 of the Harmonized Tariff Schedule of the United States (HTS). No other CBTPA benefits apply to excluded agricultural and textile/apparel products; that is, NAFTA parity is not accorded.)
[i]The CBTPA benefits expire on either September 30, 2020, or the date on which the Free Trade Area of the Americas or comparable agreement enters into force, whichever is earlier.
[j]Asterisk (*) indicates CBTPA beneficiary countries. Panama ceased to be a CBERA or CBPTA beneficiary country upon entry into force of the U.S.-Panama Trade Promotion Agreement on October 31, 2012.

The United States-Panama Trade Promotion Agreement (TPA) Implementation Act, which terminated Panama's CBERA beneficiary status, entered into force on October 31,2012.[5] Unless otherwise noted, tables in this report referring to trade with CBERA countries include trade data for each country through the last month that it was eligible for CBERA preferences. The tables also report data for 2009–12 (four years, instead of the five years of data presented in previous reports) so that the period begins with the year following Costa Rica's graduation from the CBERA program.

Organization of the Report

Chapter 1 summarizes the CBERA program, including amendments to the original CBERA by CBTPA, the Trade Act of 2002, the HOPE Acts of 2006 and 2008, and the HELP Act of 2010; briefly describes the recent United States-Panama TPA; and describes the analytical approach used in the report. Chapter 2 analyzes U.S. trade with CBERA beneficiaries through 2012. Chapter 3 provides the Commission's assessment of the impact of CBERA during 2011–12 on the U.S. economy generally, as well as on U.S. industries and consumers. Chapter 3 also provides the Commission's assessment of the probable future effect of CBERA. Chapter 4 assesses the impact of CBERA on the economies of the beneficiary countries.

Appendix A reproduces the *Federal Register* notice by which the Commission solicited public comment on the CBERA program. Appendix B contains the hearing calendar. Appendix C contains a summary of the positions of the interested parties who submitted written statements or testified at the public hearing. Appendix D explains the economic model used to estimate the effect of CBERA on the U.S. economy presented in chapter 3. Appendix E includes tables presenting the data underlying some of the analysis of trade trends in chapter 2.

Summary of the CBERA Program

CBERA authorizes the President to grant certain unilateral preferential trade benefits to Caribbean Basin countries and territories. The program permits exporters from designated beneficiaries to claim duty-free or reduced-duty treatment for eligible products imported into the customs territory of the United States. If U.S. importers do not claim this status, then duties can be charged on their goods using the rates found in the general rates of duty column of the Harmonized Tariff Schedule of the United States (HTS). These are the rates charged on goods from countries that have normal trade relations (NTR) with the United States; such rates are generally known as NTR rates of duty.[6]

[5] The act, which approved and implemented the U.S.-Panama TPA, required the President to terminate the designation of Panama as a beneficiary country, with certain exceptions, as of the date the TPA entered into force.

[6] NTR status was formerly known as "most-favored-nation" (MFN) status; this is the term still commonly used outside the United States. Goods from a country with NTR status are entitled to normal nondiscriminatory tariff treatment. Certain goods from countries that are beneficiary countries under the U.S. Generalized System of Preferences (GSP) may be imported free of duty. A number of CBERA countries are GSP beneficiary countries; see the section below on CBERA and GSP.

As originally enacted, CBERA authorized the President to provide duty-free treatment to qualifying goods from beneficiary Caribbean Basin countries through September 30, 1995. The Caribbean Basin Economic Recovery Expansion Act (CBEREA) of 1990[7] repealed that termination date, made the authority permanent, and expanded CBERA benefits in several respects.[8] In May 2000, CBTPA further expanded the CBERA program and extended trade preferences to textiles and apparel from eligible countries in the region.[9] In August 2002, the Trade Act of 2002 amended CBERA to clarify and modify several CBTPA provisions.[10] In December 2006, HOPE I enhanced benefits under CBERA for Haiti. In May 2008, HOPE II extended and further enhanced benefits for Haiti. In May 2010, the HELP Act of 2010 extended the expiration date of the HOPE Acts from September 30, 2018, to September 30, 2020; extended the expiration date of CBTPA from September 30, 2010, to September 30, 2020; and further expanded benefits for Haiti.

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

Beneficiaries

Eligible imports from 17 countries (collectively referred to in this report as "CBERA beneficiary countries" or "CBERA countries"[11]) received CBERA tariff preferences during most of 2011–12.[12] Additional countries that are potentially eligible for CBERA benefits include Anguilla, the Cayman Islands, Suriname, the Turks and Caicos Islands, and the successor entities of the Netherlands Antilles—Curaçao and Sint Maarten.[13] Suriname requested CBERA beneficiary status in 2009. The Turks and Caicos Islands, as well as Curaçao and Sint Maarten, requested CBERA status in 2012. Final determinations on beneficiary status were pending as of mid-2013.[14]

CBERA countries must be separately designated by the President for the enhanced benefits of CBTPA—they are not automatically eligible for CBTPA preferences. Eight

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

[8] Among other things, the 1990 act reduced duties on certain products previously excluded from such treatment. For a comprehensive description of the 1990 act, see USITC, *Annual Report on the Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers, Sixth Report, 1990*, September 1991, 1-1 to 1-5.

[9] CBTPA is described in a separate section of this chapter.

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

[11] For additional information, see the "Frequently Used Abbreviations and Acronyms" section in the front of this report.

[12] CBERA beneficiary countries during the 2011–12 period were Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, the British Virgin Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago, as well as Panama until October 31, 2012. See HTS general note 7.

[13] USTR, *2013 Trade Policy Agenda and 2012 Annual Report*, March 2013, 196.

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

CBERA countries were eligible for CBTPA preferences in 2011–12.[15] Seven countries have requested CBTPA beneficiary status; final determinations were pending as of mid-2013.[16] The President can terminate beneficiary status or suspend or limit a country's CBERA benefits at any time, as explained below.[17]

Trade Benefits under CBERA

CBERA provides duty-free or reduced-duty treatment to qualifying imports from designated beneficiary countries.[18] For some products, duty-free entry under CBERA is subject to statutory conditions in addition to normal program rules. In addition to these basic preference-eligibility rules, certain conditions apply to CBERA duty-free entries of sugar, beef,[19] and until December 31, 2011, ethyl alcohol (ethanol).[20] Imports of sugar and beef, like those of some other agricultural products, remain subject to any applicable and generally imposed U.S. tariff-rate quotas (TRQs) and food-safety requirements.[21]

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[15] Barbados, Belize, Guyana, Haiti, Jamaica, St. Lucia, and Trinidad and Tobago. Panama was a CBTPA beneficiary until October 31, 2012. See HTS general note 17 and U.S. notes in subchapters II and XX of chapter 98 of the HTS. Although the list of eligible countries is currently the same in both the general note and in chapter 98, countries can be added to the general note list, dealing with nonapparel goods, without qualifying for the apparel articles benefits of chapter 98.

[16] Aruba, The Bahamas, Dominica, Grenada, Montserrat, St. Kitts and Nevis, and St. Vincent and the Grenadines. 77 Fed. Reg. 61816 (Oct. 11, 2012).

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

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

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

[20] Ethyl alcohol produced from agricultural feedstock grown in a CBERA country is admitted free of duty, provided it meets the 35 percent value-content rule. Until December 31, 2011, ethyl alcohol dehydrated from non-CBERA agricultural feedstock was permitted to enter free of duty. This preferential access was restricted to 60 million gallons or 7 percent of the U.S. domestic ethanol market, whichever is greater. An additional 35 million gallons could enter free of duty if it contained at least 30 percent ethyl alcohol produced from local feedstock, and an unlimited amount could enter free of duty if it contained at least 50 percent ethyl alcohol produced from local feedstock. See 19 U.S.C. 2703(a)(1) and section 423 of the Tax Reform Act of 1986, as amended by section 7 of the Steel Trade Liberalization Program Implementation Act of 1989 (19 U.S.C. 2703 nt; Pub. L. 99-514, as amended by Pub. L. 101-221). As of December 31, 2011, ethyl alcohol exported from CBERA countries and entering the United States that does not meet the 35-percent value-content criteria is dutiable. This change in the CBERA preferences resulted from modifications to the U.S. ethanol program at the end of 2011. See chapter 2 for more information.

[21] A TRQ is a quota for a volume of imports and a two-tier tariff regime; imports within the quota enter at a lower (in-quota) tariff rate while imports above the quota enter at a higher (above-quota) tariff rate. TRQs on imports of sugar and beef were established pursuant to sections 401 and 404 of the Uruguay Round Agreements Act (URAA). These provisions replaced absolute quotas on imports of certain agricultural products imported under section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624), the Meat Import Act of 1979 (Pub. L. 88-482), and other authorities. The URAA also amended CBERA by excluding from duty preferences any imports from beneficiary countries in quantities exceeding the new TRQs' global trigger levels or individual country allocations; i.e., within-quota imports qualify for duty-free treatment. 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.

Under the original CBERA, certain leather handbags, luggage, flat goods (such as wallets and portfolios), work gloves, and leather wearing apparel were eligible to enter at reduced rates of duty.[22] Not eligible for any preferential duty treatment under the original CBERA were cotton, wool, and manmade-fiber textiles and apparel; certain footwear; canned tuna; petroleum and petroleum derivatives; and certain watches and parts.[23]

The CBTPA amended CBERA to authorize duty-free treatment for some products previously ineligible for CBERA preferences, most notably certain apparel. It also authorized treatment equivalent to that given to Mexico under the North American Free Trade Agreement (NAFTA) for other products previously ineligible for duty-free treatment, including certain footwear; canned tuna; the above-mentioned handbags, luggage, flat goods, work gloves, and leather wearing apparel; petroleum and petroleum derivatives; and certain watches and watch parts.[24] Roughly 5,700 HTS 8-digit tariff lines or products are now covered by CBERA trade preferences, of which about 387 were added by CBTPA. The products that continue to be excluded by statute from receiving preferential treatment are textile and apparel articles not otherwise eligible for preferential treatment under CBTPA, certain footwear, and above-quota imports of certain agricultural products subject to TRQs.

Qualifying Rules

CBERA generally provides that eligible products must either be wholly grown, produced, or manufactured in a designated CBERA country or be "new or different" articles made from substantially transformed non-CBERA inputs in order to receive duty-free entry into the United States.[25] The cost or value of the local (CBERA-region) materials, plus the direct cost of processing in one or more CBERA countries, must total at least 35 percent of the appraised customs value of the product at the time of entry. These rules of origin allow goods incorporating value from multiple CBERA countries to meet the requirement for "local-value-content" on an aggregated basis.[26] Also, inputs from Puerto

[22] These are articles that were not designated for GSP duty-free entry as of August 5, 1983. Under CBERA, beginning in 1992, duties on these goods were reduced up to 20 percent in five equal annual stages. See 19 U.S.C. 2703(h).

[23] See 19 U.S.C. 2703(b)(1). For discussions of products originally excluded from CBERA and subsequent modifications to the list of excluded products, see USITC, *Report on the Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers, 1993*, September 1994, 2-9; USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers, Tenth Report, 1994*, September 1995, 3-4.

[24] 19 U.S.C. 2703(b)(3).

[25] Certain products do not qualify. These include products that undergo simple combining or packaging operations, dilution with water, or dilution with another substance that does not materially alter the characteristics of the article. See 19 U.S.C. 2703(a)(2). However, articles, other than textiles and apparel or petroleum and petroleum products, that are assembled or processed in CBERA countries wholly from U.S. components or materials also are eligible for duty-free entry under 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 under changes made in 1990. For a more detailed discussion, see USITC, *Caribbean Basin Economic Recovery Act Impact on U.S. Industries and Consumers, 1991*, September 1992, 1-4.

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

Rico, the U.S. Virgin Islands, and former CBERA countries[27] may count in full toward the value threshold. As an advantage over the GSP program's 35 percent requirement, the CBERA local value content requirement can also be met when the CBERA content is 20 percent of the customs value and the remaining 15 percent is attributable to U.S.-made (excluding Puerto Rican) materials or components.[28] To encourage production sharing between Puerto Rico and CBERA countries, CBERA allows duty-free entry for articles produced in Puerto Rico that are "by any means advanced in value or improved in condition" in a CBERA country.[29]

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

CBERA and GSP

All current CBERA countries—except Antigua and Barbuda, Aruba, The Bahamas, Barbados, and Trinidad and Tobago—are also GSP beneficiary countries.[30] CBERA and GSP are similar in many ways, and many products may enter the United States free of duty under either program at the choice of the importer.[31] 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) contain a minimum of 35 percent local value content, and (3) meet the double substantial-transformation requirement for any foreign inputs.[32]

However, the programs differ in several ways that make U.S. importers of goods from CBERA countries more likely to enter qualified products under CBERA than under GSP. First, CBERA preferences apply to more tariff categories and products than the GSP program. CBERA extends duty-free or reduced-duty treatment to all tariff categories, except for certain categories excluded by statute (assuming that the imported good meets certain country-of-origin rules and other requirements). The GSP program, on the other

[27] The term "former beneficiary country" means a country is no longer a beneficiary country under CBERA because the country became a party to an FTA with the United States. Pub. L. 109-53, § 402.

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

[29] Any materials added to such Puerto Rican articles must be of U.S. or CBERA-country origin. The final product must be imported directly into the customs territory of the United States from the CBERA country. See 19 U.S.C. 2703(a)(5). Imports entered under the "Puerto Rico-CBI" coding are counted in this report as having entered under the original CBERA. See chapters 2 and 3 for additional information.

[30] The U.S. GSP program was established under title V of the Trade Act of 1974, Pub. L. 93-618, 88 Stat. 2066 et seq. The statute authorized the President to provide duty-free treatment to eligible articles from beneficiary developing countries for a 10-year period. The President's authority was extended for an additional 10 years under title V of the Trade and Tariff Act of 1984, Pub. L. 98-573, 98 Stat. 3018 et seq. The President's authority has expired and been renewed several times since then, as summarized later in this section.

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

[32] Both the CBERA and GSP program use a "double substantial transformation" rule, which involves transforming foreign material into a new or different product that, in turn, becomes the constituent material used to produce a second new or different article in the beneficiary country.

hand, is more limited, applying only to products in tariff categories that are designated as eligible for duty-free treatment after a review process. For example, certain textile and apparel products are eligible for duty-free treatment under CBERA but not under GSP.

Second, U.S. imports under CBERA are not subject to GSP competitive-need limitations and country-income graduation requirements. Under GSP, products that achieve a specified level of market penetration in the United States (the competitive-need limitation) may be excluded from GSP eligibility.[33] Products so restricted may continue to enter free of duty under CBERA. Moreover, a country may lose all of its GSP privileges once its per capita income grows beyond a specified amount,[34] but it would retain its CBERA eligibility, because there are no income limits in CBERA.

Third, CBERA qualifying rules for individual products are more liberal than those of GSP. GSP requires that 35 percent of the value of the product be added in a single beneficiary country or in a specified association of eligible GSP countries,[35] whereas CBERA allows the value to come from any or all of the countries covered by CBERA (including former CBERA beneficiaries), as well as from limited U.S. content.

Fourth, the President's authority to provide duty-free and reduced-duty treatment to products covered by the original CBERA is not time limited, whereas the President's authority to provide duty-free treatment under GSP is time limited and has in fact expired many times over the life of the program, with gaps between expiration and renewal ranging from 1 to 15 months.[36] On December 21, 2010, the President' authority to provide duty-free treatment under the GSP program expired,[37] and was renewed retroactively on October 21, 2011.[38] Most recently, the President's authority to provide duty-free treatment under the GSP program expired on July 31, 2013.[39]

Previous renewal legislation has permitted importers to apply for reimbursement of duties paid during the period between the lapse in authority and renewal. However, importers of goods from CBERA countries that are eligible for duty-free treatment under both programs have always had the option to enter these goods under either program. Because of the periodic lapses in the President's authority to grant duty-free treatment under GSP, Caribbean Basin suppliers generally have preferred to enter such dual-eligible goods under CBERA.[40]

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[33] A beneficiary developing country loses GSP benefits for an eligible product when U.S. imports of the product exceed the competitive-need limitation, which is defined as either a specific annually adjusted value ($155 million in 2012) or 50 percent of the value of total U.S. imports of the product in the preceding calendar year (19 U.S.C. 2463(c)(2)). USTR, *U.S. Generalized System of Preferences (GSP) Guidebook*, December 2012, 11.

[34] See 19 U.S.C. 2462(e). Trinidad and Tobago was graduated from GSP on January 1, 2010, because of its higher per capita income. Both the Turks and Caicos Islands and St. Kitts and Nevis are to be graduated from the GSP program effective January 1, 2014.

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

[36] See USITC, *The Impact of Caribbean Basin Economic Recovery Act, Seventeenth Report, 2003–2004*, September 2005, 1-8.

[37] Pub. L. 111-124.

[38] Pub. L. 112-40.

[39] Pub. L. 112-40.

[40] See USITC, *Caribbean Basin Economic Recovery Act Impact on U.S. Industries and Consumers, Thirteenth Report, 1997 and Andean Trade Preference Act Impact on U.S. Industries and Consumers, Fifth Report, 1997*, September 1998, 22–23.

Caribbean Basin Trade Partnership Act

The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted May 18, 2000, expanded the CBERA program in several significant respects.[41] Additional modifications and clarifications were made in the Trade Act of 2002, enacted August 6, 2002.[42] CBTPA became effective on October 2, 2000, as a transitional measure through September 30, 2008, or until the entry into force of the Free Trade Area of the Americas or any comparable free trade agreement (FTA) between the United States and individual CBERA countries. As noted previously, CBTPA was extended to September 30, 2020, in May 2010.

CBTPA authorized duty-free treatment for imports of qualifying cotton, wool, and manmade-fiber apparel classified in HTS chapters 61 and 62 from CBERA countries for the first time. Key apparel provisions are summarized in table 1.2. For the most part, these CBTPA apparel goods must be made wholly of U.S. or regional inputs and assembled in an eligible CBTPA country listed in chapter 98 of the HTS. The CBTPA also extended preferential treatment to a number of other products previously excluded from CBERA, including petroleum and petroleum products, certain tuna, certain footwear, and certain watches and watch parts. The rates of duty for these are identical to those accorded to like goods of Mexico, under the same rules of origin applicable under NAFTA found in HTS general note 12. CBTPA also provided duty-free treatment for textile luggage assembled from U.S. fabrics made of U.S. yarns.[43] A substantial apparel industry developed in CBERA countries in the 1980s and 1990s, based on special U.S. production-sharing policies for CBERA countries that allowed virtually quota-free entry of apparel assembled in the region from U.S.-formed and -cut apparel components.[44] Such imports are dutiable only on the value added abroad. At their peak in 1997, apparel imports from CBERA countries accounted for 17.0 percent of U.S. imports of apparel. However, production sharing in current or former CBERA countries is no longer substantial because of the opportunities for duty-free entry of apparel under CBTPA, the HOPE and HELP Acts, and the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR).[45]

HOPE and HELP Acts

Since 2006, three laws have added special provisions to CBERA to expand and enhance trade benefits for Haiti and to give Haitian apparel producers more flexibility in sourcing. In effect since March 20, 2007, the first of these three laws, the Haitian Hemispheric

[41] See Trade and Development Act of 2000 (Pub. L. 106-200, title II).

[42] See Trade Act of 2002 (Pub. L. 107-210).

[43] See HTS 9820.11.21.

[44] See USITC, *The Impact of the Caribbean Basin Economic Recovery Act, Eighteenth Report, 2005–2006*, September 2007, 1-12 to 1-13.

[45] The vast majority of pre-CBTPA production sharing occurred in countries that are now part of CAFTA-DR.

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

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

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

Note: SME means square meter equivalent.

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

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

[c]Since the implementation of CAFTA-DR beginning in 2006, the USITC has not provided any advice under the "commercial availability" provisions of the CBTPA. Note that CAFTA-DR parties (treated as "former CBTPA beneficiary countries") accounted for about 95 percent of U.S. imports of textiles and apparel under the CBTPA.

Opportunity through Partnership Encouragement Act of 2006 (HOPE I),[46] established tariff provisions that differed significantly from those in the CBTPA (box 1.1). HOPE I granted duty-free treatment for a limited amount of apparel imported from Haiti if at least 50 percent of the value of inputs and/or costs of processing (e.g., assembling an entire garment or knitting it to shape) came from Haiti, the United States, or any country that is an FTA partner with the United States or is a beneficiary of specified U.S. trade preference programs.[47] The percentage requirements for the value of inputs originating in the countries described above were increased in subsequent years, reaching 60 percent through December 20, 2011.[48]

On May 22, 2008, Congress enacted the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II).[49] HOPE II amended the special provisions for apparel and other textiles from Haiti in section 213(b) of CBERA, including provisions specified by HOPE I. On September 30, 2008, President Bush issued a proclamation to implement the amended tariff treatment for apparel and textiles under HOPE II.[50] The amended tariff treatment under HOPE II was designed to address concerns raised about HOPE I, such as the limited duration of the legislation's benefits which could deter investment, and HOPE I's complexity and ambiguity, which reportedly delayed and discouraged the use of the trade benefits.[51] HOPE II provided additional ways, under simplified rules, that Haitian apparel can qualify for duty-free treatment. It also authorized a new capacity building and monitoring program in the apparel sector, known as the Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program (TAICNAR), to benefit Haitian labor.[52]

The principal provisions in HOPE II relating to apparel and textile trade with Haiti are as follows:[53] (1) most apparel preferences provided for in HOPE I were extended for 10 years, until September 30, 2018; (2) the existing value-added rule (now capped at 60 percent)[54] was retained until the original five-year expiration date, but the quantitative cap was changed to 1.25 percent of total U.S. apparel imports for the duration of the provision; (3) the cap for woven apparel in HOPE I was expanded from 50 million square meter equivalents (SMEs) to 70 million SMEs; (4) a new knit apparel cap of 70 million SMEs was created, subject to exclusions for certain men's/boys' T-shirts and sweatshirts; (5) an uncapped benefit for certain articles (brassieres, luggage, headwear, and certain sleepwear) was created for apparel wholly assembled or knit to shape in Haiti without

[46] Pub. L. 109-432, § 5001 et seq.

[47] CBTPA, the African Growth and Opportunity Act (AGOA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA) are the specified trade preference programs.

[48] To allow more flexibility in sourcing for Haitian apparel manufacturers, HOPE I also authorized duty-free treatment for three years for a specified quantity of woven apparel imports from Haiti made from fabrics produced anywhere in the world. It also included a single-transformation rule of origin for apparel articles entering under HTS 6212.10 (brassieres), which allows the components of these garments to be sourced from anywhere as long as the garments are both cut and sewn or otherwise assembled in Haiti. For more details see USITC, *The Impact of the Caribbean Basin Economic Recovery Act, Nineteenth Report, 2007–2008,* September 2009.

[49] Pub. L. 110-234, § 15401 et seq.

[50] 73 Fed. Reg. 57475 (October 3, 2008).

[51] USITC, *Textiles and Apparel: Effects of Special Rules for Haiti on Trade Markets and Industries*, June 2008, 3-9 to 3-10.

[52] Pub. L. 110-234, § 15403.

[53] Contained in HOPE II amendments to § 213A(b) of CBERA.

[54] See the description of HOPE I above.

BOX 1.1 Comparison of the rules of origin for apparel under CBTPA, the HOPE Acts, and the HELP Act[a]

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

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

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

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

[c]If a fiber, yarn, or fabric that has been determined to be not commercially available in the United States or CBTPA beneficiary countries, apparel using the product may still qualify for duty-free treatment.

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

[e]Certain types of knit apparel (e.g., men's and boys' T-shirts, sweatshirts) do not qualify—generally they are given preferential treatment under CBTPA.

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

[g]Under HOPE I/HOPE II/HELP, if a fiber, yarn, or fabric has been determined to be not commercially available under any free trade agreement or preference program, apparel using the product may still qualify for duty-free treatment.

regard to the source of the inputs; (6) an uncapped benefit was created for apparel wholly assembled or knit to shape in Haiti that meets a "3 for 1" earned import allowance requirement (i.e., for every 3 SMEs of qualifying fabric[55] purchased for apparel production by producers in Haiti, a 1-SME credit was received that can be used in the manufacture of apparel using non-qualifying fabric; the latter may enter the United States free of duty and not be subject to quantitative limitations); (7) an uncapped benefit was created for apparel made from non-U.S. fabrics deemed to be in "short supply"; and (8) direct shipment from and co-production in the Dominican Republic was allowed.

On May 24, 2010, President Obama signed the HELP Act into law.[56] The principal aim of the HELP Act was to aid in Haiti's recovery from a major earthquake in January 2010 and to offer additional incentives to make it more cost-effective for U.S. companies to import apparel from Haiti.[57] The HELP legislation expanded existing programs under the HOPE Acts and established new preferences with unlimited duty-free treatment for certain knit apparel and certain home goods. Expansion of the current programs became effective upon the President's signing of the legislation. However, the new preferences for knit apparel and certain home goods did not go into effect until November 1, 2010;[58] no U.S. imports had entered under two new classifications established by the HELP Act as of yearend 2012.[59]

Key provisions under the HELP Act include (1) extension of CBTPA and the HOPE Acts through September 30, 2020; (2) provision of duty-free treatment for additional textile and apparel products that are wholly assembled or knit to shape in Haiti regardless of the origin of the inputs (as cited above); (3) increases in the respective tariff preference levels under which certain Haitian knit and woven apparel products may receive duty-free treatment regardless of the origin of inputs, from 70 million to 200 million SMEs; (4) liberalization of the earned import allowance rule by allowing the duty-free importation of one SME of apparel wholly assembled or knit to shape in Haiti, regardless of the origin of the inputs, for every two SMEs (previously it was one for every three SMEs) of qualifying fabric from the United States; and (5) extension of duty-free treatment until one of three dates: December 20, 2015, for apparel wholly assembled or knit to shape in Haiti with at least 50 percent value for Haiti, the United States, or a U.S. FTA partner or preference program beneficiary; December 20, 2017, for Haitian apparel with at least 55 percent value from qualifying countries; and December 20, 2018, for Haitian apparel with at least 60 percent value from qualifying countries.

U.S.-Panama Trade Promotion Agreement

The United States and Panama completed negotiations on a TPA on December 19, 2006, with the understanding that discussions would continue regarding labor provisions. The

[55] Fabric qualifies if it is from the United States or from U.S. FTA partners or certain trade preference program beneficiary countries.

[56] Pub. L. 111-171, § 2, Haiti Economic Lift Program Act of 2010 (HELP Act).

[57] White House, "The United States Government's Haiti Earthquake Response," June 25, 2010.

[58] Proclamation No. 8596, 75 Fed. Reg. 68153, November 1, 2010.

[59] The two new classifications added to the HTS are HTS 9820.61.45 (certain apparel articles) and HTS 9820.63.05 (certain made-up textile articles). Articles produced in Haiti imported under these HTS numbers can enter the United States free of duty without regard to the source of the fabric, fabric components, components knit to shape, or yarns from which the articles are made.

final agreement was signed on June 28, 2007. Panama approved the agreement on July 11, 2007. On October 21, 2011, President Obama signed legislation in which the U.S. Congress approved the agreement (the United States-Panama Trade Promotion Agreement Implementation Act). [60] On October 22, 2012, the Office of the United States Trade Representative (USTR) and the government of Panama exchanged diplomatic letters in which they determined that the U.S.-Panama TPA would enter into force on October 31, 2012.[61] With certain exceptions, Panama ceased to be a CBERA beneficiary country on that date.[62]

Analytical Approach

The core of the original CBERA is the duty-free treatment importers can claim when entering qualifying products of designated beneficiary countries (where goods are not specifically excluded from the program). Most products became eligible for duty-free treatment at the time countries were designated as beneficiaries.[63] 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. In general, these direct effects are likely to occur within a short time (approximately a year or two) after the duty elimination. It is therefore likely that these effects have been fully realized for the original CBERA program, which has been in effect since 1984, as well as for most provisions of CBTPA, implemented in October 2000, and for the minor changes added by the 2002 Trade Act.

Over a longer period, the effects of CBERA will likely flow mostly from investment in industries in beneficiary countries that benefit from the duty elimination or reduction. Both short-term and long-term effects on the U.S. economy are limited by the small size of the CBERA country economies, and the long-term effects are likely to be difficult to distinguish from other market forces in play since the program was initiated. Investment, however, has been tracked in past CBERA reports in order to detect the trends in, and composition of, investment in the region.

Section 215 of CBERA requires the Commission to assess the effect of the CBERA program on the U.S. economy, industries, and consumers.[64] The assessment is conducted through an analysis of (1) imports entered under each program, and trends in U.S. consumption of those imports; (2) estimates of gains to U.S. consumers, losses to the U.S. Treasury resulting from reduced tariff revenues, and potential displacement in U.S. industries competing with the leading U.S. imports that benefited exclusively from the CBERA program in 2012;[65]and (3) an examination of trends in production and other

[60] Pub. L. No. 112-43, 125 Stat. 497, 19 U.S.C. 3805 note.

[61] USTR, "United States, Panama Set Date," October 22, 2012.

[62] See section 202(a)(3) of the United States-Panama Trade Promotion Agreement Implementation Act, 19 U.S.C. 3805 note.

[63] A number of previously excluded products were added for reduced-duty treatment under the CBERA in 1990, with the reductions phased in over five years. Duty-free treatment for non-apparel products made eligible for preferences by CBTPA was phased in over several years according to several time schedules. All of these products were eligible for duty-free treatment by 2008.

[64] See footnote 3 in this chapter for further detail.

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

economic factors in the U.S. industries identified as likely to be particularly affected by such imports.

As in previous reports in this series, the effects of CBERA are analyzed by estimating the differences in benefits to U.S. consumers, U.S. tariff revenues, and U.S. industry production that would likely have occurred if the relevant tariffs had been in place for beneficiary countries in 2012. Actual 2012 market conditions are compared with a hypothetical case in which NTR duties were imposed for the year. The effects of CBERA duty reductions for 2012 are estimated by using a partial-equilibrium model to estimate gains to consumers, losses in tariff revenues, and industry displacement.[66] Previous analyses in this series have shown that since CBERA has been in effect, U.S. consumers have benefited from lower prices and higher consumption, competing U.S. producers have had lower sales, and tariff revenues to the U.S. Treasury have been lower.

The model used in this analysis assumes that the supply of imports and of U.S. domestic production is perfectly elastic; that is, producer prices do not fall in response to CBERA duty reductions. The effect of CBERA duty reductions on most U.S. industries is expected to be small.

The analysis reports ranges of estimates for potential consumer welfare and industry displacement, which reflect different assumptions about substitution elasticities between CBERA products and competing U.S. output. [67] The analysis was conducted on the 20 leading product categories that benefited exclusively from CBERA tariff preferences in 2012 (see chapter 3). Estimates of consumer welfare and U.S. industry displacement were made. Further analysis was done on industries for which the upper estimate of displacement was more than 5 percent of the value of U.S. production, the threshold traditionally used in this series for selecting industries for further analysis. One U.S. industry—methanol—met that criterion in 2012.

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

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

[66] This is a standard economic approach for measuring the impact of a change in the prices of one or more goods. A more detailed explanation of the approach can be found in appendix D.

[67] Commission industry analysts provided estimates of U.S. production and exports for the 20 leading items that benefited exclusively from CBERA. The range of substitution elasticities used in the partial equilibrium models, 3 to 5, is consistent with the economics literature, including Shiells, Stern, and Deardorff, "Estimates of the Elasticities of Substitution," 1986, 497–519; Gallaway, McDaniel, and Rivera, "Short-Run and Long-Run Estimates of U.S. Armington Elasticities," 2003, 49–68. See chapter 3 for more information.

Data Sources

General economic and trade data come from official statistics of the U.S. Department of Commerce (USDOC) and from information developed by country/regional and industry analysts of the Commission. Other primary sources of information include U.S. embassies in the CBERA countries and reports by other U.S. government departments and offices, including the U.S. Department of Commerce and the U.S. Department of State (USDOS); reports by international nongovernmental organizations, including the Inter-American Development Bank (IADB), the International Monetary Fund (IMF), the Organization of American States (OAS), the United Nations (UN), the UN Economic Commission for Latin America and the Caribbean (ECLAC), and the World Bank; official government sources in the CBERA countries; and other published sources of information on CBERA-related investment, production, and exports. The report also incorporates information provided to the Commission at a public hearing held on June 13, 2013, and from written public comments received in response to the Commission's *Federal Register* notice regarding the investigation.[68]

[68] A copy of the notice appears in appendix A of this report. Summaries of the positions of interested parties appear in appendix C of this report.

CHAPTER 2
U.S. Trade with the CBERA Countries

This chapter covers merchandise trade with the countries that were designated CBERA beneficiary countries ("CBERA countries") for all or part of 2011–12. The analysis concentrates primarily on 2012, although trends or changes with respect to other years are highlighted when appropriate. Data are reported for 2009–12 (four years, instead of the five years of data presented in previous reports) so that the period begins with the year following Costa Rica's graduation from the CBERA program.

Key Findings

The value of total U.S. imports from CBERA countries (that is, both imports under CBERA and all other imports) fell to $11.8 billion in 2012 after rising to $14.5 billion in 2011. This drop was due almost entirely to petroleum industry trends; the decline in imports of petroleum products from Aruba, reflecting the shutdown of its oil refinery in March 2012, accounted for $2.4 billion of the $2.7 billion drop from 2011 to 2012. U.S. imports of refined petroleum products from The Bahamas, a major petroleum products storage and transshipment center, also declined in 2012 and accounted for much of the remaining fall in the value of U.S. imports from CBERA countries. Energy products accounted for 49.5 percent of imports from CBERA countries in 2012; other mining and manufacturing products, 35.6 percent; textiles and apparel, 6.2 percent; and agricultural products, 4.3 percent.

Imports receiving preferential treatment under CBERA totaled $3.1 billion in 2012, a decline of 13.3 percent from $3.6 billion in 2011. Energy products accounted for 75.7 percent of imports under CBERA in 2012, with Trinidad and Tobago supplying 89.4 percent of these imports. Textiles and apparel, supplied mainly by Haiti, accounted for 13.7 percent of imports under CBERA in 2012; other mining and manufacturing products, 6.3 percent; and agricultural products, 4.3 percent.

The United States had a merchandise trade surplus of $7.2 billion with the CBERA countries in 2012. Excluding Panama, which left the CBERA program in October 2012, U.S. exports to the remaining CBERA countries grew by over 5 percent from 2011 to 2012.

Approach

The approach used by the Commission in this chapter compares trade with CBERA beneficiary countries in 2011–12 to trade with these countries in 2009–10. Trade data presented for 2009–12 reflect a number of changes in the composition of the CBERA countries.[1] First, CBERA trade data for Panama exclude the last two months of 2012, as the U.S.-Panama TPA entered into force on October 31, 2012, and Panama became

[1] See the "Frequently Used Abbreviations and Acronyms" at the beginning of this report for the conventions used to describe CBERA country composition during 2010–12.

ineligible for the program.[2] Second, the Netherlands Antilles was dissolved as a political entity in October 2010.[3] These country composition changes are noted when they significantly affect the discussion below.[4]

U.S. Trade with CBERA Countries

Total U.S. trade (exports plus imports) with CBERA countries as a percentage of U.S. trade with the world was slightly less than 1 percent in 2012. In 2012, CBERA countries accounted for 1.4 percent of total U.S. exports and 0.5 percent of total U.S. imports (table 2.1 and figure 2.1). Total U.S. trade with CBERA countries fell 7.1 percent to $30.9 billion in 2012, after increasing to $33.2 billion in 2011. The United States had a merchandise trade surplus with CBERA countries of $7.2 billion in 2012, an increase of $3.0 billion from the surplus in 2011.

In 2012, 44.3 percent of total trade (exports plus imports) with CBERA countries was in energy products,[5] while energy products accounted for 14.7 percent of total U.S. trade with the rest of the world. These figures reflect the high relative importance of energy products in trade between the United States and CBERA countries.

[2] Panama is still treated as a "former CBTPA beneficiary" and can contribute inputs for use in imports under the CBTPA. See note 5 to subchapter XX of HTS chapter 98. However, no imports containing such inputs from Panama entered under the CBTPA in November or December of 2012.

[3] As a result of this dissolution, Curaçao and Sint Maarten became successor political entities of the Netherlands Antilles and potentially eligible to receive benefits under CBERA. Curaçao and Sint Maarten requested that they be designated eligible for CBERA and CBTPA benefits in, respectively, July and June of 2012. USTR requested comments on whether to agree to these requests on October 11, 2012. 77 Fed. Reg. 61816.

[4] The departure of Panama from the CBERA had a greater impact on U.S. exports than imports as Panama accounted for 2.7 percent of the value of U.S. imports from CBERA countries in 2011, but was the largest CBERA export destination in 2012. Prior to its dissolution, the Netherlands Antilles was the second-largest CBERA country supplier, accounting for 8.5 percent of the value of U.S. imports from CBERA countries in the first 10 months of 2010, although such imports were largely comprised of refined petroleum products.

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

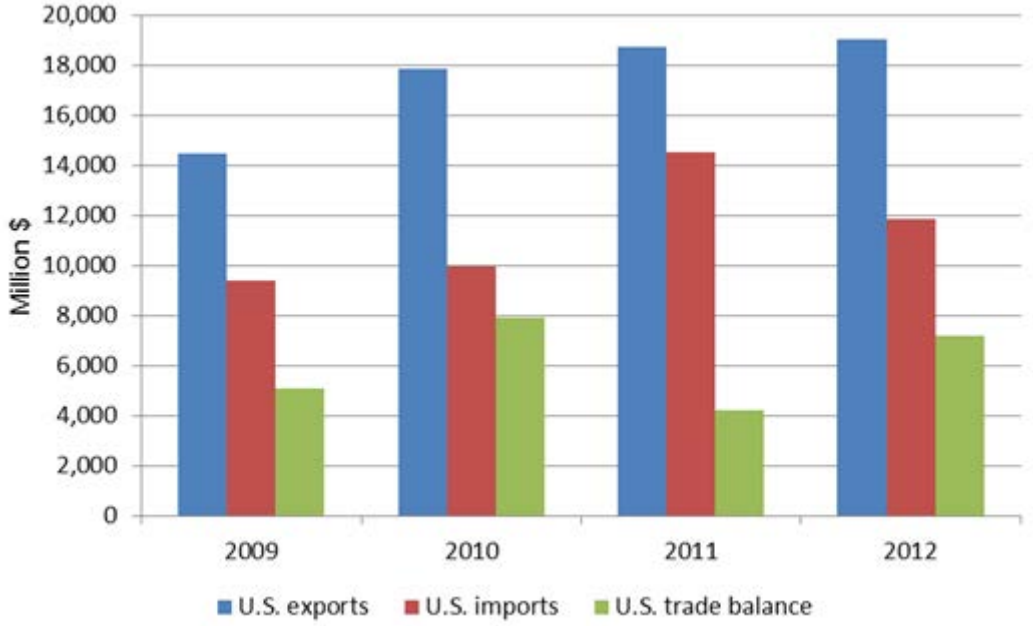
TABLE 2.1 U.S. trade with CBERA countries, 2009–12

Year	U.S. exports	Share of U.S. exports to the world	U.S. imports	Share of U.S. imports from the world	U.S. trade balance
	Million $	Percent	Million $	Percent	Million $
2009	14,482.9	1.5	9,414.0	0.6	5,068.9
2010	17,862.4	1.6	9,936.3	0.5	7,926.0
2011	18,717.8	1.4	14,515.4	0.7	4,202.4
2012	19,029.3	1.4	11,849.2	0.5	7,180.1

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

Note: Data on U.S. exports to and U.S. imports from CBERA countries include U.S. trade with the Netherlands Antilles through October 2010 and U.S. trade with Panama through October 2012.

FIGURE 2.1. U.S. trade with CBERA countries, 2009–12



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

Note: Data on U.S. exports to and U.S. imports from CBERA countries include U.S. trade with the Netherlands Antilles through October 2010 and U.S. trade with Panama through October 2012 .

Total U.S. Imports

This section focuses on total U.S. imports from CBERA countries—that is, all goods regardless of CBERA product eligibility. U.S. imports entering under CBERA preferences will be discussed in a later section of this chapter. U.S. imports benefiting exclusively from CBERA are analyzed in chapter 3 to determine their impact on U.S. industries and consumers.

The value of total U.S. imports from CBERA[6] countries rose each year during 2009–11, and then fell sharply in 2012. Total U.S. imports from CBERA countries fell 18.4 percent, from $14.5 billion in 2011 to $11.8 billion in 2012, after increasing significantly (46.1 percent) in 2011. The larger import value in 2011 can be mostly attributed to increased U.S. imports of refined petroleum products from CBERA countries, which rose in both quantity and value from 2010. In 2012, much lower imports of refined petroleum products from Aruba, following the permanent shutdown of its oil refinery in March 2012, and from The Bahamas, were largely responsible for the decline in U.S. imports from the CBERA countries. The quantity of refined petroleum product imports fell by 49.5 percent in 2012, despite a small (4.5 percent) increase in the unit value. Additionally, the value of U.S. imports of liquefied natural gas (LNG) from Trinidad and Tobago fell by 27.6 percent in 2011 and remained below the level of 2010 in 2012 due to lower quantities exported to the United States.

As noted earlier, U.S. imports from CBERA countries are highly concentrated in energy products. Of the $11.8 billion in imports from CBERA countries in 2012, energy products accounted for 49.5 percent; other mining and manufacturing products, 35.6 percent; textiles and apparel, 6.2 percent; and agricultural products, 4.3 percent (figure 2.2). Most of the energy products, and most of the other mining and manufacturing products (anhydrous ammonia and ferrous products derived from the direct reduction of iron ore), originate in Trinidad and Tobago.

Total U.S. Imports by Country

Trinidad and Tobago, Haiti, Aruba, and The Bahamas were the United States' leading sources of imports from CBERA countries in 2012, accounting for 85.4 percent of the value of such imports. Table 2.2 shows total U.S. imports from CBERA countries from 2009 to 2012. Guyana, Panama (first 10 months of 2012 only), and Haiti accounted for the largest increases in the value of U.S. imports from CBERA countries from 2011 to 2012.

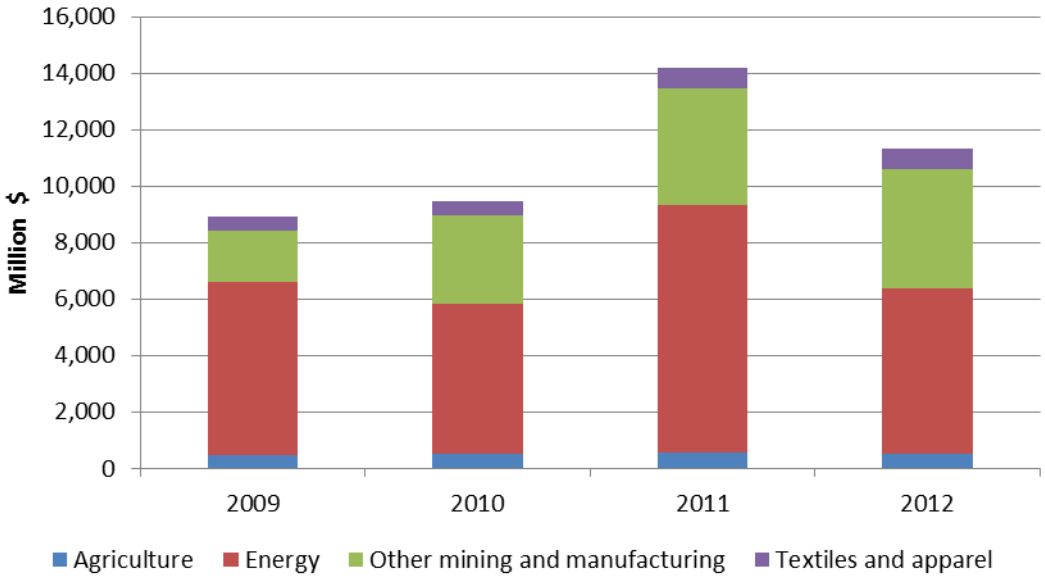
Trinidad and Tobago accounted for 68.2 percent of U.S. imports from CBERA countries in 2012, with imports consisting mostly of anhydrous ammonia, crude petroleum, refined petroleum products, methanol, and LNG. After increasing by 24.0 percent in 2011 to $8.2 billion, U.S. imports from Trinidad and Tobago fell by 1.0 percent in 2012 to $8.1 billion, reflecting slightly lower U.S. consumption of crude oil and liquefied fuels and reduced U.S. import demand for energy-related products in 2012.[7]

U.S. imports from Haiti accounted for 6.5 percent of U.S. imports from CBERA countries in 2012 and consisted principally of apparel. The value of U.S. imports from Haiti increased by 4.4 percent from 2011 to 2012. Such imports rose 34.6 percent in value from 2010 to 2011 as Haiti recovered from the January 2010 earthquake.

[6] Total imports from CBERA countries include both imports entered under CBERA (preferential) and imports not entered under CBERA (non-preferential).

[7] USITC, *The Year in Trade 2012*, July 2012, 1–2.

FIGURE 2.2 U.S. imports from CBERA countries, by major product categories,[a] 2009–12



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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. trade with Panama through October 2012.

[a]Agricultural imports are defined as imports under HTS chapters 01 through 24 (inclusive), excluding fuel ethanol from chapter 22, which is classified as an energy import. Energy imports are defined as all of chapter 27 imports, methanol (HTS 2905.11.20), and the fuel ethanol reported in chapter 22. Textile and apparel imports are defined as imports in chapters 50 through 63 (inclusive). Other mining and manufacturing imports are defined as everything not otherwise categorized as an agricultural, energy, or textile and apparel imports, with the exception of HTS chapters 98 and 99 which are excluded from the data.

Aruba was the third-largest source of U.S. imports from CBERA beneficiaries in 2012. Almost all U.S. imports from Aruba consisted of refined petroleum products from a single refinery. This refinery was temporarily closed beginning in mid-2009, and there were no U.S. imports of refinery products from Aruba from that time through all of 2010.[8] The refinery resumed production in 2011, but was shuttered permanently in March 2012 due to financial losses and an "unfavorable" outlook for refined petroleum products.[9] Imports from Aruba increased from $18.5 million in 2010 to $3.2 billion in 2011, but fell 76.4 percent to $746.6 million in 2012, reflecting the closing of the refinery (see table 2.2 and appendix table E.1).

[8] Valero, "Valero Announces Maintenance at Aruba Refinery," June 3, 2010; Valero, "Valero Announces Plans for LNG Project, Decision to Restart Aruba Refinery Units," December 13, 2010. U.S. imports resumed in January 2011 after extensive maintenance and retooling at the refinery.

[9] Tippee, "Valero Again Suspending Refinery in Aruba," March 19, 2012.

TABLE 2.2 U.S. imports for consumption from CBERA countries, by source, 2009–12

Source	2009	2010	2011	2012	Change 2011–12
	Million $				Percent
Current CBERA beneficiaries[a]					
Trinidad and Tobago	5,174.2	6,577.1	8,158.7	8,076.8	–1.0
Haiti	551.9	550.8	741.6	774.0	4.4
Aruba	1,308.7	18.5	3,169.7	746.6	–76.4
Bahamas	738.3	691.3	797.0	524.5	–34.2
Guyana	168.6	302.2	423.5	515.1	21.6
Jamaica	454.0	306.9	505.4	457.1	–9.6
Belize	106.8	120.4	177.0	160.4	–9.4
St. Kitts-Nevis	48.4	50.6	54.6	56.7	3.8
All other	75.7	96.3	100.0	105.5	5.5
Former CBERA beneficiaries					
Netherlands Antilles	491.3	846.2	0.0	0.0	([b])
Panama	296.0	376.1	388.1	432.6	11.5
Total	787.3	1,222.3	388.1	432.6	11.5
Grand total	9,414.0	9,936.3	14,515.4	11,849.2	–18.4
	Percent of total				Percentage points
Current CBERA beneficiaries[a]					
Trinidad and Tobago	55.0	66.2	56.2	68.2	12.0
Haiti	5.9	5.5	5.1	6.5	1.4
Aruba	13.9	0.2	21.8	6.3	–15.5
Bahamas	7.8	7.0	5.5	4.4	–1.1
Guyana	1.8	3.0	2.9	4.3	1.4
Jamaica	4.8	3.1	3.5	3.9	0.4
Belize	1.1	1.2	1.2	1.4	0.1
St. Kitts-Nevis	0.5	0.5	0.4	0.5	0.1
All other	0.8	1.0	0.7	0.9	0.2
Former CBERA beneficiaries					
Netherlands Antilles	5.2	8.5	0.0	0.0	0.0
Panama	3.1	3.8	2.7	3.7	1.4
Total	8.4	12.3	2.7	3.7	1.0
Grand total	100.0	100.0	100.0	100.0	0.0

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012.

[a]Countries that were CBERA beneficiaries as of December 31, 2012.

[b]Not applicable.

The Bahamas was the fourth-largest source of imports from CBERA countries and accounted for $524.5 million (4.4 percent) of U.S. imports from CBERA countries in 2012. In 2011, over 60 percent of these U.S. imports consisted of refined petroleum products. The value of U.S. imports from The Bahamas fell by 34.2 percent from 2011 to 2012, largely due to the 76.2 percent decline in value of U.S. imports of refined petroleum products.[10] The Bahamas are a major crude petroleum and petroleum products storage and transshipment center in the region.[11]

[10] Relatively small or zero values were recorded for U.S. imports of refined petroleum products (HTS 2710.19) from April through October of 2012.

[11] USDOE, EIA, "Country Analysis Briefs: Caribbean," May 1, 2012.

Product Composition and Leading Items

The leading U.S. imports from CBERA countries by HTS chapters are shown in table 2.3. Mineral fuels accounted for over one-third (39.3 percent) of U.S. imports from CBERA countries in 2012 and for more than one-half (51.1 percent) of those imports in 2011. The five leading categories of U.S. imports from CBERA countries in 2012—mineral fuels; inorganic chemicals; organic chemicals; iron and steel; and knitted apparel—accounted for 76.6 percent of U.S. imports from CBERA countries. In 2012, a large decline in imports of mineral fuels from CBERA countries largely accounted for the 18.4 percent decline in total U.S. imports from the CBERA countries. Additional declines in inorganic chemicals; organic chemicals; and beverages, spirits, and vinegar—particularly ethanol (ethyl alcohol)—were partially offset by an increase in iron and steel imports, resulting in an overall decrease in U.S. imports from CBERA countries.

Table 2.4 shows the 20 leading items on an HTS 8-digit basis, ranked by their 2012 import value. Ten of these items have an NTR duty rate of free. Only four of the items were dutiable in 2012, of which one, fuel ethanol, became dutiable in 2012 due to changes in the U.S. ethanol program (see the "ethanol" section).[12] The remaining six items were entered mainly under CBERA and HOPE Act provisions.

Table 2.5 shows the changes in import customs values, import quantities, and unit values for major commodities imported by the United States from CBERA countries. Unit values for these products generally rose in 2011, but changes in unit values were mixed in 2012. The quantities imported in 2012 also fell for most major products, with the exceptions of ferrous products obtained by direct reduction, as well as gold. As a result, the customs values for heavy fuel oil, light crude petroleum, and methanol declined in 2012.

The value of U.S. imports of textiles and apparel[13] from the CBERA countries increased 4.0 percent, from $710.0 million in 2011 to $738.6 million in 2012, following an increase of 35.4 percent from 2010 to 2011 (table 2.6). Haiti is the top CBERA supplier of textiles and apparel, with U.S. imports amounting to $730.1 million in 2012. In recent years, Guyana has come in a distant second among CBERA suppliers of textiles and apparel to the United States.[14] In 2012, U.S. imports from Guyana under CBERA totaled $5.7 million.

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[12] The three items from HTS 2710.19 found in table 2.4 are eligible for duty-free entry under CBTPA provided they meet the rules of origin requirements. In 2012, the majority of U.S. imports of these products from CBERA countries came from Trinidad and Tobago, of which a small percentage (less than 2 percent), entered duty-free. The two other CBERA import sources for these three items were Aruba and The Bahamas, neither of which were CBTPA beneficiaries in 2012.

[13] Defined as products classified in HTS chapters 50–63. Apparel traditionally has accounted for nearly all imports in this sector from the CBERA countries, remaining at over 99 percent of the total in 2012.

[14] Several years ago, Guyana replaced Jamaica as the second leading CBERA supplier of textiles and apparel to the United States. At a public hearing held by the Commission, the Ambassador of Jamaica acknowledged the decline of Jamaica's apparel industry because of business lost to countries with lower labor costs and perhaps lower transportation costs. However, he noted that Jamaica has not given up entirely on apparel production and that its apparel industry is seeking to develop the haute couture market. USITC, hearing transcript, June 13, 2013, 12, 30 (testimony of Ambassador Stephen Vasciannie, Embassy of Jamaica).

TABLE 2.3 Leading U.S. imports for consumption from CBERA countries, by major product category, 2009–12

HTS chapter	Description	2009	2010	2011	2012
		Million $			
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	5,308.2	4,390.3	7,415.5	4,656.2
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	890.4	1,600.1	2,073.1	2,047.8
29	Organic chemicals	588.4	932.6	1,229.7	1,053.4
72	Iron and steel	245.2	494.1	647.7	745.5
61	Articles of apparel and clothing accessories, knitted or crocheted	415.9	425.0	573.6	569.1
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	188.1	362.2	466.9	540.9
31	Fertilizers	109.9	228.1	412.2	382.9
22	Beverages, spirits and vinegar	323.0	106.3	328.9	267.7
03	Fish and crustaceans, molluscs and other aquatic invertebrates	196.2	226.8	207.0	220.8
62	Articles of apparel and clothing accessories, not knitted or crocheted	104.4	97.6	135.1	168.0
	All other	1,044.3	1,073.2	1,025.6	1,197.0
	Total[a]	9,414.0	9,936.3	14,515.4	11,849.2
		Percent of total			
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	56.4	44.2	51.1	39.3
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	9.5	16.1	14.3	17.3
29	Organic chemicals	6.2	9.4	8.5	8.9
72	Iron and steel	2.6	5.0	4.5	6.3
61	Articles of apparel and clothing accessories, knitted or crocheted	4.4	4.3	4.0	4.8
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	2.0	3.6	3.2	4.6
31	Fertilizers	1.2	2.3	2.8	3.2
22	Beverages, spirits and vinegar	3.4	1.1	2.3	2.3
03	Fish and crustaceans, molluscs and other aquatic invertebrates	2.1	2.3	1.4	1.9
62	Articles of apparel and clothing accessories, not knitted or crocheted	1.1	1.0	0.9	1.4
	All other	11.1	10.8	7.1	10.1
	Total[a]	100.0	100.0	100.0	100.0

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012.

[a]HTS chapter 98 (Special Classification Provisions, n.e.s.o.i.) was the seventh largest HTS chapter for the data in this table. Import data from this chapter were grouped with data from "all other HTS chapters" as data are not listed in this chapter in accordance with any product-based classification (unlike the data in chapters 01 through 97). N.e.s.o.i. stands for "not elsewhere specified or included" and indicates that other types of products matching the description may be properly classified under other provisions of the HTS where explicitly specified or included.

TABLE 2.4 Leading U.S. imports for consumption from CBERA countries, by HTS subheading, 2009–12

HTS number	Description	2009	2010	2011	2012	2011–12 (% change)
		(Million $)				
2710.19.06[a,b]	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing > 25 degrees A.P.I.	2,024.7	1,493.1	4,361.6	2,321.6	–46.8
2814.10.00[c]	Anhydrous ammonia	828.1	1,567.7	1,932.7	2,035.9	5.3
2709.00.20[d]	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	817.4	1,318.5	1,317.7	1,237.2	–6.1
2905.11.20[e]	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	577.3	912.9	1,138.6	1,025.2	–10.0
2711.11.00[c]	Natural gas, liquefied	1,416.9	1,035.7	749.9	835.4	11.4
7203.10.00[c]	Ferrous products obtained by direct reduction of iron ore	244.2	489.6	644.7	741.7	15.0
7108.12.10[c]	Gold, nonmonetary, bullion and dore	124.6	258.5	386.7	437.7	13.2
6109.10.00[f]	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	199.0	214.4	255.8	276.8	8.2
3102.80.00[c]	Mixtures of urea and ammonium nitrate in aqueous or ammoniacal solution	0.0	78.9	257.3	217.0	–15.6
6110.20.20[f]	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	176.9	153.8	238.4	199.3	–16.4
2207.10.60[g]	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	202.9	14.4	239.5	187.0	–21.9
3102.10.00[c]	Urea, whether or not in aqueous solution	109.8	149.2	154.8	165.8	7.1
3903.11.00[e]	Polystyrene, expandable, in primary forms	94.0	95.5	122.2	130.3	6.6
2606.00.00[c]	Aluminum ores and concentrates	83.9	60.6	79.9	107.8	35.0
2710.19.11[b,h]	Distillate and residual fuel oil (including blends) derived from petroleum oils or oil of bituminous minerals, testing 25 degree A.P.I. or >	280.9	4.4	322.4	78.2	–75.7
7112.91.00[c]	Gold waste and scrap, including metal clad with gold but excluding sweepings containing other precious metals	24.4	55.8	41.9	67.8	61.7
0306.16.00 and 0306.17.00 combined[c,i]	Shrimps and prawns, cooked in shell or uncooked, dried, salt or in brine, frozen	59.4	62.1	56.2	63.8	13.5
6203.42.40[f]	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.	39.8	34.0	43.3	61.8	42.8
0306.11.00[c]	Rock lobster and other sea crawfish, cooked in shell or uncooked, dried, salted or in brine, frozen	45.1	55.5	50.7	57.3	13.0
2710.19.16[b,j]	Kerosene-type jet fuel from petroleum oils and oils of bitumin minerals (o/than crude) or preps. 70%+ by wt. from petroleum oils	44.6	26.3	127.3	51.3	–59.7
	Subtotal, top 20 product-based HTS subheadings	7,393.9	8,080.8	12,521.6	10,298.9	–17.8
	All other HTS subheadings	2,020.1	1,855.5	1,993.8	1,550.4	–22.2
	Total U.S. imports for consumption from CBERA countries during participation[1]	9,414.0	9,936.3	14,515.4	11,849.2	–18.4

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012. N.e.s.o.i. stands for "not elsewhere specified or included."

[a]Prior to 2012, products currently classified in HTS subheading 2710.19.06 were classified in HTS subheading 2710.19.05.
[b]NTR duties paid on most imports in 2012. See footnote 12 in the text.
[c]NTR duty free.
[d]Imported under CBTPA provisions in 2012.
[e]Imported under the CBERA (excluding CBPTA) provisions in 2012.
[f]Imported under the HOPE Act in 2012.
[g]Preferential treatment ended in 2012.
[h]Prior to 2012, products currently classified in HTS subheading 2710.19.11 were classified in HTS subheading 2710.19.10.
[i]Prior to 2012, products currently classified in HTS subheadings 0306.17.00 and 0306.16.00 were classified in HTS subheading 0306.13.00.
[j]Prior to 2012, products currently classified in HTS subheading 2710.19.16 were classified in HTS subheading 2710.19.15.

TABLE 2.5 U.S. imports of major commodities from CBERA countries: changes in customs value, quantity, and unit values, 2010–11 and 2011–12 (percent)

	2010–11	2011–12
Heavy fuel oil (HTS 2710.19.06)[a]		
Customs value	192.1	–46.8
Quantity	114.0	–49.3
Unit value	36.5	5.1
Anhydrous ammonia (HTS 2814.10.00)		
Customs value	23.3	5.3
Quantity	–15.3	–0.1
Unit value	45.5	5.4
Light crude oil (HTS 2709.00.20)		
Customs value	–0.1	–6.1
Quantity	–26.9	–9.7
Unit value	36.7	4.0
Methanol (HTS 2905.11.20)		
Customs value	24.7	–10.0
Quantity	1.6	–8.7
Unit value	22.8	–1.4
Natural gas (HTS 2711.11.00)		
Customs value	–27.6	11.4
Quantity	–28.2	–3.0
Unit value	0.8	14.8
Ferrous products obtained by direct reduction of iron ore (HTS 7203.10.00)		
Customs value	31.7	15.0
Quantity	14.1	31.7
Unit value	15.4	–12.7
Gold (HTS 7108.12.10)		
Customs value	49.6	14.5
Quantity	10.5	4.8
Unit value	35.4	9.2

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012.

[a]Prior to 2012, heavy fuel oil was classified under HTS subheading 2710.19.05.

TABLE 2.6 U.S. imports for consumption of textiles and apparel from CBERA countries, by source, 2009–12 (thousand $)

Country	2009	2010	2011	2012
Current CBERA beneficiaries[a]				
Haiti	513,656	518,005	701,612	730,147
Guyana	4,580	4,011	5,430	5,657
Barbados	597	854	711	738
British Virgin Islands	22	32	70	691
Jamaica	1,135	399	387	557
All other	140	148	347	86
Former CBERA beneficiaries				
Netherlands Antilles	86	9	0	0
Panama	1,542	1,001	1,477	711
Total	1,628	1,009	1,477	711
Grand total	521,757	524,457	710,035	738,588

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012.

[a]Countries that were CBERA beneficiaries as of December 31, 2012.

The value of U.S. imports of textiles and apparel from Haiti rose 35.4 percent to $701.6 million in 2011, followed by a further 4.1 percent increase to $730.1 million in 2012. The significant increase in imports in 2011 can be attributed to Haiti's recovery from the devastating January 2010 earthquake and to U.S. legislation that expanded trade preferences for Haiti to restore and boost apparel manufacturing (see section on the HOPE and HELP Acts in chapter 1).[15] Additionally, shortly after the earthquake, the USTR announced the "Plus 1 for Haiti" program to encourage American brands and retailers to source 1 percent of their total apparel purchases from Haiti.[16]

Total U.S. Imports Classified by Import Program

The share of imports under CBERA (excluding CBTPA) increased after 2009, reflecting significantly larger imports of methanol from Trinidad and Tobago. The share of imports under the CBTPA fluctuated between 2009 and 2012, reflecting changes in the value of imports of mineral fuels from Trinidad and Tobago and apparel from Haiti.

Trinidad and Tobago accounted for 71.1 percent of imports under CBERA (excluding CBTPA) in 2012, down from 74.2 percent in 2011, as imports from Jamaica and The Bahamas rose. Trinidad and Tobago primarily exports methanol under CBERA (excluding CBTPA). Increased imports from Jamaica and The Bahamas reflect a recovery in ethanol imports from Jamaica in 2011, and growth in imports of polystyrene (HTS 3903.11) from The Bahamas.

Trinidad and Tobago, Haiti, and Belize accounted for almost all imports under CBTPA in 2011 and 2012. Trinidad and Tobago accounted for 67.5 percent of CBTPA imports,

[15] Barrie, "Haiti: Korea's Sae-A Invests $70m in Garment Park," January 12, 2011.
[16] USTR, "Weekly Trade Spotlight: Plus 1 for Haiti," June 30, 2011.

Haiti for 26.0 percent, and Belize for 6.2 percent in 2012. Mineral fuels (from Trinidad and Tobago and Belize) and apparel (from Haiti) accounted for most of these imports.[17]

The relative importance of U.S. NTR duty-free imports and dutiable imports from CBERA countries changed significantly during 2009–12 depending on the year (table 2.7). Dutiable imports from CBERA countries fell in 2010 and 2012, reflecting the temporary shutdown of Aruba's oil refinery in 2010 and its final closing in 2012, which reduced U.S. NTR dutiable imports of refined petroleum products. Aruba was the source of 62.0 percent of dutiable imports from CBERA countries in 2011, but its share in 2010 was negligible and in 2012 was only 26.6 percent.

TABLE 2.7 U.S. imports for consumption from CBERA countries, by special import program and rate provision status,[a] 2009–12

Program	2009	2010	2011	2012
	Million $			
NTR				
Dutiable	2,814.1	1,810.2	4,906.8	2,595.9
Duty-free	4,194.2	5,197.3	5,978.1	6,068.3
CBERA (excluding CBTPA)	1,077.9	1,221.2	1,740.0	1,503.6
CBTPA	1,280.7	1,671.4	1,878.9	1,633.4
GSP	45.3	35.9	11.1	38.2
Other	1.8	0.4	0.5	9.8
Total	9,414.0	9,936.3	14,515.4	11,849.2
	Percent of total			
NTR				
Dutiable	29.9	18.2	33.8	21.9
Duty-free	44.6	52.3	41.2	51.2
CBERA (excluding CBTPA)	11.5	12.3	12.0	12.7
CBTPA	13.6	16.8	12.9	13.8
GSP	0.5	0.4	0.1	0.3
Other	(b)	(b)	(b)	0.1
Total	100.0	100.0	100.0	100.0

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012.

[a]The rate provision status listing under NTR breaks out U.S. import data by whether imports are subject to duties (dutiable) or are not subject to duty (duty-free) regardless of whether duties were actually collected on the merchandise in question. The vast majority of U.S. imports (>99.8%) claiming benefits under CBERA/CBTPA and other special import programs were classified as duty-free, so data are on the rate provision status for imports under the special import provisions.

[b]Less than 0.05 percent.

[17] Other U.S. imports under CBTPA include footwear from Panama, Guyana, Jamaica, and Haiti, and handbags from Haiti and Panama.

U.S. Imports under CBERA

U.S. imports under CBERA rose each year during 2009–11 and then fell in 2012. U.S. imports under CBERA rose 25.1 percent, from $2.9 billion in 2010 to $3.6 billion in 2011, and then fell by 13.3 percent to $3.1 billion in 2012 (table 2.8). The significant increase in 2011 reflected higher prices for crude petroleum, heavy fuel oil, methanol, and fuel ethanol, as well as substantial increases in the volume of imports of crude petroleum, heavy fuel oil, fuel ethanol, and certain apparel items. The drop in imports in 2012, in large part, is attributable to declines in U.S. imports of refined petroleum products, crude petroleum, methanol, and fuel ethanol from Trinidad and Tobago, although the values of some other imports, such as apparel from Haiti, also fell.

U.S. Imports by Country under CBERA

Trinidad and Tobago was the principal source of U.S. imports (mainly energy products) under CBERA during 2009–12. Trinidad and Tobago accounted for 71.7 percent of total U.S. CBERA imports in 2011 and for 69.2 percent in 2012 (table 2.8). However, even though the share of energy products in CBERA imports has remained high, Trinidad and Tobago's share of CBERA imports has declined since 2010, as energy product imports from Jamaica (fuel ethanol) and Belize (crude petroleum) have grown.

Haiti's share of CBERA imports has expanded each year since 2010, although it has not yet reached the share attained in 2009, the last year before the January 2010 earthquake. In 2012, Haiti accounted for almost all (98.9 percent) imports of textiles and apparel under CBERA.

Product Composition and Leading Imports

Of the $3.1 billion in imports under CBERA in 2012, energy products accounted for 75.7 percent; textiles and apparel (almost all apparel), 13.7 percent; other mining and manufacturing products, 6.3 percent; and agricultural products, 4.3 percent (figure 2.3). The four major product categories are analyzed in more detail in the relevant sections below.[18]

Mineral Fuels and Other Energy Products

The value of U.S. imports of energy products under CBERA was $2.7 billion in 2011, the highest level in 2009–12, and $2.4 billion in 2012, a decline of 13.5 percent (table 2.9). The value of U.S. imports of energy products under CBERA had risen 30.3 percent in 2010, and a further 24.4 percent in 2011.[19] Imports of light crude petroleum and methanol accounted for nearly 92.0 percent of all U.S. imports of energy products under CBERA in 2012.

[18] Tables showing imports for consumption under CBERA by major product categories (HTS chapter) and product (HTS subheading) can be found in appendix E (tables E.3 and E.4).

[19] The decrease in the value of U.S. imports of energy products under CBERA in 2009 was mainly caused by the U.S. recession and its impact on the price of methanol and other energy products.

TABLE 2.8 U.S. imports for consumption under CBERA/CBTPA, by source, 2009–12

Source	2009	2010	2011	2012	Change 2011–12
	Million $				Percent
Current CBERA beneficiaries[a]					
Trinidad and Tobago	1,533.8	2,205.8	2,594.5	2,171.2	–16.3
Haiti	388.9	364.1	474.6	436.8	–8.0
Jamaica	212.4	83.9	179.0	206.0	15.1
Belize	66.0	61.7	146.0	131.9	–9.7
Bahamas	96.5	99.0	123.9	130.3	5.2
St. Kitts-Nevis	8.9	20.5	27.3	22.3	–18.1
Guyana	14.4	10.6	11.1	5.3	–52.4
Barbados	4.6	7.2	4.5	3.8	–15.2
All other	11.7	10.2	2.8	3.0	7.1
Former CBERA beneficiaries					
Netherlands Antilles	0.9	1.0	0.0	0.0	([b])
Panama	20.6	28.4	55.2	26.3	–52.3
Total	21.5	29.4	55.2	26.3	–52.3
Grand total	2,358.60	2,892.50	3,618.90	3,137.00	–13.3
	Percent of total				Percentage points
Current CBERA beneficiaries[a]					
Trinidad and Tobago	65.0	76.3	71.7	69.2	–2.5
Haiti	16.5	12.6	13.1	13.9	0.8
Jamaica	9.0	2.9	4.9	6.6	1.6
Belize	2.8	2.1	4.0	4.2	0.2
Bahamas	4.1	3.4	3.4	4.2	0.7
St. Kitts-Nevis	0.4	0.7	0.8	0.7	0.0
Guyana	0.6	0.4	0.3	0.2	–0.1
Barbados	0.2	0.3	0.1	0.1	0.0
All other	0.5	0.4	0.1	0.1	0.0
Former CBERA beneficiaries					
Netherlands Antilles	0.0	0.0	0.0	0.0	0.0
Panama	0.9	1.0	1.5	0.8	–0.7
Total	0.9	1.0	1.5	0.8	–0.7
Grand total	100.0	100.0	100.0	100.0	0.0

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012.

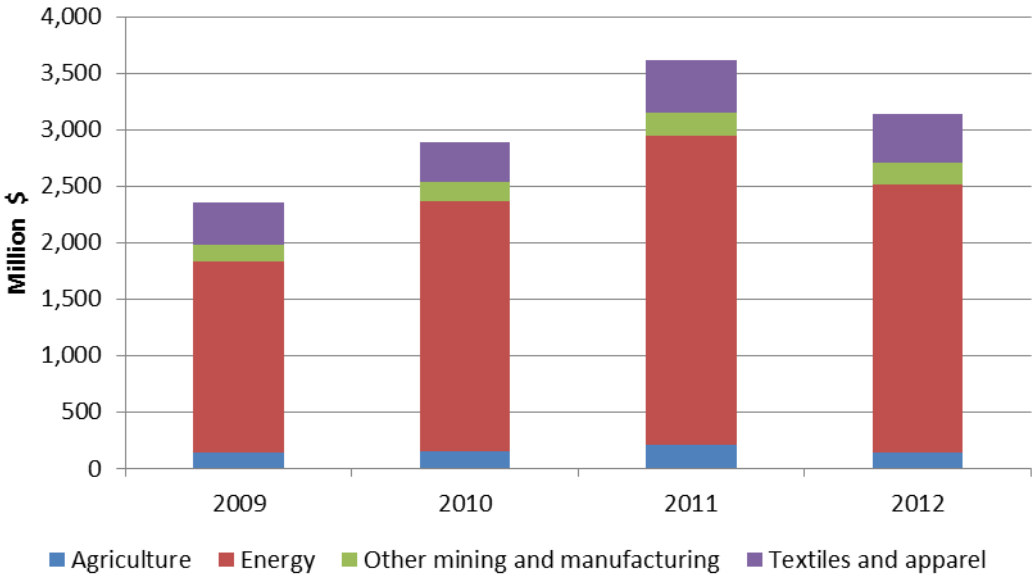
[a]Countries that were CBERA beneficiaries as of December 31, 2012.
[b]Not applicable.

Trinidad and Tobago was the principal source of energy products under CBERA, accounting for 89.4 percent of these products in 2012, down from 97.8 percent in 2010, as imports of light crude petroleum from Belize and fuel ethanol from Jamaica increased. Light crude petroleum and methanol accounted for 98.1 percent of U.S. imports of energy products from Trinidad and Tobago under CBERA (50.0 percent and 48.1 percent, respectively). Belize, which increased its share of light crude petroleum imports under CBERA from 3.0 percent in 2010 to 8.7 percent in 2012, is the only other source for U.S. imports of light crude petroleum under CBERA.

Fuel ethanol

Fuel ethanol at one point accounted for a significant portion of U.S. imports of energy products under CBERA. Imports of fuel ethanol fell from 13.5 percent of U.S. imports of

FIGURE 2.3 U.S. imports under CBERA, by major product categories,[a] 2009–12



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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012.

[a]Agricultural imports are defined as imports in HTS chapters 1 through 24 (inclusive), excluding fuel ethanol from chapter 22, which is classified as an energy import. Energy imports are defined as all of chapter 27 imports, methanol (HTS 2905.11.20), and the fuel ethanol reported in chapter 22. Textile and apparel imports are defined as imports in chapters 50 through 63 (inclusive). Other mining and manufacturing imports are defined as everything not otherwise categorized as an agricultural, energy, or textile and apparel imports, with the exception of HTS chapters 98 and 99 which are excluded from the data.

energy products under CBERA in 2009 to 6.3 percent of such imports in 2012. Jamaica and Trinidad and Tobago have been the principal suppliers.

U.S. imports of fuel ethanol (all imports included in HTS 2207.10.60 and 2207.20.00) under CBERA decreased from $229.7 million in 2009 to $10.3 million in 2010. There were no U.S. imports of fuel ethanol from CBERA countries from April 2010 through May 2011. This sharp decline in imports was caused by developments in the global sugar market and the domestic Brazilian ethanol market that resulted in lower exports of hydrous ("wet") ethanol from Brazil.[20] These market conditions virtually shut off the supply of wet ethanol from Brazil, currently the only economically viable feedstock used by CBERA dehydrators. U.S. imports of fuel ethanol under CBERA resumed in June 2011, and increased to $239.5 million in that year. Imports of fuel ethanol amounted to $149.8 million in 2012, all from Jamaica.[21]

[20] See USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries: Twentieth Report; 2009–10*, 2011, 2-16, for more details.

[21] As shown in table 2.9, U.S. imports of fuel ethanol from Jamaica under CBERA amounted to $149.8 million in 2012. An additional $37.3 million of imports of fuel ethanol from Jamaica entered the United States non-preferentially.

TABLE 2.9 U.S. energy imports[a] under CBERA, by major product and source, 2009–12 (million $)

Product category (HTS code)	Source	2009	2010	2011	2012
Petroleum oils and oil from bituminous minerals, crude (HTS 2709.00.20)	Trinidad and Tobago	764.0	1,211.6	1,164.2	1,062.1
	Belize	36.2	37.8	109.7	101.6
	Total	800.2	1,249.5	1,273.9	1,163.7
Methanol (methyl alcohol) (HTS 2905.11.20)	Trinidad and Tobago	567.7	889.8	1,096.8	1,022.3
	Total	567.7	889.8	1,096.8	1,022.3
Refined petroleum products (HTS 2710)	Trinidad and Tobago	99.5	59.6	137.4	40.3
	Panama	0.2	0.0	0.2	0.2
	Jamaica	0.0	0.0	([b])	([b])
	Total	99.7	59.6	137.6	40.5
Fuel ethanol (HTS 2207.10.60 and 2207.20.00)	Jamaica	156.8	10.3	100.1	149.8
	Trinidad and Tobago	72.9	0.0	139.4	0.0
	Total	229.7	10.3	239.5	149.8
	Subtotal	1,697.2	2,209.2	2,747.8	2,376.2
	All other energy products	0.0	0.0	([b])	([b])
	Total	1,697.2	2,209.2	2,747.8	2,376.2

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012.

[a]Energy imports are defined as HTS chapter 27 imports, imports under HTS 2905.11.20, and the fuel ethanol reported in HTS chapter 22.
[b]Less than $50,000.

Until recently, the United States provided an excise tax credit of 45 cents per gallon to U.S. companies that produced gasoline-ethanol blends using either domestically produced or imported ethanol; this credit expired on December 31, 2011.[22] There was also an additional "other duty or charge" (ODC) of 54 cents per gallon on imports of fuel ethanol that entered non-preferentially.[23] However, section 7 of the Steel Trade Liberalization Program Implementation Act of 1989,[24] which amended section 423(c) of the Tax Reform Act of 1986,[25] allowed CBERA and CAFTA-DR countries, as well as U.S. insular possessions, to process (dehydrate) ethanol from non-indigenous feedstock free of duty under CBERA and CAFTA-DR provisions without being subject to the rules of origin requirement.[26] The resulting anhydrous ethanol was considered to be a product of the beneficiary country. U.S. imports of fuel ethanol under this program were subject to a quota of 7 percent of U.S. consumption. Imports of fuel ethanol from CBERA and CAFTA-DR countries never exceeded the quota.

[22] The credit was 51 cents per gallon during 2008. Pub. L. 110-234, § 15331.
[23] This additional duty was temporary and subject to renewal. Pub. L. 111–312, § 708(d). See HTS heading 9901.00.50.
[24] Pub. L. 101-221, § 7(a). The original legislation applied to CBERA beneficiaries and U.S. insular possessions. The subsequent CAFTA-DR separated the beneficiaries, but the program was extended later under CAFTA-DR provisions.
[25] Pub. L. 99-514, § 423.
[26] The quota totaled 875.4 million gallons for 2011, the last year the quota was in effect. 75 Fed. Reg. 82069 (December 29, 2010).

The expiration on December 31, 2011, of the ODC also ended the preferential treatment for the CBERA countries under the special origin quota for fuel ethanol. The effective period of section 423 (except section (e)) (i.e., the time it was in effect) was the same as the effective period of the ODC under HTS heading 9901.00.50.[27] With the expiration of the ODC, the preferential treatment for CBERA countries concerning ethanol ended because CBERA exports using Brazilian feedstock no longer meet the rules of origin requirements.[28] Thus, U.S. imports of ethanol from non-indigenous feedstock from CBERA countries have been subject to the column 1 rates of duty in HTS subheadings 2207.10.6010 (undenatured fuel ethanol, dutiable at 2.5 percent ad valorem) and 2207.20.0010 (denatured fuel ethanol, dutiable at 1.9 percent ad valorem) since December 31, 2011.

According to the Embassy of Jamaica, the removal of the ODC and the special origin quota for fuel ethanol will have a negative effect on Jamaica, as the obligation to pay the NTR rate of 2.5 percent ad valorem will make Jamaica's fuel ethanol industry more vulnerable to competition from larger non-CBERA exporters. The embassy noted that ethanol production is important to the diversification of the country's sugarcane industry, which is the largest employer of farm labor.[29]

Textile and Apparel Products[30]

The value of U.S. imports of textiles and apparel[31] entering under CBERA (primarily CBTPA) fell 8.0 percent to $428.8 million in 2012 (table 2.10). The decline in imports of textiles and apparel in 2012 followed an increase of 29.5 percent from $360.0 million in 2010 to $466.1 million in 2011. Haiti is the source of most imports of textile and apparel products under CBERA. Imports of textiles and apparel from Haiti under CBERA totaled $461.5 million in 2011 (up 29.6 percent) and $423.7 million in 2012 (down 8.2 percent). Despite the decline in imports from Haiti under CBERA, total U.S. imports of textiles and apparel from Haiti, as noted earlier, rose by 4.1 percent in 2012, reflecting an increase in imports and expanded preferences under the HOPE and HELP Acts.

Guyana is the only other supplier of textiles and apparel under CBERA. Imports from Guyana in 2012 were $5.0 million, up from $4.3 million in 2011.

Production for export from Haiti entering under CBERA tends to be concentrated in a few products: knitted cotton T-shirts and knitted cotton tops, which together accounted for over 90 percent of U.S. imports of apparel under CBERA from Haiti in 2012 (table 2.10). The top apparel goods imported from Guyana included knitted manmade-fiber bodysuits and body shirts and cotton men's or boys' overcoats.

Table 2.11 shows U.S. imports of textiles and apparel from CBERA countries by duty treatment. Most U.S. imports of textiles and apparel from the CBERA region continued to enter under trade preference programs in 2012; less than 1 percent of U.S. imports of textiles and apparel were dutiable at NTR rates. Imports that entered free of duty under CBTPA totaled $428.7 million and accounted for the majority (over half) of U.S. imports

[27] Pub. L. 99-514, § 423(g).
[28] Pub. L. 99-514, § 423(g).
[29] Embassy of Jamaica, written submission to the USITC, June 21, 2013, 7–8.
[30] Defined as products classified in HTS chapters 50–63.
[31] Apparel traditionally has accounted for nearly all imports in this sector from the CBERA countries, remaining at 99 percent of the total in 2012.

TABLE 2.10 U.S. textile and apparel imports[a] under CBERA, by major product and source, 2009–12 (million $)

Product category (HTS code)	Source	2009	2010	2011	2012
T-shirts, singlets, tank tops and similar garments of cotton, knitted or crocheted (HTS 6109.10.00)	Haiti	194.4	203.6	213.1	224.6
	All other countries	([b])	0.0	0.0	([b])
Sweaters, pullovers, sweatshirts, vests, and similar articles of cotton, knitted or crocheted (HTS 6110.20.20)	Haiti	151.8	125.1	220.4	175.5
	All other countries	0.3	0.1	0.2	0.6
T-shirts, singlets, tank tops and similar garments of textile materials n.e.s.o.i, knitted or crocheted (HTS 6109.90.10)	Haiti	15.7	19.7	17.9	15.6
	All other countries	0.3	0.1	0.1	0.0
	Subtotal	362.5	348.5	451.7	416.3
	All other textile and apparel products	19.9	11.6	14.3	12.5
	Total	382.4	360.0	466.1	428.8

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012. N.e.s.o.i. stands for "not elsewhere specified or included."

[a]Textile and apparel imports are defined as imports listed in HTS chapters 50 through 63 (inclusive).
[b]Less than $50,000.

TABLE 2.11 Textiles and apparel: U.S. general imports from CBERA countries, by duty treatment, 2012

	Haiti[a]	Guyana	All other	Total
		Million $		
Duty-free imports				
CBTPA				
Apparel cut and assembled from U.S. fabric[b]	1.6	5.0	0.0	6.6
Certain apparel of "regional knit fabrics"[c]	420.3	0.0	0.0	420.3
All other	1.8	0.0	0.0	1.8
Subtotal	423.7	5.0	0.0	428.7
HOPE Acts	303.4	—	—	303.4
Total	727.1	5.0	0.0	732.1
Dutiable imports (NTR duty rates)				
Total	3.0	0.7	1.8	5.5
Grand total	730.1	5.7	1.8	737.6

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

Note: Because of rounding, figures may not add to totals shown (except as noted in footnotes a, b, and c). Data in this table (U.S. general imports) are not comparable to data in table 2.10 (U.S. imports for consumption). Data on U.S. general imports from CBERA countries include U.S. imports from Panama only through October 2012 .

[a]Includes imports under HOPE Acts not entered under CBTPA, which are not included in table 2.10.
[b]HTS 9820.11.06 and 9820.11.18. See table 1.2 for more detail.
[c]HTS 9820.11.09 and 9820.11.12. See table 1.2 for more detail.

of textiles and apparel goods from the region. U.S. imports of apparel in 2012 under the HOPE Act, as amended by the HOPE II Act in 2008 and the HELP Act in 2010, rose to 303.4 million from $227.7 million in 2011 and represented 41.7 percent of total U.S. duty-free apparel imports from the region.

Modest growth in U.S. imports of apparel from Haiti in 2012, compared with the sharp rise in these imports in 2011, may be attributed to several factors. The slow U.S. economic recovery has reportedly caused U.S. apparel firms to be cautious in their purchases and has weakened demand in the U.S. apparel market.[32] Also, the limited capacity of Haiti's ports, inadequate infrastructure countrywide, scarce building space, and lack of trained personnel in the apparel sector hamper the ability of Haiti's apparel industry to increase production.[33]

The Haitian government has asserted that the HOPE legislation has benefited Haiti's apparel sector and that "without the HOPE Act, the plants cannot be competitive."[34] Also, the HOPE bill has reportedly allowed Haiti to "keep parity and be able to compete with Central America."[35] Other sources have indicated that the trade preferences expanded and extended by HOPE and HELP appear to be encouraging new investments in manufacturing and prompting some apparel firms to increase their business activity in Haiti. In 2012, some Haitian apparel firms reportedly added new U.S. customers who in the past would not have considered doing business in Haiti, and such interest is growing.[36]

Other Mining and Manufacturing Products

U.S. imports of other mining and manufacturing products under CBERA rose each year during the period 2009–11, and then fell in 2012. U.S. imports were $202.1 million in 2011 and declined to $196.2 million in 2012 (table 2.12). In 2012, the value of the four leading U.S. imports of other mining and manufacturing products accounted for 85.9 percent of total U.S. imports of these products under CBERA. The remainder of this subsection will discuss trends in the imports of these four products under CBERA.

U.S. imports under CBERA of expandable polystyrene in primary forms rose each year during 2009–12. In 2012, such imports accounted for 65.9 percent of total U.S. imports of other mining and manufacturing products under CBERA; among CBERA countries, The Bahamas was the sole source of this product. U.S. imports of polystyrene under CBERA rose in 2011 to $122.2 million, largely due to 19.1 percent growth in import volume. These imports grew by a more modest 5.9 percent in 2012 to $129.4 million after a sourcing change made some polystyrene ineligible for CBERA.

The next leading product in this category, in terms of value, was melamine; U.S. imports of melamine under CBERA were $23.7 million in 2011 and then fell 9.0 percent in 2012 to $21.5 million. There were no reported imports of the product under CBERA in 2009,

[32] U.S. apparel industry representative, telephone interview by USITC staff, February 5, 2013; U.S. apparel industry representative, interview by USITC staff, February 13, 2013.

[33] U.S. apparel industry representative, telephone interview by USITC staff, February 5, 2013; Haitian apparel industry representative, email message to USITC staff, January 25, 2013.

[34] USITC, hearing transcript, June 13, 2013, 42–43 (testimony of Sally Yearwood, CCCA).

[35] USITC, hearing transcript, June 13, 2013, 129 (testimony of Sally Yearwood, CCCA).

[36] Haitian apparel industry representative, email message to USITC staff, January 25, 2013.

TABLE 2.12 U.S. other mining and manufacturing imports[a] under CBERA, by major product and source, 2009–12 (million $)

Product category (HTS code)	Source	2009	2010	2011	2012
Polystyrene, expandable, in primary forms (HTS 3903.11.00)	Bahamas	93.9	95.4	122.2	129.4
	All other countries	0.0	0.0	0.0	0.0
Melamine (HTS 2933.61.00)	Trinidad and Tobago	0.0	6.1	23.7	21.5
	All other countries	0.0	0.0	0.0	0.0
Transmission apparatus for television, n.e.s.o.i. (HTS 8525.50.30)	St. Kitts and Nevis	0.0	11.0	15.7	12.2
	All other countries	0.0	0.0	0.0	(b)
Lamps and lighting fittings, including searchlights and spotlights, and parts thereof, n.e.s.o.i. (HTS 9405)	Trinidad and Tobago	3.0	3.8	4.8	4.9
	All other countries	0.1	0.1	0.4	0.5
	Subtotal	97.0	116.3	166.7	168.5
	All other mining and manufacturing products	42.6	50.5	35.4	27.7
	Total	139.6	166.8	202.1	196.2

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles through October 2010 and U.S. imports from Panama through October 2012. N.e.s.o.i. stands for "not elsewhere specified or Included." The major product source designation is based on 2012 data.

[a]Other mining and manufacturing imports are defined as everything not otherwise categorized as an agricultural, energy, or textile and apparel import in tables 2.9, 2.10, or 2.13, with the exception of HTS chapters 98 and 99 which are excluded from the data.
[b]Less than $50,000.

and only a low level of imports ($6.1 million) in 2010. Trinidad and Tobago was the only source.

U.S. imports under CBERA of transmission apparatus for television were $15.7 million in 2011, and then fell 22.5 percent to $12.2 million in 2012; among CBERA countries, St. Kitts and Nevis was the principal import source. Imports of lamps and light fittings, including search lights and parts thereof, increased each year during 2009–12 and were 4.1 percent higher at $5.4 million in 2012 than in 2011; Trinidad and Tobago was the primary source among CBERA countries.

Agricultural Products

U.S. imports of agricultural products under CBERA fluctuated during 2009–12, reaching their highest point in 2011 and their lowest point in 2012. The United States imported $202.9 million of agricultural products in 2011 from CBERA countries and $135.8 million in 2012 (table 2.13). The decline in agricultural imports under CBERA from 2011 to 2012 was due to lower import values for a large number of agricultural products, reflecting generally lower commodity prices, as well as a large decline in the value of raw cane sugar under CBERA in 2012. Additionally, imports of tunas and skipjacks (HTS 1604.14.40) fell from $10.4 million in 2010 to zero in 2012 as the Bumble Bee tuna

TABLE 2.13 U.S. agricultural and agro-industrial imports[a] under CBERA, by major product and source, 2009–12 (million $)

Product category (HTS code)	Source	2009	2010	2011	2012
Cassava (manioc), arrowroot, yams, sweet potatoes and similar roots and tubers with high starch or inulin content (HTS 0714)	Jamaica	16.5	15.1	17.8	16.8
	All other countries	0.6	0.5	0.5	0.2
Orange juice (HTS 2009.11, 2009.12, and 2009.19)	Belize	18.7	11.7	11.0	16.0
	All other countries	0.1	0.6	0.2	0.2
Pineapples, guavas, and mangos (HTS 0804.30 and 0804.50)	Haiti	9.1	6.7	10.4	9.0
	Panama	6.0	8.1	7.1	6.2
	All other countries	0.0	0.0	0.1	([b])
Other cane sugar, raw, in solid form, not containing added flavoring or coloring matter (HTS 1701.14.10[c])	Panama	3.7	10.9	38.1	12.7
	Jamaica	0.0	10.1	13.7	0.0
	All other countries	7.5	4.6	15.7	0.0
	Subtotal	62.2	68.3	114.6	61.1
	All other agriculture products	77.2	88.2	88.3	74.7
	Total	139.4	156.5	202.9	135.8

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

Note: Data on U.S. imports from CBERA countries include imports from the Netherland Antilles through October 2010 and U.S. imports from Panama through October 2012.

[a]Agricultural and agro-industrial imports include imports in HTS chapters 01–24, excluding fuel ethanol.
[b]Less than $50,000.
[c]Prior to 2012, products currently classified in HTS 1701.14.10 were classified in HTS 1701.11.10.

cannery stopped processing albacore tuna at its factory in Trinidad and Tobago.[37] In 2012, 98.3 percent of U.S. imports of agricultural products under CBERA were sourced from five countries—Jamaica, Belize, Panama (through October 2012), Trinidad and Tobago, and Haiti.

In 2009–12, the top agricultural commodity group among CBERA imports encompassed cassava (manioc), arrowroot, yams, sweet potatoes and similar roots and tubers with high starch or inulin content. Imports of this group were followed in value by imports of orange juice; pineapples, guavas, and mangos; and raw cane sugar. In 2012, the value of these top four commodity imports accounted for 45.0 percent of total agricultural products imported under CBERA. The leading products among the first of these four groups—cassava, arrowroot, yams, sweet potatoes, and similar roots and tubers—accounted for 12.5 percent of agricultural imports under CBERA. U.S. imports of this group were relatively stable during 2009–12; they were at their highest level in 2011 at $18.3 million and at their second-lowest level in 2012 at $17.0 million. The decline of 6.5 percent to $17.0 million in 2012 was mainly due to a downturn in the unit value of imports from Jamaica.

Orange juice accounted for 11.9 percent of total agricultural product imports under CBERA. These imports increased 44.2 percent to $16.2 million in 2012. Belize is the primary source of these imports. Orange juice imports from Belize fell in 2009 due to the effects in 2008 of Tropical Storm Arthur and Tropical Depression Number 16,[38] but

[37] Atuna, "Sharp Drop in U.S. Imports of Pre-cooked Tuna Loins," August 14, 2012.
[38] WTO, "Trade Policy Review: Report by Belize," WT/TPR/G/238, October 5, 2010, 6.

recovered in 2012 as both the volume and unit value increased. Imports of pineapples, guavas, and mangos under CBERA were relatively stable during 2009–12, with imports at their highest point in 2011. These imports fell 13.8 percent from $17.6 million in 2011 to $15.2 million in 2012.

Imports of raw cane sugar under CBERA rose from $25.6 million in 2010 to $67.5 million in 2011, and then fell by over 80 percent to $12.7 million in 2012. In 2012, Panama was the only CBERA country to export raw cane sugar under CBERA. The decline in raw cane sugar imports under CBERA from Panama in 2012 reflects both a decline in the unit value as well as a shift to increased imports under the GSP program for Panama's WTO sugar quota. GSP imports from Panama rose from zero in 2011 to $18.5 million in 2012. For the second-leading CBERA supplier in 2011, Jamaica, the fall in raw cane sugar imports under CBERA reflects an increase in its exports to the European Union (EU) in 2012.[39] According to industry sources, Jamaica received the highest price ever for its raw cane sugar exports to the EU in 2012.[40]

Total U.S. Exports

The value of U.S. exports to CBERA beneficiary countries increased steadily from 2009 to 2012. However, the growth in exports over the period is somewhat understated because exports to the Netherlands Antilles have been excluded from the totals since October 2010, and those to Panama since October 2012 (figure 2.4 and table 2.14). For example, U.S. exports to CBERA beneficiary countries grew by 1.7 percent, from $18.7 billion in 2011 to $19.0 billion in 2012, but U.S. exports to CBERA countries excluding Panama increased by over 5 percent. U.S. exports to CBERA countries accounted for 1.4 percent of all U.S. exports in both 2011 and 2012.

Of the $19.0 billion in U.S. exports to CBERA countries in 2012, energy products (mostly refined petroleum products) accounted for 41.1 percent; other mining and manufacturing, 37.1 percent; agricultural products, 12.1 percent; and textiles and apparel, 0.9 percent (figure 2.4). The share of energy products in U.S. exports to CBERA countries rose steadily over the 2009–12 period.

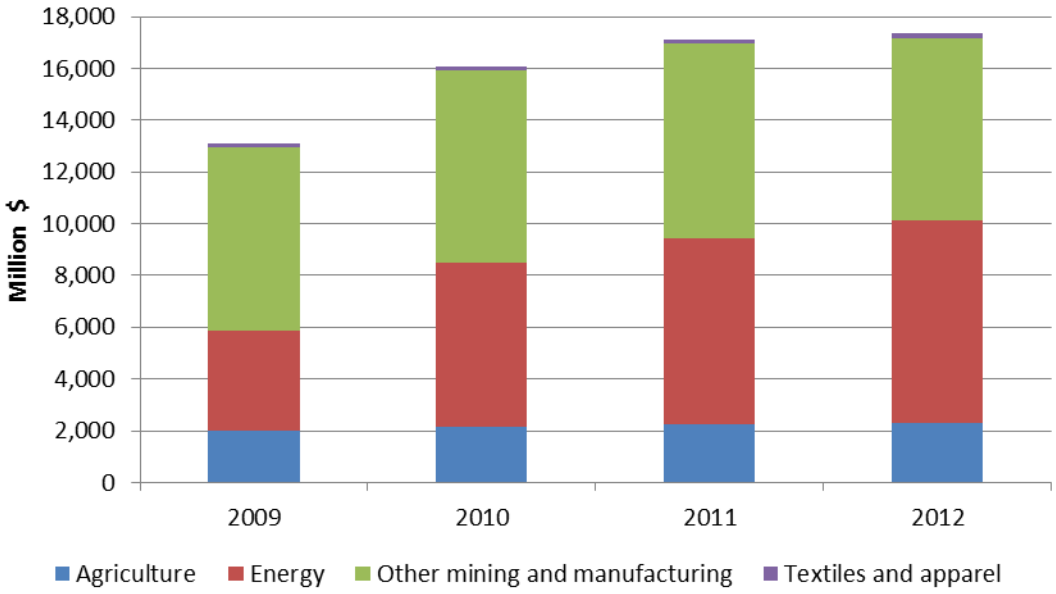
U.S. Exports by Country

Panama, The Bahamas, Trinidad and Tobago, and Jamaica were the leading destinations for U.S. exports to CBERA countries in 2012, accounting for 80.0 percent of U.S. exports (table 2.14). Until Panama stopped being a CBERA beneficiary on October 31, 2012, U.S. exports to Panama accounted for 39.7 percent of these U.S. exports; the other three top countries accounted for 40.3 percent.

Among the countries that remained CBERA beneficiaries for all of 2012, Trinidad and Tobago, The Bahamas, and St. Lucia generated the largest growth rates in U.S. export values. The 9.6 percent increase in U.S. exports to Trinidad and Tobago (to $2.3 billion) was mainly due to higher exports of light oils and preparations; helicopters; and wheat. The 5.5 percent increase in U.S. exports to The Bahamas (to $3.5 billion) was mainly due

[39] GTIS, World Trade Atlas Database (accessed September 19, 2013).
[40] *The Gleaner,* "Jamaica to Get Higher Price for Sugar Exports," January 21, 2012.

FIGURE 2.4 U.S. exports to CBERA countries, by major product categories,[a] 2009–12



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

Note: Data on U.S. exports to CBERA countries include U.S. exports to the Netherlands Antilles through October 2010 and U.S. exports to Panama through October 2012.

[a]Agricultural exports are defined in HTS chapters 1 through 24 (inclusive), excluding fuel ethanol from chapter 22, which is classified as an energy product. Energy exports are defined as all of chapter 27, methanol (HTS 2905.11.20), and the fuel ethanol reported in chapter 22. Textile and apparel exports are defined in chapters 50 through 63 (inclusive). Other mining and manufacturing exports are defined as everything not otherwise categorized as an agricultural, energy, or textile and apparel export, with the exception of HTS chapters 98 and 99 which are excluded from the data.

to higher exports of light oils and preparations. U.S. exports to St. Lucia increased 34.6 percent to $401.1 million, primarily due to increased exports of fuel oil.

Product Composition and Leading Exports

Table 2.15 shows the leading U.S. exports to CBERA countries by HTS chapter, while table 2.16 shows exports by individual product. In 2012, the largest product categories of U.S. exports to CBERA countries were mineral fuels, nonelectrical machinery, electrical machinery, cereals, and aircraft. Collectively, these product categories accounted for 58.9 percent of the value of all U.S. exports to CBERA countries in 2012. Mineral fuels accounted for 40.8 percent of U.S. exports to CBERA countries in 2012, up from 26.8 percent in 2009.

Exports of mineral fuels increased $642.1 million, or 9.0 percent, to $7.8 billion in 2012. This increase was due mainly to larger export values for fuel oil and light oils (table 2.16). In contrast, U.S. exports for the other top four HTS chapters fell. U.S. exports of nonelectrical machinery decreased 5.8 percent to $1.4 billion; electrical machinery exports decreased 8.5 percent to $857.4 million; exports of cereals decreased 3.7 percent

TABLE 2.14 Domestic U.S. exports to CBERA countries, by destination, 2009–12

Market	2009	2010	2011	2012	Change 2011–12
	Million $				Percent
Current CBERA beneficiaries[a]					
Bahamas	2,403.3	3,160.3	3,347.9	3,533.6	5.5
Trinidad and Tobago	1,874.8	1,791.7	2,070.0	2,268.9	9.6
Jamaica	1,366.6	1,552.5	1,792.2	1,862.5	3.9
Haiti	774.2	1,183.0	1,033.2	1,037.8	0.4
Aruba	404.5	497.1	659.8	651.0	–1.3
Barbados	367.4	353.9	389.7	415.0	6.5
St. Lucia	125.3	388.9	298.0	401.1	34.6
Guyana	255.2	280.3	346.2	340.2	–1.7
All other	921.3	889.0	979.0	971.8	–0.7
Former CBERA beneficiaries:					
Netherlands Antilles	1,927.1	2,057.5	0.0	0.0	([b])
Panama	4,063.2	5,708.1	7,801.8	7,547.4	–3.3
Total	5,990.3	7,765.6	7,801.8	7,547.4	–3.3
Grand total	14,482.9	17,862.4	18,717.8	19,029.3	1.7
	Percent of total				Percentage points
Current CBERA beneficiaries[a]					
Bahamas	16.6	17.7	17.9	18.6	0.7
Trinidad and Tobago	12.9	10.0	11.1	11.9	0.9
Jamaica	9.4	8.7	9.6	9.8	0.2
Haiti	5.3	6.6	5.5	5.5	-0.1
Aruba	2.8	2.8	3.5	3.4	-0.1
Barbados	2.5	2.0	2.1	2.2	0.1
St. Lucia	0.9	2.2	1.6	2.1	0.5
Guyana	1.8	1.6	1.8	1.8	–0.1
All other	6.4	5.0	5.2	5.1	–0.1
Former CBERA beneficiaries:					
Netherlands Antilles	13.3	11.5	0.0	0.0	0.0
Panama	28.1	32.0	41.7	39.7	–2.0
Total	41.4	43.5	41.7	39.7	–2.0
Grand total	100.0	100.0	100.0	100.0	0.0

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

Note: Data on U.S. exports to CBERA countries include U.S. exports to the Netherlands Antilles through October 2010 and U.S. exports to Panama through October 2012.

[a]Countries that were CBERA beneficiaries as of December 31, 2012.
[b]Not applicable.

to $596.7 million; and U.S. exports of aircraft decreased 16.7 percent to $531.4 million. Reduced U.S. exports to Panama were largely responsible for the declines in exports to CBERA countries in these sectors, following Panama's departure from CBERA.

U.S. exports of textiles and apparel to the CBERA countries declined slightly, by under 1.0 percent, from $168.8 million in 2011 to $167.8 million in 2012 (table 2.17). Such exports have historically consisted of textiles (yarns, fabrics, and cut garment parts) used to produce apparel for the U.S. market. Panama was the largest CBERA market for these

TABLE 2.15 Leading domestic U.S. exports to CBERA countries, by major product category, 2009–12

HTS chapter	Description	2009	2010	2011	2012
		Million $			
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	3,881.7	6,299.4	7,130.3	7,772.5
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1,547.5	1,514.4	1,542.2	1,452.9
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	872.2	942.3	939.1	857.5
10	Cereals	536.3	532.9	619.7	596.7
88	Aircraft, spacecraft, and parts thereof	410.3	512.0	637.9	531.4
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	385.4	478.1	447.1	454.5
39	Plastics and articles thereof	316.6	353.1	372.1	347.2
02	Meat and edible meat offal	224.0	271.6	303.7	321.0
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	265.1	289.3	272.2	284.3
29	Organic chemicals	208.0	205.7	286.8	283.6
	Subtotal, top 10 product-based HTS chapters[a]	8,647.0	11,398.7	12,551.1	12,901.5
	All other HTS chapters	5,835.8	6,463.7	6,166.7	6,127.8
	Total domestic U.S. exports to CBERA countries	14,482.9	17,862.4	18,717.8	19,029.3
		Percent of total			
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	26.8	35.3	38.1	40.8
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	10.7	8.5	8.2	7.6
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	6.0	5.3	5.0	4.5
10	Cereals	3.7	3.0	3.3	3.1
88	Aircraft, spacecraft, and parts thereof	2.8	2.9	3.4	2.8
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	2.7	2.7	2.4	2.4
39	Plastics and articles thereof	2.2	2.0	2.0	1.8
02	Meat and edible meat offal	1.5	1.5	1.6	1.7
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	1.8	1.6	1.5	1.5
29	Organic chemicals	1.4	1.2	1.5	1.5
	Subtotal, top 10 product-based HTS chapters[a]	59.7	63.8	67.1	67.8
	All other HTS chapters	40.3	36.2	32.9	32.2
	Total U.S. imports for consumption from CBERA countries	100.0	100.0	100.0	100.0

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

Note: Data on U.S. exports to CBERA countries include U.S. exports to the Netherlands Antilles through October 2010 and U.S. exports to Panama through October 2012.

[a]HTS chapter 98 (Special Classification Provisions, n.e.s.o.i.) was the second largest HTS chapter for the data in this table. Export data from this chapter were grouped with data from "all other HTS chapters" as data are not listed in this chapter in accordance with any product-based classification (unlike the data in chapters 01 through 97). N.e.s.o.i. stands for "not elsewhere specified or included."

TABLE 2.16 Leading domestic U.S. exports to CBERA countries, by HTS subheading, 2009–12 (million $)

HTS number	Description	2009	2010	2011	2012
2710.19	Petroleum oils & oils (not light) from bituminous minerals or preps n.e.s.o.i. 70%+ by wt. from petroleum oils or bitum. min.	3,428.9	5,603.4	5,916.1	6,091.0
2710.12[a]	Light oils and preparations	396.4	631.1	1,033.9	1,540.7
8800.00	Aircraft, spacecraft, and parts thereof	380.9	493.3	627.0	479.8
1006.30	Rice, semi-milled or wholly milled, whether or not polished or glazed	173.2	182.7	178.9	223.8
1001.99[b]	Wheat & meslin other than durum or seed wheat	178.8	135.6	182.8	188.0
0207.14	Chicken cuts and edible offal (including livers) frozen	102.2	134.1	162.8	170.5
8517.12	Telephones for cellular networks or for other wireless networks	127.6	146.2	158.7	161.3
1005.90	Corn (maize), other than seed corn	145.0	154.9	213.9	145.8
2304.00	Soybean oilcake and other solid residues resulting from the extraction of soy bean oil, whether or not ground or in the form of pellets	111.2	124.4	104.2	122.1
2106.90	Food preparations n.e.s.o.i.	89.9	98.6	107.7	114.1
3303.00	Perfumes and toilet waters	81.1	94.2	114.1	106.1
2933.39	Heterocyclic compounds containing an unfused pyridine ring (whether or not hydrogenated) in the structure, n.e.s.o.i.	48.8	58.0	106.8	93.1
2902.50	Styrene (vinylbenzene; phenylethylene)	43.4	59.5	79.5	89.9
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, etc., over 6 mm (.236 in.) thick	70.5	87.4	86.8	83.4
8517.62	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	43.2	43.9	50.5	83.3
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	68.4	93.6	83.3	82.7
3004.90	Medicaments, in measured doses, etc. (excluding vaccines, etc., coated bandages etc. and pharmaceutical goods), n.e.s.o.i.	61.3	55.6	95.7	75.4
7113.19	Jewelry and parts thereof, of precious metal other than silver	252.7	209.6	98.6	75.1
8431.43	Parts for boring or sinking machinery, n.e.s.o.i.	195.0	84.2	79.7	69.2
2815.12	Sodium hydroxide (caustic soda), in aqueous solution (soda lye or liquid soda)	15.6	32.9	71.5	67.5
	All other HTS subheadings	8,469.0	9,339.1	9,165.1	8,966.4
	Total	14,482.9	17,862.4	18,717.8	19,029.3

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

Note: Data on U.S. exports to CBERA countries include U.S. exports to the Netherlands Antilles through October 2010 and U.S. exports to Panama through October 2012. N.e.s.o.i. stands for "not elsewhere specified or Included." Leading products are based on 2012 data.

[a]Prior to 2012, products currently classified in HTS subheading 2710.12 were classified in HTS subheading 2710.11. Data reported for 2009–11 represent products reported under the previous HTS subheading (i.e., 2710.11).

[b]Prior to 2012, products currently classified in HTS subheading 1001.99 were classified in HTS subheading 1001.90, with the exception of products previously exported under the U.S. Schedule B subheading 1001.90.1000, which received their own separate HTS subheading at the start of 2012. With respect to the CBERA countries, effectively, the new subheading (i.e., 1001.99) is equivalent to the old subheading (i.e., 1001.90) in terms of U.S. export data. Nonetheless, data reported for 2009–11 represent exports reported under the previous HTS subheading (i.e., 1001.90), less data from the Schedule B subheading 1001.90.1000 (which were very minimal).

TABLE 2.17 Domestic U.S. textile and apparel exports[a] to CBERA countries, by sector grouping, 2009–12

Item	2009	2010	2011	2012
		Million $		
Apparel	32.5	43.4	41.6	46.5
Textiles	118.6	138.1	127.2	121.3
Total sector	151.1	181.4	168.8	167.8
		% of sector total		
Apparel	21.5	23.9	24.7	27.7
Textiles	78.5	76.1	75.3	72.3

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

Note: Data on U.S. exports to CBERA countries include U.S. exports to the Netherlands Antilles through October 2010 and U.S. exports to Panama through October 2012.

[a]Textile and apparel exports are defined in HTS chapters 50 through 63 (inclusive). Apparel is included in HTS chapters 61 and 62.

goods in 2012, although it produces and exports few of these products compared to other CBERA countries.[41] U.S. exports to Panama (as a CBERA beneficiary) fell 10.0 percent, from $43.2 million in 2011 to $38.8 million in 2012, as Panama became ineligible for the CBERA in the last two months of 2012. The principal U.S. exports to Panama in 2012 were worn clothing and textiles, made-up textile articles not elsewhere specified or included, and women's and girls' woven swimwear. Haiti was the second-leading market for U.S. exports of yarns, fabrics, and cut garment parts—U.S. exports to Haiti in 2012 totaled $33.9 million, unchanged from 2011.

[41] Representative of the Office of Textiles and Apparel, U.S. Department of Commerce, email message to USITC staff, June 7, 2013.

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

This chapter presents the Commission's findings concerning the economic impact of the CBERA program on U.S. industries and consumers in 2011–12, as well as the probable future effect that the program is likely to have on the U.S. economy generally. The assessment of CBERA's effect on the U.S. economy focuses on the 20 HTS 8-digit products that can enter free of duty only under the CBERA preferences and that had the highest import values in 2012. The assessment of CBERA's probable future effect is based largely on information about CBERA-related investment in the beneficiary countries. Most of this investment information has been collected from international sources such as the United Nations, augmented by information from reports, as available, from U.S. embassies in the CBERA countries.

Key Findings

The overall impact of CBERA-exclusive imports[1] on the U.S. economy and on U.S. industries and consumers continued to be negligible in 2012. The five leading CBERA-exclusive imports in 2012 were light crude petroleum, methanol (methyl alcohol), knitted cotton T-shirts, knitted cotton tops, and ethanol (ethyl alcohol). Methanol is the only U.S. industry for which CBERA-exclusive imports may have displaced more than 5 percent of the value of U.S. production in 2012. A significantly lower price of natural gas (the feedstock for methanol) in Trinidad and Tobago than in the United States has been the main contributor to the decline in U.S. industry production of methanol and the increase in imports of methanol from Trinidad and Tobago in recent years.

In assessing the probable future effect of CBERA, the Commission analyzed 2011–12 investment trends in the CBERA countries for the near-term production and export of CBERA-eligible products. This analysis indicates that 2011–12 investment is not likely to result in U.S. imports that will have a measurable economic impact on U.S. consumers and producers, as CBERA countries generally are, and are likely to remain, small suppliers relative to the U.S. market. CBERA had its greatest effects on the U.S. economy in the past, shortly after the program's implementation in 1984 and shortly after implementation of each of the major enhancements to CBERA; even these effects were minimal. Moreover, investment in CBERA countries has focused primarily on service sectors rather than on the production of CBERA-eligible goods for export to the United States.

[1] As indicated earlier, "CBERA-exclusive imports" are imported products that are eligible to receive tariff preferences only under CBERA provisions.

Impact of CBERA on the United States in 2011–12

As noted above, CBERA had a negligible effect on the overall U.S. economy in 2012, and has had a minimal effect since its implementation in 1984. During each year from 1984 through 2000, the value of U.S. imports entered under CBERA remained less than 0.04 percent of U.S. gross domestic product (GDP). Starting in 2001, CBERA country producers took advantage of expanded opportunities under CBTPA, and imports under CBERA increased considerably. However, even at their peak during 2002–05, U.S. imports under CBERA were equal to only 0.10 percent of U.S. GDP. In 2012, after six of the largest CBERA countries stopped being beneficiaries with the entry into force of CAFTA-DR, imports under CBERA fell to 0.08 percent of GDP. As pointed out in chapter 2, the total value of U.S. imports from CBERA countries remained small in 2012, amounting to 0.5 percent of total U.S. imports. The impact of CBERA on U.S. industries and consumers was minimal in 2012, as it has been in recent years.

CBTPA increased the number of products benefiting from CBERA. In addition, it sharply increased the total value of imports benefiting from CBERA, especially imports of apparel and of crude petroleum and petroleum products. However, the value of the CBERA program to beneficiary countries and its potential to affect the U.S. economy, consumers, and industries has declined since its implementation because the margin of preference for many of the region's products eroded as NTR duty rates fell (to free in some instances) under U.S. Uruguay Round commitments and as more countries have received preferential access under other programs or FTAs.[2] In the case of Haiti, implementation of the HOPE and HELP Acts has somewhat offset this effect.[3]

In evaluating the impact of CBERA, the Commission considered U.S. imports that can receive preferential treatment only under CBERA. Because many CBERA-eligible products are also eligible for duty-free entry under GSP, they were excluded from the analysis.[4]

The following section (1) identifies products that benefited exclusively from CBERA; (2) presents quantitative estimates of the impact of CBERA on U.S. consumers, on the U.S. Treasury (as measured through tariff revenues), and on U.S. industries (as measured by domestic shipments) whose products compete with CBERA imports; and (3) identifies the products benefiting exclusively from CBERA that had the largest U.S. import values in 2012 (table 3.1).

[2] See USITC, *The Impact of Caribbean Basin Economic Recovery Act, Seventeenth Report, 2003–2004*, September 2005, chapter 3, for more detail on the erosion of the margin of preference.

[3] For more information on Haiti, see chapter 4.

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

TABLE 3.1 Leading CBERA-exclusive products, value of U.S. imports in 2012 (thousand $)

HTS number	Description	Landed duty-paid value of total U.S. imports	Landed duty-paid value of imports under CBERA preferences
2709.00.20	Petroleum oils and oils obtained from bituminous minerals, crude: Testing 25 degrees A.P.I. or more	118,234,349	1,181,638
2905.11.20	Acyclic alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives: Methanol (Methyl alcohol): other	1,731,552	1,107,369
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted: Of cotton	4,445,252	229,049
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted: Of cotton: Other	9,368,826	179,458
2207.10.60	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 percent vol. or higher: For nonbeverage purposes	1,907,285	154,473
3903.11.00	Polymers of styrene, in primary forms: Expandable	387,437	133,511
2710.19.06	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the base: Testing under 25 degrees A.P.I.	46,803,392	35,403
2933.61.00	Compounds containing an unfused triazine ring (whether or not hydrogenated) in the structure: Melamine	46,025	22,929
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted: Of man-made fibers	1,344,050	15,886
1701.14.10	Cane or beet sugar and chemically pure sucrose, in solid form: Other cane sugar:	785,186	13,233
8525.50.30	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders: Transmission apparatus: other	1,403,092	12,454
2009.19.00	Fruit juices (including grape must) and vegetable juices, not fortified with vitamins or minerals, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter: other	17,122	8,239
2009.11.00	Fruit juices (including grape must) and vegetable juices, not fortified with vitamins or minerals, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter: frozen	322,550	8,201
0804.30.40	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried: In crates or other packages	581,231	8,386
2106.90.99	Food preparations not elsewhere specified or included: other	1,772,371	6,177
2710.19.16	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the base: Kerosene-type jet fuel	2,993,784	4,776
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted: other	5,334,940	4,687
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	1,665,328	6,037
9405.10.80	Chandeliers and other electric ceiling or wall lighting fittings, excluding those of a kind used for lighting public open spaces or thoroughfares: other	551,278	4,239
8503.00.95	Parts suitable for use solely or principally with the machines of heading 8501 or 8502: other	1,207,314	3,487

Source: Estimated by the USITC from official statistics of the U.S. Department of Commerce.

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

Products That Benefited Exclusively from CBERA in 2012

For purposes of this analysis, the Commission defined U.S. imports of products benefiting exclusively from CBERA as those that enter under either CBERA duty-free or CBERA reduced-duty provisions and are not eligible to enter free of duty under NTR rates or under other programs, such as GSP.[5] Consistent with this definition, GSP-eligible items that are imported from CBERA countries 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 limitations (CNLs).

From the time CBERA was first implemented in 1984, the share of U.S. imports from CBERA countries benefiting exclusively from CBERA (the "exclusively benefiting share") has varied because of changes in product coverage, changes in country coverage under CBERA and GSP, and large swings in the prices of some goods (mostly energy-related products). During the 16 years before the first full year that CBTPA was in effect (2001), the exclusively benefiting share was typically under 10 percent and frequently well under 10 percent. Much of the variation resulted from a loss of GSP eligibility for particular products from particular countries because imports of such products from those countries exceeded GSP competitive-need limitations,[6] or a loss of GSP eligibility for all GSP-eligible products because of the temporary expiration of the GSP program (as occurred in 2011). The exclusively benefiting share fell toward the end of the first period (1984–2000) as several major products formerly entering under CBERA provisions became free of duty under NTR provisions as a result of U.S. actions under its Uruguay Round obligations.

For a time, CBTPA substantially expanded the share of U.S. imports from CBERA countries benefiting exclusively from CBERA. Starting in 2001, the first full year that CBTPA was in effect, the exclusively benefiting share rose significantly. It increased again in 2002 before stabilizing at around 30–32 percent during 2002–06. However, as CAFTA-DR entered into force in 2006 and those countries were no longer CBERA beneficiaries, the exclusively benefiting share began to shrink, falling to 25.5 percent in 2007 and to a low of 21.1 percent in 2008. While the exclusively benefiting share rose to 27.3 percent in 2010, this was largely because the oil refinery in Aruba (not a CBTPA beneficiary) was shut down throughout 2010, sharply reducing the denominator (total imports from CBERA countries) in the exclusively benefiting share computation without reducing the numerator (exclusively benefiting imports).[7] In 2011 and 2012, the share of U.S. imports from CBERA countries benefiting exclusively from CBERA was 23.7

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

[6] HTS general note 4(d) indicates that two CBERA countries have been excluded from GSP benefits for particular tariff rate lines because of CNLs: Guyana (for plywood, veneered panels and similar laminated wood, HTS 4412.94.90 and HTS 4412.99.90) and Jamaica (for lemons and limes and for citrus fruit not elsewhere listed, including kumquats, citrons and bergamots; HTS 0805.50.30 and HTS 0805.90.01, respectively; cane or beet sugar and chemically pure sucrose, HTS 1701.91.42; other sugars, including glucose and glucose syrup, HTS 1702.30.22; and fruits or vegetable juices, fortified with vitamins or minerals, HTS 2202.90.37).

[7] Until recently Aruba was a major exporter of refined petroleum products to the United States, but since it is not a CBTPA beneficiary country, U.S. imports of these products from Aruba are subject to NTR duties.

percent and 25.6 percent, respectively. This mostly reflects an increase in the value of U.S. imports from CBERA countries of 46.1 percent in 2011 and a decline of 18.4 percent in 2012 (the denominator in the calculation).

The 20 leading items that benefited exclusively from CBERA in 2012 are listed in table 3.1.

Economic Effect of CBERA on U.S. Industries and Consumers in 2012

For the 20 leading CBERA-exclusive products, the Commission used a partial equilibrium model to estimate the effects of the CBERA preferences on U.S. consumer welfare, tariff revenues, and domestic shipments. The technical details of this economic model are provided in appendix D. [8]

Estimates of potential displacement effects on U.S. industry were small, with only one industry—methanol—having an upper estimate of displacement of more than 5.0 percent, the cutoff traditionally used in this series for selecting industries for further analysis. On the other hand, a number of U.S. producers benefited from CBERA preferences because they supplied inputs to apparel assembled in CBERA countries.

For any particular product, the size of the U.S. market share accounted for by CBERA-exclusive imports was a major factor in determining the estimated impact on competing domestic producers.[9] (This market share is the ratio of the value of CBERA-exclusive imports to total apparent U.S. consumption of that product.) Market shares for these 20 products varied considerably in 2012. For instance, the market share of CBERA-exclusive imports of methanol was approximately 57 percent, whereas the market shares of CBERA-exclusive imports of many of the products, such as the petroleum products, were less than 1 percent.

Estimated Effect on U.S. Consumers

For each of the 20 leading CBERA-exclusive imports, table 3.2 reports apparent U.S. consumption and gives two estimates of the effect of the CBERA preferences on U.S. consumer welfare. Both of the columns of estimates report an equivalent variation[10] measure based on the difference between the actual prices of the imports in 2012 and the model's estimates of the prices that would have prevailed in the absence of the CBERA preferences. The difference between the two columns of estimates derives from the different assumptions in the model about the magnitude of the elasticity of substitution (ES) between the CBERA and the non-CBERA imports and the domestic product.[11] Elasticity of substitution is a measure of how much demand shifts between the different types of products (the two types of imports and the domestic product) in response to the

[8] Also, chapter 1 includes a description of the analytical approach.

[9] Other factors include the tariff rate and the degree of substitutability among beneficiary imports, nonbeneficiary imports, and domestic production.

[10] Equivalent variation is a measure of income that would be equivalent to the cost to consumers of re-imposing tariffs.

[11] The range of substitution elasticities used in the partial equilibrium models is consistent with the economics literature, as discussed in chapter 1.

TABLE 3.2 Estimated effect of CBERA preferences on U.S. consumer welfare in 2012 (thousands $)

HTS number		Apparent consumption	Effect on consumer welfare if ES = 5	Effect on consumer welfare if ES = 3
2709.00.20	Petroleum oils and oils obtained from bituminous minerals, crude: Testing 25 degrees A.P.I. or more	287,469,923	1,100	1,101
2905.11.20	Acyclic alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives: Methanol (Methyl alcohol): other	1,945,071	53,203	54,418
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted: Of cotton	5,061,235	26,166	29,940
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted: Of cotton: Other	9,667,574	20,356	23,350
2207.10.60	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 percent vol. or higher: For nonbeverage purposes	31,574,576	3,528	3,613
3903.11.00	Polymers of styrene, in primary forms: Expandable	870,061	7,389	7,779
2710.19.06	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the base: Testing under 25 degrees A.P.I.	190,975,959	15	16
2933.61.00	Compounds containing an unfused triazine ring (whether or not hydrogenated) in the structure: Melamine	102,418	708	726
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted: Of man-made fibers	1,537,985	2,649	3,351
1701.14.10	Cane or beet sugar and chemically pure sucrose, in solid form: Other cane sugar:	3,126,193	166	168
8525.50.30	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders: Transmission apparatus: other	5,034,092	210	214
2009.19.00	Fruit juices (including grape must) and vegetable juices, not fortified with vitamins or minerals, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter: other	50,492	1,075	1,237
2009.11.00	Fruit juices (including grape must) and vegetable juices, not fortified with vitamins or minerals, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter: frozen	614,427	930	1,068
0804.30.40	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried: In crates or other packages	620,432	14	14
2106.90.99	Food preparations not elsewhere specified or included other	4,022,371	330	350
2710.19.16	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the base: Kerosene-type jet fuel	49,252,524	21	21
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted: other	5,673,976	779	986
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	12,441,729	17	17
9405.10.80	Chandeliers and other electric ceiling or wall lighting fittings, excluding those of a kind used for lighting public open spaces or thoroughfares: other	1,111,278	138	143
8503.00.95	Parts suitable for use solely or principally with the machines of heading 8501 or 8502: other	1,767,314	92	95

Source: Estimated by the USITC from official statistics of the U.S. Department of Commerce.

Note: The abbreviation n.e.s.o.i. stands for “not elsewhere specified or included.” ES stands for elasticity of substitution.

change in their relative prices. It is greater (5 rather than 3, as assumed in this report) if the different types of products are more similar in the eyes of consumers.

In 2012, methanol from Trinidad and Tobago provided the largest gain in consumer welfare ($53.2–$54.4 million) resulting exclusively from CBERA tariff preferences (table 3.2). Without CBERA, the price U.S. consumers would have paid for imports of methanol from CBERA countries would have been higher. In general, the CBERA-exclusive items providing the largest gains in consumer welfare have either the highest NTR tariff rates or the largest values of imports from CBERA countries, or both.

Estimated Effect on U.S. Tariff Revenues

CBERA preferences also reduced U.S. tariff revenues, offsetting much of the gain to consumers. Table 3.3 reports the total tariff revenues collected by the United States in 2012 for each of the 20 products, as well as two estimates of the effect of the CBERA preferences on these tariff revenues. Again, the difference between the two estimates reflects alternative assumptions about the magnitude of the elasticity of substitution between the two types of imports (CBERA and non-CBERA) and the domestic product.

Estimated Effect on U.S. Domestic Shipments of the 20 Products

Table 3.4 reports the reduction in the value of U.S. domestic shipments in 2012 for each of the 20 products in the United States, as well as two estimates of the effect of the CBERA preferences on the value of U.S. shipments, using alternative assumptions about the magnitude of the elasticity of substitution between the CBERA and non-CBERA imports and the domestic product.

Estimates of the potential displacement of domestic production were small for most of the individual sectors.[12] The analysis indicates that the largest potential displacement effect, measured as a share of the 2012 value of U.S. domestic production, was for methanol. Overall, the above estimates suggest that the impact of CBERA in 2012 on the U.S. economy, industries, and consumers was minimal, mainly because of the very small portion of U.S. imports that come from CBERA countries. According to the model estimates, only one product that benefits exclusively from CBERA (methanol) had any significant potential displacement impact on U.S. producers.

Highlights of U.S. Industries Most Affected by CBERA

Industries having an estimated production displacement of 5 percent or more of the 2012 value of U.S. domestic production, based on upper estimates (elasticity of substitution = 5), were chosen for further analysis. In 2012, as mentioned previously, only one product that benefited exclusively from CBERA met this criterion—methanol from Trinidad and Tobago.

[12] U.S. market share, tariff rates, and the 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.

TABLE 3.3 Estimated effect of CBERA preferences on U.S. tariff revenues in 2012 (thousand $)

HTS number		Actual tariff revenues in 2012	Potential tariff revenue loss if ES = 5	Potential tariff revenue loss if ES = 3
2709.00.20	Petroleum oils and oils obtained from bituminous minerals, crude: Testing 25 degrees A.P.I. or more	50,803	1,098	1,100
2905.11.20	Acyclic alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives: Methanol (Methyl alcohol): other	24,392	51,676	52,597
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted: Of cotton	278,549	23,678	27,218
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted: Of cotton: Other	1,072,944	22,902	23,803
2207.10.60	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 percent vol. or higher: For nonbeverage purposes	37,353	3,340	3,494
3903.11.00	Polymers of styrene, in primary forms: Expandable	2,388	6,491	7,169
2710.19.06	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the base: Testing under 25 degrees A.P.I.	18,431	16	16
2933.61.00	Compounds containing an unfused triazine ring (whether or not hydrogenated) in the structure: Melamine	723	680	704
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted: Of man-made fibers	140,783	2,255	2,822
1701.14.10	Cane or beet sugar and chemically pure sucrose, in solid form: Other cane sugar:	5,633	162	165
8525.50.30	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders: Transmission apparatus: other	17,917	204	210
2009.19.00	Fruit juices (including grape must) and vegetable juices, not fortified with vitamins or minerals, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter: other	85	718	970
2009.11.00	Fruit juices (including grape must) and vegetable juices, not fortified with vitamins or minerals, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter: frozen	23,094	771	931
0804.30.40	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried: In crates or other packages	32	14	14
2106.90.99	Food preparations not elsewhere specified or included: other	40,312	297	327
2710.19.16	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the base: Kerosene-type jet fuel	7,899	21	21
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted: other	929,927	886	972
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	1,171	17	17
9405.10.80	Chandeliers and other electric ceiling or wall lighting fittings, excluding those of a kind used for lighting public open spaces or thoroughfares: other	17,689	135	140
8503.00.95	Parts suitable for use solely or principally with the machines of heading 8501 or 8502: other	23,936	91	94

Source: Estimated by the USITC from official statistics of the U.S. Department of Commerce.

Note: ES stands for elasticity of substitution.

TABLE 3.4 Estimated effect of CBERA preferences on the value of U.S. domestic shipments in 2012 (thousand $)

HTS number		Value of U.S. domestic production	Potential reduction in domestic shipments if ES = 5	Potential reduction in domestic shipments if ES = 3
2709.00.20	Petroleum oils and oils obtained from bituminous minerals, crude: Testing 25 degrees A.P.I. or more	171,419,328	2,590	1,296
2905.11.20	Acyclic alcohols and their halogenated, sulfonated, nitrated or nitrosated derivatives: Methanol (Methyl alcohol): other	250,000	24,337	12,115
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted: Of cotton	821,312	12,837	7,309
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted: Of cotton: Other	373,435	2,524	1,445
2207.10.60	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 percent vol. or higher: For nonbeverage purposes	30,191,000	13,265	6,790
3903.11.00	Polymers of styrene, in primary forms: Expandable	660,000	16,604	8,668
2710.19.06	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the base: Testing under 25 degrees A.P.I.	159,502,000	48	24
2933.61.00	Compounds containing an unfused triazine ring (whether or not hydrogenated) in the structure: Melamine	95,000	1,576	802
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted: Of man-made fibers	258,580	1,340	846
1701.14.10	Cane or beet sugar and chemically pure sucrose, in solid form: Other cane sugar:	2,342,160	497	251
8525.50.30	Transmission apparatus for radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras, digital cameras and video camera recorders: Transmission apparatus: other	5,000,000	607	309
2009.19.00	Fruit juices (including grape must) and vegetable juices, not fortified with vitamins or minerals, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter: other	65,000	2,934	1,655
2009.11.00	Fruit juices (including grape must) and vegetable juices, not fortified with vitamins or minerals, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter: frozen	450,000	1,771	1,015
0804.30.40	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried: In crates or other packages	50,000	4	2
2106.90.99	Food preparations not elsewhere specified or included: other	2,500,000	739	392
2710.19.16	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 percent or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the base: Kerosene-type jet fuel	51,543,840	78	39
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted: other	423,795	186	118
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	11,000,000	58	29
9405.10.80	Chandeliers and other electric ceiling or wall lighting fittings, excluding those of a kind used for lighting public open spaces or thoroughfares: other	620,000	279	144
8503.00.95	Parts suitable for use solely or principally with the machines of heading 8501 or 8502: other	1,610,000	117	60

Source: Estimated by the USITC from official statistics of the U.S. Department of Commerce.

Note: ES stands for elasticity of substitution.

Methanol

Energy products from Trinidad and Tobago account for a large part of U.S. imports under CBERA. In 2012, Trinidad and Tobago supplied over 90 percent of the crude petroleum and 100 percent of the methanol imported by the United States under CBERA. Trinidad and Tobago also figures prominently in the methanol industry worldwide. Given the possible impact on U.S. producers of methanol production in Trinidad and Tobago, the following section describes methanol trade and production in relation to Trinidad and Tobago, and the United States.

Major companies

Methanex, Methanol Holdings (Trinidad) Ltd., and Saudi Basic Industries Corporation (SABIC), through full or partial ownership of production facilities, had the largest methanol production capacities worldwide in 2012. Two of these—Methanex and Methanol Holdings—produce in Trinidad and Tobago. Methanex has a global network of methanol production facilities with significant capacities: 3.8 million metric tons (mt) per year in Chile, 2.7 million mt per year in Trinidad and Tobago, 2.4 million mt per year in New Zealand, 1.3 million mt per year at a new plant in Egypt that made its first methanol shipments in April 2011, and 470,000 mt per year in Canada at a plant that the company restarted in 2011.[13] Methanol Holdings has five methanol plants in Trinidad and Tobago with a total capacity of more than 4 million mt per year.[14]

U.S. imports of methanol

U.S. imports of methanol under HTS 2905.11.20 (methanol other than for use in producing synthetic natural gas or for direct use as a fuel) in 2012 were dutiable at the NTR rate of 5.5 percent ad valorem or were eligible for duty-free or reduced-duty treatment under a number of preferential programs and FTAs, including CBERA.[15] U.S. imports of methanol under HTS 2905.11.10 (methanol for use in producing synthetic natural gas or for direct use as a fuel) were subject to an NTR duty rate of free. Nearly all U.S. imports (97.1–99.8 percent) of methanol under HTS 2905.11.20 from Trinidad and Tobago, the sole source of methanol to the United States among CBERA beneficiaries, entered under CBERA during 2008–12.

Trinidad and Tobago became the primary source of methanol imports under HTS 2905.11.20 in 1998 and expanded its share of the value of U.S. imports to 71 percent in 2009 before declining to 65 percent in 2012. That level in 2012 is more than three times that of Venezuela, the second-largest import source.[16]

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[13] Methanex, "Global Locations," July 5, 2013, http://www.methanex.com/ourcompany/locations.html.

[14] Methanol Holdings (Trinidad), Ltd., http://www.ttmethanol.com/web/index.htm.

[15] Imports entered under 2905.11.20 were eligible for duty-free treatment under GSP (from all designated beneficiary developing countries except Venezuela in 2012—Trinidad and Tobago was not a designated GSP beneficiary country in 2012), the Andean Trade Preference Act (ATPA), CBERA, CAFTA-DR, NAFTA, and free trade agreements with Australia, Bahrain, Chile, Israel, Jordan, Morocco, Oman, and Peru and were eligible for reduced-duty treatment under the FTA with Singapore.

[16] USITC DataWeb/DOC.

The value of U.S. imports of methanol under HTS 2905.11.20 declined in 2012, ending the rise in import levels that had occurred since the global recession. After reaching record levels in 2008, in large part due to historically high prices, the value of U.S. methanol imports fell 60 percent in 2009, primarily because of the global recession. The value of U.S. imports of methanol under HTS 2905.11.20 from Trinidad and Tobago fell 51 percent in 2009, largely due to a 49 percent decrease in unit values; volume fell only 5.5 percent. From 2009 to 2011, the value of U.S. imports of methanol under HTS 2905.11.20 from all sources increased 110 percent to $1.7 billion as unit values rebounded 84 percent and volume increased 14 percent.[17]

The value of U.S. methanol imports from Trinidad and Tobago under HTS 2905.11.20 from 2009 to 2011 increased $561 million (97 percent), while the value of imports of methanol from all sources increased $887 million. But in 2012, the value and volume of U.S. imports of methanol under HTS 2905.11.20 from all sources declined 7.3 percent (to $1.6 billion and 6.4 billion liters) as unit values remained unchanged from 2011. The value of methanol imports from Trinidad and Tobago under HTS 2905.11.20 decreased $113 million (10 percent) in 2012, while the value of U.S. imports of methanol from all sources decreased $124 million.[18]

Methanol uses

Natural gas is the primary input used to produce methanol, which in turn is primarily used as a feedstock to manufacture a number of chemicals. Current major uses of methanol in the United States include formaldehyde and acetic acid production. Formaldehyde resins are used in the production of plywood, particle board, paints, and adhesives. Acetic acid is an input for other intermediate chemicals that go into plastic bottles, paints, adhesives, and synthetic fibers. Smaller quantities of methanol are used to manufacture dimethyl terephthalate, methyl methacrylate, methylene chloride, solvents, and windshield washer fluid.[19]

U.S. demand for methanol

U.S. demand for methanol peaked at 8.8 million mt in 2000 before sliding to less than 6 million mt annually during 2008–10 and then recovering to 6.2 million mt in 2012.[20] Demand is projected to increase by 2.1 percent per year during 2013–17.[21] Throughout the 1990s, U.S. methanol demand followed the increasing production of methyl tert-butyl ether (MTBE), an octane enhancer in fuels. In 1999, in response to concerns about groundwater contamination, California and other states phased out MTBE in fuel, leading

[17] USITC DataWeb/DOC.

[18] USITC DataWeb/DOC.

[19] Chemical Economics Handbook, *Methanol Marketing Research Report*, July 2011.

[20] Chemical Economics Handbook, *Methanol Marketing Research Report*, July 2011; Clay Boswell, "ZEEP, Todd to Build $1.3-Billion Methanol Plant," March 11, 2013; Marc Laughlin, IHS, telephone interview by USITC staff, July 5, 2013.

[21] Clay Boswell, "ZEEP, Todd to Build $1.3-Billion Methanol Plant," March 11, 2013; Marc Laughlin, IHS, telephone interview by USITC staff, July 5, 2013.

to the decline in methanol demand[22] and MTBE's decreasing relevance in overall methanol demand.

U.S. production of methanol

U.S. production of methanol peaked at 6.0 million mt in 1997 and, though it declined rapidly afterward, it has recently begun to revive.[23] In 2011, production reached its lowest point (0.7 million mt) following the conversion of a methanol plant to ammonia production, but it rebounded sharply with the restart of an idled facility to 1.1 million mt in 2012.[24] U.S. production capacity has increased as well, climbing to an estimated 1.2 million mt per year in 2012 and rising to an estimated 4.7 million mt per year by 2016.[25] The number of operating U.S. plants followed a similar trend, falling from 17 in the late 1990s to 4 during 2005–12,[26] although that number will likely grow over the next three years (table 3.5).

Relatively high North American prices for natural gas, methanol's feedstock, had made it unprofitable for many U.S. producers to remain operating during the early 2000s. In 2010, the majority of U.S. production of methanol was consumed as an input into other products;[27] but by 2012, the amount being sold in the U.S. market was increasing.[28]

Global methanol production

Countries with significant natural gas resources have transformed the geographic composition of this industry over the last two decades by investing in new, large-scale production facilities to leverage their access to cheap natural gas, the main input for most methanol production processes. These countries not only retain the extra value added but also are able to save on logistical costs, as shipping methanol is cheaper and easier than shipping natural gas. New mega-facilities with capacities of 1–5 million mt in Trinidad

[22] California Energy Commission, "Energy Commission MTBE Study Documents Page," http://energyarchive.ca.gov/mtbe/documents/index.html; DOE,EIA, "Status and Impact of State MTBE Bans," March 27, 2003, http://tonto.eia.doe.gov/FTPROOT/service/mtbe.pdf. Currently, U.S. production of MTBE primarily services export markets. Although tert-amyl methyl ether (TAME), one of the fuel additive replacements for MTBE, can also be produced from methanol, the use of methanol to produce TAME was insufficient to offset fully the MTBE-related decline in methanol demand. All U.S. TAME production is estimated to have ended in 2010 as ethanol has replaced TAME as a fuel oxygenator. Chemical Economics Handbook, *Methanol Marketing Research Report*, July 2011; DOE, EIA, "MTBE, Oxygenates, and Motor Gasoline," http://www.eia.doe.gov/emeu/steo/pub/special/mtbe.html.

[23] Chemical Economics Handbook, *Methanol Marketing Research Report*, July 2011.

[24] Marc Laughlin, IHS, telephone interview by USITC staff, July 5, 2013.

[25] Marc Laughlin, IHS, telephone interview by USITC staff, July 5, 2013. See Kelley, "Methanol Players in U.S. Set," January 14–20, 2013, 14.

[26] Chemical Economics Handbook, *Methanol Marketing Research Report*, July 2011; Marc Laughlin, IHS, telephone interview by USITC staff, July 5, 2013.

[27] Chemical Economics Handbook, *Methanol Marketing Research Report*, July 2011; Marc Laughlin, IHS, telephone interview by USITC staff, July 5, 2013.

[28] See Lauren McGaughy, "Louisiana Natural Gas Industry Helps Drive 'Reindustrialization,'" November 24, 2012; Marc Laughlin, IHS, telephone interview by USITC staff, July 5, 2013.

TABLE 3.5 Anticipated U.S. methanol production facilities, 2013–16

Production start date	Company name	Location	Facility type	Capacity (thousand mt)
11/2013	LyondellBasell	Texas	Restart	780
2014	Methanex	Louisiana	Move[a]	1,000
2014	Pampa Fuels	Texas	Greenfield	65[b]
2015	Celanese	Texas	Greenfield	1,300[c]
2016	G2X Energy	Louisiana	Greenfield	1,800[d]
2016	Lake Charles Clean Energy	Louisiana	Greenfield	1,300
2016	Methanex	Louisiana	Move[a]	1,000
2016	South Louisiana Methanol	Louisiana	Greenfield	1,800
2016	Valero	Louisiana	Greenfield	1,600

Source: Marc Laughlin, IHS, telephone interview by Commission staff, July 5, 2013; Lane Kelley, "Trinidad Problems Boost U.S. Methanol," *ICIS Chemical Business*, October 1–14, 2012, 24; Al Greenwood, "Methanex Ponders Moving Second Plant to U.S.," *ICIS Chemical Business*, October 1–14, 2012, 25; "Methanex Moves Plant From Chile to Louisiana," *ICIS Chemical Business*, November 19–25, 2012, 6; "Methanex Proceeds With a Second Methanol Plant in Geismar, Louisiana," Methanex.com, April 25, 2013, http://www.methanex.com/geismar/?p=52; "G2X Starts U.S Methanol Project, Chooses Site in Louisiana for Natgas-to-Gasoline Facility," *IHS Chemical Week*, January 28, 2013, 4; Clay Boswell, "ZEEP, Todd to Build $1.3-Billion Methanol Plant in Louisiana," *IHS Chemical Week*, March 11, 2013; Vicki Vaughan, "Valero to Build $700M Gulf Coast Petrochemical Plant," Fuelfix.com, July 11, 2013, http://fuelfix.com/blog/2013/07/11/valero-to-build-700m-gulf-coast-petrochemical-plant/.

[a]This plant will be moved from an existing Methanex production facility in Chile.
[b]Production is currently allocated to be captively consumed in the production of gasoline.
[c]Half of the planned production is anticipated to be captively consumed.
[d]All of the planned production is anticipated to be captively consumed.

and Tobago and the Middle East have shifted the bulk of production from the developed economies of Europe and North America to these developing areas.[29] In general, these producers are supplying the merchant market rather than consuming the methanol in the process of producing other products.

A multiple of more than five between the price of natural gas in Trinidad and Tobago and that in the United States in 2005 proved too much for U.S. producers to overcome.[30] Methanex shuttered its lone operational North American plant that year because of the relatively high cost of natural gas in North America. In 2009, this natural gas price gap narrowed to a price premium of only approximately 18 percent in North America,[31] spurring the reopening of production facilities in Canada and the United States. Other producers with access to natural gas at costs comparable to those in Trinidad and Tobago (e.g., Bolivia, the countries bordering the Persian Gulf, and Russia) also supply the U.S. market with methanol at prices at least competitive with those of domestic producers.[32]

Methanol production capacity and the U.S. market

Changes in the price and availability of the natural gas feedstock for methanol are substantially altering the likely future configuration of the methanol market. The global recession of 2008–09 drove down prices for natural gas. Recent discoveries of natural gas in North America and new gas production technologies have kept the U.S. price of that

[29] Chemical Economics Handbook, *Methanol Marketing Research Report*, July 2011.
[30] American Chemistry Council, "Natural Gas Costs around the World," 2005.
[31] Based on official statistics from the Department of Energy.
[32] American Chemistry Council, "Natural Gas Costs around the World," 2005.

commodity low even after the U.S. economy started recovering from the recession. The lower relative price of natural gas in North America has enabled some idled plants to be reopened. In 2011, Methanex, the world's largest methanol producer, restarted a shuttered facility in Alberta, Canada. The plant, idled for 10 years and having a capacity of 470,000 mt per year, will allow Methanex to serve all of the Canadian market's demand and have some methanol remaining for export, probably to the United States.[33] Also in 2011, Pandora Methanol, a joint Egyptian/Swiss venture, bought an idled methanol facility in Texas from Eastman Chemical.[34] In July 2012, the Egyptian partner, now the sole operator, restarted the plant, which has a capacity of 750,000 mt per year and had been idle since 2004.[35] New sources of U.S. methanol production are anticipated in the near term, as listed in table 3.5.

Although current U.S. production capacity cannot satisfy U.S. demand, the additional production capacity represented by the projects listed above would result in supply exceeding anticipated U.S. demand, possibly by 2017, if they all begin production as planned.[36] Together, these developments suggest that U.S. demand for methanol from Trinidad and Tobago is likely to drop in the medium term.

Assessment of the Probable Future Effect of CBERA

Based on an analysis of CBERA-related[37] investment activity in the Caribbean Basin region and an assessment of the impact that investment might have on future imports under the program, the probable future effect of CBERA on the U.S. economy is likely to continue to be minimal on the U.S. economy generally, on U.S. domestic industries, and on U.S. consumers. The effect is likely to be minimal with respect to most products because the CBERA countries are relatively small global producers, small exporters, and small suppliers of U.S. imports. Foreign direct investment in CBERA countries during 2011–12 was increasing from low levels in 2009–10 following the global economic downturn, but still remained small (table 3.6, and figures 3.1 and 3.2). The only significant export-oriented CBERA-related investments during 2011–12 identified by the Commission were largely related to textiles and apparel production in Haiti.

This section begins with a description of the approach used for the analysis, followed by a summary of trends in investment and other macroeconomic variables in the CBERA countries and a description of CBERA-related investments in selected CBERA countries

[33] Lane Kelley, "Year of the Restart," March 28, 2011, 32. The value of U.S. imports of methanol under HTS 2905.11.20 from Canada rose from $37.4 million in 2011 to $55.0 million in 2012 and were $18.3 million during the first five months of 2012 as compared to $36.8 million during the first five months of 2013. USITC, DataWeb/DOC.

[34] Tim Falconer, "Egypt's Orascom Buys Texas Ammonia-Methanol Plant," May 16, 2011, http://www.marketwatch.com/story/egypts-orascom-buys-texas-ammonia-methanol-plant-2011-05-16.

[35] Lane Kelley, "Lure of Methane Drives U.S. Plant Construction," January 28–February 10, 2013, 19; Marc Laughlin, IHS, telephone interview by USITC staff, July 5, 2013.

[36] Clay Boswell, "ZEEP, Todd to Build $1.3-Billion Methanol Plant in Louisiana," March 11, 2013; "U.S. to Be Methanol Self-Sufficient in Five Years," October 1–14, 2012, 6; Marc Laughlin, IHS, telephone interview by USITC staff, July 5, 2013.

[37] Including CBTPA, the HOPE Acts, and the HELP Act. Those programs are described in chapter 1 of this report.

TABLE 3.6 Worldwide net foreign direct investment flows into CBERA countries, 2009–12 (million $)

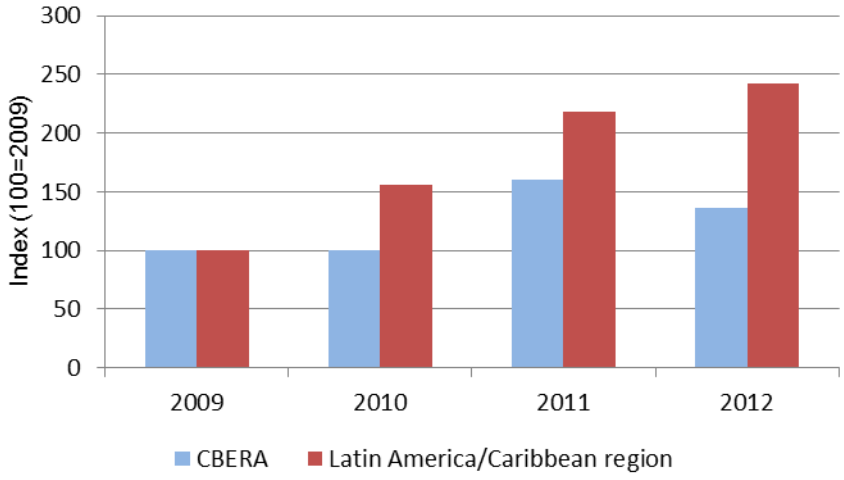
Host region/economy	2009	2010	2011	2012
CBERA countries[a]	3,166	3,171	5,067	4,508
Antigua and Barbuda	85	101	68	74
Aruba	–33	160	544	NA
Bahamas	753	960	971	465
Barbados	247	290	532	NA
Belize	113	100	99	195
Dominica	43	25	14	20
Grenada	104	64	45	33
Guyana	164	198	247	294
Haiti	38	150	181	179
Jamaica	541	228	218	381
Montserrat	3	3	3	NA
St. Kitts and Nevis	136	119	112	101
St. Lucia	152	127	116	113
St. Vincent and the Grenadines	111	97	86	126
Trinidad and Tobago	709	549	1,831	2,527

Source: Data (except for Aruba and Montserrat) are from UN ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2012*, 2013, 23–24, table I.3. Data for Aruba and Montserrat are from UNCTAD, *World Investment Report 2012*, 2012, 169–172, annex table I.1. Aggregated data for CBERA countries were calculated as a sum of the country data shown in the table. Sources do not report data for British Virgin Islands, as it is largely an international financial center.

Note: Data shown in the table are rounded. Negative signs indicate net investment outflows. "NA" indicates that data were not available from the sources consulted.

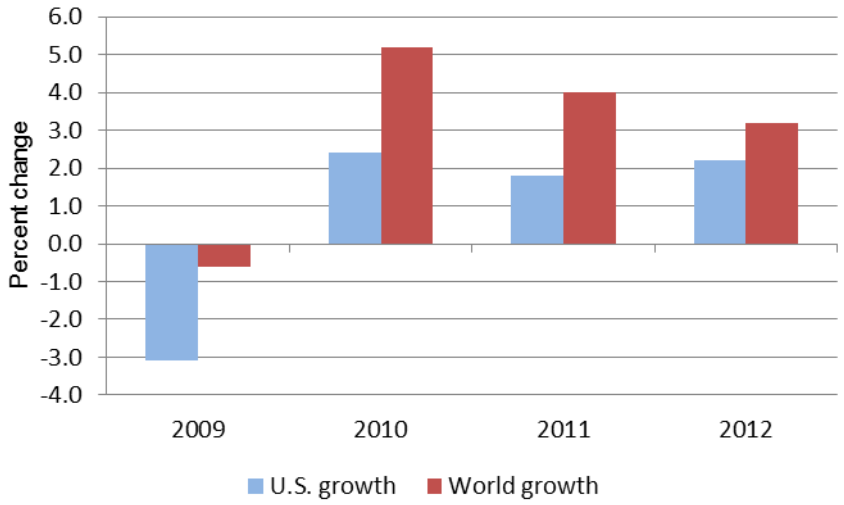
[a]CBERA beneficiaries as of December 31, 2012. (Panama was a beneficiary until October 31, 2012.)

FIGURE 3.1 Foreign direct investment flows into CBERA countries versus the Latin America/Caribbean region (index, 100=2009)



Source: UN ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2012*, 20, table I.3.

FIGURE 3.2 World and U.S. economic growth, 2009–12



Source: IMF, *World Economic Outlook: April 2013*, 149, table A1.

during 2011–12. It focuses on forward-looking economic indicators of the effect of the CBERA program on U.S. imports in the near future, including investment and forecasts of GDP growth in the next five years. Data sources are provided below.

Analytical Framework and Data Sources

Previous reports in this series have found that most of the adjustments in the U.S. economy that resulted from the CBERA's elimination of import duties occurred within two years of the program's implementation in 1984. Other adjustments in the U.S. economy occurred within two years after each of the major expansions of CBERA.

Assuming no changes in duties in the near future, the effect of the CBERA program on U.S. imports will likely be determined by changes in supply conditions in the CBERA countries and demand conditions in the U.S. market. Economic theories of trade generally predict that the amount of trade between two countries depends on the sizes of the source and destination country, as well as barriers to trade (including international distance).[38] The demand for imports usually increases with the size of the destination country, and the supply of imports usually increases with the size of the source country.

Assuming no changes in the duties and no significant changes in other trade barriers, such as transportation costs, future imports are likely to be determined by future changes in demand in the United States and supply in the CBERA countries. These can be approximated based on forecasts of the future GDPs of these countries. In addition, future supply conditions can be targeted more specifically using information on CBERA-related investments.

[38] This empirical model of international trade flows is called a gravity model, due to its similarity to the equation that describes gravitational forces. It is consistent with a variety of theoretical models of international trade flows.

The Commission used a number of sources for the analysis in this section. With the assistance of U.S. embassies in the Caribbean Basin region, the Commission conducted a Caribbean Basin investment survey during June–July 2013. Data collected and provided by U.S. embassies in response to the Commission's request for information concerning CBERA-related investment served as a primary source of information for this analysis, along with public comments received at the Commission's public hearing and in response to the Commission's *Federal Register* notice.[39] Additional data and other information on investment and future macroeconomic conditions were obtained from various sources published by international organizations, including the International Monetary Fund (IMF), the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), and the United Nations Conference on Trade and Development (UNCTAD).

Summary of Macroeconomic Forecasts of Supply and Demand

The IMF forecasts cumulative growth rates in real GDP in the CBERA countries between 2012 and 2015 that range from 3.0 percent for Grenada to 20.1 percent for Haiti, with an average accumulated growth rate of 8.0 percent (table 3.7). The average of the forecasted cumulative growth rates between 2012 and 2018 is 17.9 percent. The forecasted cumulative growth rate in the United States is 8.6 percent between 2012 and 2015 and 19.5 percent between 2012 and 2018. In general, the growth of these economies will likely increase U.S. imports from the CBERA countries even if there are no changes to duty rates.

Summary of Foreign Direct Investment in the Region

The expansion of exports to the United States under CBERA (or any other program) is likely constrained by the CBERA countries' ability to attract foreign direct investment (FDI), since domestic capital formation is limited in many of these developing countries. Worldwide FDI in CBERA countries rebounded significantly in 2011–12, after declining to low levels in 2009–10 following the 2008 global economic downturn (table 3.6). In 2012, net worldwide FDI flows into Latin America and the Caribbean totaled $161.1 billion—an 11.6 percent increase from $144.3 billion in 2011 and a 56.4 percent increase from $103.0 in 2010.[40] FDI flows into Latin America and the Caribbean generally mirrored global economic growth trends (figures 3.1 and 3.2). FDI in the CBERA countries did not recover as rapidly from the global economic downturn. Worldwide FDI flows in 2012 in CBERA countries rose 42.2 percent from 2010 levels.

Factors Driving FDI in CBERA Countries

FDI in Trinidad and Tobago—the largest recipient of FDI among the CBERA countries in the 2009–12 period—showed steep declines following the 2008 world economic downturn (table 3.6) but rebounded in 2011 and 2012. FDI reached $2.5 billion for Trinidad and Tobago in 2012 out of total FDI inflows to the CBERA region valued at

[39] The notice appears in appendix A and the hearing agenda appears in appendix B of this report. A summary of the comments appears in appendix C.

[40] UN ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2012*, 2013, 20, table I.3. Data exclude Mexico; data also exclude the British Virgin Islands, as it is primarily an international financial center.

TABLE 3.7 IMF forecasts of real GDP in the CBERA countries and the United States (scaled to 100 in 2011)

Country	2011	2012	2013	2014	2015	2016	2017	2018
Antigua and Barbuda	100.0	101.6	103.2	106.5	110.2	114.0	118.0	122.1
Aruba	NA	NA	NA	NA	NA	NA	NA	NA
Bahamas	100.0	102.5	105.3	107.9	110.6	113.4	116.2	119.1
Barbados	100.0	100.0	100.5	101.5	103.0	105.1	107.4	110.0
Belize	100.0	105.3	107.9	110.6	113.4	116.2	119.1	122.1
Dominica	100.0	100.4	101.7	103.1	104.9	106.8	109.0	111.0
Grenada	100.0	99.2	99.7	100.7	102.2	104.1	106.3	108.7
Guyana	100.0	103.3	109.0	115.6	122.5	126.9	131.2	135.5
Haiti	100.0	102.8	109.5	116.4	123.5	130.7	138.0	145.4
Jamaica	100.0	100.1	100.6	101.9	103.6	105.8	108.4	111.2
Montserrat	NA	NA	NA	NA	NA	NA	NA	NA
St. Kitts and Nevis	100.0	99.1	101.1	104.3	107.7	111.4	115.3	119.2
St. Lucia	100.0	99.6	100.6	102.9	105.4	108.1	110.7	113.2
St. Vincent and the Grenadines	100.0	100.5	101.5	103.5	106.6	110.4	113.7	117.1
Trinidad and Tobago	100.0	100.4	102.5	105.0	107.7	110.4	113.2	116.1
United States	100.0	102.2	104.1	107.2	111.0	114.8	118.6	122.1

Source: Data are from the International Monetary Fund, World Economic Outlook database, April 2013.

Note: Constant currency figures are rescaled to set the value in 2011 equal to 100. Data exclude the British Virgin Islands, as it is primarily an international financial center.

NA = Not available.

$4.5 billion that year.[41] The Bahamas and Jamaica—the second- and third-largest recipients of foreign investment in the CBERA region in this time period—saw similarly steep declines in their FDI inflows following the world downturn, but investment has stagnated and declined to date rather than showing any lasting rebound. In 2009, FDI to these two countries was $753 million and $541 million, respectively, falling to $465 million and $381 million in 2012. Among the remaining CBERA countries, FDI in Barbados and Aruba has increased since the economic downturn; FDI in Barbados increased from $247 million in 2009 to $532 million in 2011, while FDI in Aruba increased from a net FDI outflow of $33 million in 2009 to a net inflow of $544 million in 2011, based on the latest data available. FDI in Guyana and Haiti also showed resilience after the downturn. Guyana received steady increases in FDI from $164 million in 2009 to $294 million in 2012, whereas Haiti rebounded strongly from a low of $38 million in 2009 to $179 million in 2012, an increase approaching 400 percent.

Constraints on FDI in CBERA Countries

A United Nations report[42] found that small island developing states, such as most CBERA countries, face a number of challenges that impede their ability to effectively attract and benefit from FDI. Key challenges include the following.

[41] UN ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2012*, 2013, 20, table I.3.

[42] UN, *World Investment Report 2010*, 2010.

Small domestic markets

Their small domestic markets make it difficult for small island economies to achieve economies of scale. As a result, Caribbean industries tend to have higher unit costs of production relative to industries in larger economies, which may reduce the financial viability of potential investment projects.[43] Small domestic markets also reduce incentives to invest in production for the local market, reinforcing these countries' dependence on international trade.[44]

Dependence on imported inputs and exposure to exogenous shocks

Small size means that countries in this group generally rely on imports of raw materials and intermediate products to expand production and exports, which may deter some investment projects. Dependence on imports, "added to the limited room for economic and export diversification, . . . exposes [small island developing states] to high risks of exogenous shocks" such as global commodity price increases or a decline in the availability of international financing.[45]

Vulnerability to natural disasters

Like other small island economies in the world, many CBERA countries are vulnerable to recurring natural disasters, such as hurricanes, earthquakes, and volcanic activity, that increase risks to property and life and can potentially affect the entire economy.[46] Such vulnerabilities may discourage investors and undermine existing investments.

Investment in Selected CBERA Countries and Future Effect of CBERA

In general, and as summarized below, increases in investment in the production and export of CBERA-eligible products in the near term are not likely to have a significant economic impact on U.S. consumers and producers.[47] This section provides detailed descriptions of CBERA-related investment activities identified by the Commission in selected CBERA countries, as well as the likely future effect of any increase in imports under CBERA on U.S. producers and consumers as a result of that investment. The descriptions emphasize investments to produce CBERA-eligible exports.

The Bahamas

The future effect of any increase in imports under CBERA from The Bahamas on the U.S. economy is likely to be minimal largely because The Bahamas is, and is likely to remain in the near term, a very small supplier to the U.S. market. FDI in The Bahamas

[43] Embassy of Jamaica, written submission to the USITC, June 28, 2011, 9.
[44] UN, *World Investment Report, 2010*, 2010, 69–70.
[45] UN, *World Investment Report, 2010*, 2010, 70.
[46] UN, *World Investment Report, 2010*, 2010, 69–70. In addition, forecasted rising sea levels threaten land areas and adversely affect infrastructure, property, and economic activities such as agricultural production and tourism. Simpson, et al., *Quantification and Magnitude of Losses and Damages Resulting from the Impacts of Climate Change*, 2010, 108–18.
[47] The Commission's assessment of the current effects of CBERA on U.S. consumers and producers is presented earlier in this chapter.

was $465 million in 2012, down from $960 million in 2010 (table 3.6). Although The Bahamas has been a designated CBERA beneficiary since 1985, high wage rates and the small size of the country's agricultural and manufacturing sectors have limited the country's ability to utilize CBERA benefits, according to the U.S. State Department.[48]

Belize

The future effect of any increase in imports under CBERA from Belize on the U.S. economy is likely to be minimal. Belize is generally a very small supplier to the U.S. market, though it is an important supplier of certain fruits and processed-fruit products. Any increase in imports of those products from Belize most likely would affect other foreign suppliers rather than U.S. producers. Most FDI in Belize is directed toward the country's services sector. FDI in Belize rose from $100 million in 2010 to $195 million in 2012 (table 3.6).

Guyana

The future effect of any increase in imports under CBERA from Guyana on the U.S. economy is likely to be minimal because Guyana is, and is likely to remain, a very small supplier to the U.S. market. Total FDI in Guyana rose from $198 million in 2010 to $294 million in 2012 (table 3.6).

Haiti[49]

The future effect of any increase in imports under CBERA from Haiti is likely to be minimal because almost all U.S. imports under CBERA from Haiti are apparel, and Haiti is likely to remain a relatively small supplier of apparel due to the overall long-term condition of its economy, continued global competition from low-cost apparel suppliers in Asia, and poor physical infrastructure. According to one source, global competition in the apparel sector means that "the challenges facing a relative 'newcomer' to the global apparel trade, such as Haiti, are daunting."[50]

Investors have long encountered many challenges in Haiti, including unreliable electricity supply, high utility rates, and a dwindling supply of available industrial space due to Haiti's rapidly growing urban population.[51] FDI in Haiti rose rapidly, however, from $38 million in 2009 following the 2008 world downturn to $150 million in 2010 and $179 million in 2012 (table 3.6). Despite the difficulties, a number of firms have reported starting or expanding production in the textile and apparel industry in Haiti in the past several years as a result of CBERA/HOPE Act preferences. Of 18 firms surveyed by the U.S. embassy in Haiti, all reported production and exports of textiles and apparel to the United States under CBERA/HOPE provisions in 2012.[52] In 2012, incoming FDI related to CBERA/Hope Act preferences totaled about $10.3 million, involving such firms as Caribbean Island Apparel, Fairway Apparel, Horizon Manufacturing, Indigo Mountain,

[48] USDOS, U.S. Embassy, The Bahamas, "The Bahamas Investment Climate Statement 2012 (Nassau 000020)," January 17, 2012.

[49] For additional information on Haiti, see the economic profile of Haiti in chapter 4 of this report.

[50] Nathan Associates, *Bringing HOPE to Haiti's Apparel Industry*, September 2009, 3.

[51] Nathan Associates, *Bringing HOPE to Haiti's Apparel Industry*, September 2009, 46–48.

[52] USDOS, U.S. Embassy, Haiti, "Haiti Response to USITC Biennial Caribbean Basin Investment Survey (Port au Prince 001952)," July 5, 2013.

Lucotex, Magic Sewing, Modas Gloria Apparel, One World Apparel, S&H Global, and Will-Bes Haiti.

Of the firms responding to the U.S. embassy survey, nearly 40 percent reported no new investments in 2012. The remaining firms were almost evenly divided between making new investments (17 percent), expanding existing investments (22 percent), and doing both (22 percent). Total new FDI was valued at $6.0 million in 2012, with an average new investment equivalent to roughly $2.0 million per investment. Total investment in expanded production equaled $2.9 million in 2012—on average, about $725,000 per firm. The companies both expanding current production and making new investments in 2012 provided over $1.3 million—on average, about $331,000 invested per firm. Overall, these firms accounted for over $234.8 million in exports to the United States in 2012. The largest reported investment by far ($5.8 million) in 2012 was to produce and export ladies' cotton long-sleeved scoop-neck knit tops. Other major product lines reported to be receiving investment were apparel items such as polyester T-shirts and pants, as well as medical apparel such as lab coats and scrubs.

Jamaica[53]

The future effect of any increase in imports under CBERA from Jamaica on the U.S. economy is likely to be minimal as well. Jamaica is a small U.S. supplier of most of the products it exports to the United States, and recent investment trends indicate that Jamaica is not likely to significantly increase its production of CBERA-eligible exports of most products in the near term. FDI in Jamaica rose from $228 million in 2010 to $381 million in 2012 (table 3.6). According to the U.S. Departments of Commerce and State, the Jamaican garment industry has not expanded as expected under CBI/CBERA/CBTPA preferences as a result of a variety of factors, including (1) the loss of preferential access to key markets following the dismantlement in 2000 of the international textile quota system (the Multifiber Arrangement); (2) competition from low-cost producers, such as China, Vietnam, and others; (3) a large untrained labor force; (4) small factories that inhibit the achievement of economies of scale; (5) dependence on a few overseas markets, as well as on imported inputs; and (6) high overhead costs.[54]

The government of Jamaica highlights agriculture as an export success story, according to the U.S. State Department, but questions whether the benefits of preferential trading arrangements such as CBERA are being eroded by U.S. domestic policies such as the U.S. Food and Safety Modernization Act and U.S. entry restrictions on certain produce grown in Jamaica, such as fumigation requirements for scotch bonnet peppers. Of 19 firms exporting fresh and processed foods that responded to the U.S. embassy's survey regarding CBERA-related exports and investment, the average export value in 2011–12 was approximately $3 million, ranging from as low as $2,000 up to $13.2 million. These exports included coffee, cocoa, and tea products; processed foods, in particular condiments and hot sauces; tubers and produce such as breadfruits, papayas, and peppers; and other agricultural products such as raw sugar, ugli fruit, and tangelos.

[53] USDOS, U.S. Embassy, Jamaica. "Jamaica: USITC Biennial Caribbean Basin Investment Survey (Kingston 000524)," July 9, 2013. For additional information on Jamaica, see the economic profile of Jamaica in chapter 4 of this report.

[54] US&FCS, "Chapter 5," *Doing Business in Jamaica: 2013 Country Commercial Guide for U.S. Companies*, 2013.

In 2012, FDI related in part to CBERA preferences totaled nearly $10 million, involving such firms as Belle Tropicals, Central Food Packers, Cocoa Industry Board, Coffee Roasters of Jamaica, Coffee Solutions, Continental Baking Company, Dairy Industries, Export Division of Jamaica, GK Foods and Services, Gray's Pepper Products, Greenwich Mountain Estate, Jamaica Cane Products Sales, Jamaica Producers Tropical Foods, Jamaica Teas, Mavis Bank Coffee Factory, McNair, Nestle Jamaica, PLG Import Export, and Trout Hall. Over two-thirds (68.4 percent) of these 19 firms reported additional investment in 2012, mostly for ongoing product lines, with a number specifying CBERA preferences as partly or entirely the reason. Alternatively, the lack of knowledge about CBERA/CBI benefits, as well as the related paperwork, is often given as the main reasons that small exporters do not bother to file certificates of origin from the Trade Board of Jamaica that would qualify smaller firms for these benefits.

Panama

Panama stopped being a CBERA beneficiary country upon entry into force of the U.S.-Panama TPA on October 31, 2012.

Trinidad and Tobago[55]

The future effect of any increase in imports under CBERA from Trinidad and Tobago on the U.S. economy is likely to be minimal, with the possible exception of methanol. The bulk of U.S. imports from Trinidad and Tobago is from the natural resources sectors of the economy, by far the most notable being energy industries.[56] FDI in Trinidad and Tobago was substantially higher in 2011 and 2012, at $1.8 billion and $2.5 billion, respectively, than in 2009 and 2010 ($709 million and $549 million, respectively) (table 3.6).

Eastern Caribbean Countries

The future effect of any increase in imports under CBERA from the eastern Caribbean countries—Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines—on the U.S. economy is likely to be minimal. The CBERA-related investments that the Commission identified in these countries during 2009–12 generally were either unchanged or trending downward. However, investments in services industries—not covered under CBERA—continued to be attractive to investors. In fact, recent investment in the eastern Caribbean countries has been focused primarily on the services sector, with hearing testimony and written submissions provided to the Commission citing key examples such as tourism, financial, construction, and professional services.

While most witnesses and submissions recommended expanding the CBERA program to include trade in services, several beneficiaries did report investments that were unlikely to occur in the absence of CBERA trade preferences. For example, information provided by the U.S. State Department to the Commission found a number of investments that led to new or expanded production in the computer and electronics industry in St. Kitts and

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

[56] UN ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2010*, 2011, 83, table I.A-3.

Nevis as a result of CBERA preferences. In 2012, this new investment was valued at more than $1.6 million, involving such firms as API Harowe St. Kitts, Ltd., Jaro Electronics, Ltd., Kajola-Kristada, Ltd., and Lutron Liamuiga, Ltd.[57]

[57] USDOS, U.S. Embassy, Barbados, "St. Kitts and Nevis: USITC Biennial Caribbean Basin Economic Recovery Act (CBERA) Survey Response (Bridgetown 000622)," July 5, 2013.

CHAPTER 4
Impact of CBERA on the Beneficiary Countries

This chapter assesses the economic impact of CBERA on its beneficiary countries during 2011–12. The first section describes some of the economic and noneconomic factors that influence the impact of CBERA trade preferences on the beneficiary countries. The second section assesses the economic impact of CBERA on the beneficiary countries in meeting the goals of the Caribbean Basin Initiative (CBI)—encouraging economic growth and development by promoting investment in nontraditional sectors, and expanding the production and export of nontraditional products.[1] The final section evaluates the impact of CBERA through economic profiles for the countries that were the leading suppliers of imports under CBERA during the two-year period of 2011–12: Trinidad and Tobago, Haiti, and Jamaica.[2]

Key Findings

The Commission's key findings on the impact of CBERA on the beneficiary countries during 2011–12 have not changed significantly from the findings of previous reports in this series. CBERA preferential trade benefits continue to have small positive effects on Caribbean exports and on the Caribbean economies. However, those effects have largely been concentrated in a few countries (both large and small). Countries generally focus on only a few products to export under CBERA, but each country's export niche is relatively unique. The region's continued weak recovery from the 2008–09 global economic downturn, its reliance on volatile export sectors, and the effects of several natural disasters all helped to diminish the impact of CBERA during the current reporting period. Nevertheless, witnesses at the hearing and in written testimony reported that CBERA is important both as an incentive for trade and investment and as a signal of continued U.S. engagement with the Caribbean Basin region.[3] These witnesses as well as written submissions further suggested ways in which the CBERA program could be made more effective, particularly by expanding product coverage, extending preferences to trade in services, and relaxing certain product eligibility requirements.

[1] CBI dates to 1983, although CBERA did not enter into force until 1984. For information on CBI in the context of U.S. trade policy, see USTR, "Caribbean Basin Initiative (CBI)" (accessed July 9, 2013).

[2] Trinidad and Tobago, Haiti, and Jamaica (in that order) were the principal sources of imports under CBERA in both 2011 and 2012. See chapter 2 for more information on U.S. imports under CBERA.

[3] The Commission held a public hearing on June 13, 2013 and in addition received written submissions in connection with this investigation. Witnesses delivering oral testimony included His Excellency Stephen Vasciannie, Ambassador of Jamaica to the United States of America; Sally Yearwood, Executive Director, Caribbean Central American Action; Stephen L. Lande, President, Manchester Trade, Ltd.; and Fritz-Earle McLymont, Managing Director, National Minority Business Council, Inc. For summaries of the positions of interested parties, see appendix C of this report. The full text of the hearing transcript and written submissions associated with the current investigation can be found by searching the Commission's Electronic Docket Information System, available online at http://edis.ustic.gov.

Factors That Lessen the Utilization and Impact of CBERA

In recent years, the overall CBERA utilization rate (imports entered under CBERA as a share of total U.S. imports from current CBERA beneficiaries) has fluctuated. The CBERA utilization rate for all countries rose from 27.1 percent in 2009 to 32.9 percent in 2010, and then fell to 25.2 percent in 2011 before increasing to 27.2 percent in 2012 (table 4.1).

Utilization rates for individual CBERA countries varied widely. Belize had the highest CBERA utilization rate at 82.3 percent in 2012, as the value of its shipments of crude petroleum under CBERA increased from low levels in 2009 and 2010 to much higher levels in 2011 and 2012. Haiti, which is a major exporter of apparel products under CBERA, has traditionally had among the highest utilization rates among CBERA beneficiaries. Between 2008 and 2012, however, its CBERA utilization rate fell from 90.1 percent to 56.4 percent, which was due to a severe drop in its CBERA-eligible exports to the United States following the January 2010 earthquake as well as expanded textile and apparel exports to the United States under the HOPE and HELP Acts.[4] More than one-third of imports from Jamaica and St. Kitts and Nevis entered under CBERA, while approximately one-fourth of imports from Trinidad and Tobago and the Bahamas entered under CBERA in 2012. The utilization rate for more than half of CBERA countries was less than 10 percent; these countries were also among the smallest exporters to the United States among beneficiaries.

CBERA economies are generally characterized by significant current account deficits which are offset by a combination of commodity or niche merchandise exports, services exports (primarily financial and tourism), remittances from citizens working overseas, and external deficits. Development of export-oriented industries is therefore a critical goal for many countries seeking to offset accumulation of significant debt-to-growth ratios.[5] Many economic forces contribute to low CBERA utilization rates.[6] CBERA countries face many supply-side constraints such as poor physical infrastructure, including inadequate roads, ports, and telecommunications; high wage rates; high energy and telecommunications costs; issues with crime and security; low levels of innovation; an underdeveloped private sector; and weak public institutions.[7] CBERA countries generally have small domestic labor and consumer markets, meaning that it is more difficult for investors to benefit from returns to scale or from strong local demand.[8] CBERA countries are also vulnerable to natural disasters including hurricanes,

[4] The HOPE and HELP Acts are described in chapter 1 of this report. The expansion of Haiti's textile and apparel exports to the United States is discussed in greater detail in chapter 2.

[5] IMF, *Caribbean Small States: Challenges*, February 2013.

[6] The probable future effect section of chapter 3 of this report describes some of the challenges CBERA countries face in attracting investment that would diversify and increase their exports.

[7] World Economic Forum, *The Global Competitiveness Report, 2012–2013*, 2012. The report provides country profiles for Barbados, Guyana, Haiti, Jamaica, and Trinidad and Tobago. See also IMF, *Caribbean Small States: Challenges*, February 2013; Wigglesworth and Mander, "The Caribbean: A Darkening Debt Storm," April 28, 2013.

[8] IMF, *Caribbean Small States: Challenges*, February 2013.

TABLE 4.1 CBERA utilization rates, by source, 2009–12 (percent)

Source	2009	2010	2011	2012
Current CBERA beneficiaries[a]	Percent			
Belize	61.8	51.3	82.5	82.3
Haiti	70.5	66.1	64.0	56.4
Jamaica	46.8	27.3	35.4	45.1
St. Kitts and Nevis	18.4	40.4	49.9	39.4
Trinidad and Tobago	29.6	33.5	31.8	26.9
Bahamas	13.1	14.3	15.5	24.8
St. Lucia	62.5	51.7	10.5	12.1
Barbados	14.1	17.0	7.7	7.1
Dominica	4.5	3.3	8.3	6.7
St. Vincent and Grenadines	10.8	7.0	4.6	5.9
Grenada	1.4	2.0	3.9	4.1
British Virgin Islands	0.4	0.5	2.1	3.6
Guyana	8.6	3.5	2.6	1.0
Aruba	0.0	3.1	0.0	0.0
Antigua	2.5	0.0	0.0	0.0
Montserrat	0.0	0.0	0.0	0.0
Overall	27.1	32.9	25.2	27.2

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

Note: Utilization rate was calculated as U.S. imports for consumption under CBERA (from appendix table D.2) divided by total U.S. imports for consumption (from appendix table D.1).

[a]Countries that were CBERA beneficiaries as of December 31, 2012.

earthquakes, and volcanoes, which add considerable risk to investment within the region.[9] Because many of the countries maintain large levels of public debt, they face instability in their interest rates and foreign exchange markets, which may deter investors, as occurred in Jamaica in 2012.[10]

On the other hand, CBERA countries benefit from geographic advantages that distinguish them from other beneficiaries of U.S. preferential agreements. Most notably, their geographic proximity to and cultural similarities with the United States create "nearshore" opportunities for U.S. firms. For example, Jamaica, which shares the English language and an overlapping time zone with the United States, has attracted significant FDI from U.S. services firms in the Montego Bay Free Zone, a large, export-driven complex focused on information technology services.[11]

Impact of CBERA

As stated in chapter 1 of this report, CBERA was enacted as the trade component of the CBI. The goals of the CBI are to encourage economic growth and development in the Caribbean Basin countries by promoting increased production and exports of nontraditional products.[12] Thus, the Commission's assessment of the economic impact of CBERA in this chapter addresses the extent to which CBERA countries are diversifying their exports and are using the production of CBERA-eligible exports as part of an overall strategy for attaining sustainable economic growth.

[9] IMF, *Caribbean Small States: Challenges*, February 2013.

[10] Wigglesworth and Mander, "The Caribbean: A Darkening Debt Storm," April 28, 2013; Bank of Jamaica, *2012 Annual Report*, 2013.

[11] UN, *World Investment Report*, 2013, 85.

[12] USDOC, ITA, *Guide to the Caribbean Basin Initiative*, 2000, 1–2.

This series of reports has generally found that CBERA has had small positive effects on Caribbean exports.[13] However, those effects have largely been concentrated in a few countries and focused on a few products. The countries with the highest CBERA utilization rates[14]—Belize, Haiti, Jamaica, St. Kitts and Nevis, Trinidad and Tobago, and The Bahamas—offer examples of ways in which CBERA has led to development of export-driven industries that have had positive economic effects in the region.

- ***Belize:*** Belize had the highest CBERA utilization rate at 82.3 percent, and was the fourth-largest source of U.S. imports under CBERA in 2012. Belize's petroleum industry is a relatively new but nonetheless significant sector in the small country's economy,[15] and more than three-quarters of U.S. imports under CBERA from Belize in 2012 were crude petroleum (HTS 2709.00.20). The value of U.S. imports from Belize under CBERA is therefore tied to the price of crude petroleum, and this value has significantly recovered from a period of low global petroleum prices in 2009 and 2010. Most of the remaining leading imports under CBERA from Belize were fruits and fruit extracts, including papayas (HTS 0807.20.00), frozen and fresh orange juice (HTS 2009.11.00 and 2009.19.00), vegetable-based animal feed (HTS 2308.00.98), and essential oils derived from grapefruit and oranges (HTS 3301.19.10 and 3301.12.00, respectively).

- ***Haiti:*** Over half of U.S. imports from Haiti entered under CBERA in 2012, and Haiti had the second-highest CBERA utilization rate in both 2011 and 2012. Haiti's high utilization rate is the result of a longstanding reliance on exports to the United States of apparel products under CBERA. Haiti's CBERA utilization rate has recently been lower than in previous years due to Haiti's increased utilization of the HOPE and HELP Acts, which provide more liberal rules of origin requirements for textile and apparel exports to the United States.[16] Haiti was the second-largest source of U.S. imports under CBERA in 2012; the vast majority of these were apparel products. Apparel assembly—sewing clothing and other articles made of imported yarn and fabric—is Haiti's leading manufacturing activity and largest export industry. The top two imports from Haiti under CBERA—cotton T-shirts (HTS 6109.10.00) and knitted cotton tops (HTS 6110.20.20)—accounted for over 90 percent of all imports under CBERA from Haiti in 2012. Imports of these two apparel articles from Haiti benefited

[13] The Commission's 15th report undertook an econometric analysis of the original CBERA preference program. Results suggested that CBERA may have had an overall impact on income growth in the region, but that effect was small, and significant only when combined with trade and foreign exchange reforms on the part of the beneficiary countries themselves. The analysis confirmed that another preferential program that focused on apparel (the production-sharing program) did spur growth and investment in CBERA countries. For further information, see USITC, *The Impact of CBERA, 15th Report*, 2002.

[14] The CBERA utilization rate is defined in this report as U.S. imports for consumption under CBERA divided by total U.S. imports for consumption from CBERA beneficiaries. See table 4.1 for additional information on country-specific CBERA utilization rates. Some countries had high CBERA utilization rates based on small values of exports to the United States (for example, Belize and St. Kitts and Nevis).

[15] Belize Chamber of Commerce and Industry, "Belize Trade and Investment Zone: Petroleum," (July 9, 2013).

[16] The HOPE and HELP Acts are described in chapter 1 of this report. The expansion of Haiti's textile and apparel exports to the United States is discussed in greater detail in chapter 2.

exclusively from CBERA in 2010 and could not have entered the United States duty free under any other provision.[17]

U.S. imports from Haiti under CBERA increased by 30.3 percent in 2011 as Haiti began recovering from the 2010 earthquake, but then decreased by 8.0 percent in 2012. Decreased imports of knitted cotton tops drove the decrease in U.S. imports in 2012, as the value of imports of other products remained relatively stable. Additional information on Haiti is provided in the country profile at the end of this chapter.

- ***Jamaica:*** Jamaica was the third-largest supplier of imports under CBERA and the beneficiary partner with the third-highest CBERA utilization rate in 2012, reaching 45.1 percent in 2012. CBERA-eligible exports make up a small part of Jamaica's economy, which is largely based on alumina and bauxite exports, services (chiefly tourism), and remittances from Jamaicans living abroad.[18] Imports under CBERA from Jamaica increased significantly, rising from $83.9 million in 2010 to $206.0 million in 2012 due to growth in U.S. imports of fuel ethanol (HTS 2207.10.60).[19] Ethanol was the leading U.S. import under CBERA from Jamaica in 2012, with imports valued at $149.8 million, accounting for 72.7 percent of total U.S. imports under CBERA in that year. The remainder of U.S. imports from Jamaica under CBERA are composed of a variety of fresh produce and vegetable preparations, including fresh yams and mixed condiments and seasonings. Additional information on Jamaica appears in the country profile at the end of this chapter.

- ***St. Kitts and Nevis:*** As a nation of small islands in the Eastern Caribbean, St. Kitts and Nevis accounted for less than 1 percent of U.S. imports under CBERA in 2012; nonetheless, it had the fourth-largest CBERA utilization rate. St. Kitts and Nevis has used CBERA to establish a successful exporting niche for electronic products. More than half of U.S. imports under CBERA from St. Kitts and Nevis in 2012 were transmission apparatuses for televisions (HTS 8525.50.30), a product which could not have entered the United States duty free under any other provision. St. Kitts and Nevis accounted for virtually all U.S. imports under CBERA of transmission apparatuses for televisions, and for the vast majority of electronic machinery imports under the program.

  Several firms have reported starting or expanding production of electronic machinery in St. Kitts and Nevis over the past several years as a result of CBERA, and four firms reported that investments made in 2012 for the production of CBERA-eligible products would not have occurred without the

[17] Products that benefited exclusively from CBERA are discussed in chapter 3 of this report.

[18] CIA, "Jamaica," June 12, 2013.

[19] Jamaican ethanol was dehydrated from hydrous ethanol imported from Brazil. Between April 2010 and May 2011, feedstock availability issues in Brazil caused a significant but temporary decline in the amount of fuel ethanol produced by Jamaica. However, volumes increased in 2011 and 2012 as supply issues were resolved. Jamaica exported ethanol under an origin quota allowing CBERA countries to process (dehydrate) ethanol from non-indigenous feedstock and export fuel ethanol to the United States duty free without being subject to the rules of origin requirements. Although this waiver expired at the end of 2011, data show that imports of ethanol from Jamaica continued to enter under the CBERA program. For more information on fuel ethanol imports under CBERA, see chapter 2.

program being in place.[20] In a combined submission from several firms producing electronic machinery in St. Kitts and Nevis, the firms describe the diversification that moved the country away from an economy dominated by sugar production toward one in which light manufacturing of electronics accounted for 10 percent of the local labor force. These firms are largely U.S.-owned, and credit their sustained investment in St. Kitts and Nevis to benefits under the CBI.[21]

- ***Trinidad and Tobago:*** Trinidad and Tobago accounted for 69.2 percent of the value of all U.S. imports under CBERA in 2012. Energy products, including crude petroleum (HTS 2709.00.20) and methanol (HTS 2905.11.20), made up 96.0 percent of those imports. Trinidad and Tobago supplied nearly all (91.3 percent) of the crude petroleum entered under CBERA in 2012, and supplied 100 percent of the methanol entered under the program in that year. Beyond these two products, U.S. energy imports from Trinidad and Tobago under CBERA have been a fluctuating combination of fuel ethanol (HTS 2207.10.60), heavy fuel oil (HTS 2710.19), and naphthas (HTS 2710.11.25). Since 2010, melamine—a resin used to make kitchen and tableware, flooring laminates, wall adhesives, and a variety of other applications—has entered the U.S. market under CBERA, since Trinidad and Tobago's methanol and ammonia industries began producing melamine as a downstream product in May 2010.[22]

  As a U.S. supplier of many goods that are ineligible for CBERA benefits, such as anhydrous ammonia and liquefied natural gas,[23] Trinidad and Tobago ranked fifth for its CBERA utilization rate in 2012. The share of U.S. imports from Trinidad and Tobago entered under CBERA fell from 33.5 percent in 2010 to 26.9 percent in 2012, as anhydrous ammonia demand in the United States drove increased imports of this product, which is NTR duty free. Additional information on Trinidad and Tobago is provided in the country profile at the end of this chapter.

- ***The Bahamas:*** The Bahamas had the sixth-highest CBERA utilization rate at 24.8 percent, and was the fifth-largest source of U.S. imports under CBERA in 2012. U.S. imports under CBERA from the Bahamas are almost entirely made up of polystyrene (HTS 3903.11.00), a plastic product used in many forms of packaging and consumer uses. Polystyrene enters duty-free exclusively under CBERA, as the Bahamas is not a GSP beneficiary country. Imports of polystyrene under CBERA decreased substantially between 2008 and 2009 due to the economic recession in the United States, but increased by 35.6 percent between 2010 and 2012 to near-2008 levels. Polystyrene accounted for 99.3 percent of U.S. imports from the Bahamas under CBERA in 2012.

[20] USDOS, U.S. Embassy, Barbados, "St. Kitts and Nevis Response to USITC Biennial Caribbean Basin Investment Survey (Bridgetown 000622)," July 5, 2013.

[21] Jaro Electronics, Lutron Liamuiga, API Harowe Servo Controls, and Kajola Kristada, written submission to the USITC, June 17, 2013.

[22] Methanol Holdings (Trinidad) Limited, "First Melamine Production in Trinidad and Tobago" (accessed July 9, 2013).

[23] In 2012, the value of U.S. imports of anhydrous ammonia (HTS 2814.10.00) and liquefied natural gas (HTS 2711.11.00) from Trinidad and Tobago totaled $2.0 billion and $835.4 million, respectively.

Views on CBERA Utilization

This section summarizes public views on why CBERA trade preferences are not fully utilized. It is based on written submissions the Commission received for this investigation. A summary of all of the written submissions received in connection with this investigation is provided in Appendix C.

Several submissions noted that trade in services accounts for the majority of economic output in many Caribbean Basin countries, making it a major source of employment and foreign exchange for those nations. These submissions stated that the lack of provisions for trade in services in CBERA effectively overlooks the important contribution the services sector makes to Caribbean Basin economies, particularly because the vast majority of investment in the region is in the services industry. Interested parties also cited the rules of origin within the agreement as being restrictive, stating that these rules limit opportunities to take advantage of preferences as countries form FTAs with the United States and leave the group, thereby limiting the availability of regionally imported inputs that can be further processed without being subject to rules of origin. Other reasons reported for the limited use of CBERA included burdensome U.S. sanitary and phytosanitary regulations, limited product coverage within the agreement, and a lack of investment due to high energy costs. [24]

With regard to specific policies, submissions singled out the 2011 U.S. Food Safety Modernization Act,[25] which includes new export requirements that small agricultural producers in the region reportedly must meet in order to take advantage of trade preferences under CBERA.[26] Manchester Trade Limited suggested that existing U.S.-CARICOM bilateral investment treaties or Trade and Investment Framework Agreements could be expanded to include renewable energy resources and tourism trade. [27]

Several submissions pointed to the EU-CARIFORUM[28] Economic Partnership Agreement as an example of a newly implemented agreement that incorporates services, which could benefit the United States with indirect access to EU services markets.[29] At the hearing, the Jamaican Ambassador to the United States noted that the U.S.-CARICOM[30] Trade and Investment Framework Agreement, signed in May 2013,

[24] For a more detailed summary of the positions of interested parties, see appendix C of this report.

[25] Pub. L. 111-353 (42 U.S.C. 201 et seq.).

[26] USITC, hearing transcript, June 13, 2013 (testimony of Sally Yearwood, CCAA); Ewart, written submission to the USITC, June 20, 2013; USITC, hearing transcript, June 13, 2013 (testimony of Ambassador Stephen Vasciannie, Embassy of Jamaica); written submission to the USITC, June 21, 2013; Embassy of Jamaica, written submission to the USITC, June 21, 2013.

[27] USITC, hearing transcript, June 13, 2013 (testimony of Stephen Lande, Manchester Trade Ltd., Inc.).

[28] CARIFORUM is the Forum of the Caribbean Group of African, Caribbean and Pacific (ACP) States, a body that brings together Caribbean ACP states to promote and coordinate policy dialogue, cooperation, and regional integration, mainly within the framework of the Cotonou Agreement between the ACP countries and the European Union. http://www.caricom.org/jsp/community_organs/cariforum/cariforum_main_page.jsp?menu=cob (accessed August 9, 2013).

[29] USITC, hearing transcript, June 13, 2013 (testimony of Stephen Lande, Manchester Trade Ltd., Inc.); Ewart, written submission to the USITC, June 20, 2013.

[30] CARICOM stands for "Caribbean Community."

expanded trade and investment opportunities and dialogue. However, he also noted that the expiration of certain non-CBERA ethanol feedstock from CBERA preferences in 2011 was a cause of concern.[31]

Haiti: Economic Profile

Overview

With a per capita GDP of $764 in 2012 (table 4.2), Haiti remains one of the poorest countries in the world and the only country in the Western Hemisphere classified by the World Bank as a low-income economy.[32] With an estimated 10.2 million people in 2012, Haiti has the highest population of any CBERA country. Haiti ranked 161st of 186 countries on the 2012 United Nations' Human Development Index, a composite index combining life expectancy, educational attainment, and income.[33] Haiti has also been classified as a food deficit country because it can only produce less than half of the food needed to feed its population; this is partly due to the country's vulnerability to severe weather and other natural disasters that can extensively damage agricultural production and infrastructure.[34] Domestic demand, which is supported by foreign aid and remittances, drives growth in manufacturing and services. In addition, the United States provides an important outlet for exports of apparel.[35]

Haiti experienced volatile economic growth in 2010 and 2011, with a catastrophic earthquake in 2010 that did significant damage to the economy followed by a relatively strong recovery in 2011. However, Haiti's economy expanded by an estimated 2.8 percent in 2012, which is slightly higher than average growth rates in the five years before the earthquake though still lower than the growth rates of many developing countries.[36] Haiti suffered a destructive hurricane season in 2012. Both Hurricane Isaac, which struck in August, and Hurricane Sandy, which struck in October, caused human tragedy as well as economic losses estimated at $570 million, equivalent to 7.2 percent of Haiti's GDP in 2012.[37] The two hurricanes combined with a severe drought had significant effects on the agricultural and fishing industries, and food production was greatly reduced.[38]

Haiti's current account deficit increased by approximately 90 percent, from $166 million in 2010 to $317 million in 2012, although the country's external debt decreased by about 10 percent, dropping from $1 billion in 2010 to an estimated $900 million in 2012 as a result of post-earthquake debt relief. The current account deficit had been far smaller than the trade deficit in recent years, due to remittance inflows and foreign donations, but the

[31] USITC, hearing transcript, June 13, 2013 (testimony of Ambassador Stephen Vasciannie, Embassy of Jamaica).

[32] The World Bank classifies countries with a per capita gross national income of $1,025 or less as "low-income economies." World Bank, "Country and Lending Groups" (accessed July 9, 2013).

[33] UNDP, "International Human Development Indicators: Haiti."

[34] USAID, "Country Profile: Haiti," January 2012.

[35] EIU, *Haiti: Country Report Second Quarter*, May 2013.

[36] EIU, *Haiti: Country Report Second Quarter*, May 2013.

[37] IMF, *Haiti*, March 2013.

[38] Institut Haïtien de Statistique et d'Informatique, *Les Comptes Economiques en 2012*, April 2013; EIU, *Haiti: Country Report Second Quarter*, May 2013.

TABLE 4.2 Haiti: Selected economic indicators, 2010–12

	2010	2011	2012
GDP (nominal, billion $)	6.6	7.3	7.8
Real GDP growth (%)	-5.4	5.6	2.8
Population (million)	10.0	10.1	10.2
GDP per capita ($)	664	727	764
Inflation (%)	5.7	8.4	6.3
Goods exports (million $)	559.7	767.5	785.0
Goods imports (million $)	2,809.5	2,962.1	2,640.4
Trade balance (million $)	–2,249.8	–2,194.6	–1,855.4
Current account balance (million $)	–165.8	–282.2	–316.9
Foreign-exchange reserves (million $)	1,335.0	1,194.7	1,284.7
Total external debt (billion $)	1.0	0.8	0.9
Public debt (% GDP)	NA	NA	NA
Foreign direct investment inflows (million $)	150	181	179

Source: EIU, *Haiti: Country Report, 2nd Quarter*, 2013; UN, ECLAC, *Foreign Direct Investment in Latin America and the Caribbean 2012*, 2013, 23, table I.3; CIA, "Haiti," June 13, 2013.

Note: NA = Not available.

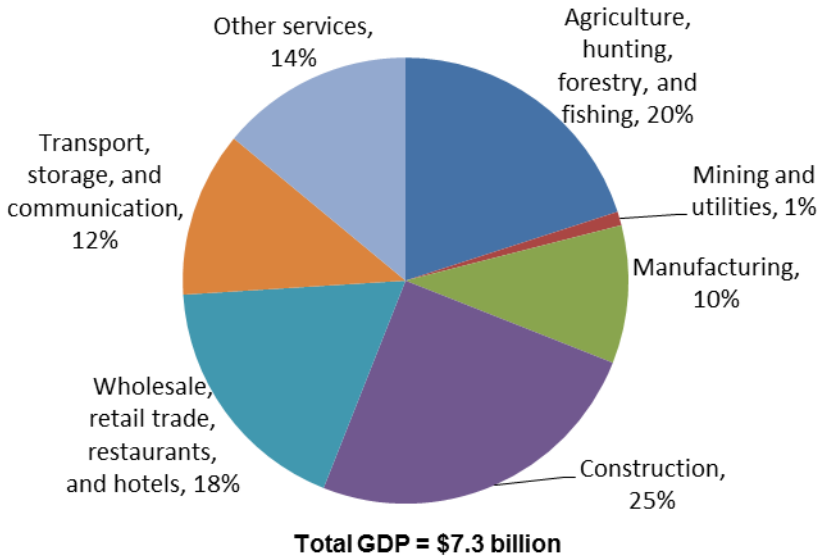
deficit increased in both 2011 and 2012 as the country began to recover from the earthquake.[39] Remittances were equivalent to 20 percent of GDP and represented more than five times Haiti's earnings from exports in 2012.[40]

The Haitian government relies on formal international aid and development assistance in order to achieve fiscal sustainability, with over half of its budget coming from outside sources.[41] The U.S. government considers Haiti's recovery to be a strategic imperative, with development focused on stimulating economic activity while working to deliver basic services in certain designated areas of the country.[42] In addition to immediate relief efforts following the earthquake, in 2010 Congress provided $1.14 billion for reconstruction in the Supplemental Appropriations Act. This effort is being implemented over several years, largely by the U.S. Department of State's Agency for International Development, and continued in operation in 2012.[43]

Construction accounted for 25 percent of the Haitian economy in 2011, as the country began rebuilding from the devastation wreaked by the earthquake on infrastructure, homes, and businesses (figure 4.1). Agriculture, hunting, forestry, and fishing accounted for about 20 percent of Haiti's GDP. The hotel, restaurant, and wholesale/retail trade sector accounted for 18 percent of the economy, and the transport, storage, and communication sector for 12 percent. Manufacturing accounted for 10 percent of Haiti's economy in 2011.[44] While it consists mainly of apparel production, the manufacturing sector in Haiti also produces refined sugar, flour, and cement and performs some light assembly of imported products such as electronics.[45]

[39] EIU, *Haiti: Country Report Second Quarter*, May 2013.
[40] CIA, "Haiti," May 15, 2013.
[41] CIA, "Haiti," May 15, 2013.
[42] UN Statistics Division, National Accounts Main Aggregates Database (July 9, 2013).
[43] GAO, *Haiti Reconstruction: USAID Infrastructure Projects*, June 2013.
[44] CIA, "Haiti," May 15, 2013.
[45] CIA, "Haiti," May 15, 2013.

FIGURE 4.1 Haiti: Composition of GDP, 2011



Source: UN Statistics Division, National Accounts, December 2012.

Note: Most recent data available.

Trade Profile

Haiti's estimated merchandise exports to the world increased from $560 million in 2010 to $785 million in 2012, largely because of higher exports of apparel articles, as explained in more detail below. Other important Haitian exports included essential oils, mangoes, and cacao. Haiti's merchandise imports from the world totaled an estimated $2.6 billion in 2012, principally consisting of fuels and lubricants, food, manufactured goods, machinery, and transportation equipment.[46]

The United States is Haiti's largest export market (table 4.3). In 2012, the United States was the destination for 81.8 percent ($774.0 million) of Haiti's exports. Apparel products accounted for the vast majority of these goods. Other leading product categories included fruits, such as guavas and mangoes, and cocoa.[47] The Dominican Republic was Haiti's largest source of imports in 2012, accounting for approximately 34.3 percent of Haiti's imports.[48] Imports from the United States, Haiti's second-largest import source, were valued at $1.0 billion in 2012. Leading U.S. exports to Haiti in 2012 were donated medical and pharmaceutical supplies as well as other types of aid, agricultural and food products (mainly rice), chicken cuts, and petroleum products.[49]

[46] EIU, *Haiti: Country Report Second Quarter*, May 2013.

[47] U.S. bilateral trade data were obtained from official statistics of the U.S. Department of Commerce.

[48] IMF, Direction of Trade Statistics database (accessed July 9, 2013).

[49] U.S. bilateral trade data were obtained from official statistics of the U.S. Department of Commerce.

TABLE 4.3 Haiti: Main trade partners, 2012 (percent)

Leading markets for exports and share		Leading sources of imports and share	
United States	81.8	Dominican Republic	34.3
Canada	3.4	United States	26.0
Dominican Republic	2.2	Former Netherlands Antilles (excl. Aruba)	9.4
Mexico	1.9	China	7.0

Source: IMF, Direction of Trade Statistics database (accessed July 9, 2013).

Investment Profile

Haiti has a foreign investment regime that is generally nondiscriminatory and open to foreign investors. Nonetheless, even before the January 2010 earthquake, sources such as the U.S. State Department described a number of factors that hindered foreign investors, such as political violence, corruption, lack of access to credit, and limited physical infrastructure.[50] According to the World Bank, Haiti ranked 174th of 185 countries in overall ease of doing business, which was the lowest score among CBERA countries in 2012. Haiti also ranked at or near the bottom among CBERA countries in several other indices, including ease of starting a business, dealing with construction permits, ease of getting credit, protecting investors, ease of trading across borders, and ease of resolving insolvency. Haiti had the 7th-highest score among CBERA countries for ease of registering property, where it ranked 130th of 185 countries in World Bank measures. Haiti's best score was for getting electricity, with a ranking of 71st of 185 countries, but this was only the 10th-highest score among CBERA countries in this category.[51]

CBERA provides strong incentives for investment in Haiti's apparel assembly sector, particularly as a result of the enhancements provided by CBTPA, the HOPE Acts, and the HELP Act. Investment has been constrained by factors such as increased global competition, political instability, deterioration of Haiti's security climate, and destructive natural disasters and disease outbreaks. Other factors, however, encourage investment in Haiti, such as its young labor force.[52]

Impact of CBERA

Haiti was the second-largest supplier of imports under CBERA in 2011 and 2012. Imports from Haiti under CBERA increased from $364.1 million in 2010 to $474.6 million in 2011, falling to $436.8 million in 2012 (table 2.8). Three apparel articles—knitted cotton T-shirts, knitted cotton tops, and knitted man-made fiber T-shirts—accounted for virtually all (95.2 percent) of the imports from Haiti under CBERA in 2012 (table E.6).

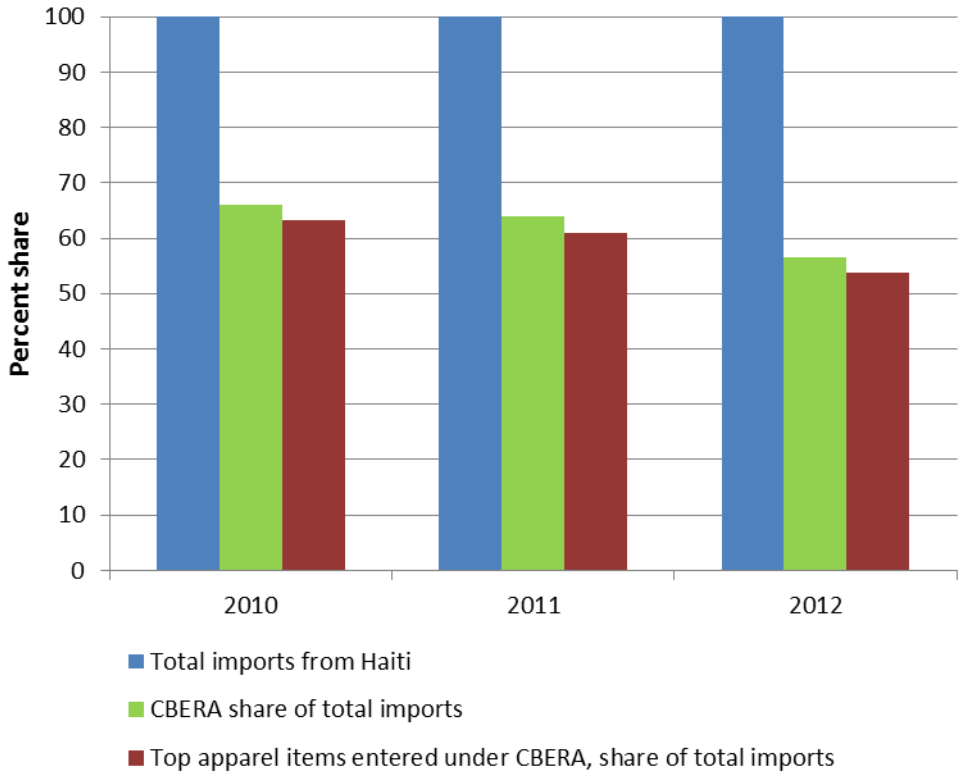
Haiti's CBERA utilization rate declined from 66.1 percent in 2010 to 56.4 percent in 2012 (figure 4.2 and table 4.1). However, the decline in Haiti's CBERA utilization rate

[50] USDOS, Bureau of Economic, Energy and Business Affairs, "Haiti: 2009 Investment Climate Statement," February 2009; USDOS, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," December 7, 2010.

[51] World Bank, *Doing Business 2013*, 2013, 168. Not all of the CBERA countries were included in the World Bank rankings.

[52] USDOS, U.S. Embassy, Haiti, "Haiti Response to USITC Biennial Caribbean Basin Investment Survey (Port-au-Prince 001952)," July 5, 2013.

FIGURE 4.2 Haiti: Total U.S. imports and imports under CBERA, 2010–12



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

Note: In this figure, top apparel items include only the three leading apparel imports from Haiti under CBERA in 2010–12: knitted cotton T-shirts (HTS 6109.10.00), knitted cotton tops (HTS 6110.20.20), and T-shirts of manmade fibers (HTS 6109.90.10).

was offset by significant imports entered under the HOPE Acts and the Help Act (table 2.11). The HOPE and HELP Acts have been key factors behind the growth of Haiti's apparel industry and the increase in U.S. apparel imports from Haiti, as they have granted additional preferences to Haitian exporters beyond those in CBTPA. By extending preferential treatment for apparel and textiles from Haiti for 10 years and simplifying the rules of origin, HOPE II was estimated to have created at least 7,000 jobs.[53] While the January 2010 earthquake had a temporary dampening effect on Haiti's apparel production, a report by the Government Accountability Office (GAO) to Congress in 2012 found that U.S. imports of apparel products from Haiti had rapidly recovered to higher than pre-earthquake levels. Furthermore, it found that exports of Haitian apparel to the United States that took advantage of the earned import allowance program (EIAP) provided by the HOPE II act grew faster than non-EIAP exports.[54] Therefore, while the majority of U.S. imports from Haiti are apparel products that enter under CBERA, the various provisions under the HOPE and HELP Acts have lent resiliency to the Haitian apparel sector.

[53] USDOS, U.S. Embassy, Haiti, "Haiti Response to USITC Biennial Caribbean Basin Investment Survey (Port-au-Prince 001952)," July 5, 2013. The HOPE Acts and the HELP Act are described in chapter 1.

[54] GAO, *Follow-up on the Haiti Earned Import Allowance Program*, December 2012.

Jamaica: Economic Profile

Overview

Jamaica's GDP of $14.9 billion made it the second-largest CBERA economy in 2012, behind Trinidad and Tobago (table 4.4). Jamaica's economic growth is driven primarily by tourism and exports of bauxite and alumina.[55] With a steady population of 2.7 million people over the last three years, Jamaica remains the second most populous CBERA country after Haiti. The World Bank classifies Jamaica as an upper-middle-income country, reporting a 2012 estimated GDP per capita of $4,908.[56] In 2012, Jamaica's labor force was estimated at 1.3 million, with an unemployment rate of 14.2 percent.[57] The Jamaican economy contracted by an estimated 0.4 percent in 2012 after experiencing 1.3 percent growth the previous year. This contraction comes as a result of the slow U.S. growth in conjunction with Europe's recession, as both regions are key destinations for Jamaican exports as well as sources for Jamaica's tourism revenue. Remittances in the past few years have slowly increased; such an increase should lead to increased private consumption.[58] As a result of decreased demand for Jamaica's exports of goods and flat demand for tourism services, Jamaica's current account deficit increased from $0.9 billion in 2010 to $1.9 billion in 2012. Jamaica's total external debt has remained stable at just over $14 billion over the last three years.[59]

The structure of Jamaica's economy has not changed significantly in recent years.[60] Services industries, including tourism, accounted for over 70 percent of Jamaica's domestic economic output in 2011 (figure 4.3).

Jamaica's tourism industry appeared to weather the economic U.S. and European recessions in 2009 with only a slight decline in expenditures from foreigners in 2009, recovering to pre-recession levels in 2010 through 2012. However, it also appears that tourism revenues have plateaued at around $2 billion.[61] The remainder of Jamaica's economy is composed of manufacturing (9 percent), construction (7 percent), agricultural industries (6 percent), and mining and utilities (5 percent). Jamaica's bauxite/alumina industry, which is one of the largest non-services industries in the country and its most important merchandise export industry, has suffered due to a collapse in global prices for aluminum and high global capacity since 2008, as well as high production costs due to Jamaica's dependence on imported oil.[62]

[55] Bauxite, the main mineral resource found in Jamaica in commercial quantities, is an ore used to produce aluminum. Processing bauxite into alumina is the first stage of producing aluminum. EIU, *Jamaica: Country Profile*, July 2008, 12.

[56] The World Bank classifies countries as "upper-middle-income economies" if they have a per capita gross national income on a purchasing power parity (PPP) basis of between $4,086 and $12,615. World Bank, "Country and Lending Groups" (accessed July 9, 2013).

[57] CIA, "Jamaica," June 12, 2013.

[58] EIU, *Jamaica: Country Report*, June 2013.

[59] EIU, *Jamaica: Country Report*, June 2013.

[60] For the Commission's previous description of Jamaica's economic structure, see USITC, *The Impact of the Caribbean Basin Economic Recovery Act, Twentieth Report*, 2011, 4-14 to 4-18.

[61] Bank of Jamaica, *Remittance Report*, February 2013, 10.

[62] Helps, "Rusal to Reopen Jamaican Alumina Plants," April 24, 2013.

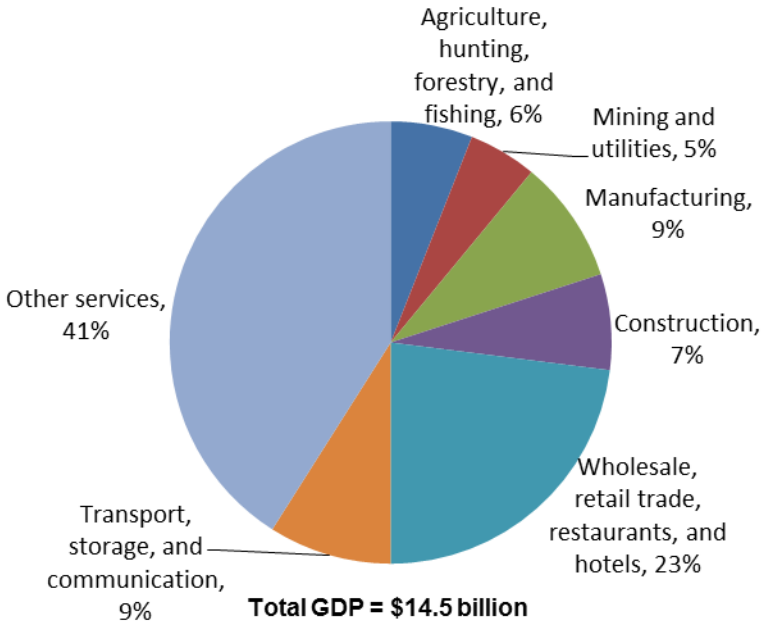
TABLE 4.4 Jamaica: Selected economic indicators, 2010–12

	2010	2011	2012
GDP (nominal, billion $)	13.2	14.5	14.9
Real GDP growth (%)	–1.5	1.3	–0.4
Population (million)	2.7	2.7	2.7
GDP per capita ($ at PPP)	4,715	4,860	4,908
Inflation (%)	11.8	6.0	8.0
Goods exports (billion $)	1.4	1.7	1.7
Goods imports (billion $)	4.6	5.9	5.9
Trade balance (billion $)	–3.3	–4.2	–4.2
Tourism (billion $)	2.0	2.0	NA
Remittances (net billion $)	1.7	1.8	1.8
Current account balance (billion $)	–0.9	–2.1	–1.9
Foreign-exchange reserves (billion $)	2.5	2.3	2.0
Total external debt (billion $)	14.2	14.4	14.0
Public debt (% GDP)	134	132	134
Foreign direct investment inflows (million $)	228	218	381

Source: EIU, *Jamaica: Country Report*, June 2013; UN, ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2012*, 2013, 23, table I.3; Bank of Jamaica, *Remittance Report*, February 2013, table 8 and table 10.

Note: NA = Not available.

FIGURE 4.3 Jamaica: Composition of GDP, 2011



Source: UN Statistics Division, National Accounts, December 2012.

Note: Most recent data available.

Trade Profile

Jamaica's total merchandise exports increased from $1.4 billion in 2010 to $1.7 billion in 2011, and are estimated to have remained at that level in 2012.[63] Jamaica's leading merchandise exports to the world in 2011 were mostly traditional products—alumina, with exports valued at $570 million; bauxite, valued at $141 million; and sugar, valued at $62 million. Other leading merchandise exports by Jamaica during 2012 included additional traditional products such as citrus fruits, cocoa, coffee, pimento, and gypsum, as well as nontraditional products including yams and beverages.[64] Jamaica's merchandise imports from the world increased from $4.6 billion in 2010 to $5.9 billion in 2011, and are estimated to have remained at that level in 2012. The increase in imports expanded Jamaica's merchandise trade deficit from $3.3 billion in 2010 to an estimated $4.2 billion in 2012.[65]

The United States is Jamaica's single largest trade partner. In 2012, U.S. exports to Jamaica, which accounted for 30.8 percent of Jamaica's imports (table 4.5), were valued at $1.9 billion. Leading U.S. exports to Jamaica in 2012 included petroleum, cereal products, various machinery, and electronics. The United States was also the leading market for Jamaica's exports in 2012, accounting for over one-third (38.9 percent) of total Jamaican exports, valued at $457.1 million. Leading U.S. imports from Jamaica included ethyl alcohol, alumina, gold, and yams.[66]

Investment Profile[67]

The Jamaican government encourages foreign investment to further its economic development, and especially seeks investors from North America, Europe, and the Caribbean.[68] Jamaica has no legal impediments to foreign investment and applies the principle of national treatment to foreign investors.[69] Nevertheless, many factors in Jamaica detract from the foreign investment climate. The World Economic Forum's *Global Competitiveness Report* lists crime and theft, poor access to financing, corruption, burdensome tax rates, and inefficient government bureaucracy as the most problematic factors for doing business in Jamaica.[70] According to the World Bank, Jamaica ranked 90th of 185 countries overall in having a regulatory environment conducive to doing business, behind such Caribbean neighbors as St. Lucia, St. Vincent and the Grenadines, and The Bahamas, but ahead of St. Kitts and Nevis, Grenada, and Trinidad and Tobago. Jamaica ranked 129th of 185 countries in having a regulatory regime that makes it faster,

[63] EIU, *Jamaica: Country Report*, June 2013.

[64] Product-level data on Jamaica's trade with the world in 2012 was not available. Statistical Institute of Jamaica, "Economic Statistics," June 2013.

[65] EIU, *Jamaica: Country Report*, June 2013.

[66] U.S. bilateral trade data were obtained from official statistics of the U.S. Department of Commerce.

[67] For additional information on CBERA-related investment in Jamaica, see the section "Investment in Selected CBERA Countries and Future Effects of CBERA" in chapter 3.

[68] USDOS, Bureau of Economic, Energy, and Business Affairs, "2013 Investment Climate Statement: Jamaica," February 2013.

[69] USDOS, Bureau of Economic, Energy, and Business Affairs, "2013 Investment Climate Statement: Jamaica," February 2013.

[70] World Economic Forum, *The Global Competitiveness Report, 2012–2013*, 2012, 210–211.

TABLE 4.5 Jamaica: Main trade partners, 2012 (percent)

Leading markets for exports and share		Leading sources of imports and share	
United States	38.9	United States	30.8
Russia	8.1	Venezuela	15.4
Canada	7.9	Trinidad and Tobago	13.3
Slovenia	5.7	China	12.2

Source: IMF, Direction of Trade Statistics database (accessed July 9, 2013).

easier, or less cumbersome to enforce contracts, only the eighth-highest score among the CBERA countries that were ranked. The report noted that Jamaica continued to excel in the ease of starting a business, where it ranked 21st of 185 countries overall, and the ease of resolving insolvency, with a rank of 32nd of 185 countries. These were the highest rankings among CBERA countries in both categories. Jamaica ranked 9th among CBERA countries, with an overall rank of 50th of 185 countries, for ease of dealing with construction permits. While Jamaica saw improvements in many of the categories, it continued to rank poorly with respect to having a regulatory regime that makes it easy to prepare, file, and pay taxes; Jamaica ranked 163rd of 185 countries in this category in 2012—the lowest ranking among CBERA countries.[71]

Jamaica ranked 97th of 144 countries in 2012 in terms of global competitiveness, lagging behind other large CBERA economies, including Barbados (ranked 44th) and Trinidad and Tobago (ranked 84th), but ahead of Guyana (ranked 109th) and Haiti (ranked 142nd). Jamaica ranked particularly low with respect to the business costs of crime and violence (ranked 141st of 144 countries), ease of access to loans (ranked 127th of 144 countries), and venture capital availability (ranked 130th of 144 countries). The ranking for the burden of government regulation was 127th, reflecting the poor business environment there.[72]

The Promote, Renew, Invigorate, Develop and Energize (PRIDE) Jamaica project, which started in March 2010, is an attempt to reduce barriers to doing business and support a positive, economically enabling environment in Jamaica. This USAID-funded project aims to help the Jamaican government and other key stakeholders to make progress toward this goal.[73] Since 2010, PRIDE Jamaica has worked with the Government of Jamaica to reform Jamaica's tax administration structure in order to improve voluntary tax compliance and reduce the burden on taxpayers to comply with their tax obligations. Specifically, PRIDE Jamaica provided counsel to Tax Administration Jamaica (TAJ) and the Ministry of Finance and Planning, culminating in legislation passed in March 2013 which established TAJ as a semi-autonomous revenue authority.[74] Despite these recent accomplishments, however, Jamaica's high levels of public debt and recent uncertainty regarding the timing and content of an agreement with the International Monetary Fund (IMF) on a new medium-term economic program have caused some investors to view Jamaica as a risky investment environment.[75]

[71] World Bank, *Doing Business 2013*, 2013, 172. Not all of the CBERA countries were included in the World Bank rankings.

[72] World Economic Forum, *The Global Competitiveness Report, 2012–2013*, 2010, 210–11.

[73] See USDOS, USAID/CARANA. http://www.pridejamaica.com/.

[74] CARANA Corporation, "In Jamaica, new legislation supports improvements in the country's tax administration," April 2013.

[75] Bank of Jamaica, *2012 Annual Report*, 2013, 3.

Impact of CBERA

Total U.S. imports from Jamaica increased from $306.9 million in 2010 to $505.4 million in 2011, but dropped to $457.1 million in 2012. Despite the volatility in total imports, imports under CBERA from Jamaica more than doubled—from $83.9 million in 2010 to $206.0 million in 2012. The share of imports under CBERA from Jamaica relative to total U.S. imports from Jamaica had declined from 2008 to 2010, but increased once again from 27.3 percent in 2010 to 45.1 percent in 2012 (figure 4.4 and table 4.1). This volatility can be attributed almost entirely to the near disappearance of U.S. imports of fuel ethanol (HTS 2207.10.60) between 2008 and 2010, followed by a significant increase in fuel ethanol between 2010 and 2012 (table E.6). Fuel ethanol accounted for 72.7 percent of U.S. imports under CBERA from Jamaica in 2012, totaling $149.8 million. As described in greater detail in chapter 2, U.S. imports of fuel ethanol from Jamaica were exempt from certain rules of origin requirements due to an origin quota provided to CBERA beneficiaries. This provision expired at the end of 2011, although the data show continued imports of fuel ethanol under CBERA provisions in 2012.

Other U.S. imports from Jamaica under CBERA included fresh or chilled yams (HTS 0714.30.10), mixed condiments and mixed seasonings (HTS 2103.90.80), and fruit n.e.s.o.i. (HTS 2008.99.90). Jamaica was the sole provider of yams to the United States under CBERA, totaling $15.8 million. Jamaica also was the leading supplier under CBERA of mixed condiments and mixed seasonings (HTS 2103.90.80); in 2012 it accounted for 90.1 percent of such imports valued at $5.2 million in 2012.

Trinidad and Tobago: Economic Profile

Overview

Trinidad and Tobago ranked as the largest CBERA economy in 2012, with a GDP of $24.7 billion (table 4.6). With abundant supplies of fossil fuel, Trinidad and Tobago is the leading oil producer in the Caribbean and is one of the largest exporters of liquefied natural gas (LNG) in the world.[76] Trinidad and Tobago's natural gas resources give it a comparative advantage in downstream products as well, including ammonia and methanol.[77] Trinidad and Tobago also has a well-developed manufacturing sector that supplies manufactured goods, notably food products and beverages, to other Caribbean countries. In addition, the country is a regional financial center with a stable financial system that benefits from good regulatory practices.[78]

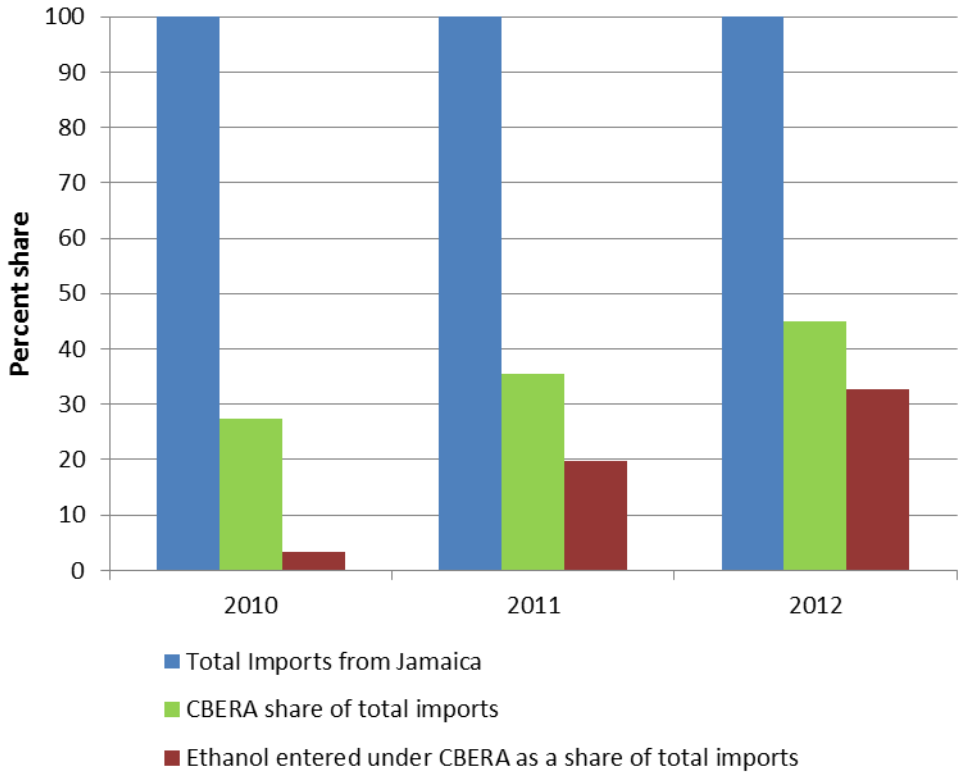
Historically, Trinidad and Tobago has experienced steady economic expansion. During the past four years, however, the country has struggled. After contraction in 2009 in tandem with the global recession that year, Trinidad and Tobago experienced weak growth of 0.2 percent in 2010; similarly, the economy faced another sharp contraction of 2.6 percent in 2011 followed by weak growth of 0.4 percent in 2012. Commodity prices collapsed in 2009, and have experienced mixed trends since that time. While crude

[76] USDOE, EIA, "Trinidad and Tobago: Analysis," May 2012.

[77] eAmmonia, "Is Ammonia Boom in North America Peril for Trinidad Ammonia Plants?" May 2013; Ministry of Energy and Energy Affairs, Trinidad and Tobago, "Methanol" (accessed July 9, 2013).

[78] CIA, "Trinidad and Tobago," May 15, 2013.

FIGURE 4.4 Jamaica: Total U.S. imports and imports under CBERA, 2010–12



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

Note: Ethanol is classified under HTS 2207.10.60.

petroleum prices have increased, there has been a sharp drop in prices for natural gas in the U.S. market as U.S. internal supply has increased significantly. The country also faces supply constraints in the energy sector due to declining reserves, lack of government investment in the sector, industrial unrest, and protracted maintenance work and security upgrades.[79] As a result, in 2012 the country's energy sector decreased its production of crude petroleum, refined petroleum, natural gas, and methanol.[80] The slight growth of the Trinidadian economy in 2012 was entirely driven by a strong performance in the financial services industries, which offset declines in the energy sector and other industries.[81]

Trinidad and Tobago's domestic economic output is largely dominated by the energy sector and the production of petroleum, natural gas, and petrochemicals (methanol,

[79] CIA, "Trinidad and Tobago," May 15, 2013; EIU, *Trinidad and Tobago: Country Report 2nd Quarter*, May 2013; Central Bank of Trinidad and Tobago, *Annual Economic Survey 2012*, 2013.

[80] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2012*, 2013.

[81] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2012*, 2013.

TABLE 4.6 Trinidad and Tobago: Selected economic indicators, 2010–12

	2010	2011	2012
GDP (nominal, billion $)	20.9	22.4	24.7
Real GDP growth (%)	0.2	-2.6	0.4
Population (million)	1.3	1.3	1.3
GDP per capita ($ at PPP)	13,546	13,151	13,161
Inflation (%)	13.4	5.3	7.2
Goods exports (billion $)	11.2	14.9	13.6
Goods imports (billion $)	6.5	10.0	8.3
Trade balance (billion $)	4.7	4.9	5.3
Current account balance (billion $)	4.2	1.8	1.9
Foreign-exchange reserves (billion $)	9.7	10.5	10.7
Total external debt (billion $)	4.0	4.8	4.6
Public debt (% GDP)	40.9	41.5	40.3
Foreign direct investment inflows (million $)	549	1,831	2,527

Sources: EIU, *Trinidad and Tobago: Country Report, 2nd Quarter*, 2013; UN, ECLAC, *Foreign Direct Investment in Latin America and the Caribbean 2012*, 2013, 24, table I.3.

ammonia, urea, and melamine).[82] The energy sector accounted for 42 percent of Trinidad and Tobago's GDP and 80 percent of export earnings in 2012.[83] Figure 4.5 shows the major economic sectors of Trinidad and Tobago, with the mining, manufacturing, and utilities sectors largely consisting of the energy sector. The government of Trinidad and Tobago has sought to diversify the economy and reduce its reliance on the energy sector by stimulating non-energy-related economic activities, including tourism, agriculture, information and communications technology, and shipping.[84] For example, the government introduced the National Food Production Action Plan in March 2012 with the objective of reducing the country's reliance on imported food and fighting food inflation by diversifying agricultural production.[85]

Trade Profile

Energy sector products, including crude petroleum, refined petroleum products, LNG and natural gas liquids, and petrochemicals, account for the majority of Trinidad and Tobago's exports, making the country vulnerable to global price swings in these commodities.[86] Merchandise exports from Trinidad and Tobago to the world increased from $11.2 billion in 2010 to $14.9 billion in 2011, reflecting the increase in crude petroleum production. However, Trinidad and Tobago's merchandise exports declined to $13.6 billion in 2012 largely due to plant stoppages for maintenance and aging oil fields, which decreased crude petroleum production and thereby depressed exports. Production of LNG fell in both 2011 and 2012 due to major increases of LNG production in the United States, which affected demand for Trinidadian natural gas and its derivatives in

[82] Melamine, a downstream product of Trinidad and Tobago's methanol and ammonia industries, is a resin used to make kitchen and tableware, flooring laminates, wall adhesives, and a variety of other applications. The country began producing melamine in May 2010. Methanol Holdings (Trinidad) Limited, "First Melamine Production in Trinidad and Tobago," n.d.

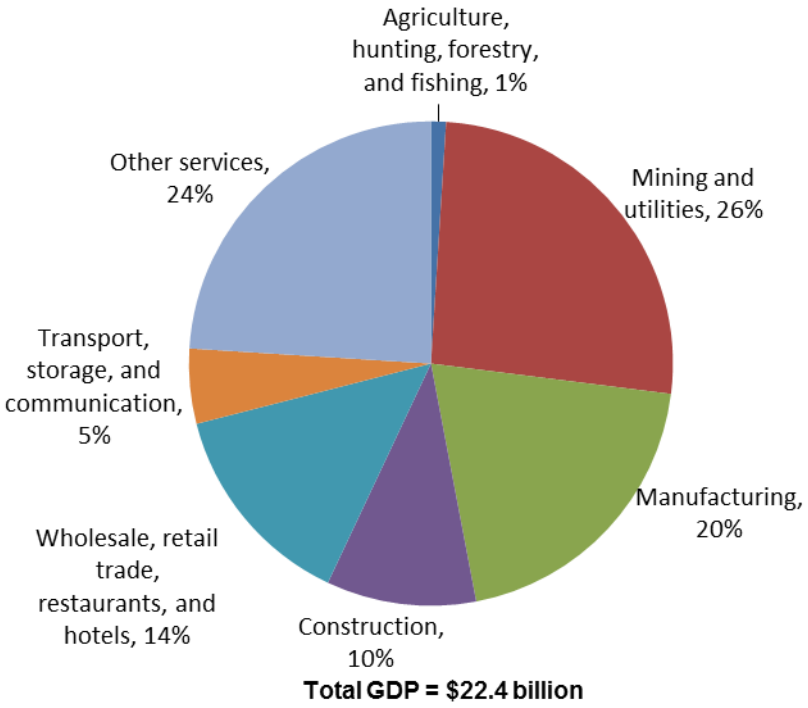
[83] The Energy Chamber of Trinidad and Tobago, "The Energy Sector at a Glance," n.d.

[84] CIA, "Trinidad and Tobago," May 15, 2013.

[85] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2012*, 2013.

[86] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2012*, 2013.

FIGURE 4.5 Trinidad and Tobago: Composition of GDP, 2011



Source: UN Statistics Division, National Accounts, December 2012.

Note: Most recent data available.

that market. [87] Furthermore, the decline in the value of energy exports was driven by lower natural gas prices, particularly in the U.S. market.[88]

The value of Trinidad and Tobago's merchandise imports reflected its volatile recovery from the economic downturn of recent years. While imports rose from $6.5 billion in 2010 to nearly $10 billion in 2011, they then fell to $8.3 billion in 2012,[89] reflecting a contraction in crude refining activity due to downtime in several plants and industrial action. This refining activity contraction resulted in a reduction of energy imports from $4.3 billion in 2011 to $3.9 billion in 2012.[90] Despite the reduction in Trinidad and Tobago's imports, the country still maintained a current-account surplus. However, due to a larger decrease in exports than in imports, in 2012 Trinidad and Tobago's current-account surplus shrank to $1.9 billion, which equates to approximately 7.8 percent of its GDP.[91]

The United States is Trinidad and Tobago's largest single-country trade partner. In 2012, the United States supplied one-third (33.1 percent) of Trinidad and Tobago's imports (table 4.7), valued at $2.3 billion. Leading U.S. exports to Trinidad and Tobago in 2012

[87] USDOS, Bureau of Western Hemisphere Affairs, "U.S. Relations With Trinidad and Tobago," February 7, 2013.
[88] Central Bank of Trinidad and Tobago, *Annual Economic Survey, 2012*, 2013.
[89] EIU, *Trinidad and Tobago: Country Report 2nd Quarter*, May 2013, 9.
[90] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2012*, 2013, 47.
[91] EIU, *Trinidad and Tobago: Country Report 2nd Quarter*, May 2013, 8.

TABLE 4.7 Trinidad and Tobago: Main trade partners, 2012 (percent)

Leading markets for exports and share		Leading sources of imports and share	
United States	41.7	United States	33.1
Chile	7.0	Brazil	8.1
Argentina	6.5	Colombia	7.7
Jamaica	4.6	Gabon	5.5

Source: IMF, Direction of Trade Statistics database (accessed July 9, 2013).

were petroleum, helicopters, aircraft, animal feed, and wheat. The United States also is the leading market for Trinidad and Tobago's exports, accounting for 41.7 percent of total Trinidadian exports, valued at $8.1 billion in 2012. Leading U.S. imports from Trinidad and Tobago included anhydrous ammonia, petroleum, methanol, and natural gas.[92]

Investment Profile[93]

Trinidad and Tobago is generally open to foreign direct investment, having few if any legal restrictions or disincentives to investment, according to the U.S. State Department. Much of the FDI in Trinidad and Tobago is directed at the country's energy and petrochemicals sectors.[94]

Trinidad and Tobago generally ranked high when compared to most of the other CBERA countries according to World Bank measures of the ease of doing business. Overall, Trinidad and Tobago ranked 69th of 185 countries for having a regulatory environment conducive to the operation of business—the 4th-highest overall score for CBERA countries. Trinidad and Tobago ranked 8th among CBERA countries (ranking 71st of 185 countries) for the ease of starting a business. Three categories where Trinidad and Tobago excelled were getting electricity, where it ranked 11th; protecting investors, with a rank of 25th of 185 countries; and ease of getting credit, where it ranked 23rd of 185 countries. (The latter score most likely reflects the country's status as a regional financial center, an industry that has been built on Trinidad and Tobago's large energy export earnings.) For these three categories, Trinidad and Tobago earned the highest overall ranking for CBERA countries.[95]

Inefficient government bureaucracy, crime and theft, a poor work ethic, and corruption are among the most serious problems in doing business in Trinidad and Tobago.[96] In particular, Trinidad and Tobago ranked worse than other countries with respect to the business costs of crime and violence (139th of 144 countries) and capacity for innovation (124th of 144 countries). Conversely, Trinidad and Tobago ranked highest among

[92] U.S. bilateral trade data were obtained from official statistics of the U.S. Department of Commerce.

[93] For additional information on CBERA-related investment in Trinidad and Tobago, see the section "Investment in Selected CBERA Countries and Future Effects of CBERA" in chapter 3.

[94] USDOS, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 3, 2011.

[95] World Bank, *Doing Business 2013*, 2013, 201. Not all of the CBERA countries were included in the World Bank rankings.

[96] USDOS, U.S. Embassy, Trinidad and Tobago, "Trinidad and Tobago Investment Climate Statement 2012 (000278)," May 18, 2012; USDOS, Bureau of Economic and Business Affairs, *2012 Investment Climate Statement—Trinidad and Tobago*, June 2012.

CBERA countries for strength of investor protection (24th of 144 countries) and country credit rating (46th of 144 countries).[97]

Impact of CBERA

Total U.S. imports from Trinidad and Tobago increased from $6.6 billion in 2010 to $8.1 billion in 2012, reflecting the U.S. economy's recovery from the global economic downturn and low prices for many of Trinidad and Tobago's leading export commodities. However, the share of imports entered under CBERA from Trinidad and Tobago relative to total imports (utilization rate) from Trinidad and Tobago declined from 33.5 percent in 2010 to 26.9 percent in 2012 (figure 4.6 and table 4.1). U.S. imports from Trinidad and Tobago under CBERA were valued at $2.2 billion in 2012. Most imports under CBERA from Trinidad and Tobago (98.0 percent) were in four categories of mineral fuels and other energy products—crude petroleum (HTS 2709.00.20), methanol (HTS 2905.11.20), and two types of refined petroleum products (HTS 2710.19.06 and HTS 2710.19.16) (table 2.9). Imports of crude petroleum under CBERA from Trinidad and Tobago were valued at $1.1 billion in 2012, accounting for 91.2 percent of total crude petroleum imports under CBERA for the year. Furthermore, Trinidad and Tobago supplied $40.1 million of refined petroleum imports to the United States, which constituted 99.5 percent of total refined petroleum imports entered under CBERA in 2012. Trinidad and Tobago was the sole supplier of methanol in 2012, valued at $1.0 billion. U.S. imports of melamine (HTS 2933.61.00) under CBERA from Trinidad and Tobago were valued at $21.5 million in 2012.

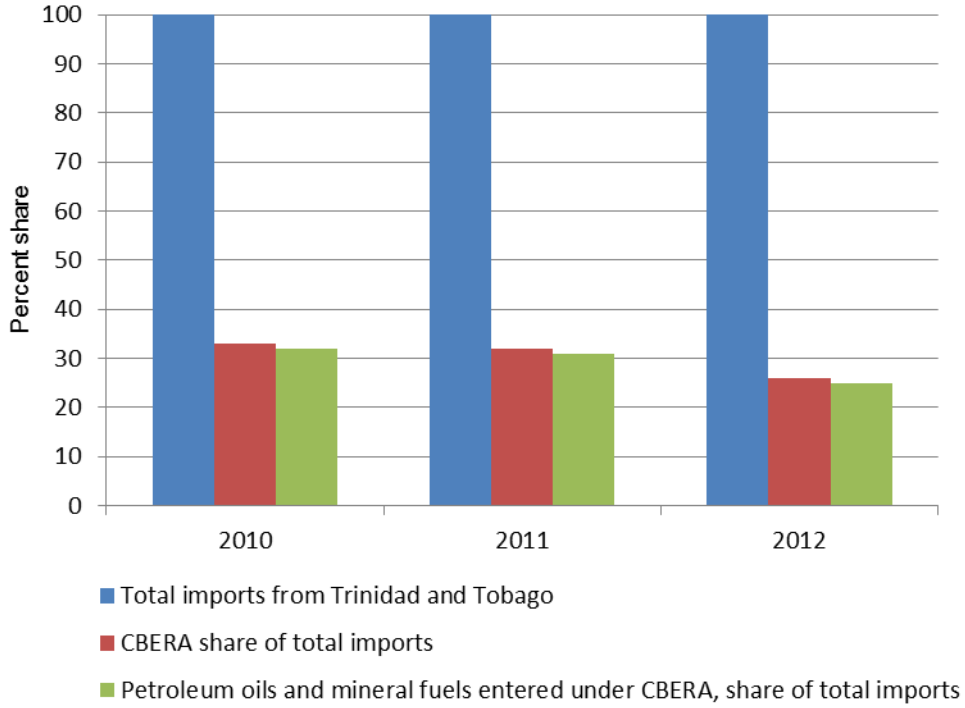
CBERA continued to benefit primarily Trinidad and Tobago's energy sector and its downstream products during 2010–12. According to the American Chamber of Commerce of Trinidad and Tobago, CBERA provides unique benefits to Trinidad and Tobago because, beginning on January 1, 2010, Trinidad and Tobago was no longer a designated GSP beneficiary; since then, products of Trinidad and Tobago that had been eligible for duty-free entry under either program were eligible for duty-free entry only under CBERA.[98] The Chamber further stated that because the Trinidadian economy is focused on the production and export of only a few products, it would be helpful for the purpose of diversification if the criteria for qualification of duty-free treatment under the program were relaxed.[99]

[97] World Economic Forum, *Global Competitiveness Report 2012–2013*, 2012, 348–49.

[98] American Chamber of Commerce of Trinidad and Tobago, written submission to the USITC, June 11, 2013. As discussed in chapter 1, Trinidad and Tobago was no longer eligible for benefits under the U.S. GSP program effective January 1, 2010, but its eligible products could still be entered duty free under CBERA.

[99] American Chamber of Commerce of Trinidad and Tobago, written submission to the USITC, June 11, 2013.

FIGURE 4.6 Trinidad and Tobago: Total U.S. imports and imports under CBERA, 2010–12



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

Note: In this figure, mineral fuels and other energy imports include crude petroleum (HTS 2709.00), methyl alcohol ("methanol") (HTS 2905.11), two categories of refined petroleum products (HTS 2710.19 and HTS 2710.11), and ethyl alcohol ("ethanol") (HTS 2207.10).

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APPENDIX A
Federal Register Notice

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

Investigation No. 332-227

Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 21st Report

AGENCY: United States International Trade Commission.

ACTION: Notice of public hearing and opportunity to submit comments in connection with the 21st report.

SUMMARY: Section 215 of the CBERA (19 U.S.C. 2704) requires the Commission to report biennially to the Congress and the President by September 30 of each reporting year on the economic impact of the Act on U.S. industries and U.S. consumers and on the economy of the beneficiary countries. In 1986, the Commission instituted investigation No. 332-227, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries*, for the purpose of preparing this series of reports. This 21st report in the series will cover trade during calendar years 2011 and 2012. The Commission has scheduled a public hearing for June 13, 2013, in connection with this report.

DATES:
June 3, 2013: Deadline for filing requests to appear at the public hearing.
June 6, 2013: Deadline for filing pre-hearing briefs and statements.
June 13, 2013: Public hearing.
June 20, 2013: Deadline for filing post-hearing briefs and statements and all other written submissions.
September 30, 2013: Transmittal of Commission report to the Congress and the President.

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

FOR FURTHER INFORMATION CONTACT: Justino De La Cruz (202-205-3252 or justino.delacruz@usitc.gov) or Cathy Jabara (202-205-3309 or cathy.jabara@usitc.gov) Country and Regional Analysis Division, Office of Economics, U.S. International Trade Commission, Washington, DC 20436. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Peg O'Laughlin, Public Affairs Officer (202-205-1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its website at http://www.usitc.gov. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

BACKGROUND: Section 215(a)(1) of the Caribbean Basin Economic Recovery Act (CBERA) (19 U.S.C. 2704(a)(1)) requires that the Commission submit biennial reports to the Congress and

the President regarding the economic impact of the Act on U.S. industries and consumers, and on the economy of the beneficiary countries. Section 215(b)(1) requires that the reports include, but not be limited to, an assessment regarding:

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

(B) the probable future effect which this Act will have on the United States economy generally, as well as on such domestic industries, before the provisions of this Act terminate.

Notice of institution of the investigation was published in the *Federal Register* of May 14, 1986 (51 FR 17678). The Commission plans to transmit the 21st report, covering calendar years 2011 and 2012, by September 30, 2013.

PUBLIC HEARING: A public hearing in connection with this investigation will be held at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC, beginning at 9:30 a.m. on June 13, 2013. Requests to appear at the public hearing should be filed with the Secretary no later than 5:15 p.m., June 3, 2013. All pre-hearing briefs and statements should be filed not later than 5:15 p.m., June 6, 2013; and all post-hearing briefs and statements should be filed not later than 5:15 p.m., June 20, 2013. All requests to appear and pre- and post-hearing briefs and statements should be filed in accordance with the requirements in the "Written Submissions" section below. In the event that, as of the close of business on June 3, 2013, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant may call the Office of the Secretary (202-205-2000) after June 3, 2013, for information concerning whether the hearing will be held.

WRITTEN SUBMISSIONS: In lieu of or in addition to participating in the hearing, interested parties are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., June 20, 2013. All written submissions must conform to the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 C.F.R. 201.8). Section 201.8 and the Commission's Handbook on Filing Procedures require that interested parties file documents electronically on or before the filing deadline and submit eight (8) true paper copies by 12:00 p.m. eastern time on the next business day. In the event that confidential treatment of a document is requested, interested parties must file, at the same time as the eight paper copies, at least four (4) additional true paper copies in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

Any submissions that contain confidential business information (CBI) must also conform with the requirements of section 201.6 of the *Commission's Rules of Practice and Procedure* (19 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.

The Commission intends to publish only a public report in this investigation. Accordingly, any CBI received by the Commission in this investigation will not be published in a manner that would reveal the operations of the firm supplying the information. The report will be made available to the public on the Commission's website.

By order of the Commission.

Lisa R. Barton
Acting Secretary

Issued:

APPENDIX B
Calendar of Witnesses for the June 13, 2013, Hearing

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject:	Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 21st Report
Inv. No.:	332-227
Date and Time:	June 13, 2013 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

EMBASSY APPEARANCE:

Embassy of Jamaica
Washington, DC

His Excellency Stephen Vasciannie, Ambassador of Jamaica to the United States of America

ORGANIZATION AND WITNESS:

Caribbean Central American Action ("CCAA")
Washington, DC

Sally Yearwood, Executive Director

Manchester Trade Ltd., Inc.
Washington, DC

Stephen L. Lande, President

National Minority Business Council, Inc. ("NMBC")
New York, NY

Fritz-Earle McLymont, Managing Director

-END-

APPENDIX C
Summaries of Positions of Interested Parties

Introduction

The summaries of the positions of interested parties are based on information provided at a public hearing held on June 13, 2013 and material submitted to the USITC in conjunction with this investigation (table C.1). The summaries express the views of the submitting parties and not those of the Commission, whose staff did not attempt to confirm the accuracy of or make corrections to the information provided. The full text of the hearing transcript and written submissions associated with the current investigation can be found by searching the Commission's Electronic Docket Information System.[1]

American Chamber of Commerce of Trinidad and Tobago[2]

The American Chamber of Commerce of Trinidad and Tobago provided a written submission, pointing to the key role that CBERA duty-free treatment provides to beneficiary countries. As such, the chamber recommended that the United States seek the extension of the World Trade Organization waiver that underpins U.S. CBERA trade preferences, when the waiver expires at yearend 2014. The chamber further recommended that the USITC assist in efforts to relax the criteria for products that qualify for CBERA duty-free treatment, so that Caribbean countries could diversify from economies currently focused largely on one or two products.

TABLE C.1 Information provided by interested parties

	Hearing testimony	Submission
American Chamber of Commerce of Trinidad and Tobago		x
Caribbean Association of Industry and Commerce, Inc.		x
Caribbean Central American Action	x	x
DevelopTradeLaw, LLC		x
Jaro Electronics, Lutron Liamuiga, API Harowe Servo Controls, and Kajola Kristada		x
Government of Jamaica	x	x
Manchester Trade Limited	x	x
National Minority Business Council, Inc.	x	

Source: USITC Electronic Docket Information System.

[1] Available online at http://edis.ustic.gov.

[2] American Chamber of Commerce of Trinidad and Tobago, written submission to the USITC, June 11, 2013.

The chamber advocated that the product eligibility list under CBERA be expanded to incorporate services, including the science, technology, and innovation sectors; education; professional services; and creative industries such as the film industry. In addition, the chamber requested that the USITC assist in efforts to relax the rules of origin under CBERA, citing the significant decline in CBERA membership as a number of countries have graduated to free trade agreements with the United States. To qualify for duty-free treatment, the chamber pointed out that a product must be imported directly into U.S. customs territory from a CBERA member, must meet a 35 percent value-added requirement, and must qualify under substantial transformation definitions, requirements that become more difficult as the number of CBERA countries diminishes. The chamber suggested that raw materials originating in former beneficiary countries could be included under CBERA rules of origin requirements as one way to help overcome this challenge.

Caribbean Association of Industry and Commerce, Inc.[3]

The Caribbean Association of Industry and Commerce submitted to the Commission a survey of its members' observations on the current operation of CBERA and recommendations for improvements. Jamaica pointed to the success of its ethanol industry under the CBI program. The Jamaica Chamber of Commerce offered its views regarding areas to improve, including more flexible rules of origin, less restrictive sanitary and phytosanitary regulations, including services under CBERA preferences, and addressing the erosion of CBERA preferences as a result of the growing number of free trade agreements (FTAs) in the region with the United States. Trinidad and Tobago suggested that CBERA preferences be extended to include packing of goods in general, and to products derived from local polypropylene and polyethylene in particular. The Bahamas mentioned the erosion of preferences for its polystyrene industry due to new U.S. FTAs in the region, and sought to include services in CBERA provisions. St. Kitts and Nevis responded that it too would like to see the inclusion of services in the CBERA program to take advantage of opportunities in the areas of sports, health, and cultural tourism, as well as financial services, and information and communication technology services. St. Lucia noted that its light manufacturing industry in cable television goods maintained competitiveness over Asian competitors as a result of CBERA preferences, as well as its proximity to the U.S. market, and advantage of being in the same time zone.

Regarding trade in goods, CAIC recommended that duty-free access under CBERA be extended to printing and packaging, that renewable and alternative energy industries such as solar panel manufacture be encouraged in the region, and that more advanced manufactures from the electronics industries in the region be included under CBERA preferences. The association pointed further to the need for reform of complicated rules of origin and restrictions caused by sanitary and phytosanitary measures. Regarding trade in services, CAIC

[3] CAIC, written submission to the USITC, June 20, 2013.

recommended CBERA expansion to services to encourage investment in tourism beyond simple vacation tourism to more specialized health, sports, cultural, and eco-tourism. The association's submission pointed to the importance of mutual recognition agreements to help establish trade in professional services such as construction, management consulting, legal, and financial services. The submission also pointed out the benefit of a regularized visa system to support the movement of service professionals in the region, especially for providers in the film, music, and fashion industries. The CAIC further gave its support to establishment of a regime to protect intellectual property rights (IPRs) in the region, including accession to the World Intellectual Property Organization's Internet treaties, to help protect IPRs for online digital content. The association concluded with the thought that CBERA was more than a standard trade agreement, and suggested that it could be expanded to address broader issues such as preference erosion, lack of innovation in the region, rising crime levels, and the region's vulnerability to natural disasters.

Caribbean Central American Action[4]

In written and hearing testimony submitted to the Commission, Sally Yearwood, Executive Director of Caribbean Central American Action, said that CBERA was critical to the beneficiary countries remaining in the program, as former members graduated out of CBERA to free trade agreements with the United States. She outlined three key reasons why CBERA was important in providing a structure for the region. One, CBERA's duty-free access to the U.S. market offset a significant part of higher production costs faced by local producers as a result of the region's higher energy costs, which she estimated at roughly five times greater than what U.S. consumers pay. Second, the permanent nature of CBERA provided greater certainty for reinvestment in the region's production base following one of the area's frequent natural disasters, a time when investment might otherwise be held back. Third, CBERA provided a more secure environment for the region's economies that helped mitigate the possibility of rising crime rates when faced with rising unemployment.

Ms. Yearwood also highlighted several less well known areas of success where CBERA helped trade and investment in the region, citing papaya production in and exports from Belize, the computer and electronics industry in St. Kitts and Nevis, and agricultural and craft exports from Haiti that benefit from CBERA preferences. In her written statement, she also mentioned some of the challenges faced by smaller scale producers in the region, such as in Barbados, where they must adapt to new export requirements arising out of the 2011 U.S. Food Safety Modernization Act. She concluded by saying that CCAA supports the goals of the Trade and Investment Framework Agreement signed in May 2013 between

[4] USITC, hearing transcript, June 13, 2013 (testimony of Sally Yearwood, CCAA).

the United States and CARICOM, the latter whose countries make up the large majority of CBERA beneficiaries.[5]

DevelopTradeLaw, LLC [6]

Andrea M. Ewart, Esq., of DevelopTradeLaw, LLC, in a written submission to the Commission, offered several suggestions that she said would make the CBERA program more relevant to its beneficiaries. She specifically mentioned U.S. sanitary and phytosanitary regulations, U.S. rules of origin for preferential programs, trade in services, the EU-CARIFORUM Economic Partnership Agreement, and energy.

Ms. Ewart noted recent declines in CARICOM agricultural exports to the United States, and raised the concern that the introduction of the 2011 U.S. Food Safety Modernization Act may prove a significant challenge for small and medium-sized enterprises exporting to the United States without further technical and financial support. She said that overlapping and conflicting rules of origin under different U.S. preferential trade programs also prove a challenge for beneficiaries in these programs, she points out in her submission. One approach to overcoming this difficulty would to harmonize and simplify these rules of origin to permit and encourage "cumulation" among U.S. preferential beneficiaries, leading, she suggests, to expanded production processes and more integrated markets. She welcomed the recent signature of the U.S.-CARICOM Trade and Investment Framework Agreement, as one channel through which to address such trade impediments.

Ms. Ewart remarked in her submission on the dichotomy between trade in goods and trade in services in the region, where CBERA provides trade preferences exclusively for goods while investment in CBERA countries has focused at least as much or more on services such as tourism and financial services. Her submission describes the EU-CARIFORUM Economic Partnership Agreement as the first reciprocal trade agreement signed by the CBERA countries with a major, developed country trading partner. Whereas the agreement provides for market access for specified categories of service providers, Ms. Ewart's submission indicates that most EU-CARICOM trade has continued to focus on commodity goods exports.

Ms. Ewart's submission also raised the point that high energy costs in the Caribbean act a large disincentive to foreign direct investment in the region. Were energy costs to decline significantly, she said the higher profits realized by local firms would in turn create more employment.

[5] The 15 CARICOM member states are Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

[6] Ewart, written submission to the USITC, June 20, 2013.

Government of Jamaica[7]

In both written and hearing testimony before the Commission, Ambassador Stephen Vasciannie focused on trade between Jamaica and the United States, in particular two areas where CBERA has played a discernible role for Jamaica—ethanol production and exports, and in the textiles and apparel sector. With the United States as Jamaica's primary source of imports, the ambassador pointed out that CBERA has proven significant in helping Jamaica redress to some degree its trade deficit with the United States through exports to the U.S. market. Given the prominence of Jamaica's exports of ethanol to the United States, the ambassador expressed concern over changes in U.S. tariff treatment for ethanol imports when the CBERA preference qualifying certain non-CBERA ethanol feedstock expired at yearend 2011 and Jamaican ethanol exports became subject to nonpreferential access to the U.S. market. He also highlighted changes in the textiles and apparel sector, where Jamaican industry has sought to develop a local apparel industry based on fashion apparel design and production, rather than more basic textile production.

The ambassador highlighted some of challenges Jamaica has faced in recent years in taking advantage of CBERA's benefits. The regulations being developed pursuant to the 2011 U.S. Food Safety Modernization Act was one such area the ambassador mentioned, where Jamaica is consulting with the United States so that sanitary and phytosanitary measures, as well as other agricultural trade issues, do not undermine CBERA trade preferences for Jamaican exporters. The ambassador noted efforts made to increase trade and investment between Jamaica and the United States, in particular the U.S.-CARICOM Trade and Investment Framework Agreement signed in May 2013. Other efforts included Jamaica's National Aid for Trade Strategy, as well as Jamaica's national development plan, Vision 2030. The ambassador also mentioned the country's plans to develop as a global logistics hub that can take advantage of the expected increase in maritime traffic when the Panama canal expansion is completed.

Jaro Electronics, Lutron Liamuiga, API Harowe Servo Controls, and Kajola Kristada[8]

Several U.S. electronic assembly firms operating in St. Kitts and Nevis provided a written submission to the Commission on their behalf: API Harowe Servo Controls, Jara Electronics, Kajola Kristada (formerly Pico Electronics), and Lutron Liamuiga. The four companies said in their submission that, together, they provide employment to approximately 10 percent (nearly 2,000 workers) of

[7] USITC, hearing transcript, June 13, 2013 (testimony of Ambassador Stephen Vasciannie, Embassy of Jamaica); written submission to the USITC, June 21, 2013; Embassy of Jamaica, written submission to the USITC, June 21, 2013.

[8] Jaro Electronics, Lutron Liamuiga, API Harowe Servo Controls, and Kajola Kristada, written submission to the USITC, June 17, 2013.

the local labor force. Their submission encouraged the USITC to assist in efforts to expand the preferential treatment for goods under CBERA to include the services sector, which the companies cited account for at least 60 percent of GDP in St. Kitts and Nevis. The submission mentioned in particular tourism and allied services, professional services, and financial services including offshore services.

The companies also suggested that two trade developments underway in the region could increase the strategic value of St. Kitts and Nevis, as well as the Caribbean region more generally, as U.S. trading partners. First, the firms observed that the Partial Scope Agreement being finalized between Brazil, Guyana, and St. Kitts and Nevis, could provide the United States with an opportunity to gain preferred access to the large and growing market in Brazil. Second, their submission noted that the Economic Partnership Agreement signed in 2008 between the EU and all the CARIFORUM States could improve market access to the EU for U.S. products via an export platform from St. Kitts and Nevis.[9]

Manchester Trade Limited, Inc.[10]

In written and hearing testimony submitted to the Commission, Stephen Lande, President of Manchester Trade Limited, Inc., expressed his perspective on the evolution and success of the CBI program among other U.S. preference programs, as well as possibilities for the program in the future. Mr. Lande's written testimony said that, while the original CBI program was based on trade in goods, some 75 percent or more of the current Caribbean basin economy (that is, exclusive of Central America) is based on trade in services, something not part of present-day CBI/CBERA preferences. His statement noted that the services sector is the fastest growing in the CARICOM economies—such as tourism, financial, and professional services—while the region's exports of goods to the U.S. market has declined as the CARICOM countries meet increasing competition from China and other Asian competitors such as Bangladesh, Cambodia, and Vietnam, as well as African countries receiving preferences under AGOA. Mr. Lande's written statement suggested that the proximity to the U.S. market might help promote joint ventures in the services area between U.S. and Caribbean firms to serve as services hubs between the United States and the EU, given the EU-CARIFORUM Economic Partnership Agreement that, unlike the CBI/CBERA, does incorporate service sectors. He also suggested that existing U.S.-CARICOM bilateral investment treaties or Trade and Investment Framework Agreements could be expanded to growth areas like renewable energy resources, cultural industries, and nontraditional tourism activities such as eco-tourism and medical tourism.

[9] The 16 participating members of the Forum of the Caribbean Group of African, Caribbean and Pacific States (CARIFORUM) are Antigua and Barbuda, The Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, St. Christopher [Kitts] and Nevis, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

[10] USITC, hearing transcript, June 13, 2013 (testimony of Stephen Lande, Manchester Trade Ltd., Inc.).

Mr. Lande's statement detailed a number of points about expanding the CBI to cover trade in services through categories delineated in world-class services agreement, such as cross-border trade, consumption abroad, commercial presence, and movement of people. In conclusion, his firm offered several near-term policy recommendations. One, he suggested that the United States try to avoid expanding the current trade frictions between the United States and Caribbean countries concerning services in areas such as offshore banking and offshore betting practices. Two, he said the United States should likely monitor and evaluate the impact of the EU-CARICOM Economic Partnership Agreement over the coming decade for the possible impact on U.S. exports as duty-free EU imports increase in the Caribbean region. Three, he urged the United States to monitor future investment in the region from China, which he suggested could prove much more competitive in the future than in the past.

National Minority Business Council, Inc.[11]

Mr. Fritz-Earle McLymont, Managing Director of the National Minority Business Council, Inc. (NMBC), presented his testimony before the Commission, focusing on the renewable energy industry. Mr. McLymont explained that the NMBC has partnered with local academic, community, and private sector entities to develop a clean tech incubator in New York City to serve firms in the United States, Asia, Africa, and the Caribbean. He reviewed a range of government as well as private sector investments in renewable energy sources of energy in recent years that support his organization's view of the importance of this area.

Mr. McLymont recommended that the United States increase support for joint ventures in research and development, as well as manufacturing, of renewable energy products. He encouraged the creation of tax incentives for small and medium-sized enterprises that invest and operate in the Caribbean's renewable energy sector. He sought support for better regional policies and regulations to develop a sustainable, renewable energy industry through the Caribbean, which would include the development of skills in this field, such as operations, maintenance, servicing, installation, production, and technical skills. Mr. McLymont closed his testimony by saying that the NMBC—with its commitment to green initiatives globally and extensive trade and investment experience in the Caribbean—is well prepared to help facilitate a U.S. engagement in the emerging markets of the Caribbean Basin.

[11] USITC, hearing transcript, June 13, 2013 (testimony of Fritz-Earle McLymont, NMBC, Inc.).

APPENDIX D
Technical Notes to Chapter 3

Technical Notes to Chapter 3

Chapter 3 reports estimates of the effects of CBERA imports on U.S. consumer welfare, tariff revenues, and the value of domestic shipments for 20 HTS 8-digit products. The estimates are based on the partial equilibrium model described in this appendix.

Theory

The partial equilibrium model for each of the products assumes that the product is differentiated by whether it is a CBERA import (subscript C), a non-CBERA import (subscript N) , or a U.S. domestic product (subscript D). The model also assumes that the supply of each of these types of the product is perfectly elastic, at prices $\overline{p_C}$, $\overline{p_N}$, and $\overline{p_D}$.

In the market equilibrium that prevailed in 2012, the landed duty-paid prices of a given product in the United States were:

$$p_C = \overline{p_C} + f_C \quad (1)$$
$$p_N = \overline{p_N}\,(1 + a_N) + s_N + f_N \quad (2)$$
$$p_D = \overline{p_D} \quad (3)$$

The variables f_i, a_i, and s_i are the international freight cost, ad valorem import duty, and specific import duty on type i imports.

In the absence of the CBERA preferences, the alternative market equilibrium price of the CBERA imports, delivered to the United States, would be:

$$p_C{}' = \overline{p_C}\,(1 + a_C) + s_C + f_C \quad (4)$$

The ratio of the price of CBERA imports in the two equilibria is:

$$\frac{p_C{}'}{p_C} = \frac{\overline{p_C}\,(1+a_C)+s_C+f_C}{\overline{p_C}+f_C} \quad (5)$$

The alternative equilibrium prices of the non-CBERA imports and the domestic product would remain unchanged (i.e., $p_N{}' = p_N$ and $p_D{}' = p_D$).

The model assumes that U.S. consumers have constant elasticity of substitution (CES) preferences. The constant elasticity of substitution among the three types of the HTS 8-digit product (CBERA imports, non-CBERA imports, and the domestic product) is equal to σ. The constant elasticity of substitution between the HTS 8-digit product and other consumer products is equal to one. In other words, there are Cobb-Douglas preferences in this higher, inter-product tier, a common assumption in multisector quantitative models of trade.

Given the CES preferences, the share of expenditures on the CBERA imports in the market equilibrium that prevailed in 2012 was:

$$\theta_C = \frac{\beta_C \, {p_C}^{1-\sigma}}{\beta_C \, {p_C}^{1-\sigma} + \beta_N \, {p_N}^{1-\sigma} + \beta_D \, {p_D}^{1-\sigma}} \tag{6}$$

The preference parameters β_C, β_N, and β_D assign weights to each of the types of the product. The corresponding CES price index was:

$$P = [\beta_C \, {p_C}^{1-\sigma} + \beta_N \, {p_N}^{1-\sigma} + \beta_D \, {p_D}^{1-\sigma}]^{\frac{1}{1-\sigma}} =$$
$$\left[\beta_C \, {p_C}^{1-\sigma} + \left(\frac{1-\theta_C}{\theta_C}\right) \beta_C \, {p_C}^{1-\sigma}\right]^{\frac{1}{1-\sigma}} \tag{7}$$

The second equality in equation (7) can be derived from the definition of θ_C in equation (6). The alternative equilibrium CES price index, absent the CBERA preferences, would be:

$$P' = [\beta_C \, ({p_C}')^{1-\sigma} + \beta_N \, (p_N)^{1-\sigma} + \beta_D \, (p_D)^{1-\sigma}]^{\frac{1}{1-\sigma}} =$$
$$\left[\beta_C \, ({p_C}')^{1-\sigma} + \left(\frac{1-\theta_C}{\theta_C}\right) \beta_C \, {p_C}^{1-\sigma}\right]^{\frac{1}{1-\sigma}} \tag{8}$$

Therefore, the ratio of the CES price indices in the two equilibria would be:

$$\frac{P'}{P} = \left[\theta_C \left(\frac{{p_C}'}{p_C}\right)^{1-\sigma} + (1-\theta_C)\right]^{\frac{1}{1-\sigma}} \tag{9}$$

This index shows the change in the price of the composite bundle, allowing for changes in shares due to the relative price changes.

The effect on consumer welfare of moving from one equilibrium set of prices to the other is represented by the following equivalent variation:

$$EV = E\left(\frac{P'}{P} - 1\right) \tag{10}$$

The variable E in equation (10) is total U.S. expenditure on all three types of the product. This is the effect on consumer welfare from the price change *alone*; it does not take into account any change in the disposable income of consumers due to the decrease in tariff revenues. The benefit to consumers could be offset if consumer incomes were reduced by the fiscal consequences of the decrease in tariff revenues—for example, if the lost revenues were offset by increased taxes rather than an increased fiscal deficit. Since the fiscal consequences are unknown, the model does not try to calculate these potential income effects.

However, it is straightforward to calculate the total change in U.S. tariff revenues, without drawing conclusions about its impact on the consumers' disposable income. Absent the CBERA preferences, the tariff revenues on non-CBERA imports would be:

$$TR_N{}' = TR_N \left(\frac{P'}{P}\right)^{\sigma-1} \quad (11)$$

The variable TR_N is the tariff revenues on non-CBERA imports that prevailed in 2012. The tariff revenues on CBERA imports would be:

$$TR_C{}' = \left(\frac{P'}{P}\right)^{\sigma-1} \left(\frac{p_C{}'}{p_C}\right)^{-\sigma} [V_C\, a_C + Q_C\, s_C] \quad (12)$$

The variable V_C is the customs value of CBERA imports of the product in 2012. The variable Q_C is the quantity of CBERA imports of the product in 2012. Therefore, the loss of tariff revenues (LOTR) due to the CBERA preferences would be:

$$LOTR = TR_N{}' + TR_C{}' - TR_N = TR_N \left[\left(\frac{P'}{P}\right)^{\sigma-1} - 1\right] + \left(\frac{P'}{P}\right)^{\sigma-1} \left(\frac{p_C{}'}{p_C}\right)^{-\sigma} [V_C\, a_C + Q_C\, s_C] \quad (13)$$

Finally, the effect on the dollar value of domestic shipments would be:

$$V_D{}' - V_D = V_D \left[\left(\frac{P'}{P}\right)^{\sigma-1} - 1\right] \quad (14)$$

The variable V_D is the value of domestic shipments of the product.

There may be some mitigating positive effects on the value of domestic shipments, including an increase in U.S. exports of intermediate goods to CBERA countries or an increase in domestic exports of final goods to third countries. Prior CBERA reports have tried to quantify the former to a limited extent. However, these effects are not calculated in the partial equilibrium model used in this report, nor are the complex set of general equilibrium effects that result from the CBERA preferences.

Data Inputs

The tables in chapter 3 report the estimated dollar value and percentage change in U.S. consumer welfare, tariff revenues, and domestic shipments due to the CBERA preferences for two alternative assumptions about the value of the elasticity of substitution: $\sigma = 3$ and $\sigma = 5$. The following three tables report additional inputs into the partial equilibrium models.

TABLE D.1 Trade data for the 20 products, 2012

HTS number[a]	Customs value of CBERA imports	CIF value of CBERA imports	Landed duty-paid value of CBERA imports	Quantity of CBERA imports	Units of the quantity measure
		Thousand $		Volume	
2709.00.20	1,163,693	1,181,638	1,181,638	10,500,413	Barrels
2905.11.20	1,022,303	1,107,369	1,107,369	4,325,209,831	Liters
6109.10.00	224,593	229,049	229,049	13,675,216	Dozens
6110.20.20	176,108	179,458	179,458	10,069,494	Dozens
2207.10.60	149,772	154,473	154,473	185,653,407	Liters
3903.11.00	129,358	133,511	133,511	59,859,051	Kilograms
2710.19.06	34,758	35,403	35,403	300,970	Barrels
2933.61.00	21,544	22,929	22,929	17,140,000	Kilograms
6109.90.10	15,569	15,886	15,886	827,443	Dozens
1701.14.10	12,743	13,233	13,233	18,130,184	Kilograms
8525.50.30	12,200	12,454	12,454	([b])	([b])
2009.19.00	8,073	8,239	8,239	19,568,018	Liters
2009.11.00	7,938	8,201	8,201	16,947,116	Liters
0804.30.40	6,216	8,386	8,386	12,887,678	Kilograms
2106.90.99	5,985	6,177	6,177	992,308	Kilograms
2710.19.16	4,766	4,776	4,776	39,959	Barrels
6110.30.30	4,594	4,687	4,687	264,111	Dozens
2202.10.00	5,353	6,037	6,037	8,421,210	Liters
9405.10.80	3,862	4,239	4,239	392,244	Number
8503.00.95	3,305	3,487	3,487	([b])	([b])

Source: USITC DataWeb/USDOC (accessed May 30, 2013).

[a] HTS product descriptions are listed in table 3.1.
[b] Quantity measures are not available.

TABLE D.2 U.S. tariff rates for the 20 products, 2012

HTS number[a]	Ad valorem rate (percentage)	Specific rate ($ per unit of volume)
2709.00.20		0.1050
2905.11.20	5.50	
6109.10.00	16.50	
6110.20.20	16.50	
2207.10.60	2.50	
3903.11.00	6.50	
2710.19.06		0.0525
2933.61.00	3.50	
6109.90.10	32.00	
1701.14.10		0.0094
8525.50.30	1.80	
2009.19.00		0.0785
2009.11.00		0.0785
0804.30.40		0.0011
2106.90.99	6.40	
2710.19.16		0.5250
6110.30.30	32.00	
2202.10.00		0.0020
9405.10.80	3.90	
8503.00.95	3.00	

Source: U.S. Harmonized Tariff Schedule, 2012.

[a] HTS product descriptions are listed in table 3.1.

TABLE D.3 Domestic production and exports of the 20 products, 2012 (thousand $)

HTS number[a]	Domestic production	Domestic exports
2709.00.20	171,419,328	2,183,754
2905.11.20	250,000	36,481
6109.10.00	821,312	205,328
6110.20.20	373,435	74,687
2207.10.60	30,191,000	523,709
3903.11.00	660,000	177,376
2710.19.06	159,502,000	15,329,433
2933.61.00	95,000	38,607
6109.90.10	258,580	64,645
1701.14.10	2,342,160	1,153
8525.50.30	5,000,000	1,369,000
2009.19.00	65,000	31,630
2009.11.00	450,000	158,123
0804.30.40	50,000	10,799
2106.90.99	2,500,000	250,000
2710.19.16	51,543,840	5,285,100
6110.30.30	423,795	84,759
2202.10.00	11,000,000	223,599
9405.10.80	620,000	60,000
8503.00.95	1,610,000	1,050,000

Source: USITC estimates from industry sources.

[a]HTS product descriptions are listed in table 3.1.

APPENDIX E
Statistical Tables

TABLE E.1 U.S. imports for consumption from CBERA countries, by source, 2009–12

Source	2009	2010	2011	2012	Change, 2011–12
	Million $				Percent
Current CBERA beneficiaries[a]					
Trinidad and Tobago	5,174.2	6,577.1	8,158.7	8,076.8	–1.0
Haiti	551.9	550.8	741.6	774.0	4.4
Aruba	1,308.7	18.5	3,169.7	746.6	–76.4
Bahamas	738.3	691.3	797.0	524.5	–34.2
Guyana	168.6	302.2	423.5	515.1	21.6
Jamaica	454.0	306.9	505.4	457.1	–9.6
Belize	106.8	120.4	177.0	160.4	–9.4
St. Kitts and Nevis	48.4	50.6	54.6	56.7	3.8
Barbados	32.6	42.5	58.2	53.9	–7.4
St. Lucia	17.5	17.8	18.0	15.2	–15.5
British Virgin Islands	6.0	19.0	6.3	12.5	97.5
Antigua and Barbuda	9.3	5.5	6.5	9.7	49.5
Grenada	5.7	7.6	6.7	8.3	24.6
St. Vincent and the Grenadines	1.1	1.8	1.9	2.3	20.2
Montserrat	0.9	0.5	0.6	1.8	202.7
Dominica	2.5	1.6	1.8	1.7	–2.5
Former CBERA beneficiaries					
Panama	296.0	376.1	388.1	432.6	11.5
Netherlands Antilles	491.3	846.2	0.0	0.0	NA
Total	787.3	1,222.3	388.1	432.6	11.5
Grand total	9,414.0	9,936.3	14,515.4	11,849.2	–18.4

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

Note: Data on U.S. imports from CBERA countries include U.S. imports from the Netherlands Antilles only through October 2010 and U.S. imports from Panama only through October 2012.

[a]Countries that were CBERA beneficiaries as of December 31, 2012.

TABLE E.2 U.S. imports for consumption under CBERA, by source, 2009–12

Source	2009	2010	2011	2012	Change, 2011–12
	Million $				Percent
Current CBERA beneficiaries[a]					
Trinidad and Tobago	1,533.8	2,205.8	2,594.5	2,171.2	–16.3
Haiti	388.9	364.1	474.6	436.8	–8.0
Jamaica	212.4	83.9	179.0	206.0	15.1
Belize	66.0	61.7	146.0	131.9	–9.7
Bahamas	96.5	99.0	123.9	130.3	5.2
St. Kitts and Nevis	8.9	20.5	27.3	22.3	–18.1
Guyana	14.4	10.6	11.1	5.3	–52.4
Barbados	4.6	7.2	4.5	3.8	–15.2
St. Lucia	10.9	9.2	1.9	1.8	–2.8
British Virgin Islands	0.0	0.1	0.1	0.5	231.8
Grenada	0.1	0.1	0.3	0.3	32.8
St. Vincent and the Grenadines	0.1	0.1	0.1	0.1	56.5
Dominica	0.1	0.1	0.1	0.1	–21.5
Antigua and Barbuda	0.2	([b])	([b])	([b])	NA
Aruba	0.2	0.6	0.2	([b])	NA
Montserrat	0.0	0.0	0.0	([b])	NA
Former CBERA beneficiaries					
Panama	20.6	28.4	55.2	26.3	–52.3
Netherlands Antilles	0.9	1.0	0.0	0.0	NA
Total	21.5	29.4	55.2	26.3	–52.3
Grand total	2,358.6	2,892.5	3,618.9	3,136.9	–13.3

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

Note: Data on U.S. imports under CBERA include U.S. imports from the Netherlands Antilles only through October 2010 and U.S. imports from Panama only through October 2012.

[a]Countries that were CBERA beneficiaries as of December 31, 2012.
[b]Less than $50,000.

TABLE E.3 Leading U.S. imports for consumption under CBERA, by HTS chapter, 2009–12

HTS chapter	Description	2009	2010	2011	2012
		Million $			
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	899.9	1,309.1	1,411.5	1,204.2
29	Organic chemicals	567.8	896.1	1,120.7	1,043.9
61	Articles of apparel and clothing accessories, knitted or crocheted	371.1	356.0	460.8	425.2
22	Beverages, spirits and vinegar[a]	246.4	33.4	258.5	164.4
39	Plastics and articles thereof	95.5	97.8	125.0	132.1
08	Edible fruit and nuts; peel of citrus fruit or melons	31.1	29.1	32.9	29.0
20	Preparations of vegetables, fruit, nuts, or other parts of plants	26.7	19.7	21.2	26.7
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	20.2	31.0	29.8	24.6
07	Edible vegetables and certain roots and tubers	21.2	18.7	22.7	19.6
21	Miscellaneous edible preparations	8.7	16.5	16.7	19.0
17	Sugars and sugar confectionery	12.3	28.5	70.7	14.2
	All other	57.8	56.7	48.4	34.1
	Total	2,358.6	2,892.5	3,618.9	3,137.0
		Percent of total			
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	38.2	45.3	39.0	38.4
29	Organic chemicals	24.1	31.0	31.0	33.3
61	Articles of apparel and clothing accessories, knitted or crocheted	15.7	12.3	12.7	13.6
22	Beverages, spirits and vinegar[a]	10.4	1.2	7.1	5.2
39	Plastics and articles thereof	4.0	3.4	3.5	4.2
08	Edible fruit and nuts; peel of citrus fruit or melons	1.3	1.0	0.9	0.9
20	Preparations of vegetables, fruit, nuts, or other parts of plants	1.1	0.7	0.6	0.9
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	0.9	1.1	0.8	0.8
07	Edible vegetables and certain roots and tubers	0.9	0.6	0.6	0.6
21	Miscellaneous edible preparations	0.4	0.6	0.5	0.6
17	Sugars and sugar confectionery	0.5	1.0	2.0	0.5
	All other	2.5	2.0	1.3	1.1
	Total	100.0	100.0	100.0	100.0

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

Note: Data on U.S. imports under CBERA include U.S. imports from the Netherlands Antilles only through October 2010 and U.S. imports from Panama only through October 2012.

[a]Includes fuel ethanol.

TABLE E.4 Leading U.S. imports for consumption under CBERA, 2009–12

HTS chapter	Description	2009	2010	2011	2012
		Million $			
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	800.2	1,249.5	1,273.9	1,163.7
2905.11.20	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	567.7	889.8	1,096.8	1,022.3
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	194.4	203.6	213.1	224.6
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	152.1	125.1	220.7	176.1
2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	202.9	10.3	239.5	149.8
3903.11.00	Polystyrene, expandable, in primary forms	93.9	95.4	122.2	129.4
2710.19.06	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing > 25 degrees A.P.I.	0.0	0.0	0.0	34.8
2933.61.00	Melamine	0.0	6.1	23.7	21.5
0714.30.10	Fresh or chilled yams (Dioscorea spp.), whether or not sliced or in the form of pellets	0.0	0.0	0.0	15.8
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	16.0	19.8	18.0	15.6
1701.14.10	Other cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to ch.17	0.0	0.0	0.0	12.7
8525.50.30	Transmission apparatus for television, n.e.s.o.i.	0.0	11.0	15.7	12.2
0807.20.00	Papayas (papaws), fresh	11.4	12.1	12.7	11.1
2009.19.00	Orange juice, not frozen, of a Brix value exceeding 20, unfermented	2.0	5.6	4.6	8.1
2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	16.8	6.7	6.5	7.9
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	6.0	8.1	7.2	6.2
0804.50.40	Guavas, mangoes, and mangosteens, fresh, if entered during the period September 1 through May 31, inclusive	5.4	1.3	7.1	6.1
2106.90.99	Food preparations not elsewhere specified or included, not canned or frozen	1.2	5.5	3.8	6.0
2103.90.80	Mixed condiments and mixed seasonings, not described in add US note 3 to ch. 21	3.9	4.8	5.6	5.8
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	3.2	5.8	6.5	5.4
	All other	281.6	232.2	341.4	102.0
	Total	2,358.6	2,892.5	3,618.9	3,137.0

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

Note: Data on U.S. imports under CBERA include U.S. imports from the Netherlands Antilles only through October 2010 and U.S. imports from Panama only through October 2012. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included.”

TABLE E.5 U.S. exports to CBERA countries, by source, 2009–12

Market	2009	2010	2011	2012	Change, 2011–12
			Million $		Percent
Current CBERA beneficiaries[a]					
Bahamas	2,403.3	3,160.3	3,347.9	3,533.6	5.5
Trinidad and Tobago	1,874.8	1,791.7	2,070.0	2,268.9	9.6
Jamaica	1,366.6	1,552.5	1,792.2	1,862.5	3.9
Haiti	774.2	1,183.0	1,033.2	1,037.8	0.4
Aruba	404.5	497.1	659.8	651.0	–1.3
Barbados	367.4	353.9	389.7	415.0	6.5
St. Lucia	125.3	388.9	298.0	401.1	34.6
Guyana	255.2	280.3	346.2	340.2	–1.7
Belize	247.2	280.3	366.3	251.3	–31.4
Antigua and Barbuda	144.7	134.3	141.4	219.5	55.3
British Virgin Islands	218.6	132.7	139.3	160.1	14.9
St. Kitts and Nevis	101.7	121.8	105.5	97.4	–7.7
St. Vincent and the Grenadines	74.0	81.8	76.7	93.7	22.3
Dominica	74.3	68.2	69.8	74.9	7.3
Grenada	55.3	65.7	73.6	66.8	–9.2
Montserrat	5.5	4.3	6.3	8.0	25.6
Former CBERA beneficiaries					
Panama	4,063.2	5,708.1	7,801.8	7,547.4	–3.3
Netherlands Antilles	1,927.1	2,057.5	0.0	0.0	([b])
Total	5,990.3	7,765.6	7,801.8	7,547.4	–3.3
Grand total	14,482.9	17,862.4	18,717.8	19,029.3	1.7

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

Note: Data on U.S. exports to CBERA countries include U.S. exports to the Netherlands Antilles only through October 2010 and U.S. exports to Panama only through October 2012.

[a]Countries that were CBERA beneficiaries as of December 31, 2012.
[b]Not available.

TABLE E.6 Leading U.S. imports for consumption under CBERA, by source, 2009–12

Source	HTS number	Description	2009	2010	2011	2012
			Thousand $			
Antigua and Barbuda	8481.90.30	Parts of hand operated and check appliances for pipes, boiler shells, tanks, vats or the like, of iron or steel	0.0	0.0	0.0	22.0
	2103.90.90	Sauces and preparations therefor, n.e.s.o.i.	0.0	13.0	5.0	8.0
	8536.50.90	Switches n.e.s.o.i., for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V	0.0	0.0	18.0	0.0
	8413.30.10	Fuel-injection pumps for compression-ignition engines, not fitted with a measuring device	0.0	5.0	0.0	0.0
		All other	231.0	3.0	0.0	0.0
		Total	231.0	21.0	23.0	30.0
Aruba	8481.80.30	Taps, cocks, valves & similar appliances for pipes, boiler shells, tanks, vats or the like, hand operated, of iron or steel, n.e.s.o.i.	0.0	0.0	4.0	20.0
	3702.10.00	Photographic film in rolls, sensitized, unexposed, for X-ray use; of any material other than paper, paperboard or textiles	0.0	0.0	0.0	4.0
	8479.50.00	Industrial robots, not elsewhere specified or included	0.0	0.0	0.0	3.0
	1518.00.40	Animal or vegetable fats and oils, n.e.s.o.i., oxidized, dehydrated or otherwise chemically modified; inedible mixtures of fats and oils n.e.s.o.i.	0.0	0.0	136.0	0.0
	7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, n.e.s.o.i.	9.0	286.0	48.0	0.0
		All other	144.0	280.0	61.0	0.0
		Total	153.0	566.0	249.0	27.0
Bahamas	3903.11.00	Polystyrene, expandable, in primary forms	93,904.0	95,378.0	122,169.0	129,358.0
	2402.10.80	Cigars, cheroots and cigarillos containing tobacco, each valued 23 cents or over	1,438.0	931.0	702.0	636.0
	1605.10.40	Crabmeat, prepared or preserved, other than in airtight containers	0.0	16.0	20.0	90.0
	0306.24.20	Crabmeat, not frozen	183.0	443.0	513.0	83.0
	8903.99.20	Vessels, outboard motorboats, for pleasure or sports	0.0	32.0	0.0	40.0
	0511.99.36	Natural sponges of animal origin	36.0	28.0	46.0	38.0
		All other	984.0	2,161.0	405.0	65.0
		Total	96,545.0	98,989.0	123,854.0	130,309.0
Barbados	2207.10.30	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for beverage purposes	3,038.0	5,519.0	3,228.0	2,228.0
	2208.40.60	Rum and tafia, in containers each holding over 4 liters, valued not over $0.69/proof liter	275.0	936.0	430.0	522.0
	9030.33.00	Instruments and apparatus, n.e.s.o.i., for measuring or checking electrical voltage, current, resistance or power, without a recording device	449.0	363.0	387.0	403.0
	2201.10.00	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavored	102.0	92.0	127.0	113.0
	8438.40.00	Brewery machinery, n.e.s.o.i.	0.0	0.0	0.0	100.0
		All other	739.0	324.0	320.0	446.0
		Total	4,603.0	7,233.0	4,493.0	3,812.0

TABLE E.6 Leading U.S. imports for consumption under CBERA, by source, 2009–12—*Continued*

Source	HTS number	Description	2009	2010	2011	2012
			Thousand $			
Belize	2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	36,236.0	37,838.0	109,728.0	101,622.0
	0807.20.00	Papayas (papaws), fresh	9,472.0	10,423.0	11,067.0	9,201.0
	2009.19.00	Orange juice, not frozen, of a Brix value exceeding 20, unfermented	1,906.0	5,556.0	4,524.0	8,039.0
	2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	16,755.0	6,188.0	6,481.0	7,938.0
	2308.00.98	Vegetable materials and vegetable waste, vegetable residues and byproducts, of a kind used in animal feeding, n.e.s.o.i.	0.0	0.0	155.0	2,336.0
	3301.12.00	Essential oils of orange	132.0	512.0	1,942.0	1,954.0
	3301.19.10	Essential oils of grapefruit	670.0	777.0	162.0	425.0
		All other	849.0	451.0	11,986.0	384.0
		Total	66,019.0	61,744.0	146,045.0	131,898.0
British Virgin Islands	8481.80.10	Taps, cocks, valves & similar appliances for pipes, boiler shells, tanks, vats or the like, hand operated, of copper, n.e.s.o.i.	0.0	0.0	0.0	422.0
	4016.93.50	Gaskets, washers and other seals, of noncellular vulcanized rubber other than hard rubber	0.0	7.0	18.0	18.0
	8481.80.50	Taps, cocks, valves & similar appliances for pipes, boiler shells, tanks, vats or the like, hand operated, not copper, iron or steel, n.e.s.o.i.	0.0	0.0	0.0	8.0
	3924.90.56	Household articles and toilet articles, n.e.s.o.i., of plastics	0.0	0.0	0.0	2.0
		All other	26.0	79.0	118.0	1.0
		Total	26.0	86.0	136.0	451.0
Dominica	0714.90.10	Fresh or chilled dasheens, whether or not sliced or in the form of pellets	58.0	4.0	77.0	75.0
	3307.10.20	Pre-shave, shaving or after-shave preparations, with alcohol	18.0	29.0	41.0	37.0
	0709.99.05	Jicamas and breadfruit, fresh or chilled	0.0	0.0	0.0	5.0
	0709.90.05	Jicamas, pumpkins and breadfruit, fresh or chilled	0.0	0.0	22.0	0.0
	2103.90.90	Sauces and preparations therefor, n.e.s.o.i.	10.0	4.0	5.0	0.0
		All other	29.0	17.0	5.0	0.0
		Total	115.0	53.0	149.0	117.0
Grenada	0811.90.25	Cashew apples, mameyes colorados, sapodillas, soursops and sweetsops,frozen, in water or containing added sweetening	28.0	70.0	125.0	186.0
	1806.32.30	Chocolate, not filled, w/o butterfat/milk solids, in blocks/slabs/bars 2kg or less	0.0	77.0	0.0	80.0
	0714.90.10	Fresh or chilled dasheens, whether or not sliced or in the form of pellets	16.0	0.0	81.0	36.0
	0709.90.91	Vegetables, not elsewhere specified or included, fresh or chilled	21.0	0.0	4.0	0.0
		All other	13.0	2.0	47.0	39.0
		Total	78.0	150.0	257.0	341.0

TABLE E.6 Leading U.S. imports for consumption under CBERA, by source, 2009–12—*Continued*

Source	HTS number	Description	2009	2010	2011	2012
				Thousand $		
Guyana	6114.30.20	Bodysuits and bodyshirts, knitted or crocheted, of man-made fibers	734.0	915.0	1,201.0	1,418.0
	6101.20.00	Men's or boys' overcoats, carcoats, capes, cloaks, anoraks, windbreakers and similar articles, knitted or crocheted, of cotton	1,030.0	586.0	679.0	1,344.0
	6114.30.30	Garments n.e.s.o.i., knitted or crocheted, of man-made fibers	695.0	968.0	1,069.0	982.0
	6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	288.0	76.0	250.0	631.0
	6104.63.20	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i.	295.0	406.0	394.0	392.0
	6114.30.10	Tops, knitted or crocheted, of man-made fibers	8.0	10.0	60.0	171.0
		All other	11,369.0	7,671.0	7,476.0	361.0
		Total	14,418.0	10,632.0	11,129.0	5,300.0
Haiti	6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	194,399.0	203,560.0	213,052.0	224,583.0
	6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	151,825.0	125,053.0	220,446.0	175,477.0
	6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	15,686.0	19,703.0	17,887.0	15,569.0
	0804.50.40	Guavas, mangoes, and mangosteens, fresh, if entered during the period September 1 through May 31, inclusive	5,411.0	1,287.0	7,113.0	6,079.0
	6110.30.30	Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, n.e.s.o.i.	9.0	2,275.0	3,971.0	4,594.0
		All other	21,525.0	12,237.0	12,132.0	10,480.0
		Total	388,854.0	364,114.0	474,602.0	436,783.0
Jamaica	2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	156,779.0	10,284.0	100,059.0	149,772.0
	0714.30.10	Fresh or chilled yams (Dioscorea spp.), whether or not sliced or in the form of pellets	0.0	0.0	0.0	15,810.0
	2103.90.80	Mixed condiments and mixed seasonings, not described in add US note 3 to ch. 21	3,662.0	4,081.0	4,924.0	5,241.0
	2008.99.90	Fruit n.e.s.o.i., and other edible parts of plants n.e.s.o.i., other than pulp and excluding mixtures, otherwise prepared or preserved, n.e.s.o.i.	3,405.0	3,794.0	4,238.0	4,524.0
	2202.90.90	Nonalcoholic beverages, n.e.s.o.i., not including fruit or vegetable juices of heading 2009	2,940.0	3,042.0	2,873.0	3,421.0
		All other	45,579.0	62,709.0	66,951.0	27,279.0
		Total	212,365.0	83,910.0	179,045.0	206,046.0

TABLE E.6 Leading U.S. imports for consumption under CBERA, by source, 2009–12—*Continued*

Source	HTS number	Description	2009	2010	2011	2012
			Thousand $			
St. Kitts and Nevis	8525.50.30	Transmission apparatus for television, n.e.s.o.i.	0.0	10,952.0	15,748.0	12,177.0
	8504.90.95	Parts (other than printed circuit assemblies) of electrical transformers, static converters and inductors	2,853.0	2,577.0	4,206.0	3,464.0
	8503.00.95	Other parts, n.e.s.o.i., suitable for use solely or principally with the machines in heading 8501 or 8502	2,101.0	3,089.0	3,559.0	3,281.0
	8537.10.90	Boards, panels, consoles, desks, cabinets, etc., equipped with apparatus for electric control, for a voltage not exceeding 1,000, n.e.s.o.i.	0.0	69.0	1,227.0	1,500.0
	8503.00.65	Stators and rotors for electric motors & generators of heading 8501, n.e.s.o.i.	584.0	414.0	273.0	606.0
		All other	3,381.0	3,365.0	2,260.0	1,322.0
		Total	8,919.0	20,466.0	27,273.0	22,350.0
St. Lucia	8529.10.20	Television antennas and antenna reflectors, and parts suitable for use therewith	9,345.0	7,945.0	822.0	1,096.0
	8536.90.80	Electrical apparatus n.e.s.o.i., for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V, n.e.s.o.i.	279.0	685.0	486.0	260.0
	2103.90.90	Sauces and preparations therefor, n.e.s.o.i.	106.0	197.0	313.0	238.0
	9507.90.70	Artificial baits and flies	3.0	55.0	127.0	108.0
	0709.99.05	Jicamas and breadfruit, fresh or chilled	0.0	0.0	0.0	94.0
		All other	1,204.0	316.0	140.0	40.0
		Total	10,937.0	9,199.0	1,889.0	1,836.0
St. Vincent and the Grenadines	0714.90.10	Fresh or chilled dasheens, whether or not sliced or in the form of pellets	89.0	43.0	71.0	88.0
	2201.10.00	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavored	0.0	7.0	0.0	21.0
	7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, n.e.s.o.i.	0.0	0.0	0.0	20.0
	2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	0.0	0.0	0.0	10.0
		All other	28.0	74.0	18.0	0.0
		Total	117.0	124.0	88.0	138.0

TABLE E.6 Leading U.S. imports for consumption under CBERA, by source, 2009–12—*Continued*

Source	HTS number	Description	2009	2010	2011	2012
			Thousand $			
Trinidad and Tobago	2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	763,989.0	1,211,635.0	1,164,162.0	1,062,071.0
	2905.11.20	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	567,675.0	889,812.0	1,096,839.0	1,022,303.0
	2710.19.06	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing > 25 degrees A.P.I.	0.0	0.0	0.0	34,758.0
	2933.61.00	Melamine	0.0	6,119.0	23,663.0	21,544.0
	2710.19.16	Kerosene-type jet fuel from petroleum oils and oils of bitumin minerals (o/than crude) or preps. 70%+ by wt. from petroleum oils	0.0	0.0	0.0	4,766.0
	2106.90.99	Food preparations not elsewhere specified or included, not canned or frozen	98.0	4,730.0	2,540.0	4,744.0
	2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	1,403.0	4,711.0	4,251.0	4,373.0
		All other	200,608.0	88,804.0	303,010.0	16,647.0
		Total	1,533,773.0	2,205,811.0	2,594,465.0	2,171,207.0

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

Note: Only countries that were CBERA beneficiaries as of December 31, 2012 are included in this table. The abbreviation n.e.s.o.i. stands for “not elsewhere specified or included.”