United States
International Trade Commission

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

25th Report
2019–20

Corrected June 2022, March 2023

September 2021
Publication Number: 5231
Investigation Number: 332-227

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Director, Office of Operations

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Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

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This report was prepared principally by:

Project Leaders
Justino De La Cruz, Project Leader, and Serge Shikher, Deputy Project Leader, Office of Economics

Office of Economics
Samantha Schreiber, Emma Blair, Chang Hong, Stephanie Fortune-Taylor, and Karen Thome

Office of Industries
Jeffrey Clark, Natalie Hanson, and Heather Wickramarachi

Office of Tariff Affairs and Trade Agreements
Jan Summers

Office of Analysis and Research Services
Cindy Payne and Laura Thayn

Office of Operations
Linda Linkins

Office of the General Council
William Gearhart

Editorial Reviewers
Judy Edelhoff and Jalissa Nugent

Statistical Reviewers
Russell Duncan and Maureen Letostak

Content Reviewer
Sarah Oliver

Special Assistance
Carrin Brown, Jared Farber, and Justin Holbein

Under the direction of
Arona Butcher, Chief
Country and Regional Analysis Division
Office of Economics

Errata

For the United States International Trade Commission report, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 25th Report, 2019-20,* Investigation No. 332-227, USITC Publication 5231, September 2021.

- In chapter 2, page 44, Table 2.1, data for 2019 in the last three columns on the right have been modified to reflect updated information.
- In chapter 3, page 68, line 8, was modified to "(exceeding 94 percent since 2016)"
- In chapter 3, page 90, last paragraph, second line, was modified to "U.S. imports from Haiti under CBERA was $756.6, million…".
- In chapter 3, page 97, third paragraph, second line, "threshold for noncompliance" was changed to "threshold for compliance".
- In chapter 4, page 112, last paragraph, second line, "but then increased significantly in 2019 to 195 million…" was changed.
- In chapter 4, page 114, Table 4.1, last line, the "Grand total" for 2019 was updated to $550 million.

Errata

For the United States International Trade Commission report, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 25th Report, 2019-20*, Investigation No. 332-227, USITC Publication 5231, September 2021, corrected June 2022.

As the result of a technical issue in the corrected report, some minus signs, parentheses, and letters were not visible in some of the tables and text.

- In tables 2.4, 2.5, 2.7, 2.8, 2.10, 2.11, 2.12, 3.3, 3.4, 3.5, 4.2, 4.3, 4.7, B.1, B.2, F.1, and F.2, the minus signs have been restored.
- In chapter 2, page 53, final paragraph, final three lines, reinstated the missing minus signs, parentheses, comma, and letters to "CBERA preferences for methanol from Trinidad and Tobago would result in the largest percentage decline in consumer prices (−0.7 percent) due to the size of the NTR rate (5.5 percent) and the size of Trinidad and Tobago's market share compared to other sources of supply. Polystyrene and melamine are next highest, at −0.5 and −0.3 percent, respectively."
- In chapter 2, page 54, final paragraph, final two lines, reinstated the missing minus sign, parenthesis, and letters to "Melamine has the next-largest declines in percent terms (−1.0 percent decline in revenue, operating income, and production-related workers)."

This technical issue did not affect the original report published in September 2021, and all of the above tables and texts are displayed correctly there.

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 (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 2021.

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 and 2020, 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, 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. The President's authority to proclaim duty-free treatment (or other preferential treatment) for all eligible articles from any beneficiary country has no statutory expiration date (see 19 U.S.C. § 2701). The special rules that apply to imports of apparel and other textile goods from Haiti expire September 30, 2025 (19 U.S.C. § 2703a(h)).

This is the Commission's 25th report under CBERA and the 11th report since the 2000 amendments. While it encompasses the period 2019–20, it focuses mainly on data and developments during 2020. The report covers the 17 CBERA beneficiary countries of Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, and the British Virgin Islands.

The information provided in this report is for the purpose of this report only. Nothing in the report should be construed as indicating how the Commission might find in an investigation involving the same or similar subject matter conducted under another statutory authority.

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Abbreviations and Acronyms

Acronyms	Term
ATPA	Andean Trade Preference Act
BEA	Bureau of Economic Analysis (U.S. Department of Commerce)
CAFTA-DR	Central America-United States-Dominican Republic Free Trade Agreement
CARICOM	Caribbean Community
CBERA	Caribbean Basin Economic Recovery Act
CBEREA	Caribbean Basin Economic Recovery Expansion Act
CBI	Caribbean Basin Initiative
CBP	U.S. Customs and Border Protection
CBTPA	Caribbean Basin Trade Partnership Act
CES	constant elasticity of substitution
EB	Bureau of Economic and Business Affairs (U.S. Department of State)
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
FDI	foreign direct investment
FTA	free trade agreement
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
ILO	International Labour Organization
IMF	International Monetary Fund
ITA	International Trade Administration (U.S. Department of Commerce)
LNG	liquefied natural gas
MFN	most-favored nation (see also NTR)
MTBE	methyl tertiary-butyl ether
NAFTA	North American Free Trade Agreement
n.e.s.o.i.	not elsewhere specified or included
NTR	normal trade relations (U.S. term; same as MFN elsewhere)
OTEXA	Office of Textiles and Apparel (U.S. Department of Commerce)
PPE	personal protective equipment
PRW	production-related worker
SIDS	small islands developing states
SMEs	square meter equivalents
TPU	trade policy uncertainty
TRQ	tariff-rate quota
UN	United Nations
UNCTAD	UN Conference on Trade and Development
UNDP	UN Development Program
USAID	U.S. Agency for International Development
USDOC	U.S. Department of Commerce
USDOE	U.S. Department of Energy

Acronyms	Term
USDOL	U.S. Department of Labor
US	
USITC	U.S. International Trade Commission
US	
WTO	World Trade Organization

Executive Summary

The Caribbean Basin Economic Recovery Act (CBERA) was enacted in 1983.[1] CBERA is intended to encourage economic growth and development in the Caribbean Basin countries[2] by promoting increased production and exports of nontraditional products.[3] This report is the 25th in the series and covers the period 2019–20.

Overall, U.S. imports from CBERA countries fell from $6.1 billion in 2018 to $5.6 billion in 2019 and $5.0 billion in 2020, which are declines of 8.2 and 10.7 percent, respectively. U.S. imports under the CBERA program increased from $1.7 billion in 2018 to $1.8 billion in 2019, an increase of 5.0 percent, and then decreased to $1.7 billion in 2020, a decrease of 4.8 percent.[4] The decreases in U.S. imports from CBERA countries and under the CBERA program in 2020 were primarily due to lower U.S. imports of textile and apparel products. The value of U.S. imports under CBERA of petroleum-related products, mostly from Trinidad and Tobago and Guyana, rose 253.9 percent from 2019 to 2020, while imports of textile and apparel products, mainly from Haiti, decreased by 25.6 percent.

Although the effect of CBERA on the U.S. economy generally was negligible in 2019–20 and is likely to remain so, CBERA continues to have a positive impact on a number of Caribbean Basin countries. Measured by U.S. imports of apparel, Haiti has been the greatest beneficiary of CBERA trade preferences in recent years, largely because Haiti benefits from more flexible rules of origin for apparel than other beneficiaries. In addition, CBERA has stimulated a modest degree of export diversification in the region. Exports of some CBERA beneficiaries to the United States have become more diverse, but the degree of diversification shows wide differences among beneficiaries. CBERA also has encouraged the development of niche product manufacturing in several countries, such as polystyrene from The Bahamas, fruit juice from Belize, and electronic products from Saint Kitts and Nevis.

[1] Throughout this report, the term "CBERA" refers to CBERA as amended by the Caribbean Basin Trade Partnership Act of 2000 and 2020 (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.

[2] There were 17 CBERA beneficiary countries at the end of 2020: Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, the British Virgin Islands, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago.

[3] Nontraditional products refer to manufacturing products other than traditional agricultural products such as beef, cacao, and sugar.

[4] CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.

Impact of CBERA on the United States in 2019–20

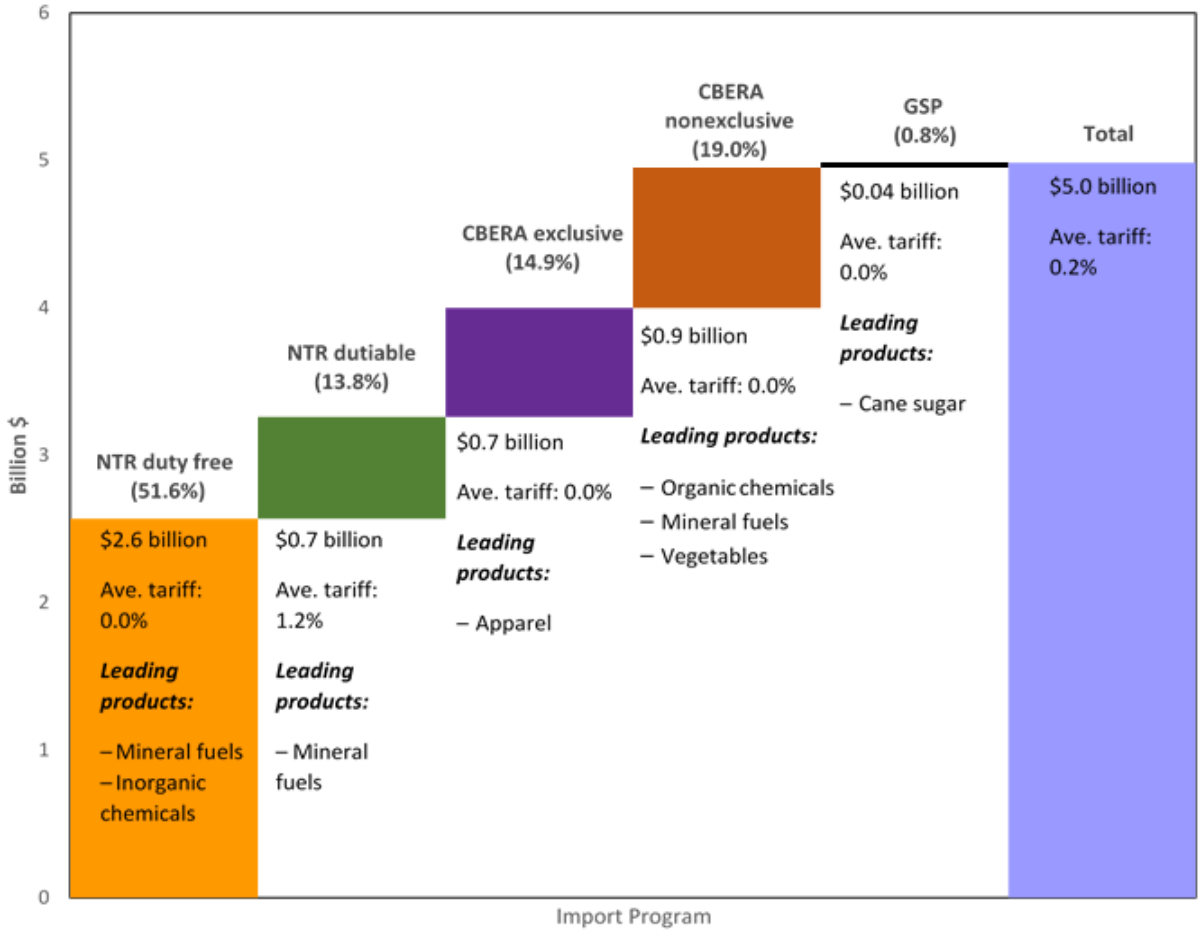
Effect on the U.S. Economy

Overall, the effect of the CBERA program on the U.S. economy, imports, industries, and consumers continues to be small primarily because U.S. imports under CBERA comprise a small share of total U.S. imports (0.07 percent). However, U.S. imports under CBERA accounted for 33.9 percent of all imports from CBERA beneficiaries (figure ES.1).[5] For U.S. industries in particular, the effect of the program on domestic production, employment, and operating profits was also negligible. However, without duty-free treatment under CBERA, the price U.S. consumers would have paid for certain imports from CBERA beneficiaries, such as T-shirts (cotton and manmade fiber) and methanol, would likely have been slightly higher.

[5] This includes shares of both CBERA-exclusive imports and CBERA-nonexclusive imports. "CBERA-exclusive" imports are imports of products that can receive preferential entry only under CBERA. "CBERA-nonexclusive" imports are imports of products that entered the United States under CBERA but were also eligible for duty-free entry under the Generalized System of Preferences (GSP).

Figure ES.1 U.S. imports for consumption from CBERA beneficiary countries, by import program and as a share of total imports from those countries, 2020

In billions of dollars



Source: USITC DataWeb/USDOC, accessed April 12, 2021.
Notes: "NTR" refers to normal trade relations (this is the U.S. term; it has the same meaning as most-favored nation, or MFN, elsewhere). Imports entering the United States may be either duty free or dutiable, depending on the product. "CBERA-exclusive" imports are imports of products that can receive preferential entry only under CBERA. "CBERA-nonexclusive" imports are imports of products that entered the United States under CBERA but were also eligible for duty-free entry under the Generalized System of Preferences (GSP). "Avg. tariff" is the ad valorem equivalent tariff collected on entry—that is, the total of the duties collected, divided by the customs value of the imports. Mineral fuels refer to HTS chapter 27. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June of 2022. Underlying data for this figure can be found in appendix table ES.1.

Economic Effect on U.S. Imports

Imports of T-shirts and methanol declined but those of petroleum products increased. In 2020, imports under CBERA of cotton T-shirts, the largest import by value from Haiti, decreased by 29 percent mostly due to demand uncertainty, capacity restrictions for factories, and difficulty in accessing raw material because of the effects of the COVID-19 pandemic. Similarly, methanol imports (included in "Organic chemicals" in figure ES.1) from Trinidad and Tobago under CBERA decreased by 30 percent,

from $355 million in 2019 to $248 million in 2020. However, in 2020, imports under CBERA of petroleum products (included in "mineral fuels" in figure ES.1), which came from Trinidad and Tobago and Guyana, increased by 127 percent, from $195 million in 2019 to $441 million in 2020. This increase was driven by Guyana's increase in production, which largely offset the value of the decline in methanol imports. Cotton T-shirts, methanol, and petroleum products were the overall largest imports by value under CBERA preferences, accounting for 53 percent of total U.S. imports under CBERA in 2020.

Economic Effect on U.S. Industries

T-shirts, trousers, and methanol imports may have displaced some U.S. production. For 2020, the CBERA program was estimated to have reduced revenues to the U.S. industry by 3.9 percent for cotton T-shirts and 6.1 percent for manmade-fiber T-shirts. The domestic revenues from women's cotton trousers were estimated to be 2.9 percent lower with the CBERA program in place. The program's effect on the U.S. methanol industry's revenues was an estimated reduction of 2.6 percent. Despite the growth in imports of petroleum products from CBERA countries, it is estimated that there was almost no change (less than 0.01 percent) in U.S. petroleum revenues as a result of CBERA imports. Additionally, the impact of the CBERA program on U.S. employment and U.S. operating profits was estimated to be similarly small.[6]

Economic Effect on U.S. Consumers

Consumers paid slightly lower prices for selected goods. In 2020, U.S. consumers likely paid slightly lower prices for products imported duty-free from CBERA beneficiaries. For instance, the effect of CBERA preferences on consumer prices of cotton T-shirts was an estimated decline of 0.5 percent, while for manmade-fabric T-shirts, the estimated decrease in the consumer price was 0.8 percent. For methanol from Trinidad and Tobago, the estimated decline in consumer prices was 0.7 percent. Imports under CBERA preferences of these goods provided some of the largest declines in consumer prices, largely because they would otherwise face high normal trade relations tariff rates.

Probable Future Effect

The 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. Most of the effect of CBERA on the U.S. economy occurred shortly after the program's implementation in 1984, as well as after implementation of each major enhancement to CBERA.

Imports of petroleum-related products from Trinidad and Tobago—the largest supplier under the CBERA program—are unlikely to affect the U.S. economy. Trinidad and Tobago was the leading supplier of U.S. energy-related imports (such as crude petroleum and methanol) under CBERA during 2019–20. Methanol imports from Trinidad and Tobago continue to decline both in absolute terms and in relative importance to the U.S. methanol market due to increasing U.S. domestic production capacity. U.S.

[6] The partial equilibrium model described in chapter 2 estimates the percentage change in domestic revenue, employment and operating income as a result of duty-free access under the CBERA preference program. The percentage change in domestic revenue, employment and operating income are equivalent in the model because producer prices are held fixed, so quantities move in proportion to the other outcomes.

methanol production rose from 1.0 million metric tons (mt) in 2012 to 6.4 million mt in 2019. U.S. production capacity reached 7.7 million mt in 2019, an increase of 1.6 million mt from 2017. U.S. production capacity is projected to climb to 11.5 million mt by the end of 2023.

Investment in the CBERA Region

Overall, CBERA-related investment during 2019–20 was low. Investment in the production and export of CBERA-eligible products in most CBERA countries was limited during 2019–20. The low levels of investment were mostly due to the fact that CBERA countries are relatively small global producers, small exporters, and small suppliers of U.S. imports with limited manufacturing sectors. The effects of the COVID-19 pandemic further lowered the flow of investment to the region, while Chinese investment provided a boost. Investment by China in the region, as part of the Belt and Road Initiative (BRI), has been increasing and as of the end of December 2021, 7 of the 17 CBERA beneficiaries have signed memorandum of understandings (MOUs) with China under the initiative. Overall, although the magnitude of FDI from China in CBERA countries has increased, its impact on export supply capacity is minimal.

Impact of CBERA on the Beneficiary Countries

Supply-side constraints make exporting CBERA-eligible goods a challenge for many beneficiaries. 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 often an underdeveloped private sector. Perhaps more important, many CBERA countries have been orienting their economies more toward the service sectors—predominantly tourism, but also financial and business operation services—making CBERA's trade preferences for exports of goods relatively less important to the economic future of beneficiary countries.

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—enhanced by CBTPA (2000) and the HOPE (2006, 2008) and HELP Acts (2010)—has been an important factor in promoting apparel production in Haiti and apparel exports to the U.S. market. U.S. imports of apparel from Haiti declined in 2020 mostly due to difficulties experienced during the COVID-19 pandemic.

U.S. preferential rates of duty under CBERA continue to offer an advantage to energy-related products from Trinidad and Tobago and recently from Guyana. Increased U.S. production of crude petroleum and natural gas has led to reduced U.S. imports of these energy-related products from Trinidad and Tobago under the program. However, U.S. imports of petroleum products other than methanol increased significantly to $441 million in 2020 from $195 million in 2019, mostly due to the increase in the quantity of petroleum imports from Guyana, which more than offset the falling prices for that product. This is attributable to Guyana's increased production of crude petroleum in 2020.

CBERA is widely viewed as a key element that helped Trinidad and Tobago to diversify its economy toward downstream energy products. Since 2010 the country has used its methanol and ammonia industries as inputs in the production of melamine—a resin used to make kitchenware and tableware,

flooring laminates, and adhesives. Exports of melamine to the United States under CBERA rose strongly in earlier years but declined in 2019 and 2020.

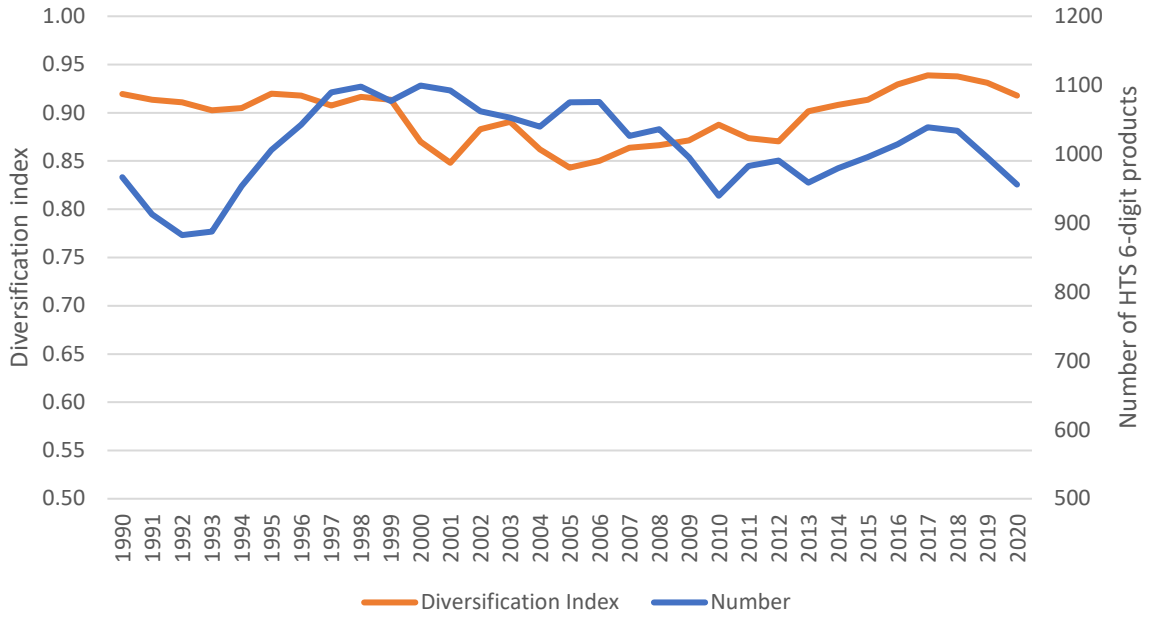
Under CBERA, exports to the United States from some CBERA countries, such as Trinidad and Tobago, diversified. That is, they began exporting a greater number of products and became less reliant on exports of just a few products. At the same time, there are wide differences in the patterns of diversification among CBERA countries. Major beneficiary countries presented a limited pattern of diversification and high reliance on goods with minimal manufacturing processing.

To track changes in diversification, two complementary measures of export diversification are constructed for each CBERA country (discussed in chapter 3) and for the region as a whole for the period 1989–2020. The first measure is called the diversification index and is calculated as 1 minus the Herfindahl-Hirschman index (HHI), which accounts for reliance on major products and ranges from zero to 1. When the value of the diversification index is close to 1, the metric indicates more diversification (less reliance on major products for exports), whereas when the measure equals zero, it indicates complete specialization. The second measure is the number of products exported, which is calculated as the number of Harmonized Tariff Schedule of the United States (HTS) 6-digit subheadings with U.S. imports from CBERA markets in a given year. An increase in the number of products exported indicates diversification, as it reflects the expansion of variety in country's export basket. To smooth out annual fluctuations in these two measures of diversification, a two-year moving average of each measure was calculated. The moving average for year t is calculated as the average of years t and t-1.

Exports of the CBERA region as a whole became more concentrated between 1989 and 2005 and then diversified within the existing export basket from 2005 to 2020 (figure ES.2). So that the number of products exported from the region has remained relatively stable over the whole period.

However, there is considerable heterogeneity across the CBERA countries as exports have become more diversified for some CBERA countries, but less diversified for other CBERA countries. The number of exported products has increased between 1989 and 2020 for Trinidad and Tobago, Guyana, and The Bahamas and decreased for Haiti and Jamaica. As indicated by the diversification index, the reliance on major exports has declined between 1989 and 2020 for Trinidad and Tobago and The Bahamas, while it increased for Haiti, Guyana, and Jamaica. In Haiti, though there was a decrease in export diversification between 1989 and 2020, there was an increase in export diversification in the last 12 years as a result of diversification within the apparel sector.

Figure ES.2 CBERA region: export diversification index and the number of products exported, two-year moving average



Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021.
Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Underlying data for this figure can be found in appendix E table E.5.

CBERA has encouraged development of some niche products for export under the program. While economic growth in The Bahamas is driven primarily by the tourism sector, CBERA has helped promote its domestic production of polystyrene for export to the U.S. market. Additionally, it has helped promote the production of fruit juices in Belize for export and electronic products in Saint Kitts and Nevis.

Economic Profiles of Selected Countries

Trinidad and Tobago

Trinidad and Tobago ranked as the largest CBERA economy in 2020, with an estimated GDP of $21.2 billion. However, the COVID-19 pandemic caused significant disruptions to Trinidad and Tobago's economy and its real GDP contracted by 7.6 percent in 2020. The production of petroleum-related products remains an important factor in the country's economy, although the energy sector has experienced a recent downturn.

Trinidad and Tobago is generally open to foreign direct investment; as of 2019, the stock of U.S. FDI in the country totaled $6.2 billion. Energy exploration and production have historically attracted the most FDI. Total Chinese FDI stock in the country is $1.8 billion, directed entirely toward construction projects.

Trinidad and Tobago registered the seventh-highest CBERA utilization rate in 2020 (54.2 percent),[7] which was its second-highest level of the past five years. The relative importance of CBERA to Trinidad and Tobago's economy has declined over the past five years as services became increasingly important to the country's economy. However, Trinidad and Tobago's Ministry of Trade noted CBERA's positive effects on economic transformation, poverty reduction, and employment generation in the country.

Haiti

Apparel exports comprised over 75 percent of Haiti's export revenue, and CBERA—enhanced by CBTPA and the HOPE and HELP Acts—has been an important factor in promoting apparel production in Haiti and apparel exports to the U.S. market. These tariff preference programs, along with Haiti's abundant workforce and its proximity to the United States, continue to attract investors to the country, despite the challenging political and security climate. Though issues associated with the COVID-19 pandemic caused dramatic temporary reductions in the textiles and apparel industry labor force during March and April of 2020, by December 2020, textiles and apparel employment had nearly rebounded to pre-pandemic levels.

Special CBERA provisions for Haiti have had a strong, positive effect on export earnings in Haiti's apparel sector. At 94.7 percent, Haiti's CBERA utilization rate ranks at the top for CBERA beneficiary economies together with Grenada and Barbados.

In written submissions to the Commission during the investigation, several importers, U.S. manufacturers, and trade associations noted that the special rules for Haiti under HOPE/HELP legislation will expire in 2025. Some stakeholders proposed that permanent provision of the Haiti preferences would be timely and may spark greater investment. Some additionally stated that an earlier review and renewal of HOPE/HELP would provide greater certainty for companies that might not otherwise begin or continue to explore new or expanded investments in the apparel sector in Haiti, particularly as an alternative to sourcing out of China.

The Bahamas

The Bahamas has the highest per capita GDP ($34,825 in 2020) of all CBERA beneficiaries. The Bahamas has a tourism-dependent economy and a 70 percent decline in tourist arrivals, due to the COVID-19 pandemic, led to a 15 percent decline in GDP in 2020. The United States is the primary merchandise trading partner of The Bahamas. The Bahamas benefits from CBERA preferences through a niche market for expandable polystyrene, its single largest export. Exports of polystyrene to the United States under the CBERA program in 2019–20 were lower than the previous years following bans in the United States on single-use packaging, one of its primary uses. The Bahamas utilization rate for CBERA was 73 percent in 2020, its highest in the past five years.

Most sectors in The Bahamas are open to foreign investors, and FDI has traditionally flowed to the tourist sector. In addition to investing in traditional tourism projects such as the Baha Mar Resort, over the last five years China has been involved in infrastructure projects such as ports and airports.

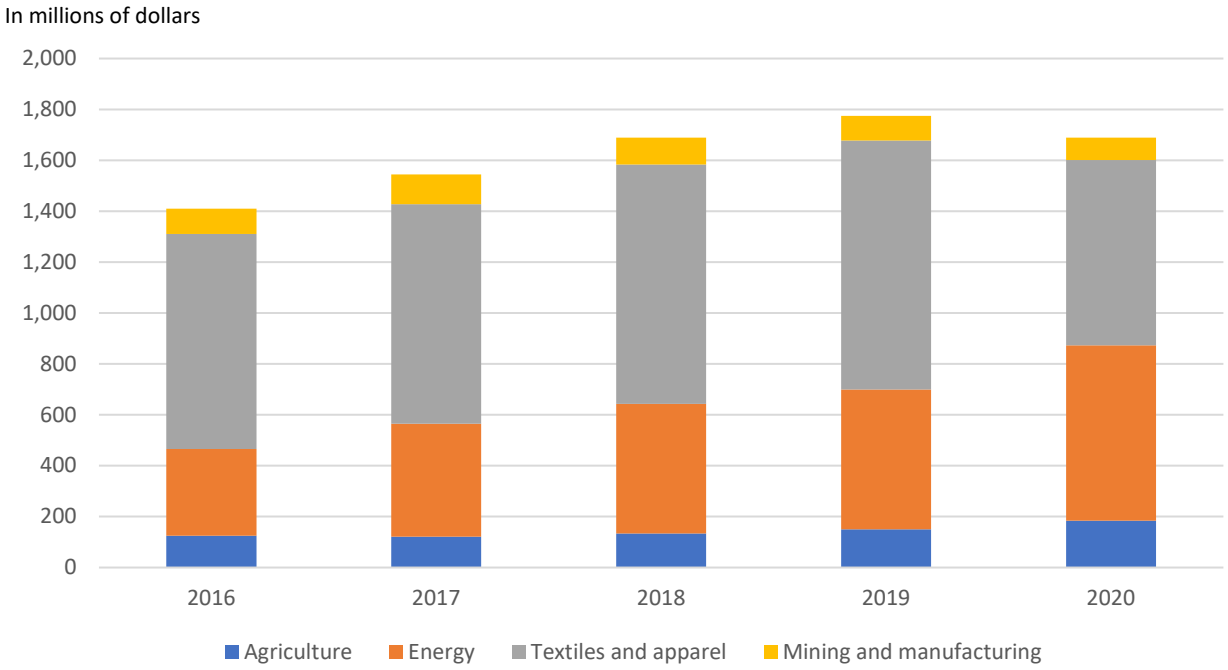
[7] The "utilization rate" is calculated as imports under CBERA as a share of all imports under HTS 8-digit subheadings eligible for CBERA by percentage.

U.S. Imports under the CBERA Program

Imports receiving preferential treatment under CBERA totaled $1.8 billion in 2019, an increase of 5 percent from $1.7 billion in 2018. They then fell back to $1.7 billion in 2020 (figure ES.3). The decrease in 2020 was primarily driven by a decrease in the imports of textiles and apparel products from Haiti.

Textiles and apparel, supplied mainly by Haiti, accounted for 43.1 percent of U.S. imports under CBERA in 2020. Energy products, supplied by Trinidad and Tobago and Guyana, accounted for 40.8 percent of imports under CBERA in 2020. The remaining imports were agricultural products and other mining and manufactured products, comprising 10.9 percent and 5.2 percent of imports under CBERA, respectively.

Figure ES.3 U.S. imports under CBERA, by major product categories, 2016–20



Source: USITC DataWeb/Census, accessed April 12, 2021 and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.
Note: "Textiles and apparel" includes imports from Haiti under CBTPA, HOPE, and HELP. Data for 2016 and 2017 are from the CBERA report published in 2019. Underlying data for this figure can be found in appendix table E.3. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June of 2022.

U.S. imports of petroleum-related products (energy) under CBERA increased every year between 2016 and 2020. They grew from $340 million in 2016 to $689 million in 2020. The value of total U.S. imports of textiles and apparel under CBERA countries decreased from $978 million in 2019 to $728 million in 2020. This 25.6 percent drop is comparable to the approximately 20 percent decline in U.S. textile and apparel imports from all countries, and is a reflection of the market and supply chain disruptions elsewhere caused by the effects of the COVID-19 pandemic.[8] U.S. imports of other mining and

[8] U.S. imports of apparel (HTS chapters 61 and 62) for 2019–20. DataWeb/Census, accessed April 6, 2021.

manufactured products under CBERA have declined from $105 million in 2018 to $96 million in 2019 and $88 million in 2020. U.S. imports of agricultural products under CBERA totaled $150 million in 2019 and $184 million in 2020. There were year-on-year increases in both 2019 and 2020. The value of agricultural imports in 2020 was the highest since 2012.

Chapter 1
Introduction

This investigation reports on the economic impact of the Caribbean Basin Economic Recovery Act (CBERA) on the U.S. economy, U.S. imports, U.S. industry, U.S. consumers, and on the economy of the beneficiary countries during 2019–20.[9] In 2019–20, the impact of CBERA on the U.S. economy and industries continued to be small, primarily because the value of U.S. imports under the program is small compared to total U.S. imports—less than 1 percent. In the same period, CBERA increased U.S. imports under the program and decreased consumer prices, slightly.

This chapter describes the scope and approach, organization, and sources of information of the report. Next, the chapter presents a summary of the CBERA program, including beneficiary and eligibility requirements, trade benefits under CBERA, qualifying rules of origin, and provides an overview of the CBERA and the Generalized System of Preferences (GSP) programs. It also covers expanded programs including the Caribbean Basin Trade Partnership Act (CBTPA 2000, 2020); 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 the Trade Preferences Extension Act of 2015.[10]

Scope and Approach of the Report

This year's report assesses the economic impact of CBERA on U.S. industries and consumers and on beneficiary countries for the years 2019 and 2020.[11] The Commission's report includes an assessment of the effect of CBERA on the U.S. 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. The report also assesses the effect of CBERA on the economy of the beneficiary countries.[12]

Throughout this report, the 25th in the series, the term "CBERA" refers to CBERA as amended by the United States-Caribbean Basin Trade Partnership Act of 2000 (CBTPA) and (2020); the HOPE Acts; the HELP Act; and the Trade Preferences Extension Act of 2015.

This report assesses the economic impact of CBERA on U.S. consumers and U.S. industries by estimating the effects of the United States' providing duty-free treatment for eligible goods. In addition, this report assesses the effects of CBERA on U.S. industry employment and profitability, which were addressed in

[9] The 17 CBERA beneficiary countries at the end of 2020 were Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago.
[10] Preferences provided in CBTPA, HOPE, and HELP Acts have expiration dates, as detailed in the Summary of the CBERA Program section below and in table 1.1.
[11] Section 215(a) of the Caribbean Basin Economic Recovery Act (CBERA) (19 U.S.C. 2704(a)(1)).
[12] Section 215(b) of the Caribbean Basin Economic Recovery Act (CBERA) (19 U.S.C. 2704(b)(1)(A-B)).

the last report but not in prior reports.[13] This assessment was made by comparing actual 2020 market conditions with a hypothetical case in which normal trade relations (NTR)[14] duties were imposed for the year 2020. The effect of CBERA duty reductions on most U.S. industries and U.S. consumers is estimated to be small.

As originally enacted, CBERA provided for the duty-free treatment of imports of qualifying products from designated beneficiary countries.[15] In general, direct effects of such a one-time duty elimination are expected to consist primarily of increased U.S. imports from beneficiary countries resulting from a diversion of trade and investment to take advantage of lower duties in the U.S. market. In general, these direct effects are likely to occur within a short time (a year or two) after the duty elimination. It is therefore likely that these effects have been fully realized for the CBERA program, as well as for most provisions of CBTPA.

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. The small size of the CBERA countries' economies limits both short-term and long-term effects on the U.S. economy.[16] The long-term effects are likely to be difficult to distinguish from other market forces in play from the date the program was implemented. Investment, however, has been tracked in past CBERA reports to detect the trends in, and composition of, investment in the region, and it is examined in this report as well.[17]

The Commission used three key approaches in assessing the effect of CBERA on the U.S. economy generally and on specific U.S. industries producing articles like or directly competitive with articles imported under CBERA. First, it analyzed imports that entered under the program, and trends in the ratio of those imports to overall U.S. imports. Second, the Commission estimated the effect of CBERA on U.S. imports, U.S. consumers, and U.S. industries competing with the leading U.S. imports that benefited exclusively from the CBERA program in 2020. Third, the Commission examined trends in production and other economic factors in the U.S. industries identified as likely to be particularly affected by such imports.

To analyze imports under CBERA and their trends, the assessment focused on the 20 leading products that benefited from CBERA tariff preferences in 2020 (see chapter 2). Further analysis was directed toward industries for which there was potentially an adverse impact on U.S. producers. As in previous years, a single U.S. industry—methanol—met that criterion in 2020.

In assessing the probable future effect of CBERA, the Commission used 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.

[13] Due to data availability and the development of appropriate analytical tools, for this and the previous report the Commission was able to extend the partial equilibrium model to estimate effects on employment and profit margins, unlike in prior reports.

[14] Normal-trade-relations (NTR) status was formerly known as "most-favored-nation" (MFN) status; MFN is the term commonly used outside the United States. Goods from a country with NTR status are entitled to normal nondiscriminatory tariff treatment.

[15] 19 U.S.C. §§ 2701-2707. CBERA was enacted in 1983 (Pub. L. 98-67).

[16] U.S. imports under CBERA account for a small share of total U.S. imports, 0.07 percent in 2020.

[17] The impact of external forces such as COVID-19, earthquakes, hurricanes, and political instability is discussed, as applicable, in each respective economic profile in Chapter 3.

embassies in the region and other public sources, as well as from testimony provided at the Commission hearing held on June 8, 2021.[18]

In examining the impact of CBERA on the economy of the beneficiary countries, the Commission considered CBERA's goals of encouraging economic growth, economic development, and export diversification. Chapter 3 includes a section that discusses export diversification in the region.[19] It also examines the extent to which CBERA beneficiary countries have diversified their economies and used the production of CBERA-eligible exports as part of an overall strategy for attaining sustainable economic growth. With respect to Haiti, the chapter also presents ongoing concerns regarding Haiti's compliance with core labor standards as required for the country to receive enhanced CBERA preferences under Hope I and II. The report also presents profiles of three countries: Trinidad and Tobago, Haiti, and The Bahamas.

Organization of the Report

Chapter 1 describes the analytical approach used in the report and provides an overview of the CBERA program, including amendments made to the original CBERA by CBTPA of 2000, the Trade Act of 2002, the HOPE Acts of 2006 and 2008, and the HELP Act of 2010. Chapter 2 responds to the requirement in section 215(a)(1) of the original act (19 U.S.C. § 2704) that the Commission report on the economic impact of CBERA on U.S. industries during the two-year period covered by the biennial report (in this case, 2019–20). This chapter also includes the Commission's assessment of the effect and probable future effect of CBERA on the U.S. economy generally and on specific domestic industries producing like or directly competitive articles. Chapter 3 contains the Commission's report on the economic impact of CBERA on the economy of the beneficiary countries, with a focus on selected beneficiary countries.[20] Finally, chapter 4 gives an overview of U.S. trade with CBERA beneficiaries through 2020.

Appendix A reproduces the notice that the Commission published in the *Federal Register* by which it announced a public hearing to be held on June 8, 2021, and invited public comment for this 25th report. Appendix B explains the economic model used to estimate the effect of the CBERA program on the U.S. economy presented in chapter 2. Appendix C includes a list of the witnesses that appeared at the public hearing. Appendix D presents a list of statements submitted to the Commission in response to the *Federal Register* notice regarding the investigation. Appendix E provides data used for figures. Appendix F includes statistical tables. Appendix H provides detailed descriptions of investment activities identified by the Commission in selected CBERA countries with the focus on investment activities by China.

Sources

General economic and trade data come from official statistics of the U.S. Census Bureau (U.S. Census) and from information developed by country/regional and industry analysts at the Commission. Because

[18] A list of witnesses appearing at the hearing is presented in appendix D of this report.
[19] Title II of Trade and Development Act of 2000 (Pub. L. 106-200).
[20] At the end of 2020, the 17 CBERA beneficiary countries included Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago.

this report incorporates official revisions of data from the U.S. Census, data may differ somewhat from those in previous CBERA reports and other Commission reports.

Other sources of information include CBERA hearing testimony; U.S. embassies in CBERA countries; reports by other U.S. government departments and offices, including the USDOC and the U.S. Department of State; reports by international nongovernmental organizations, including the Inter-American Development Bank, the International Monetary Fund (IMF), the Organization of American States, the United Nations, the UN Conference on Trade and Development, 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 given to the Commission in written public comments received in response to the Commission's *Federal Register* notice about the investigation.[21]

Summary of the CBERA Program

The CBERA program authorizes the President to grant certain unilateral preferential trade benefits to Caribbean Basin countries,[22] which have been amended and expanded over time. The following subsections describe 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 expansion of CBERA through provisions added to CBERA by CBTPA, the HOPE Acts, and the HELP Act, as well as the evolution of labor provisions concludes this section.

CBERA permits exporters from designated beneficiaries to receive duty-free or reduced-duty treatment for eligible products imported into the customs territory of the United States (table 1.1 summarizes the major provisions of CBERA). If U.S. importers do not claim this status or some other special status, or if a shipment does not qualify, then duties are 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 will be referred to as NTR rates of duty in this report.

[21] A copy of the notice appears in appendix A of this report. A list of written public comment submissions is contained in appendix D.
[22] 19 U.S.C. § 2701.

Table 1.1 Summary of CBERA program, yearend 2020

CBERA characteristic	Description
History	Enacted 8/5/1983, became effective 1/1/1984 under CBERA. Expanded and made permanent, 8/20/1990, under CBEREA. Enhanced 5/18/2000 under CBTPA. CBTPA was extended 5/22/2008, 5/24/2010, and 10/10/2020; it was amended by the Trade Act of 2002 on 8/6/2002. Enhanced for Haiti under the HOPE Act 12/20/2006, HOPE II 5/22/2008, HELP Act 5/24/2010; HOPE/HELP were last extended 6/29/2015.
Benefits	Duty-free entry or reduced-duty entry granted on a nonreciprocal, non-NTR basis.
Exclusions under original CBERA	Most textiles/apparel, leather, canned tuna, petroleum and derivatives, certain footwear, certain watches/parts; quantities of agricultural goods exceeding various tariff-rate quota trigger levels.
Duration (President's authority to proclaim preferential treatment)	CBERA is non-expiring. CBTPA: until 9/30/2030. HOPE and HELP Acts: until 9/30/2025.
Beneficiaries	CBERA beneficiaries (17) in 2020: Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago. CBTPA beneficiaries (8) in 2020: Barbados, Belize, Guyana, Haiti, Jamaica, Saint Lucia, and Trinidad and Tobago. Haiti is the lone beneficiary under HOPE/HELP Acts.
Coverage (eligible products)	5,506 HTS 8-digit tariff lines under CBERA and 259 under CBTPA.
Value of imports under the program	$1,689 million (2020).
U.S. imports under CBERA as a share of total U.S. imports for consumption	0.07 percent (2020).
U.S. imports from beneficiaries that receive program preferences as a share of total U.S. imports from beneficiary countries	33.8% (2020).

Source: Compiled by USITC.

Notes: Caribbean Basin Economic Recovery Expansion Act of 1990 (CBERA). Caribbean Basin Trade Partnership Act (CBTPA) of 2000. Normal-trade-relations (NTR) status was formerly known as "most-favored-nation" (MFN) status; MFN is the term commonly used outside the United States. Goods from a country with NTR status are entitled to normal nondiscriminatory tariff treatment. Most HOPE/HELP provisions provide special rules and not preferential treatment for additional tariff lines; these products enter under HTS Chapter 98. HOPE/HELP treatment in the HTS is described in detail in Box 1.1. and Appendix G.

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[23] repealed that termination date, made the authority permanent, extended preferential treatment to certain products and strengthened labor provisions, among other changes.[24] In May 2000, CBTPA further expanded the CBERA program, notably

[23] CBEREA was signed into law on August 20, 1990 as part of the Customs and Trade Act of 1990. 19 U.S.C. § 2701 (notes).

[24] 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.

extending trade preferences to textiles and apparel from eligible countries in the region.[25] In August 2002, the Trade Act of 2002 clarified and modified several CBTPA provisions. In December 2006, HOPE I enhanced benefits under CBERA for Haiti. In May 2008, HOPE II extended and further enhanced benefits for Haiti.[26] 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 Trade Preferences Extension Act of 2015 extended HOPE/HELP benefits until September 30, 2025. The Extension of the Caribbean Basin Economic Recovery Act of 2020 extended CBTPA benefits through September 30, 2030.[27]

Beneficiaries and Eligibility

Imports from 17 countries and territories (collectively referred to in this report as "CBERA beneficiary countries" or "CBERA countries") were eligible for CBERA tariff preferences during 2019–20, provided that the imports met certain country of origin rules and other requirements.[28] Curaçao was the most recent country to be designated a CBERA beneficiary, effective January 1, 2014, and to be designated a CBTPA beneficiary, on August 18, 2015.[29] Additional countries and territories that are eligible for designation as CBERA beneficiaries, but are not yet designated, are Anguilla, the Cayman Islands, Sint Maarten, Suriname, and the Turks and Caicos Islands.[30] Suriname requested CBERA beneficiary status in 2009.[31] The Turks and Caicos Islands and Sint Maarten requested CBERA status in 2012.[32]

CBERA countries must be separately designated by the President for the enhanced benefits of CBTPA—they are not automatically eligible for CBTPA preferences. Eight CBERA countries were eligible for CBTPA preferences in 2019–20.[33] Congress designated several other countries as potentially eligible for CBTPA

[25] CBTPA and its 2002 Trade Act amendments are described in a separate section of this chapter.
[26] HOPE/HELP Act preferences are described in a separate section of this chapter.
[27] Pub. L 116-164 § 1, amending 19 U.S.C. § 2703.
[28] The 17 eligible CBERA beneficiary countries at the end of 2020 were Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, the British Virgin Islands, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago. See HTS general note 7(a). See 19 U.S.C. § 2702(b) for requirements and considerations for eligibility and designation.
[29] Presidential Proclamation No. 9072, 78 Fed. Reg. 80417 (Dec. 23, 2013) and 80 Fed. Reg. 51650 (August 25, 2015).
[30] The countries and territories eligible for designation as CBERA beneficiaries are listed in 19 U.S.C. § 2702(b). Anguilla requested designation as a beneficiary country under CBERA in 1997. 62 Fed. Reg. 62797 (November 25, 1997).
[31] 75 Fed. Reg. 17198 (April 5, 2010).
[32] 77 Fed. Reg. 61816 (Oct. 11, 2012). Curaçao and Sint Maarten became successor political entities of the Netherlands Antilles, which was dissolved in 2010.
[33] Barbados, Belize, Curaçao, Guyana, Haiti, Jamaica, Saint Lucia, and Trinidad and Tobago. See HTS general note 17 and U.S. notes in HTS subchapters II and XX of chapter 98. 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 non-apparel goods, without qualifying for the apparel articles benefits of chapter 98.

beneficiary status; some of whom have requested beneficiary status.[34] The President can terminate beneficiary status or suspend or limit a country's CBERA benefits at any time, as explained below.[35]

CBERA has eligibility conditions[36] and other factors[37] the President must consider when designating CBERA beneficiaries. The eligibility conditions include avoiding the nationalization/appropriation of U.S. citizen property and expropriation of intellectual property, and respecting worker rights.[38] Most of these conditions are not binding and the President can designate a country a CBERA beneficiary if a designation is in the interest of the United States; these provisions are mostly unchanged from the original CBERA. The CBEREA of 1990 amended the labor provision to require beneficiaries to take steps to afford "internationally recognized worker rights" as defined under GSP.[39] CBTPA strengthened this provision, requiring beneficiaries implement commitments to eliminate the worst forms of child labor,[40] and gives the President authority to withdraw beneficiary designation if performance is not satisfactory.[41] Monitoring is carried out by USTR and the U.S. Department of Labor (USDOL).[42]

The HOPE II Act (along with HOPE I and HELP) expanded preferential treatment of imports of certain apparel and textile items for Haiti. Hope II requires as a condition of maintaining eligibility for HOPE benefits that Haiti establish, in cooperation with the International Labour Organization , a labor-related capacity-building and monitoring program in the apparel sector, known as the Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program (TAICNAR).[43] In addition, to remain eligible for preferential treatment under the HOPE Acts, Haiti is required to make progress towards "establishing the protection of internationally recognized worker rights" through establishing a Labor Ombudsperson's Office, requiring producers desiring preferential treatment to participate in the TAICNAR program, and establishing a producer registry.[44]

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[34] Aruba, The Bahamas, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, and Saint Vincent and the Grenadines. 77 Fed. Reg. 61816 (October 11, 2012). In Proclamation No. 9072, Curaçao received CBERA status and was noted as requesting beneficiary status under CBTPA (78 Fed. Reg. 80417). Effective August 18, 2015, the U.S. Trade Representative (USTR) determined that Curaçao met certain customs criteria of CBTPA. Therefore, imports of eligible products from Curaçao qualify for the enhanced trade benefits provided under the Act. 80 Fed. Reg. 51650 (August 25, 2015). Sint Maarten and Turks and Caicos have requested both CBERA and CBTPA status, but cannot be considered for CBTPA unless first granted CBERA status.

[35] 19 U.S.C. § 2702(e).

[36] 19 U.S.C. § 2702(b).

[37] 19 U.S.C. § 2702(c).

[38] For discussion of the mandatory and discretionary criteria considered in designating beneficiaries, see chapter IV of the *Thirteenth Report to Congress on the Operation of the Caribbean Basin Economic Recovery Act*, USTR, December 31, 2019.

[39] "Internationally recognized worker rights" are defined in 19 U.S.C. § 2467(4) and include: the right of association; the right to organize; a prohibition on forced labor; a prohibition on the worst forms of child labor as defined under 19 U.S.C. § 2467(6); and a right to acceptable conditions of work.

[40] The United States is a signatory of the ILO's Worst Forms of Child Labor Convention No. 182, which include child slavery, child prostitution, use of child for illicit activities, and work which is likely to harm children. As codified in 19 U.S.C. § 2467(6).

[41] Pub. L. No. 106-200, § 211(b)(5)(B)(iv)-(iv), 114 Stat. 285 (2000), amending 19 U.S.C. § 2702(e)

[42] USTR, *Thirteenth Report to Congress on the Operation of the Caribbean Basin Economic Recovery Act*, December 31, 2019; DOL, *2019 Findings on the Worst Forms of Child Labor*, September 2019.

[43] 19 U.S.C. § 2703a(e)(1) and (3).

[44] 19 U.S.C. § 2703a(e)(1) and (2).

Unlike exporters of other CBERA products, to be eligible for preferential treatment textile and apparel producers in Haiti must individually comply with core labor standards and be included on a registry of eligible producers.[45] The International Labour Organization (ILO) and U.S. government assist the government of Haiti in implementing the TAICNAR program and helping producers meet the requirement of HOPE II.[46]

Trade Benefits under CBERA

CBERA provides duty-free or reduced-duty treatment to qualifying imports from designated beneficiary countries.[47] 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 and beef.[48] 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).[49]

Under the original CBERA certain articles were ineligible to receive preferential treatment, including cotton, wool, and manmade-fiber textiles and apparel; certain footwear; canned tuna; petroleum and petroleum derivatives; and certain watches and parts.[50] The original CBERA did permit preferential treatment of some articles not designated for GSP, including certain leather handbags, luggage, flat goods (such as wallets and portfolios), work gloves, and leather wearing apparel.[51]

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

[45] 19 U.S.C. § 2703a(e)(1) and (2); *see also* 2019 Annual HOPE II Report to Congress, USTR, 2019.
[46] See USTR, *2019 USTR Annual Report on the Implementation of the Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) Program and Assessment of Producer Eligibility*, accessed August 10, 2021
[47] HTS general note 3(c) enumerates the products of covered countries that are eligible for special tariff treatment under various U.S. trade programs, including CBERA. HTS general note 7 covers CBERA in detail.
[48] 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). Ethyl alcohol (ethanol) exporters had to meet these conditions until December 31, 2011.
[49] A tariff-rate quota (TRQ) is a non-absolute quota involving a volume of imports and a two-tier tariff regime; imports within the quota's trigger level enter at a lower (in-quota) tariff rate, while imports above the trigger level enter at a higher (above-quota) tariff rate. TRQs on imports of sugar and beef were established under sections 401 and 404 of the Uruguay Round Agreements Act (URAA). 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; in other words, only within-quota imports qualify for duty-free treatment. There is no exclusion for products of designated beneficiary countries from safeguard measures under the Agreement on Agriculture.
[50] 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.
[51] 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).

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.[52] Among the HTS 8-digit subheadings for products, 5,506 are now covered by CBERA trade preferences, and an additional 259 were added under CBTPA.[53] CBERA excluded certain products from receiving preferential treatment and, while CBPTA modified those exclusions to add additional products to the preference program, certain textile and apparel articles, certain footwear, and above-quota imports of certain agricultural products subject to TRQs remain ineligible for preferential treatment.

Qualifying Rules of Origin

CBERA generally provides that to receive duty-free entry into the United States, eligible products must be imported directly from a beneficiary country and either be (1) wholly grown, produced, or manufactured in a designated CBERA country or (2) "new or different" articles made from substantially transformed non-CBERA inputs.[54] In addition, the cost or value of the local (CBERA-region) materials used to produce the product, 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.[55] These rules of origin allow goods incorporating value from multiple CBERA countries to meet the requirement for "local value content" on an aggregated basis.[56] Inputs from Puerto Rico, the U.S. Virgin Islands, and former CBERA countries[57] may count in full toward the value threshold. As an advantage over the GSP program's 35 percent requirement, the CBERA requirement for local value content can also be met when the CBERA content is 20 percent of the customs value and the remaining 15 percent is attributable

[52] 19 U.S.C. 2703(b)(3). In 2020 the USMCA (United States-Mexico-Canada Agreement) superseded NAFTA (Pub. L. 116-260 § 602(b), amending 19 U.S.C. § 2703(b)) For most goods excluded from CBERA, CBTPA provides for the application of Mexico's special rates of duty under the USMCA, where goods from CBTPA countries meet USMCA rule-of-origin criteria. The exceptions are agricultural and textile/apparel products. Certain apparel and non-apparel textile products, such as textile luggage, made from U.S. inputs are eligible for duty-free entry. For more information, see subchapter XX (20) of HTS chapter 98. Note that at the time of publication of this report, subchapter XX had not yet been fully updated to reflect all aspects of USMCA. No other CBTPA benefits apply to excluded agricultural and textile/apparel products; that is, NAFTA/USMCA parity is not accorded.

[53] USITC, 2021 Harmonized Tariff Schedule of the United States (HTS) Item Count, accessed June 15, 2021.

[54] 19 U.S.C. 2703(a)(2). Certain products do not qualify for duty-free entry into the United States. 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 that are not textiles and apparel or petroleum and petroleum products and that are assembled or processed in CBERA countries wholly from U.S. components or materials are also 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 more information, see USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers, 1991*, September 1992, 1–4.

[55] 19 U.S.C. § 2703(a)(1)(B). Non-beneficiary country materials from which eligible imports are made must meet a double substantial-transformation requirement if they are to be counted toward meeting the 35 percent local content requirement. See infra footnote 64. The qualifying rules for duty-free importation of apparel are complex and are summarized in the CBTPA section of this chapter.

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

[57] The term "former beneficiary country" means a country that is no longer a beneficiary country under CBERA because it became a party to a free trade agreement with the United States. In 2020, former beneficiaries were El Salvador, Guatemala, Honduras, Nicaragua, Dominican Republic, Costa Rica, and Panama. See HTS US Note 7(b).

to U.S.-made (excluding Puerto Rican) materials or components.[58] 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, easing the substantial transformation requirement.[59]

CBERA and GSP

The Trade Act of 1974 established the GSP program, authorizing the President to grant duty-free treatment to eligible articles from beneficiary developing countries for a 10-year period.[60] Both CBERA and GSP offer increased access to the U.S. market.[61] Similar to CBERA, GSP requires that eligible imports (1) be imported directly from beneficiaries into the customs territory of the United States, (2) be wholly the growth, product or manufacture of a beneficiary country or a "new or different" article made from substantially transformed non-beneficiary country materials, and (3) contain a minimum of 35 percent local value content.[62] Further, like CBERA, non-beneficiary country materials from which eligible imports are made must meet a double substantial-transformation requirement if they are to be counted toward meeting the 35 percent local content requirement.[63]

Ten current CBERA countries are also GSP beneficiary countries: Belize, British Virgin Islands, Dominica , Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, and Saint Vincent and the Grenadines.[64] The other seven CBERA beneficiaries were graduated from GSP after exceeding the income threshold.[65]

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 for the eligible articles under 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

[58] 19 U.S.C. § 2703(a)(1).
[59] Additionally, any materials added to such Puerto Rican articles must be of U.S. or CBERA-country origin. The final product must be imported directly into the customs territory of the United States from the CBERA country. 19 U.S.C. § 2703(a)(5). Imports entered under the "Puerto Rico-Caribbean Basin Initiative (CBI)" coding are counted in this report as having entered under the original CBERA. See chapters 2 and 3 for additional information.
[60] 19 U.S.C. §§2461-2467. The President's authority has expired and been renewed several times, as discussed later in this chapter.
[61] With the exception of 11 tariff lines, none of the products excluded from permanent CBERA provisions (see 19 U.S.C. § 2703(b)) is eligible for normal GSP treatment (see 19 U.S.C. § 2463 for GSP exclusions). A limited number of products excluded from permanent CBERA provisions—mostly canned tuna, 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 and does not produce those products.
[62] 19 U.S.C. § 2463(a)(2).
[63] Both the CBERA and the GSP programs use a "double substantial transformation" rule (for CBERA see Rules of Origin Section, for GSP see 19 U.S.C. § 2463(a)(2)). Under this rule, to count toward meeting the 35 percent local content requirement, a material or component imported from a non-beneficiary country must be transformed into a new or different article of commerce (such as a part) that, in turn, is incorporated in or transformed to produce a second new or different final product in the beneficiary country. A simple combining or packaging operation, or dilution with water, are not considered transformations.
[64] See U.S. General Note 4(a) for GSP beneficiaries.
[65] Antigua and Barbuda, Aruba, The Bahamas, Barbados, Curaçao, Saint Kitts and Nevis, and Trinidad and Tobago were graduated in 2006, 1998, 1995, 2006, 1998, 2014, 2010, respectively. Graduations are announced by presidential proclamation, most recently for Trinidad and Tobago, see 74 Fed. Reg. 69219 (December 30, 2009).

requirements). The GSP program, on the other hand, applies only to a more limited number of products in tariff categories that are designated as eligible for duty-free treatment after an interagency review process. For example, certain textile and apparel products are eligible for duty-free treatment under CBERA but not under GSP.[66]

Second, CBERA beneficiary countries are not subject to the competitive-need limitations and country-income graduation requirements set by GSP. Under GSP, products that exceed a specified level of market penetration in the United States (the competitive-need limitation) may be excluded from GSP eligibility.[67] 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,[68] but it would retain its CBERA eligibility because there are no income limits in CBERA.

Third, CBERA qualifying rules for individual products are different from those of GSP. GSP requires that 35 percent of the value of the product be contributed in a single beneficiary country or in a specified association of eligible GSP countries,[69] 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.[70]

Fourth, the President's authority to provide duty-free and reduced-duty treatment to products covered by the original CBERA is not time limited and any treatment given does not expire (though preferences under CBTPA and HOPE/HELP are time limited).[71] By contrast, 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 the gaps between expiration and renewal ranging from one month to nearly two years.[72] Most recently, GSP expired on December 31, 2020, and had not been renewed as of September 25, 2021.[73]

Importers of goods from CBERA countries that are eligible for duty-free treatment under both programs have the option to enter these goods under either program. Because of the periodic lapses in the

[66] In the 2021 USHTS, 5,506 lines are eligible for CBERA preferences, but fewer than 3,500 are eligible under GDP for non-Less Developed Countries.
[67] 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 value that is adjusted each year ($185 million in 2018) 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.
[68] See 19 U.S.C. 2462(e).
[69] See 19 U.S.C. 2463(a)(2)(A)(ii).
[70] While both GSP and CBERA require eligible imports to contain a minimum of 35 percent local value content, the methodology for calculating the local value content for eligible imports under CBERA allows for content contributed by former CBERA beneficiary countries, Puerto Rico, and the U.S. Virgin Islands to be counted (see preceding section on Qualifying Rules of Origin).
[71] 19 U.S.C. § 2701 (notes).
[72] For example, the President's authority to provide duty-free treatment under the GSP program expired on July 31, 2013. Effective July 29, 2015, GSP was extended through December 31, 2017, with a retroactive refund of duties paid on imports from all countries eligible for GSP at the time of the lapse. GSP expired again on December 31, 2017 and was renewed, again with retroactive refund, on April 22, 2018 through December 31, 2020 (Pub. L. No. 115-141, 19 U.S.C. § 2465).
[73] In June 2021, both the U.S. House of Representatives and U.S. Senate introduced bills extending GSP.

President's authority to grant duty-free treatment under GSP, Caribbean Basin suppliers generally have preferred to enter such dual-eligible goods under CBERA.[74]

Caribbean Basin Trade Partnership Act

The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted May 18, 2000, expanded the CBERA program to provide preferential access to many products originally excluded under CBERA.[75] Additional modifications and clarifications of CBTPA were made in the Trade Act of 2002, enacted August 6, 2002.[76] 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—a proposed Pan-American free trade agreement (FTA)—or any comparable FTA between the United States and individual CBERA countries. Unlike CBERA, the provisions available to CBTPA beneficiaries are time limited. As previously noted, CBTPA has been extended twice, first in May 2010, and again in October 2020.[77] CBTPA benefits most recently expired on September 30, 2021 and were renewed on October 10, 2020, with CBERA benefits available to CBTPA beneficiaries expiring on December 31, 2030.[78]

CBTPA is the first instance the United States authorized duty-free treatment for imports of qualifying cotton, wool, and manmade-fiber apparel from CBERA countries.[79] 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 CBERA-regional inputs and assembled in an eligible CBTPA country listed in chapter 98 of the HTS.[80] 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 products are identical to those accorded to like goods from Mexico, under the same rules of origin then 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.[81]

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[74] 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.

[75] Pub. L. 106-200e, amending 19 U.S.C. § 2703.

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

[77] Congress renewed CBTPA on October 10, 2020, and permitted retroactive refunds of duties; prior to the renewal there was uncertainty over whether or not beneficiary countries would be refunded duties if there were a subsequent renewal. There is a precedent for retroactively refunding duties when an expired preference program is renewed. When GSP expired in 2017 and was renewed in 2018, there were retroactive refunds of duties, albeit without interest (see discussion in GSP section). In a similar situation, when the Andean Trade Preference Act (ATPA) expired in 2001, it was renewed as part of the Andean Trade Promotion and Drug Eradication Act (ATPDEA). In this case, preferential treatment was again assigned retroactively. Both ATPA and ATPDEA expired in 2013.

[78] USTR, "Ambassador Issues Statement Concerning the CBERA," October 13, 2020. 19 U.S.C. § 2703.

[79] The qualifying apparel is classified under HTS chapters 61 (articles of apparel and clothing accessories, knitted or crocheted) and 62 (articles of apparel and clothing accessories, not knitted or crocheted).

[80] For CBTPA beneficiary countries eligible for preferential treatment for apparel items see U.S. notes to HTS subchapter II and XX of chapter 98. 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 non-apparel goods, without qualifying for the apparel articles benefits of chapter 98.

[81] See HTS 9820.11.21. With the entry into force of USMCA in July 2020, general note 12 was superseded by general note 11.

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, with HTS code	Brief description of criteria and related information
Apparel assembled from U.S.-formed and - cut fabric (HTS 9802.00.8044); apparel assembled from U.S.-formed and -cut fabric that underwent further processing, such as embroidering or stone-washing (9820.11.03)	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, knit and woven (HTS 9820.11.06); apparel cut and assembled from U.S. fabric, knit (HTS 9820.11.18)	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; knit apparel except outerwear T-shirts (HTS 9820.11.09); outerwear T-shirts (HTS 9820.11.12)	Fabric must be made wholly of U.S. yarn. Preferential treatment is subject to the following caps, which became permanent in October 2010: HTS 9820.11.09: 970 million square meter equivalents (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 a 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 U.S. Customs Bureau 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 then applicable 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)	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 used in production of men's and boys' shirts.
Apparel cut and assembled from additional fabrics or yarns designated as not available in commercial quantities in the United States (HTS 9820.11.27)	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.
Handloomed, handmade, or 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), the U.S. Department of Commerce.

Source: Caribbean Basin Trade Partnership Act (CBTPA), as amended by the Trade Act of 2002 (19 U.S.C. § 2703(b)(2)-(5).
Note: Some articles eligible for preferential treatment under CBTPA were ineligible for duty-free treatment under the 1983 Caribbean Basin Economic Recovery Expansion Act (CBERA). The tariff provisions appear in subchapter XX of chapter 98 of the HTS. For additional discussion see USITC, *The Impact of the Caribbean Basin Economic Recovery Act, Sixteenth Report, 2001–2002*, September 2003.

HOPE and HELP Acts

The U.S. Congress has a history of appropriating funds to assist Haiti's economic development and provide humanitarian assistance; the HOPE and HELP Acts are both results of that focus.[82] Since 2006, CBERA has been amended three times to expand and enhance trade benefits for Haiti and to give Haitian apparel producers more flexibility in sourcing yarns and fabrics. The first of the three amendments, in effect since March 20, 2007, is also known as the Haitian Hemisphere Opportunity through Partnership Encouragement Act of 2006 (HOPE I).[83] HOPE I provided duty-free treatment for a limited amount of apparel produced in and imported from Haiti with more flexible sourcing rules than under CBTPA, where 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 one of three specified U.S. trade preference programs (see box 1.1).[84] The value added percentage requirements for the sum of value of inputs originating in the countries described plus the processing costs in Haiti above were increased in the following years, reaching 60 percent on December 20, 2011.[85]

Box 1.1 Comparison of the Rules of Origin for Apparel under CBTPA, the HOPE Acts, and the HELP Act

The tariff provisions are set forth in subchapter XX of chapter 98 of HTS. In general, apparel imported into the United States under the Caribbean Basin Trade Partnership Act (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 these 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 or FTA partners. The value-added portion required increases over time. 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 CBTPA. The HELP Act expands and extends existing U.S. trade preferences for Haiti (especially duty-free treatment for certain qualifying apparel) established under CBTPA and the HOPE Acts.

[82] CRS, The Haitian Economy and the HOPE Act. June 24, 2010.
[83] Pub. L. No. 109-432, § 5001 et seq. (amending 19 U.S.C. § 2703a).
[84] CBTPA, the African Growth and Opportunity Act, and the Andean Trade Promotion and Drug Eradication Act are the three specified trade preference programs.
[85] To allow more flexibility in sourcing for Haitian apparel manufacturers, HOPE I also authorized duty-free treatment for three years (2007–10) for a specified quantity of woven apparel imports from Haiti made from fabrics produced anywhere in the world as long as the garments are assembled in Haiti. It also allowed apparel articles entering under HTS 6212.10 (brassieres) to comprise components sourced from anywhere as long as the garments are both cut and sewn or otherwise assembled in Haiti. Under HOPE I, no value-added requirement applies to either the specified quantity of woven apparel imports or brassieres. For more details, see USITC, *The Impact of the Caribbean Basin Economic Recovery Act, Nineteenth Report, 2007–2008*, September 2009.

CBTPA: Requirements concerning origin of inputs and processes, value added, and quantitative limits

Article	Yarn	Fabric	Cutting	Assembly	Value added	Quantitative limit
Other apparel	U.S.	U.S.	U.S./CBTPA[a]	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[b]	Any country	Any country	CBTPA	CBTPA	No	No

HOPE/HELP Acts: Requirements concerning origin of inputs and processes, value added,[c] and quantitative limits

Article	Yarn	Fabric	Cutting	Assembly	Value added	Quantitative limit
Other apparel	Any country	Any country	Any country	Haiti	50% or more beneficiary country content[c]	Yes
Knit apparel[d]	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[e]
Certain non-apparel textile goods (luggage, towels, bedspreads and quilts, headwear)	Any country	Any country	Haiti	Haiti	No	No[e]
Apparel of yarns/fabrics in short supply[f]	Any country	Any country	Haiti	Haiti	No	No

[a] 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.
[b] If a fiber, yarn, or fabric has been determined to be not commercially available in the United States or CBTPA beneficiary countries, apparel containing the product may still qualify for duty-free treatment.
[c] As noted in the discussion of HOPE I, the value-added requirement increased from 50 percent to 55 percent in year 4 of the HOPE I Act, and then to 60 percent in year 5 of the act. Beneficiary countries include the United States, Haiti, and any country with which the United States has a free trade agreement (FTA) or preferential trading arrangement.
[d] Certain types of knit apparel (e.g., men's and boys' T-shirts, all sweaters) do not qualify—generally they are given preferential treatment under CBTPA.
[e] As long as the brassieres, luggage, and headwear are wholly assembled or knit to shape in Haiti.
[f] Under HOPE I/HOPE II/HELP, if a fiber, yarn, or fabric has been determined to be not commercially available under any FTA or preference program, apparel using the product may still qualify for duty-free treatment.

On May 22, 2008, Congress further amended CBERA through the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II).[86] HOPE II amended the special provisions for apparel and other textiles from Haiti, including provisions specified by HOPE I. The 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.[87] HOPE II provided additional ways, under simplified rules, that Haitian apparel might qualify for duty-free treatment. It also authorized a new labor-related capacity-building and monitoring program in the apparel sector, known as the Technical Assistance Improvement and Compliance Needs Assessment and Remediation Program, to benefit Haitian workers with training and worksite safety programs.[88] HOPE II also extended most HOPE I apparel preferences for 10 years.

The principal provisions in HOPE II relating to apparel and textile trade with Haiti are as follows:[89]

- the existing value-added rule (now capped at 60 percent)[90] 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;
- the cap for woven apparel in HOPE I was expanded from 50 million square meter equivalents (SMEs) to 70 million SMEs;
- a new limit for knit apparel of 70 million SMEs was created, subject to exclusions for certain men's/boys' T-shirts and sweatshirts;
- an uncapped benefit for certain articles (brassieres, textile luggage, headwear, and certain sleepwear) was created for apparel wholly assembled or knit to shape in Haiti, regardless of the source of the inputs;
- 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[91] purchased by a producer for apparel production in Haiti, 1 SME of apparel made by that producer using non-qualifying fabric qualifies for duty free treatment and is not subject to quantitative limits);
- an uncapped benefit was created for apparel made from non-U.S. fabrics deemed to be in “short supply”; and
- direct shipment from and co-production in the Dominican Republic was allowed.

The Haiti Economic Lift Program Act of 2010 amended CBERA a third time.[92] 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.[93] The HELP

[86] Pub. L. 110-234, § 15401 et seq. (amending 19 U.S.C. § 2703a).
[87] USITC, *Textiles and Apparel: Effects of Special Rules for Haiti on Trade Markets and Industries*, June 2008, 3–9 to 3–10.
[88] See discussion of labor provisions in a preceding section of this chapter. Pub. L. 110-246, § 15403(e) added 19 U.S.C. § 2703a(e).
[89] 19 U.S.C. § 2703a (notes).
[90] See the description of HOPE I above.
[91] Fabric qualifies if it is from the United States. Knit fabric from US. FTA partners and beneficiaries of certain preference programs qualifies if it is made using U.S. yarn. See 19 USC 2703a(b)(4).
[92] Haiti Economic Lift Program Act of 2010 (HELP Act), Pub. L. 111-171, § 2.
[93] White House, “The United States Government’s Haiti Earthquake Response,” June 25, 2010.

legislation expanded existing programs under HOPE Acts and established new preferences, with unlimited duty-free treatment for certain knit apparel and certain home goods.[94] HELP Act provided a 10-year extension of CBTPA and HOPE Acts, and extended duty-free treatment until one of three dates based on the value attributable to a qualifying country.[95] Key provisions under HELP Act relating to apparel and textiles include:

- 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);
- 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;
- liberalization of the earned import allowance requirement by allowing the duty-free importation of 1 SME of apparel wholly assembled or knit to shape in Haiti, regardless of the origin of the inputs, for every 2 SMEs (previously it was 1 for every 3 SMEs) of qualifying fabric.

The Trade Preferences Extension Act of 2015, extended the preferential access provided under the HOPE and HELP Acts through September 30, 2025.[96]

[94] The goods identified as eligible for HOPE benefits are classified under HTS subheadings 9820.61.45 (certain apparel articles) and 9820.63.05 (certain made-up textiles articles). Articles produced in Haiti entered under these HTS numbers can enter the United States free of duty regardless of the source of the fabric, fabric components, components knit to shape, or yarns from which the articles are made.
[95] Specifically, December 20, 2015, for apparel wholly assembled or knit to shape in Haiti with at least 50 percent of the value attributable to Haiti, the United States, or a U.S. FTA partner or preference program beneficiary ("qualifying countries"); December 20, 2017, for Haitian apparel with at least 55 percent of the value from qualifying countries; and December 20, 2018, for Haitian apparel with at least 60 percent of the value of the inputs from qualifying countries.
[96] Pub L. 114-27, amending 19 U.S.C. § 2703a.

Chapter 2
Economic Impact of CBERA on U.S. Economy, Industries and Consumers

This chapter reports the economic impact of CBERA on U.S. imports, industries, and consumers in 2019–20. The chapter includes the estimated economic effects of the CBERA program on both the U.S. economy and on individual domestic industries which produce articles that are directly competitive with the imported articles under CBERA preferences. It also includes the probable future effect taking into account growth and investment activity in the Caribbean Basin region, including recent investment in the region by China.

Summary of Overall Impact

The impact of the CBERA program on the U.S. economy and industries continued to be small in 2019 and 2020. Effects are small because the value of U.S. imports under the CBERA preference program are a small share of total U.S. imports. The top U.S. imports under the CBERA preference program are petroleum oils, methanol, T-shirts of cotton, sweaters of manmade fibers, and polystyrene.

To understand the effects of the CBERA program on U.S. imports, U.S. consumers, and the U.S. industry, products are grouped into two categories: products that enter duty free exclusively under the CBERA program (CBERA-exclusive), and products that enter duty free under multiple preference programs (CBERA-nonexclusive). Of the top CBERA-exclusive products that are eligible to enter duty free exclusively under CBERA preferences, which primarily include apparel, domestic revenues were lower by about 2.5 percent with CBERA preferences in place. T-shirts of cotton, classified in the Harmonized Tariff Schedule of the United States (HTS) at the 8-digit level, (HTS 6109.10.00), sweaters of manmade fibers (HTS 6110.30.30), and T-shirts of manmade fibers (HTS 6109.90.10) were among the products with the highest volume of CBERA-exclusive imports in 2020. Of the top CBERA-nonexclusive products that are eligible to enter the country duty free under multiple preference programs, domestic revenues were lower by about 0.4 percent with CBERA preferences in place. The economic effects of the CBERA preference program for CBERA-nonexclusive products were largest for methanol. The CBERA preference program led to a 2.6 percent decline in domestic revenues and operating income for methanol products relative to the case where CBERA was not in place. Complete tables of economic effects can be found in the sections below.

The future effect of the CBERA program on the U.S. economy, including on U.S. domestic industries and U.S. consumers, is likely to remain minimal for most products, given the relatively small volume of imports from CBERA countries that is unlikely to grow substantially. In examining future supply and demand for imports under the CBERA program, the report analyzes economic growth projections and investment activity in the Caribbean Basin region and makes an assessment of the role such investment might play on future U.S. imports under CBERA. An analysis of future effects of the CBERA program can be found in the second half of this chapter.

Estimated Economic Impact of CBERA on the U.S. Economy, U.S. Imports, U.S. Consumers, and U.S. Industry

During 2019 and 2020, the effect of CBERA on the U.S. economy was small because the value of U.S. imports under the CBERA preference program remained low compared to total U.S. imports. In 2020, U.S. imports under the CBERA program were $1.7 billion, which is 0.07 percent of total U.S. imports (table 2.1).

Table 2.1 U.S. imports for consumption from CBERA countries, 2016–20
In millions of dollars and percentages.

Year	U.S. imports from CBERA countries (million $)	CBERA countries share of U.S. imports from world (%)	U.S. imports under CBERA program (million $)	Share of U.S. imports under CBERA in total U.S. imports from CBERA countries (%)	Share of U.S. imports under CBERA in total U.S. imports from world (%)
2016	5,320	0.2	1,410	26.5	0.06
2017	5,798	0.2	1,544	26.6	0.07
2018	6,094	0.2	1,689	27.7	0.07
2019	5,583	0.2	1,744	31.8	0.07
2020	4,985	0.2	1,689	33.9	0.07

Source: USITC DataWeb/Census, accessed April 12, 2021.
Note: CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June of 2022.

The rest of this section reports the estimated economic effects of the CBERA program on U.S. imports, U.S. consumers, and the U.S. industry. The analysis utilizes a partial equilibrium model of the U.S. market for the top 20 imported products to simulate the hypothetical scenario where imports under CBERA are returned to their normal trade relations (NTR) duty rates.[97] Economic effects are calculated as the difference between actual and simulated outcomes.

[97] Normal-trade-relations (NTR) status was formerly known as "most-favored-nation" (MFN) status; MFN is the term commonly used outside the United States. Goods from a country with NTR status are entitled to normal nondiscriminatory tariff treatment.

This page has been changed to reflect corrections to the original publication.

The products modeled in this chapter were selected by first distinguishing between CBERA-exclusive and CBERA-nonexclusive products.[98] The top 10 CBERA-exclusive and CBERA-nonexclusive products were then chosen by the value of 2020 imports (table 2.2).[99]

Table 2.2 Top 10 CBERA-exclusive and top 10 CBERA-nonexclusive products modeled
In millions of dollars and percentages.

HTS subheading	Description	Product category	Duty rate (%)	U.S. imports under CBERA preferences in 2020 (million $)
2709.00.20 and 2709.00.10	Petroleum oils	CBERA-nonexclusive	0.2	440.9
2905.11.20	Methanol	CBERA-nonexclusive	5.5	247.7
6109.10.00	T-shirts of cotton	CBERA-exclusive	16.5	206.5
6110.30.30	Sweaters of manmade fibers, n.e.s.o.i.	CBERA-exclusive	32.0	109.8
6109.90.10	T-shirts of manmade fibers	CBERA-exclusive	32.0	96.9
6104.62.20	Women's/girls' trousers of cotton	CBERA-exclusive	14.9	69.1
6110.20.20	Sweaters of cotton, n.e.s.o.i.	CBERA-exclusive	16.5	64.4
3903.11.00	Polystyrene	CBERA-nonexclusive	6.5	55.4
2106.90.98	Other food preps, n.e.s.o.i.	CBERA-nonexclusive	6.4	26.9
6203.43.90	Men's/boys' trousers (synth fibers)	CBERA-exclusive	27.9	24.4
6104.63.20	Women's/girls' trousers (synth fibers, not knitted), n.e.s.o.i.	CBERA-exclusive	28.2	23.4
6205.30.20	Men's/boys' shirts of manmade fibers, n.e.s.o.i.	CBERA-exclusive	27.0	23.2
6211.43.10	Women's/girls' track suits, n.e.s.o.i.	CBERA-exclusive	16.0	21.5
2103.90.90	Sauces and preparations, n.e.s.o.i.	CBERA-nonexclusive	6.4	19.4
0804.50.60 and 0804.50.40	Guavas and mangoes, fresh	CBERA-nonexclusive	3.7	14.3
6204.63.90	Women's/girls' trousers, n.e.s.o.i.	CBERA-exclusive	28.6	10.5
2933.61.00	Melamine	CBERA-nonexclusive	3.5	8.1
2008.99.91	Bean cake, other fruits, nuts	CBERA-nonexclusive	6.0	7.5
2005.99.97	Vegetables n.e.s.o.i.	CBERA-nonexclusive	11.2	5.9
2202.10.00	Waters, including mineral waters	CBERA-nonexclusive	0.1	5.0

Source: USITC DataWeb/Census, accessed April 21, 2021.Note: The duty rate is the ad valorem equivalent from the harmonized tariff schedule or normal trade relations partner countries.

Description of the Economic Model

The partial equilibrium model developed for this report estimates the effects of CBERA preferences on U.S. imports, U.S. production, prices, revenue, operating income, and employment. This analysis used

[98] T-shirts and sweaters, for example, can only enter the U.S. free of duty under CBERA preferences and are categorized as CBERA-exclusive. Other products, like sauces, can enter the United States free of duty under both CBERA and GSP and are categorized as CBERA-nonexclusive. Some products, like polystyrene and methanol, are technically GSP eligible. However, the sole CBERA exporting country may not have preferential access under GSP because they are not a designated beneficiary country. These products are still considered CBERA-nonexclusive for this analysis.

[99] Import data for 2020 were used to both select products to model and calibrate the model parameters. The Commission also ran model estimates with 2019 data but results were largely the same. Products are at the 8-digit tariff code level in HTS. Chapter 4 describes the trade data for 2019–20.

the same model developed for the 2019 report, with improvements to estimated model parameters and applied to the latest available data. For each product, consumers purchase both domestically produced and imported varieties from countries that receive CBERA preferences and countries that do not. Imports from the various sources and domestic production are assumed to be imperfectly substitutable. The elasticity of substitution between foreign and domestically sourced varieties is estimated for each product modeled using variation in international trade costs, such as freight costs and tariffs, and a panel of U.S. import data from 2011—20.[100] Producers operate in a monopolistically competitive industry where the number of firms is fixed, each firm produces their own unique version of each product, and has some degree of market power when setting their price.[101] Producers have the ability to generate positive or negative profits in the short run, allowing the model to calculate non-zero changes in operating income.[102] Changes in firm revenue from the tariff removal have a direct effect on firm's demand for variable labor, allowing the model to also calculate changes in the number of production-related workers.[103] Thus, along with price and quantity effects, the model also computes the effects on the amount of domestic labor needed in production, as well as profitability of the domestic (U.S.) industry, due to the removal of U.S. tariffs on CBERA imports.

The model is calibrated with 2020 data from several sources. U.S. imports and exports data were obtained from USITC's DataWeb. Domestic production and employment data were estimated for each product by the Commission's industry analysts to match the level of aggregation of imports. Domestic exports are subtracted from domestic production data to isolate U.S. apparent consumption. Domestic employment data are also estimated for each product to calculate the change in the number of workers due to the removal of tariffs.

Effects are estimated as the difference between observed outcomes in 2020 and the hypothetical scenario where CBERA preferences are eliminated and duty rates return to their higher NTR rates. Since current U.S. imports from CBERA countries are eligible for preferential treatment, the model starts with initial market shares at these preferential tariff rates (i.e., duty-free imports). It then simulates for 2020 a counterfactual value of quantities and prices that would prevail absent the CBERA preferences (i.e., if tariffs were at NTR rates). The estimated impact of CBERA is calculated as the difference between the initial values of prices and quantities and those counterfactual values without CBERA preferences. The model is run once for each of the 20 products (both CBERA-exclusive and -nonexclusive products) selected.

Economic effects of CBERA preferences on U.S. industries producing competitive goods are negative, but small; the reduction or elimination of tariffs under the CBERA program leads to increased imports and lower domestic production. CBERA preferences reduce the price of imports, increasing competition in the domestic market and driving down the price of domestic goods that compete with the imports. As

[100] More information about the econometric model used to estimate the elasticity of substitution for each product can be found in technical appendix B.
[101] Krugman, "Scale Economies, Product Differentiation, and the Pattern of Trade," 1980, 950–59.
[102] The monopolistic competition assumption is commonly used in trade models and is a good characterization of the industries modeled in this chapter. For example, the U.S. apparel industry, with highly differentiated products by brand, is a good example of a monopolistically competitive market structure. This assumption also allows the model to estimate effects on profits, which is required by statute in this report.
[103] Employment effects are calculated at the industry level, so the partial equilibrium model cannot determine if the affected workers were re-hired elsewhere in the economy.

domestic prices fall, producers respond by reducing output and employment, and have lower operating profits. The amount to which domestic prices fall depends on the market share of CBERA imports, the preference margin, and the estimated elasticity of substitution. In general, if imports under CBERA account for a larger market share in the U.S. domestic market, would otherwise face higher NTR tariffs, or are more substitutable with domestic products, then the model will estimate larger increases in U.S. imports, larger decreases in consumer prices, and larger adverse effects on domestic producers following the removal of tariffs.

Limitations of the partial equilibrium model. The partial equilibrium model is designed to take into account certain factors such as tariffs, market shares, elasticities, employment, and operating profits, but it does not take into account other factors such as wages, inventories, capital investments, and profit margins. The model may not be appropriate for industries that deviate from monopolistic competition, such as those characterized by a few firms that each have significant market power. However, firms in the 20 industries modeled in this chapter are not generally characterized as having significant market power. With respect to labor effects, data on production workers is only available for U.S. industries that are classified under North American Industry Classification System (NAICS) 6-digit U.S. industry, which is more aggregated than the industries producing goods classified under the HTS 8-digit subheadings modeled. To estimate the number of production workers in each of the 20 industries modeled, the Commission assumed that labor productivities were the same for all industries classified at the HTS 8-digit subheadings within a NAICS 6-digit U.S. industries. If that is not the case, then differences across labor productivities within NAICS 6-digit U.S. industries will not be reflected in the assignment of production workers and in the subsequent determination of effects on production workers from the elimination of U.S. tariffs on CBERA imports. Further, this chapter reports only the effects on operating profits because estimating the effect on net profits requires additional information on initial profit margins, which is generally not publicly available.[104] Finally, the model's focus is on goods and does not reflect services linked to the production of goods.

Effect of CBERA-Exclusive Products

The top 10 CBERA-exclusive products by value that are modeled in this section are all apparel products primarily from Haiti. They include T-shirts of cotton, sweaters of manmade fibers, T-shirts of manmade fibers, women's/girls trousers, sweaters of cotton, and others (table 2.2). These products accounted for 87.7 percent of all CBERA-exclusive imports and 38.5 percent of all CBERA imports in 2020.

The economic effects reported in table 2.3 are the difference between actual values in 2020 and a simulated counterfactual scenario where CBERA preferences are removed and tariff rates return to the NTR rate. Imports under CBERA for cotton T-shirts, for example, were $206.5 million in 2020. As noted above, the model simulates a counterfactual value of quantities and prices that would prevail absent the preferences, if tariffs were at NTR rates. The model estimates that imports of cotton T-shirts would be

[104] Operating profits are defined as a firms' total revenue minus variable costs. Net profits are a firms' total revenue minus variable and fixed costs. Profit margins are defined as net profits over total revenue. The Commission has undertaken more extensive profitability investigations that look at net profits, but they required confidential business information from the industry.

around $68.3 million without CBERA preferences in 2020. Hence, 2020 imports were $138.2 million, or 202.2 percent, higher than they would have been in the absence of CBERA preferences.

Estimated effects on U.S. imports. The CBERA program eliminates tariffs on CBERA-eligible imports leading to increased U.S. imports and lower consumer prices of those products. Table 2.3 reports the Commission's estimated effects of the CBERA program on the ten CBERA-exclusive products. The imported products included in table 2.3 have an average NTR duty rate of about 24 percent. Due to the relatively high duty rates, U.S. imports of the top 10 CBERA-exclusive products are $497.5 million higher in value with CBERA preferences than would be the case without CBERA preferences. The elimination of duty rates on the largest apparel import, T-shirts of cotton (HTS 6109.10.00), increases imports of that product by $138.2 million. The second-largest import, sweaters of manmade fibers (HTS 6110.30.30), is higher by $100.8 million.

Table 2.3 Estimated effect of the CBERA program on U.S. imports, CBERA-exclusive products, 2020
In millions of dollars and percentages. — (em dash) = not applicable; n.e.s.o.i. = not elsewhere specified or included; NTR = normal-trade-relations (also called most-favored-nation).

HTS subheading	Description	NTR duty rate (%)	Baseline import value (million $)	Estimated import value without CBERA (million $)	Estimated change, (%)
6109.10.00	T-shirts of cotton	16.5	206.5	68.3	202.2
6110.30.30	Sweaters of manmade fibers, n.e.s.o.i.	32.0	109.8	9.0	1,119.6
6109.90.10	T-shirts of manmade fibers	32.0	96.9	11.4	754.8
6104.62.20	Women's/girls' trousers of cotton	14.9	69.1	27.3	153.0
6110.20.20	Sweaters of cotton, n.e.s.o.i.	16.5	64.4	15.9	304.4
6203.43.90	Men's/boys' trousers (synthetic fibers)	27.9	24.4	2.7	799.3
6104.63.20	Women's/girls' trousers (synthetic fibers, not knitted), n.e.s.o.i.	28.2	23.4	4.7	396.9
6205.30.20	Men's/boys' shirts of manmade fibers, n.e.s.o.i.	27.0	23.2	4.1	460.9
6211.43.10	Women's/girls' track suits, n.e.s.o.i.	16.0	21.5	7.2	197.2
6204.63.90	Women's/girls' trousers, n.e.s.o.i.	28.6	10.5	1.6	568.5
Average	—	24.0	—	—	495.7

Source: USITC DataWeb/Census, accessed April 21, 2021. Model results are USITC estimates.
Note:Baseline imports values in table 2.2 are based on the imports for consumption data series for goods that qualified for trade preferences under the CBERA program. The duty rate is the ad valorem equivalent from the harmonized tariff schedule for normal trade relations partner countries. Economic effects are estimated using a partial equilibrium model of the U.S. industry for each product, where the estimated import value is the modeled outcome from a hypothetical scenario where CBERA preferences are removed. The estimated change is calculated as (baseline import value – estimated import value)/estimated import value). The estimated percent changes in this table are calculated in the model using unrounded outcomes, so there may be small differences if reproducing with rounded outcomes.

Estimated effects on U.S. consumers. The primary effect of the CBERA program on U.S. consumers is a slight reduction in consumer prices (table 2.4). Consumer prices, which include both prices of the domestic and imported varieties, decrease by about 0.3 percent on average. Effects on prices are small because the market share of imports under the CBERA program are small. The estimated decline in price (0.8 percent) is highest for T-shirts of manmade fibers (HTS 6109.90.10), due largely to the high NTR rate and relatively larger import penetration rate.

Table 2.4 Estimated effect of the CBERA program on U.S. consumers, CBERA-exclusive products, 2020
In percentages. — (em dash) = not applicable; n.e.s.o.i. = not elsewhere specified or included; NTR = normal-trade-relations (also called most-favored-nation).

HTS subheading	Description	NTR duty rate (%)	Estimated change in consumer prices (%)
6109.10.00	T-shirts of cotton	16.5	−0.5
6110.30.30	Sweaters of manmade fibers, n.e.s.o.i.	32.0	−0.3
6109.90.10	T-shirts of manmade fibers	32.0	−0.8
6104.62.20	Women's/girls' trousers of cotton	14.9	−0.4
6110.20.20	Sweaters of cotton, n.e.s.o.i.	16.5	−0.1
6203.43.90	Men's/boys' trousers (synthetic fibers)	27.9	−0.2
6104.63.20	Women's/girls' trousers (synthetic fibers, not knitted), n.e.s.o.i.	28.2	−0.2
6205.30.20	Men's/boys' shirts of manmade fibers, n.e.s.o.i.	27.0	−0.5
6211.43.10	Women's/girls' track suits, n.e.s.o.i.	16.0	−0.2
6204.63.90	Women's/girls' trousers, n.e.s.o.i.	28.6	−0.1
Average	—	24.0	−0.3

Source: USITC DataWeb/Census, accessed April 21, 2021. Model results are USITC estimates.
Note: The duty rate is the ad valorem equivalent from the harmonized tariff schedule for normal trade relations partner countries. Economic effects are estimated using a partial equilibrium model of the U.S. industry for each product. The estimated change is calculated as (baseline consumer price – estimated consumer price)/estimated consumer price).

Estimated effects on U.S. industry. The effects of the CBERA program on the U.S. industries modeled are small (table 2.5). Domestic revenue and operating income are lower by 2.5 percent on average with CBERA preferences in place. Of the 10 products modeled, domestic revenues are $1.7 million lower on average with CBERA preferences in place. Employment effects for each product are also small.[105] T-shirts of cotton (HTS 6109.10.00) and sweaters of manmade fibers (HTS 6110.30.30) have the largest employment effects, at 10 workers displaced each as a result of the CBERA program. The effects of the CBERA program on the U.S. apparel industries are small, because CBERA imports make up a relatively small share of the U.S. market.

[105] The estimated effects shown in table 2.5 are not a record of actual job losses, but rather the result of simulations of the impact of CBERA program on employment in 2020. Employment effects from partial equilibrium models should not be summed across products, because workers within individual facilities may produce multiple goods and there may be movement between product groups. Although the exact impact on employment cannot be determined, these simulated estimates are reported in order to show the magnitude of potential employment effects from CBERA, as requested by statute.

This page has been changed to reflect corrections to the June 2022 publication.

Table 2.5 Estimated effect of the CBERA program on the U.S. industries, CBERA-exclusive products, 2020

In millions of dollars, percentages, and numbers. — (em dash) = not applicable; n.e.s.o.i. = not elsewhere specified or included; OP = operating income.

HTS subheading	Description	Duty rate (%)	Baseline revenue (million $)	Baseline OP (million $)	Baseline workers (#)	Estimated revenue without CBERA (million $)	Estimated OP without CBERA (million $)	Estimated workers without CBERA (#)	Estimated change in revenue, OP, employment (%)	Estimated change in number of workers (#)
6109.10.00	T-shirts of cotton	16.5	91.5	10.8	266	95.2	11.2	276	−3.9	−10
6110.30.30	Sweaters of manmade fibers, n.e.s.o.i.	32.0	147.7	14.6	429	151.2	15.0	439	−2.3	−10
6109.90.10	T-shirts of manmade fibers	32.0	50.7	5.7	147	54.0	6.0	156	−6.1	−9
6104.62.20	Women's/girls' trousers of cotton	14.9	67.9	8.6	197	69.9	8.8	203	−2.9	−6
6110.20.20	Sweaters of cotton, n.e.s.o.i.	16.5	238.9	23.4	694	240.7	23.6	699	−0.8	−5
6203.43.90	Men's/boys' trousers (synthetic fibers)	27.9	45.5	4.6	351	46.4	4.6	358	−2.0	−7
6104.63.20	Women's/girls' trousers (synthetic fibers, not knitted), n.e.s.o.i.	28.2	76.2	10.2	221	77.0	10.3	223	−1.1	−2
6205.30.20	Men's/boys' shirts of manmade fibers, n.e.s.o.i.	27.0	14.8	1.8	114	15.4	1.8	118	−3.8	−4
6211.43.10	Women's/girls' track suits, n.e.s.o.i.	16.0	8.9	1.0	26	9.0	1.1	26	−1.4	0
6204.63.90	Women's/girls' trousers, n.e.s.o.i.	28.6	31.7	3.7	92	32.1	3.7	93	−1.1	−1
Average	—	24.0	—	—	—	—	—	—	−2.5	−5

Source: USITC DataWeb/Census, accessed April 21, 2021. Model results are USITC estimates.

Note: The duty rate is the ad valorem equivalent from the harmonized tariff schedule for normal trade relation partner countries. The number of workers in the table is referring to an estimate of the number of production-related workers for each product. Economic effects are estimated using a partial equilibrium model of the U.S. industry for each product. The estimated revenue, operating income, and workers values are the modeled outcomes from a hypothetical scenario where CBERA preferences are removed. The estimated change is calculated as (baseline value – estimated value)/estimated value). The estimated change in revenue, operating income, and production-related workers (workers) are equivalent in the model, as described further in the technical appendix, because producer prices are held fixed, so quantities move in proportion to other outcomes. The estimated percent changes in this table are calculated in the model using unrounded outcomes, so there may be small differences if reproducing with rounded outcomes.

Effect of CBERA-Nonexclusive Products

The top 10 CBERA-nonexclusive products by value that are modeled in this section include petroleum oils, methane, polystyrene, other food preps, sauces, guavas and mangoes, melamine, and others (table 2.2). These products constitute 87.7 percent of CBERA-nonexclusive products and 49.2 percent of all imports under the CBERA program in 2020. There were two petroleum oils HTS codes, crude testing 25 degrees A.P.I. or more (HTS 2709.00.20) and crude testing under 25 degrees (HTS 2709.00.10), that were aggregated for the analysis.[106] This aggregated product is the largest import flow under the CBERA program by value.

Methanol is the second-highest import flow under the CBERA program by value. The guavas and mangoes product code (HTS 0804.50.60), the sixth highest import flow for nonexclusive products, is a seasonal product code and its imports were aggregated with goods of the other seasonal code (HTS 0804.50.40). These products compete year-round with domestic production of guavas that are primarily produced in Puerto Rico.

There were two products that were in the 10 leading CBERA-nonexclusive list that were not modeled. Fresh and chilled yams (HTS 0714.30.10) is the fifth largest nonexclusive import by value. This product was not modeled because there is no associated domestic industry. This section of the report focuses on the actual estimated effect of CBERA on specific domestic industries that produce articles that compete with imports from beneficiary countries. Without a domestic industry, the effects on the industry would be zero.[107] Second, other raw cane sugar (HTS 1704.14.10) was the seventh-leading nonexclusive import by value and was not modeled. The in-quota quantities allocated to individual CBERA countries do not affect the total quantity of raw cane sugar imported under the WTO tariff rate quota (TRQ). TRQ quantities that suppliers in individual countries are unable to fill are typically reallocated by the U.S. government. Thus the total quantity of raw cane sugar imported under the WTO raw cane sugar TRQ is likely to be unaffected by changes in the CBERA preferences. Therefore, a change in the import source has no impact on the U.S. domestic raw cane sugar industry.[108]

Economic effects of the CBERA program on the ten leading nonexclusive products are described below.[109] Effects are calculated as the difference between actual outcomes and a hypothetical scenario

[106] The A.P.I. , which stands for the American Petroleum Institute after the organization that created the measure, is an index of the density of oil products. Both crude oil HTS codes cover crude oil with very similar properties around the 25 degrees A.P.I. cutoff. The product codes were aggregated to match the domestic production data which encompasses both light and heavy crude oil types.

[107] While this product is not modeled, it is clear that the CBERA preferences would lower prices, providing a benefit to U.S. consumers of this product.

[108] Raw cane sugar classified under HTS 1704.14.10 is subject to a total quantity restriction set by the U.S. Secretary of Agriculture and allocated to individual countries by the Office of the United States Trade Representative. The total quantity of the WTO raw cane sugar TRQ is set such that there is no impact on the U.S. domestic sugar industry, usually at the WTO required minimum. Country allocations are based on historical suppliers. Sugar producers in the United States are allocated their marketing allotments before the total import quantity is set and TRQs are allocated to TRQ countries. Without CBERA preferences, import sourcing may shift under the TRQ, but the net effects on the domestic industry are likely zero.

[109] The 10 products modeled in the next subsections do not include fresh and chilled yams (HTS 0714.30.10) and raw cane sugar (HTS 1704.14.10). As described above, fresh and chilled yams were not modeled because there is

where there are no preference programs in place and the products enter the country under the NTR rates.

Estimated effects on U.S. imports. As noted above, CBERA preferences reduce the price of CBERA imports, leading to an increase in imports under the CBERA program. Greater competition from imports leads to a reduction in U.S. domestic production and a reduction in non-CBERA imports. Table 2.6 reports the estimated economic effect of the CBERA program on U.S. imports of CBERA-nonexclusive products. The effects of CBERA preferences on methanol imports are the largest of the nonexclusive products in value and percentage terms, at $36.2 million. Lower tariff rates under CBERA preferences bring an additional $7.4 million in imports of petroleum oils, which is small relative to the size of the petroleum oils market because of the low NTR duty rate (0.2 percent).

Table 2.6 Estimated effect of the CBERA program on U.S. imports, CBERA-nonexclusive products, 2020
In millions of dollars and percentages. — (em dash) = not applicable; n.e.s.o.i. = not elsewhere specified or included; NTR = normal-trade-relations (also called most-favored-nation).

HTS subheading	Description	NTR duty rate (%)	Baseline import value (million $)	Estimated import value without CBERA (million $)	Estimated change (%)
2709.00.20 and 2709.00.10	Petroleum oils	0.2	441	434	1.7
2905.11.20	Methanol	5.5	248	212	17.1
3903.11.00	Polystyrene	6.5	55	53	5.4
2106.90.98	Other food preps, n.e.s.o.i.	6.4	27	18	50.2
2103.90.90	Sauces and preparations, n.e.s.o.i.	6.4	19	15	27.1
0804.50.60 and 0804.50.40	Guavas and mangoes, fresh	3.7	14	13	8.5
2933.61.00	Melamine	3.5	8	7	9.8
2008.99.91	Bean cake, other fruits, nuts	6.0	8	6	30.0
2005.99.97	Vegetables, n.e.s.o.i.	11.2	6	4	42.6
2202.10.00	Waters, including mineral waters	0.1	5	5	0.3
Average	—	5.0	—	—	19.3

Source: USITC DataWeb/Census, accessed April 21, 2021. Model results are USITC estimates.
Note:Baseline imports values in table 2.5 are based on the imports for consumption data series for goods that qualified for trade preferences under the CBERA program. The duty rate is the ad valorem equivalent from the harmonized tariff schedule for normal trade relations partner countries. Economic effects are estimated using a partial equilibrium model of the U.S. industry for each product, where the estimated import value is the modeled outcome from a hypothetical scenario where CBERA preferences are removed, and duty rates return to the normal trade relation rate. The estimated change is calculated as (baseline import value – estimated import value/estimated import value). The estimated percent changes in this table are calculated in the model using unrounded outcomes, so there may be small differences if reproducing with rounded outcomes.

Estimated effects on U.S. consumers. Table 2.7 reports the estimated percentage change in consumer prices for each of the 10 CBERA-nonexclusive products. CBERA preferences for methanol from Trinidad and Tobago would result in the largest percentage decline in consumer prices (−0.7 percent) due to the size of the NTR rate (5.5 percent) and the size of Trinidad and Tobago's market share compared to other sources of supply. Polystyrene and melamine are next highest, at −0.5 and −0.3 percent respectively.

no competing domestic industry, and raw cane sugar was not modeled because the WTO tariff rate quota that would be utilized absent CBERA preferences is allocated such that there would be no effect of source switching on the domestic industry.

Table 2.7 Estimated effect of the CBERA program on U.S. consumers, CBERA-nonexclusive products, 2020

In percentages. — (em dash) = not applicable; n.e.s.o.i. = not elsewhere specified or included; NTR = normal-trade-relations (also called most-favored-nation).

HTS subheading	Description	NTR duty rate (%)	Estimated change in consumer prices (%)
2709.00.20 and 2709.00.10	Petroleum oils	0.2	0.0
2905.11.20	Methanol	5.5	−0.7
3903.11.00	Polystyrene	6.5	−0.5
2106.90.98	Other food preps, n.e.s.o.i.	6.4	0.0
2103.90.90	Sauces and preparations, n.e.s.o.i.	6.4	0.0
0804.50.60 and 0804.50.40	Guavas and mangoes, fresh	3.7	−0.1
2933.61.00	Melamine	3.5	−0.3
2008.99.91	Bean cake, other fruits, nuts	6.0	0.0
2005.99.97	Vegetables, n.e.s.o.i.	11.2	0.0
2202.10.00	Waters, including mineral waters	0.1	0.0
Average	—	5.0	−0.2

Source: USITC DataWeb/Census, accessed April 21, 2021. Model results are USITC estimates.

Note: The duty rate is the ad valorem equivalent from the harmonized tariff schedule for normal trade relations partner countries. Economic effects are estimated using a partial equilibrium model of the U.S. industry for each product. The estimated change is calculated as (baseline consumer price – estimated consumer price)/estimated consumer price.

Estimated effects on U.S. industry. Effects on U.S. producer revenue, operating income, and employment in the industries modeled are reported in table 2.8. Effects of CBERA preferences on U.S. industries is small. The highest decline in revenue, as a result of CBERA preferential duties, is for methanol ($35.6 million or 2.6 percent decline). Methanol also has the greatest decline in the number of production-related workers at 17 workers lost from CBERA preferential duties. Melamine has the next-largest declines in percent terms (−1.0 percent decline in revenue, operating income, and production-related workers).

This page has been changed to reflect corrections to the June 2022 publication.

Table 2.8 Estimated effect of the CBERA program on U.S. industries, CBERA-nonexclusive products, 2020

In millions of dollars, percentages, and numbers. — (em dash) = not applicable; n.e.s.o.i. = not elsewhere specified or included; OP = operating income.

HTS subheading	Description	Duty rate (%)	Baseline revenue (million $)	Baseline OP (million $)	Baseline workers (#)	Estimated revenue without CBERA (million $)	Estimated OP without CBERA (million $)	Estimated workers without CBERA (#)	Estimated change in revenue, OP, employment (%)	Estimated change in number of workers (#)
2709.00.20 and 2709.00.10	Petroleum oils	0.2	110,301.8	11,512.7	46,422	110,306.6	11,513.3	46,424	0.0	−2
2905.11.20	Methanol	5.5	1,350.8	304.5	652	1,386.3	312.3	669	−2.6	−17
3903.11.00	Polystyrene	6.5	469.3	247.9	271	471.2	248.9	272	−0.4	−1
2106.90.98	Other food preps, n.e.s.o.i.	6.4	14,989.9	1,981.5	18,737	14,996.8	1,982.4	18,746	0.0	−9
2103.90.90	Sauces and preparations, n.e.s.o .i.	6.4	8,046.0	1,649.5	14,304	8,050.2	1,650.3	14,311	−0.1	−7
0804.50.60 and 0804.50.40	Guavas and mangoes, fresh	3.7	3.2	1.0	182	3.2	1.0	182	−0.2	0
2933.61.00	Melamine	3.5	58.5	14.6	32	59.1	14.8	32	−1.0	0
2008.99.91	Bean cake, other fruits, nuts	6.0	389.1	70.3	778	389.9	70.4	779	−0.2	−1
2005.99.97	Vegetables n.e.s.o.i.	11.2	3,484.3	801.4	4,978	3,485.9	801.7	4,980	0.0	−2
2202.10.00	Waters, including mineral waters	0.1	31,613.6	7,414.1	54,336	31,613.6	7,414.1	54,336	0.0	0
Average	—	5.0	—	—	—	—	—	—	−0.5	−4

Source: USITC DataWeb/Census, accessed April 21, 2021. Model results are USITC estimates.

Note:The duty rate is the ad valorem equivalent from the harmonized tariff schedule for normal trade relation partner countries. The number of workers in the table is referring to an estimate of the number of production-related workers for each product. Economic effects are estimated using a partial equilibrium model of the U.S. industry for each product. The estimated revenue, operating income, and workers values are the modeled outcomes from a hypothetical scenario where CBERA preferences are removed, and duty rates return to the normal trade relation rate. The estimated change is calculated as (baseline value – estimated value)/estimated value). The estimated change in revenue, operating income, and production-related workers (workers) are equivalent in the model, as described further in the technical appendix, because producer prices are held fixed, so quantities move in proportion to other outcomes. The estimated percent changes in this table are calculated in the model using unrounded outcomes, so there may be small differences if reproducing with rounded outcomes.

This page has been changed to reflect corrections to the June 2022 publication.

Highlights of U.S. Industries Most Affected by CBERA

Methanol

Petroleum-related products from Trinidad and Tobago account for a large share of U.S. imports under CBERA. In 2020, Trinidad and Tobago supplied 100 percent of the crude petroleum and 100 percent of the methanol imported by the United States under CBERA.[110] Trinidad and Tobago also figures prominently in the methanol industry worldwide. While Trinidad and Tobago continues to be the primary source of methanol imports, U.S. imports of methanol have become less important in the U.S. market. The domestic industry has expanded its capacity sufficiently that the United States became a net exporter of methanol in 2020. The following section describes methanol trade and production in relation to the United States and Trinidad and Tobago.

Methanol Uses

Methanol is a basic, commodity chemical that is used primarily as a feedstock to manufacture a number of other chemicals. Major uses of methanol in the United States include formaldehyde production, acetic acid production, and direct use as a fuel. Formaldehyde resins are used in the production of plywood, particleboard, paints, and adhesives. Acetic acid is an input for other intermediate chemicals that go into plastic bottles, paints, adhesives, and synthetic fibers. Direct fuel applications include the manufacture of methyl tertiary-butyl ether (MTBE), tertiary-amyl methyl ether, dimethyl ether, and biodiesel.

U.S. Methanol Production Capacity and the U.S. Market

During the early 2000s, relatively high North American prices for natural gas, the primary input to manufacture methanol, made domestic production generally unprofitable. The number of operating U.S. plants fell from 17 in the late 1990s to 4 during 2005–12. But discoveries of natural gas in North America and new gas production technologies, such as fracking, lowered natural gas prices. The abundant supply of relatively cheap natural gas enabled companies to build or restart facilities along the U.S. Gulf Coast and near other sources of natural gas. The number of operating U.S. plants rose to 10 in 2019. That number is expected to continue growing through 2023 although other project priorities have slowed the previously announced timetable of new capacity coming online. By the end of 2023, the number of operating methanol plants in the United States is estimated to reach 13 (table 2.9).

New, revitalized, and expanded plants have increased capacity in the United States. In 2012, Pandora Methanol restarted an idled Texas methanol facility, and LyondellBasell restarted a separate Texas facility in 2013. Methanex moved two methanol plants from Chile to the United States, beginning

[110] CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.

production in 2015.[111] In August 2018, Natgasoline announced that its 1.8 million metric tons (mt) greenfield plant in Texas had reached full production.[112] Other new and expanded sources of U.S. methanol production are anticipated in the near term, as listed in table 2.9. The U.S. industry is not only expanding—it is also innovating. In March 2021, Celanese announced plans to begin using recycled carbon dioxide (CO_2) as an alternative feedstock at its Fairway Methanol facility.[113]

U.S. methanol production rose from 1.0 million mt in 2012 to 6.4 million mt in 2019.[114] U.S. production capacity reached 7.7 million mt in 2019, an increase of 1.6 million mt from 2017. U.S. production capacity is projected to climb to 11.5 million mt by the end of 2023.[115] The majority of U.S. methanol production is for captive consumption but a small amount is sold in the merchant market.[116] The continued increase in production capacity will further lessen U.S. demand for methanol imports, including from Trinidad and Tobago under CBERA.

Table 2.9 Anticipated new/expanded U.S. methanol production capacity, 2021–23
In million metric tons

Production start year	Company name	Location	Project type	Capacity (million mt)
2021	Yuhuang Chemical	Louisiana	Greenfield	1.70
2021	U.S. Methanol	West Virginia	Greenfield	0.20
2022	Celanese/Mitsui	Texas	Expansion	0.40 additional
2023	Big Lake Fuels	Louisiana	Greenfield	1.40

Source: Matherne, "Celanese to Delay US Acetic Acid, Methanol Projects," April 27, 2020; Bailey, "Celanese Announces Expansion of Methanol Production," Chemical Engineering (blog), March 26, 2021; Business Wire, "Celanese to Expand Capacity and Utilize Recycled CO2 for Methanol Production at Clear Lake, Texas Facility," accessed April 16, 2021.

U.S. Demand for Methanol

From its recession-induced low point in 2009, U.S. demand for methanol steadily rose to 6.9 million mt in 2019. U.S. demand for methanol increased by an average of about 0.5 percent per year from 2014–19.[117] Given the maturity of the U.S. methanol market, the growth rate in demand is unlikely to increase substantially in the near term, but the low-cost of methanol may encourage more domestic investment in downstream chemical production. Methanol use for acetic acid, formaldehyde, and MTBE production are forecast to drive the fastest growth in U.S. methanol demand.[118]

[111] Methanex Corporation, "About Methanex in Geismar," accessed April 21, 2021.
[112] PRNewswire, "Natgasoline Successfully Ramped Up to Full Utilization," August 29, 2018.
[113] Celanese provided no timeline for when the carbon dioxide recycling would begin. Business Wire, "Celanese to Expand Capacity and Utilize Recycled CO2 for Methanol Production at Clear Lake, Texas Facility," accessed April 16, 2021; Bailey, "Celanese Announces Expansion of Methanol Production," *Chemical Engineering* (blog), March 26, 2021.
[114] Bescond, "Methanol–CEH," December 27, 2019, 37.
[115] Bescond, "Methanol -CEH"; OCI, "OCI, Results and Presentations," accessed April 28, 2021; Matherne, "Celanese to Delay US Acetic Acid, Methanol Projects," April 27, 2020; Bailey, "Celanese Announces Expansion of Methanol Production"; Matherne, "Celanese to Delay US Acetic Acid, Methanol Projects."
[116] Captive consumption is defined as the consumption of the good by the same factory or another factory of the same firm for use in the manufacture of other goods.
[117] Bescond, "Methanol - CEH," March 15, 2021, 38.
[118] Bescond, "Methanol–CEH," March 15, 2021, 38–9.

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 2020 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 free trade agreements, including CBERA. 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. More than 95 percent of U.S. imports of methanol under HTS 2905.11.20 from Trinidad and Tobago entered under CBERA in 2020. Trinidad and Tobago—the only supplier of methanol to the United States among CBERA beneficiaries during 2019–20—became the primary source of U.S. imports of methanol under HTS 2905.11.20 in 1998. Its share of U.S. imports expanded to 72 percent by value in 2009 before declining progressively to approximately 50 percent in each year since 2016. It accounted for 51.3 percent of U.S. methanol imports in 2020.[119]

The value of total U.S. imports of methanol under HTS 2905.11.20 fell in 2019 and 2020. Although import levels had been increasing irregularly overall since the global recession in 2008–09, in 2015 that trend reversed. As more of the rapidly expanding U.S. production capacity became fully operational in 2016, the value of U.S. imports of methanol under HTS 2905.11.20 from all sources fell 52 percent to $516 million. U.S. imports of methanol had not been that low since 1999. The value of methanol imports from all sources decreased $196 million (28 percent) in 2020 to $503 million, and those from Trinidad and Tobago decreased $109 million (30 percent) to $258 million.[120]

Global Methanol Production

Countries with significant natural gas sources, such as Trinidad and Tobago, have transformed the geographic composition of the methanol 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.

In 2017 and 2018, global methanol production capacity increased because of new facility construction and the expansion/debottlenecking of existing production facilities in China, Southeast Asia, and North America. Most other regions and countries experienced no significant changes.

China is the world's largest methanol producer, consumer, and importer. China is expected to see growth in each of these categories during the next three to five years because of its increased energy demands and abundant reserves of coal (the primary input for Chinese methanol production). North American capacity increased with the 2017 debottlenecking of the plant in Canada and the coming online of a U.S. greenfield plant in Texas in 2018, as noted above.[121]

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[119] USITC DataWeb/Census, accessed April 21, 2021.
[120] USITC DataWeb/Census, accessed April 21, 2021.
[121] Debottlenecking is undertaken to increase plant production without adding significant capital equipment. Debottlenecking is generally an act of adjusting operations to remove, to the extent practicable, an identified constraint (bottleneck) on production with the existing plant equipment. This contrasts with increasing production through additional investment in plant capital equipment.

Major Producers

Trinidad and Tobago has multiple methanol producers taking advantage of the enhanced access to the U.S. market through CBERA. Methanol Holdings (Trinidad) Ltd. (MHTL) has five methanol plants in Trinidad and Tobago with a total capacity of 4.0 million mt per year. Two of these plants, with an aggregate capacity of 1.0 million mt, have been idle since early 2017 due to a shortage of natural gas feedstock. Another MHTL plant, with a capacity of 0.6 million mt, was idled in March 2020 due to the global slowdown induced by the COVID-19 pandemic. Methanex is the world's leading producer of methanol and has a global network of production facilities, including two plants with a total capacity of 2.7 million mt in Trinidad and Tobago. Methanex also idled the smaller of its plants, with a capacity of 0.9 million mt, in March 2020 in response to the COVID global slowdown. Methanex announced in January 2021 that it would keep the plant idled because it had been unable to renew its natural gas supply contract.[122] Caribbean Gas Chemical Limited (CGCL) built Trinidad and Tobago's eighth methanol plant, with a capacity of 1.0 million mt, and began commercial operations in December 2020.[123] During 2019–20, Trinidad and Tobago exported to other markets despite its production difficulties, so the decline in U.S. imports of methanol from Trinidad and Tobago is unlikely due to its plant closures.

Assessment of the Probable Future Effect of CBERA

Overview

The probable future effect of the CBERA program on the U.S. economy, including on U.S. domestic industries and U.S. consumers, is likely to remain minimal for most products. CBERA countries are small producers in the global context, and small suppliers of U.S. imports. This is unlikely to change based on current and projected changes in supply and demand for imports under the CBERA program. This assessment includes a qualitative analysis of investment activity in the Caribbean Basin region and the role such investment might play on future supply of U.S. imports under CBERA. The assessment focuses on the effect of the CBERA program on U.S. imports in the near future.

This section begins with a description of the analytical framework and data sources for this assessment, followed by a summary of macroeconomic variables in the CBERA countries, and an overview of worldwide and Chinese investments in selected CBERA countries.

Analytical Framework and Data Sources

Assuming no changes in duties or transportation costs, future U.S. imports under the CBERA program are determined by future import demand in the United States, along with future supply in the CBERA countries. The analysis in this section discusses potential changes in U.S. demand as well as changes in

[122] Methanex Corporation, "Methanex Provides Update on Trinidad Operations," January 7, 2021.
[123] CGCL is a joint venture of a Mitsubishi consortium (70 percent), National Gas Company (NGC) of Trinidad and Tobago (20 percent), and Massy Holdings (10 percent). The Mitsubishi consortium comprises Mitsubishi Gas Chemical (MGC) (26.25 percent), Mitsubishi Corp. (26.25 percent), and Mitsubishi Heavy Industries Engineering (MHIE) (17.5 percent). Market Report Company, "Caribbean gas chemical JV starts up," January 20, 2021.

CBERA beneficiary countries' future import supply levels. Beginning with U.S. demand, this section uses U.S. Gross Domestic Product (GDP) growth projections as a proxy for future growth of U.S. imports under CBERA. This analysis assumes that changes in demand for CBERA imports in the United States are positively associated with increases in U.S. GDP growth. Analysis on the supply side focuses on two major determinants of future supply from CBERA countries—economic growth and foreign direct investment (FDI). First, by considering economic growth, this analysis can better understand the likely growth in supply of CBERA imports due to overall economic expansion in beneficiary countries. All else being equal, GDP growth in CBERA countries is likely to increase each country's production capacity for exports destined for the United States. Second, in addition to GDP growth in CBERA countries, FDI flows can serve as an indicator of future levels of U.S. imports under CBERA. FDI inflows can play a key role in building additional capacity in recipient countries. Changes in FDI flows to sectors producing CBERA-exclusive products, such as textiles, are thus likely to result in future supply changes.

Investment information and data specific to CBERA products or industries are minimal and often irregular in coverage. Data on macroeconomic conditions and forecasts, as well as on investment flows, were obtained from various sources published by international organizations, including the International Monetary Fund (IMF), the United Nations (UN) Economic Commission for Latin America and the Caribbean (ECLAC), and the United Nations Conference on Trade and Development (UNCTAD). A country's GDP growth is obtained from the IMF World Economic Outlook (WEO) database. Worldwide foreign direct investment (FDI) flows to the CBERA countries are reported by the World Bank. Chinese outward FDI flows to the region and investment contract information are collected from China Ministry of Commerce and the American Enterprise Institute (AEI) Global Investment Tracker. Official data on FDI from China sometimes do not reflect the real scope of these investments because Chinese companies usually channel their investments through third countries. As a result, the Commission requested and received the assistance of U.S. embassies in the Caribbean Basin region to compile information on investment related to products eligible under the CBERA program during 2019–20. Written submissions to and testimony before the Commission have also served as an additional source of CBERA-specific information.

Summary of Macroeconomic Forecasts of Supply and Demand

Future GDP growth estimates can provide insight into forthcoming trends in both U.S. demand and CBERA countries' supply capacity. Changes in the economic growth rate of the United States will result in changes in the import demand for CBERA products, whereas growth rate changes in CBERA nations can affect their supply levels. Table 2.10 summarizes the IMF forecasted annual growth rates for real GDP in CBERA countries and the United States.

On the import demand side, after reaching a peak of 3.0 percent in 2018, U.S. real GDP growth slowed down to 2.2 percent in 2019 and contracted 3.5 percent in 2020 due to effects of the COVID-19 pandemic (table 2.10). Real GDP growth is projected to rebound to 6.4 percent in 2021 and 3.5 percent in 2022, quickly surpassing its pre-COVID-19 pandemic GDP level. Factors behind the recovery include strong demand for products that support working from home and, more generally, pent-up demand for

durable goods.[124] A high degree of uncertainty still surrounds these projections because of uncertainty about the trajectory of the pandemic.[125] U.S. import demand will likewise slow in the near term given economic uncertainty ahead.

On the export supply side, CBERA countries' economic activity stagnated in 2020 as a result of the COVID-19 pandemic, since the tourism sector has been a main contributor to the economy and employment in the region.[126] In addition, low oil prices and the demand shock to travel and transportation equipment due to the pandemic further compounded economic performance of countries with a substantial energy sector.[127] Economic contractions occurred not only in their service sectors, but also in their export production capacities. Real GDP growth in CBERA region contracted by 8.6 percent in 2020, making it the deepest recession these countries faced in more than half a century (table 2.10).[128] Although the region is projected to have a limited recovery of 2.6 percent in 2021 and then reach 9.3 percent growth in 2022, the economic outlook beyond 2021 is still uncertain.[129] In 2021, continued restrictions on international travel and consumers' fear of contagion continue to restrict tourism activity, hampering growth in these CBERA countries.[130] This economic expansion suggests that CBERA countries will expand their productive capacity. However given other factors they are likely to continue to account for a small share of total U.S. imports.

[124] IMF, World Economic Outlook, April 2021, April 2021, 1.
[125] IMF, World Economic Outlook, April 2021, April 2021, 1.
[126] ECLAC, *FDI in Latin America and the Caribbean 2020*, 2020.
[127] According to the USITC *Year in Trade 2020* report: "The global oil market briefly collapsed in early 2020. The price of crude petroleum took a nosedive from $63 per barrel in December of 2019 to $21 per barrel in April of 2020, a low level last seen in 2002. Since then, the crude oil prices gradually recovered to nearly $50 per barrel by the end of 2020, though still significantly below the level in 2019."
[128] Srinivasan, Muñoz, and Chensavasdijai, "COVID-19 Pandemic and the Caribbean," *IMF Blog* (blog), April 29, 2020.
[129] Guyana is an exception with an estimated GDP growth of 43.4% in 2020. This is because of oil discovery and ExxonMobil beginning oil production in December 2019.
[130] IMF, *World Economic Outlook, April 2021*, April 2021.

Table 2.10 IMF forecasts of real GDP growth in the CBERA countries and the United States, 2015–26
In annual percentage change.

Country/Region	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Antigua and Barbuda	3.8	5.5	3.1	7.0	3.4	−17.3	−3.0	11.9	6.3	5.9	3.9	3.0
Aruba	−0.4	0.5	2.3	1.2	0.4	−25.5	5.0	12.0	7.5	6.3	1.6	1.4
The Bahamas	0.2	1.4	3.1	3.0	1.2	−16.0	2.0	8.5	4.0	3.5	1.8	1.5
Barbados	2.4	2.5	0.5	−0.6	−0.1	−17.6	4.1	7.7	4.8	2.7	1.8	1.8
Belize	2.6	0.0	1.8	2.9	1.8	−14.1	1.9	6.4	4.2	2.0	2.0	2.0
Dominica	−2.6	2.5	−9.5	0.5	7.6	−10.4	−0.4	5.8	3.9	2.9	2.4	1.5
Grenada	6.4	3.7	4.4	4.1	1.9	−13.5	−1.5	5.2	5.1	3.6	2.7	2.7
Guyana	0.7	3.8	3.7	4.4	5.4	43.4	16.4	46.5	30.6	2.9	3.1	3.0
Haiti	1.6	1.7	2.3	1.7	−1.7	−3.7	1.0	1.0	1.1	1.2	1.3	1.4
Jamaica	0.9	1.5	0.7	1.8	1.0	−10.2	1.5	5.7	4.4	3.0	2.2	2.2
Saint Kitts and Nevis	1.0	2.8	−2.0	2.9	2.8	−18.7	−2.0	10.0	8.0	5.5	2.7	2.7
Saint Lucia	−0.2	3.8	3.5	2.6	1.7	−18.9	3.1	10.7	3.2	2.4	1.8	1.4
Saint Vincent and the Grenadines	1.3	1.9	1.0	2.2	0.3	−4.2	−0.1	4.9	3.3	3.1	2.7	2.7
Trinidad and Tobago	1.5	−5.6	−3.0	0.1	−1.2	−7.8	2.1	4.1	2.1	1.5	1.5	1.5
CBERA Countries	1.5	1.8	0.9	2.4	1.7	−8.6	2.6	9.3	6.0	3.3	2.4	2.2
Latin America and the Caribbean	0.4	−0.6	1.3	1.2	0.2	−7.0	4.6	3.1	2.7	2.4	2.4	2.4
United States	3.1	1.7	2.3	3.0	2.2	−3.5	6.4	3.5	1.4	1.5	1.6	1.6
World	3.5	3.3	3.8	3.6	2.8	−3.3	6.0	4.4	3.5	3.4	3.3	3.3

Source: IMF, World Economic Outlook (WEO) database, April 2021 edition.
Note: The data shown for the years 2019–26 report projected GDP growth. Projection years vary: 2019 forward, in general, are forecast years, with exceptions being for Belize and United States, for which estimated data are reported after 2020. GDP growth of the CBERA region is calculated as the simple average of growth rates of 14 CBERA countries for which the IMF reported data.

This page has been changed to reflect corrections to the June 2022 publication.

Summary of the Impact of Foreign Direct Investment in the Region

FDI has made a significant contribution in CBERA countries as a complement to domestic investment given their small economic size. As a source of new capital, FDI has helped to expand export activities, increase productivity, and boost employment. The expansion of exports to the United States under CBERA is likely to be constrained by these countries' ability to attract FDI. This section examines FDI to CBERA countries and focuses on China's FDI because China has emerged as an active investor in this region in recent years.[131]

Global FDI Inflows

Recent declines in FDI inflows will likely slow the investment activities in CBERA countries and their ability to expand exports to the United States. Table 2.11 depicts worldwide annual net FDI flows to CBERA countries over the 2015–19 period in millions of dollars. Global net FDI inflows in 2019 totaled $225 billion, which declined by 56 percent from the previous year. Because of the COVID-19 pandemic, it is forecasted that global FDI inflows would drop by 40 percent in 2020.[132] Although the global economy is predicted to recover in 2021, UNCTAD expects a further deterioration of global FDI flows due to uncertainty over the evolution of the COVID-19 pandemic.[133]

Before being hit by the COVID-19 pandemic, net worldwide FDI inflows across the CBERA region totaled $3 billion in 2019, which represented a decline of 3 percent from the 2018 level.[134] However, investment flows to the CBERA region are expected to be adversely affected in 2020 because relatively larger sectors for CBERA economies such as tourism, commodities, and transportation were among the most severely impacted sectors.[135] UNCTAD predicts that FDI in Latin America and the Caribbean region will experience the largest decline in the world, about 40 to 55 percent in 2020.[136] Hence, the expansion of exports to the United States under CBERA is likely to be constrained by these countries' ability to attract FDI.

[131] More detailed descriptions of investment in Trinidad and Tobago, Haiti, and The Bahamas are available in Chapter 3.
[132] Because of the time lag in data collection, UNCTAD FDI database has not reported FDI data for 2020, as of September 23, 2021.
[133] UN Conference on Trade and Development (UNCTAD, *World Investment Report 2020*, accessed June 28, 2021.
[134] ECLAC, *FDI in Latin America and the Caribbean 2020*, December 3, 2020.
[135] Werner, Ivanova, and Komatsuzaki, "Latin America and Caribbean's Winding Road to Recovery," *IMF Blog* (blog), accessed July 8, 2021.
[136] The forecast of FDI to the region is driven down more than elsewhere by the combination of collapsing oil prices—most of the FDI to the region is in extracting activities—and demand shocks due to the pandemic affecting prices of most commodities, UNCTAD, *World Investment Report 2020*, 8, accessed September 26, 2021.

Table 2.11 Worldwide net foreign direct investment flows into CBERA countries, 2015–19
In millions of dollars (million $); n.a. = not available; a minus sign (−) indicates net investment outflows.

CBERA Countries	2015	2016	2017	2018	2019
Antigua and Barbuda	97.00	68	99	107	128
Aruba	−37	27	79	105	−133
The Bahamas	694	900	750	830	488
Barbados	366	462	233	232	187
Belize	64	42	24	121	100
British Virgin Islands	−47,574	27,118	4,656	19,314	16,983
Curaçao	127	95	320	96	44
Dominica	24	41	−2	−37	32
Grenada	142	89	103	111	121
Guyana	n.a.	136	327	1,180	1,704
Jamaica	890	702	841	762	219
Saint Kitts and Nevis	127	94	51	85	n.a.
Saint Lucia	93	123	125	121	22
Saint Vincent and the Grenadines	53	162	102	105	119
Trinidad and Tobago	48	1	−444	−767	−76
CBERA Countries	−44,881	30,068	7,268	22,371	19,943

Source: UNCTAD Foreign direct investment: Inward and outward flows, accessed May 14, 2021. https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=96740.
Note: FDI inflows to British Virgin Islands are large due to its role as a Caribbean financial center. The IMF lists the British Virgin Islands among the 10 worldwide economies that together host more than 85 percent of all so-called "phantom" investments not related to productive activity, IMF, *The Rise of Pantom Investments*, 2019, 1. Haiti and Montserrat are not included in the table because no net FDI inflow information is available in UNCTAD FDI database.

China's FDI in the CBERA Region

Overall Trend

China has been expanding its investment, loans, and trade relationship with CBERA countries since 2010. Overseas investment offers China an opportunity to not just bolster its own economy but also to leverage its economic strength to increase its influence abroad.[137] At the first ministerial meeting of the Forum of China and the Community of Latin American and Caribbean States (China-CELAC Forum) held in Beijing in January 2015, China's President Xi Jinping set a goal of raising the trade volume between China and the CELAC to $500 billion and China's direct investment volume in the Latin American region to $250 billion within 10 years.[138] To China, the CBERA region represents a strategic investment destination given the proximity and preferential access to the U.S. market, and its role as a hub for logistics, banking, and commerce.[139]

[137] Shullman, "Protect the Party," January 22, 2019.
[138] Government of China, Embassy of the People's Republic of China in the United States of America, "First Ministerial Meeting of China-CELAC Forum Grandly Opens in Beijing," accessed July 28, 2021.
[139] Inter-American Development Bank, "Chinese Foreign Direct Investment in the Caribbean," accessed September 15, 2021.

This page has been changed to reflect corrections to the June 2022 publication.

Table 2.12 China net outward FDI flows in CBERA countries, 2010–19
In millions of dollars (million $); n.a. = not available.

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Antigua and Barbuda	n.a.	1	n.a.	n.a.	n.a.	n.a.	0.4	n.a.	0.4	n.a.
The Bahamas	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.6	0.2	2.8	−1.3
Barbados	−2.1	n.a.	0.8	0.9	−1.7	−0.3	14.4	16.1	2.6	−8.1
British Virgin islands.	6,120	6,208	2,239	3,222	4,570	1,849	12,288	19,301	7,150	8,683
Grenada	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.1	0.1	0.6	3
Guyana	28.4	0.2	98.8	35	4.1	−3.9	6.5	22.5	28.6	−4.4
Jamaica	2.2	35.5	35.9	4.7	111.3	NA	418.6	82.5	156.2	−112.5
Saint Lucia	n.a.	n.a.	n.a.	n.a.	n.a.	0.2	0.8	3.3	n.a.	−0.6
Saint Vincent and the Grenadines	9.1	n.a.	n.a.	n.a.	3.3	3	−2.5	3.4	1.2	n.a.
Trinidad and Tobago	n.a.	0.1	0.2	0.2	36.3	9.2	2.1	12.4	15.2	23.4
CBERA countries	6,157.6	6,244.8	2,374.7	3,262.8	4,723.3	1,857.2	1,2735	19,441.5	7,357.6	8,582.5

Source: CEIC China Premium Database, which compiled based on data from Ministry of Commerce, CEIC Data, "CEIC Chinese Premium Database." Accessed June 28, 2021. https://insights.ceicdata.com/Untitled-insight/myseries.
Note: CEIC China Premium Database does not report Chinese investment to the following CBERA countries: Aruba, Belize, Curaçao, Dominica, Haiti, Montserrat, and Saint Kitts and Nevis. FDI inflows to the British Virgin Islands are large due to its role as a Caribbean financial center. The IMF lists the British Virgin Islands among the 10 worldwide economies that together host more than 85 percent of all so-called "phantom" investments not related to productive activity, IMF, *The Rise of Pantom Investments*, 2019, 1.

Between 2010 and 2019, China invested an estimated $64.2 billion in the CBERA region, with the British Virgin Islands accounting for the majority (table 2.12). If the British Virgin Islands are excluded, the total shrinks to $1.2 billion. The British Virgin Islands, Jamaica, Guyana, and Trinidad and Tobago were the major recipients. In 2019, only three countries in the region—British Virgin Islands, Trinidad and Tobago, and Grenada—received a positive FDI inflow from China. All the other member countries had net outflows with China.

In 2013, the Chinese government proposed the Belt and Road Initiative (BRI), aiming at building a trade and infrastructure network globally. By January 2021, China had signed memorandums of understanding (MOUs) on jointly building the Belt and Road cooperation with 140 countries and 31 international organizations. So far, 7 of the 17 CBERA member nations have signed MOUs, all in 2018 or 2019: Trinidad and Tobago, Antigua and Barbuda, Dominica, Guyana, Grenada, Barbados, and Jamaica.[140] The capital flows that China provides under these MOUs have taken the form of loans to governments to finance infrastructure projects and to expand production of oil and other raw materials. Most of these projects as well as those that pre-date the MOUs are in the sectors that are unlikely to increase capacity for production in CBERA-eligible products (table 2.13). However, infrastructure investments could have an impact on logistics performance. Given the limited nature of Chinese investment in infrastructure and the fact that it will take years to complete these projects, the Chinese investment flows may not yet be

[140] Government of China, China Information Center, "List of Countries that signed BRI MOU with China," accessed June 28, 2021.

able to influence the CBERA countries' export capacity of CBERA-eligible goods to the United States.[141] Further information on selected countries is found in appendix H.

Table 2.13 China investment construction projects in CBERA countries
In millions of dollars (million $)

Year	Country	Investor	Sector	Value (million $)
2008	Trinidad and Tobago	Jiangsu International	Other	180
2009	Guyana	Sinomach	Agriculture	170
2010	Jamaica	China Communications Construction	Transport	400
2011	Guyana	China Communications Construction	Transport	140
2012	Guyana	China Railway Engineering	Energy	510
2014	Antigua and Barbuda	China Railway Construction	Transport	260
2014	Trinidad and Tobago	Power Construction Corp	Utilities	100
2015	Barbados	State Development and Investment Corp.	Tourism	170
2015	Trinidad and Tobago	China Railway Construction	Health	230
2016	Jamaica	China Communications Construction	Transport	350
2017	Barbados	Beijing Urban Construction	Tourism	200
2017	Barbados	State Development and Investment Corp	Transport	120
2017	Jamaica	Power Construction Corp	Energy	760
2018	Trinidad and Tobago	China Railway Construction	Transport	220
2018	Trinidad and Tobago	Beijing Construction Engineering	Other	100
2019	Trinidad and Tobago	Shanghai Construction	Health	160

Source: AEI China-Global-Investment-Tracker-2020-Fall, https://www.aei.org/china-global-investment-tracker/.

[141] One exception is the Chinese investment in Haiti on the Everbright Group, located in Compagnie de Développement Industriel (CODEVI) Industrial Park on the northern border between Haiti and the Dominican Republic. Everbright exports baseball caps and other headwear to the United States. In 2020, these exports were valued at approximately $9.95 million, according to USITC data; see the Haiti section in appendix H.

Chapter 3
Impact of CBERA on the Economy of the Beneficiary Countries

This chapter covers the impact of CBERA on the economies of the beneficiary countries, focusing on the 2019–20 period. It discusses the utilization of CBERA preferences and factors that influence this utilization of the CBERA program, such as external and internal economic conditions, domestic economic policies, presence of other trade agreements, and the provisions of CBERA itself, such as the rules of origin requirements. The chapter also presents the analysis of export diversification of CBERA countries between 1989 and 2020. As part of this analysis, two measures of export diversification are constructed for CBERA countries. Among CBERA economies, the high utilization of CBERA preferences and greater export diversification of some CBERA countries point to the usefulness of CBERA to the beneficiary countries. At the same time, as discussed below, for each country the degree of preference utilization and export diversification is affected by a variety of factors. The chapter also examines the impact of CBERA on the economies of three CBERA countries: Trinidad and Tobago, Haiti, and The Bahamas.

The extent to which CBERA countries utilize the CBERA preferential tariffs varies significantly across countries. Haiti is the largest user of CBERA preferences, while utilization rate is relatively low for some of the other countries (table 3.1).

Export diversification has been relatively uneven across CBERA countries. Exports from Haiti—the country which utilizes CBERA preferences the most—have become more diversified between 1989 and 2020. CBERA and related programs also had an impact on workers' conditions and wages in CBERA countries that is discussed in the Haiti section below.

Factors That Influence the Utilization and Impact of CBERA

Several economic and non-economic factors may have contributed to the extent to which beneficiaries have utilized the CBERA trade preferences. Utilization of CBERA trade preferences is affected by both the extent to which importers of products eligible for CBERA preferences took advantage of the available preferences as well as the extent to which CBERA countries are able to supply products eligible for CBERA preferences. Factors affecting the utilization and the impact are examined below.

The CBERA utilization rate for each beneficiary country is shown in table 3.1. The utilization rate is the share of the value of U.S. imports entering under CBERA preferential arrangements in U.S. imports under HTS codes eligible for preferential treatment from each beneficiary country.[142] On average, the utilization rate across the region was 70.0 percent in 2020. This means that CBERA beneficiaries took advantage of this preferential program, with 70 percent of U.S. imports from CBERA countries entering

[142] The utilization rate does not take into account whether imports under eligible HTS codes would have met the application CBERA ROO requirements and therefore ultimately been eligible for CBERA preferences.

under eligible HTS codes and benefiting from preferential access to the U.S. market. Compared with other tariff preference programs, such as African Growth and Opportunity Act (AGOA), Generalized System of Preferences (GSP), Nepal Preference Program (NPP), CBERA had the highest utilization rate in 2020.[143]

Across CBERA beneficiaries, there is variation in the CBERA utilization rate. Four of 17 members have utilization rates greater than 90 percent: Haiti, Barbados, Grenada, and Jamaica. Another 7 members have utilization rates ranging from 24 to 73 percent, with the remaining 6 having utilization rates less than 10 percent (three of them 0 percent). Haiti has the highest utilization rate among all CBERA beneficiaries (exceeding 94 percent since 2016), because its textile exports benefited significantly from HOPE and HOPE II. Due to the oil discovery and production in Guyana in 2019, the utilization rate for this country increased from only 6.8 percent in 2018 to 45.9 percent in 2019 and 53.7 percent in 2020.

Table 3.1 CBERA utilization rates, by country, 2016–20
In percentages.

Country	2016	2017	2018	2019	2020
Haiti	99.7	99.8	98.8	97.7	94.7
Barbados	38.2	43.4	55.3	73.8	94.7
Grenada	88.4	95.6	91.0	94.9	94.7
Jamaica	84.5	85.6	88.8	79.9	91.5
The Bahamas	67.9	57.1	43.2	58.2	73.0
Saint Lucia	20.8	22.6	52.6	12.6	62.6
Trinidad and Tobago	48.7	42.9	45.3	55.6	54.2
Guyana	10.6	12.7	6.8	45.9	53.7
Belize	71.4	40.2	43.6	70.5	53.2
Saint Kitts and Nevis	24.3	18.2	17.6	16.7	51.6
Dominica	7.7	26.0	10.1	4.3	24.0
Antigua and Barbuda	3.4	5.2	12.8	0.7	7.7
Aruba	2.9	1.4	0.3	11.8	6.5
Curaçao	0.1	0.7	0.2	1.8	4.1
Saint Vincent and the Grenadines	9.0	31.5	10.7	36.3	0.0
British Virgin Islands	0.8	0.0	0.7	1.5	0.0
Montserrat	0.0	0.0	0.0	0.0	0.0
CBERA average	71.6	65.9	65.3	74.6	70.0

Source: USITC DataWeb/Census, accessed April 12, 2021.
Note: Utilization rate is CBERA imports for consumption divided by CBERA eligible imports from CBERA countries. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June of 2022.

Limited CBERA Coverage

Many beneficiaries are primarily services-driven economies: tourism and financial services are their major economic activity. However, the CBERA provisions apply to goods and are not designed to support services. In addition, some CBERA countries do not produce goods that have preferential treatment under CBERA. Some agricultural products such as olives, mandarin oranges, wool, and cashmere are

[143] USITC, *Year in Trade 2020*, August 2021.

excluded from the preferential treatment under CBERA.[144] Further, nontariff barriers which may also affect imports from CBERA countries are not addressed by the Caribbean Basin Trade Partnership Act (CBTPA).[145]

Caribbean government officials have suggested ways in which the CBERA program could be made more effective. Specifically, stakeholders have mentioned expanding product coverage, providing greater flexibility in meeting rules of origin requirements, and extending CBERA preferences to trade in services, such as tourism, call centers, and services enabled by information technology.[146,147]

Multiple Agreements Mitigate the Benefits of CBERA

As summarized in the Commission's previous reports on CBERA,[148] there are bilateral, regional, and multiple preferential trade programs offered by the EU, Canada, and other countries to products of Caribbean Basin countries.[149] According to a 2011 Congressional Research Service (CRS) report, "Over time, benefits have been 'eroded' by multilateral trade liberalization and other regional U.S. preference programs. Bilateral free trade agreements, particularly the CAFTA-DR, have actually replaced unilateral preferences with permanent, more attractive tariff reductions and trade rules for former Caribbean Basin Initiative (CBI) countries such as the Dominican Republic and Central American countries."[150]

Local Companies Facing Challenges Utilizing CBERA

Meanwhile, the CBERA program itself has also gone through many revisions, making it challenging for local companies to identify CBERA-eligible products. For example, the HOPE I, HOPE II, and HELP Acts expanded preferences and modified rules of origin for products from Haiti. Successive rounds of amendments to eligible products and conditions can be difficult for the public to track.[151] A written submission from the Embassy of the Bahamas suggested that CBERA utilization could increase with greater public education and awareness regarding coverage provided by the CBERA trade preferences. It also stated that it would be helpful if the U.S. International Trade Commission could organize a webinar

[144] Wainio et al., "Agricultural Trade Preferences and the Developing Countries," 2005.
[145] USAID, "Optimizing the Economic Growth and Poverty Reduction Benefits of CAFTA-DR," September 2008, 115.
[146] Sir Ronald Sanders, Ambassador of Antigua and Barbuda to the United States of America, said in testimony before the Commission at the June 8, 2021, hearing that most of the CBERA countries' economies are services-based; in these countries, services account for more than 75 percent of employment and 66 percent of total output. He noted that services areas that have developed to date include banking, tourism, air and maritime transport, accountancy and auditing, health, and education. Stakeholders did not outline any detailed proposals for preferential access to U.S. services sectors under CBERA. USITC, hearing transcript, May 14, 2019, 13–14.
[147] Gail Strickler of Brookfield Associates, and Beth Hughes, AAFA, testified at the USITC Biennial CBERA Hearing, June 8, 2021, to the importance of flexible rules of origin in maximizing the export potential of CBERA countries.
[148] U.S. International Trade Commission (USITC), *CBERA Report, 2007-08*, September 2009, 4–3.
[149] CRS report on agreements in Caribbean contains a review of multilateral and regional agreements, Hornbeck, *U.S. Trade Policy and the Caribbean: From Trade Preferences to Free Trade Agreements*, January 6, 2011.
[150] Hornbeck, *U.S. Trade Policy and the Caribbean: From Trade Preferences to Free Trade Agreements*, January 6, 2011.
[151] USDOS, U.S. Embassy, Port Au Prince, "Haiti Response to USITC Biennial Caribbean Investment Survey." June 6, 2021.

on CBERA and provide additional engagement opportunities for Bahamian authorities to assist the public in ensuring that CBERA-eligible products receive maximum benefits.[152] The Bahamian Trade and Industry Unit and the Customs Department also "advise that for local companies to benefit from CBERA, challenges for microenterprises should be addressed, including scaling-up issues; logistics management; marketing and promotion; e-commerce; and connecting with niche market opportunities."[153]

Uncertainty About Renewal of CBERA Preferences

Hearing participants indicated that the uncertainty surrounding the renewal of CBERA preferences limits long-term investment in CBERA countries.[154] This type of uncertainty is referred to in economic literature as trade policy uncertainty.[155] When future continuation of preferences is not guaranteed, firms will take into account the tariffs that they may have to pay if preferences are not renewed. These considerations will prevent some firms from making investments in factories, infrastructure, and worker training[156] and impact the supply of CBERA eligible products.

Natural Disasters Disrupt CBERA Exports

During 2019–20, several important events affected CBERA countries and their ability to produce and export goods and, in turn, the ability of CBERA countries to supply CBERA-eligible products. Hurricane Dorian of 2019 impacted the economies of several CBERA countries, especially The Bahamas, which is discussed in the Bahamas section in this chapter. Production infrastructure and capacity were damaged as a result of that weather event. Political disturbances affected the Haitian economy and its trade outlook.[157] The COVID-19 pandemic had a major impact on the CBERA economies by disrupting U.S. demand for products supplied by CBERA countries, transportation links, and supply chains.

[152] USDOS, U.S. Embassy Nassau, The Bahamas: International Trade Commission Biennial Caribbean Basin Investment Survey, June 21, 2021.
[153] USDOS, U.S. Embassy Nassau, The Bahamas: International Trade Commission Biennial Caribbean Basin Investment Survey, June 21, 2021.
[154] Gail Strickler of Brookfield Associates, LLC, testimony at United States International Trade Commission Biennial CBERA Hearing on June 8, 2021.
[155] Handley and Limão, "Policy Uncertainty, Trade, and Welfare," September 1, 2017, 2731–83.
[156] USITC, *Economic Impact of Trade Agreements Implemented Under Trade Authorities Procedures, 2021 Report*, 2021. The report estimates that transitioning from a preference agreement to an free trade agreement (FTA) has a large impact on reducing trade policy uncertainty.
[157] The assassination of Haitian President Moïse will deepen the political uncertainty and exacerbate Haiti's already rampant problems. Council on Foreign Relations, "The Assassination of Haitian President Jovenel Moïse: What to Know," July 14, 2021.

Export Diversification

Overview

One objective of CBERA is to reduce reliance on traditional exports and promote diversified, export-led growth in the Caribbean Basin countries.[158] With duty-free access for most commodities, CBERA beneficiaries could expand their access to the U.S. market and produce at efficient scale.[159] This section examines the structure of CBERA countries' exports to the United States between 1989 and 2020.[160]

The analysis below reveals that the goods exports of some CBERA beneficiaries to the United States have become more diversified, that is they began exporting a greater variety of products and became less reliant on exports of just a few products. It also shows wide differences in the patterns of diversification exhibited across individual CBERA countries. Major beneficiaries presented limited pattern of diversification and high reliance on goods with minimal processing.

Structure of Exports of the CBERA Countries

Like most small island developing economies, CBERA countries rely on tourism and services such as banking and finance for economic activity.[161] Given their small market size, CBERA economies are relatively open to trade and highly dependent on external markets. Due to geographic proximity, the United States has been the top trading partner with CBERA beneficiaries. Natural resource sectors (primary commodities including oil and gas, bauxite, and gold) have been a primary source of export revenue for the CBERA countries as a group, making up more than 50 percent of U.S. merchandise imports from CBERA countries throughout the period (figure 3.1). Their share varied with the price of the petroleum products, increasing from 50 percent in 1989 to 86 percent in 2006, and then decreasing to 51 percent in 2020. Manufacturing accounted for an average of 25 percent of U.S. imports from the region over this period. Its share dropped from 26 percent in 1989 to 5 percent in 2005, then gradually climbed back to 25 percent in 2020. The share attributable to the agriculture sector has declined from 17 percent in 1989 to 12 percent in 2020.

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[158] National development plans were implemented to encourage diversification. For example, Jamaica's 2030 National Development Plan (Jamaica. PIOJ, 2009) and Trinidad and Tobago's three-year Medium-term Policy Framework (Trinidad and Tobago. MOF, 2010), have continued to contain numerous fiscal and trade incentives to promote diversification as the principal means of increasing growth and development in the region. Nevertheless, despite the large number of plans implemented, Caribbean diversification remains limited (Bennett, 2008).

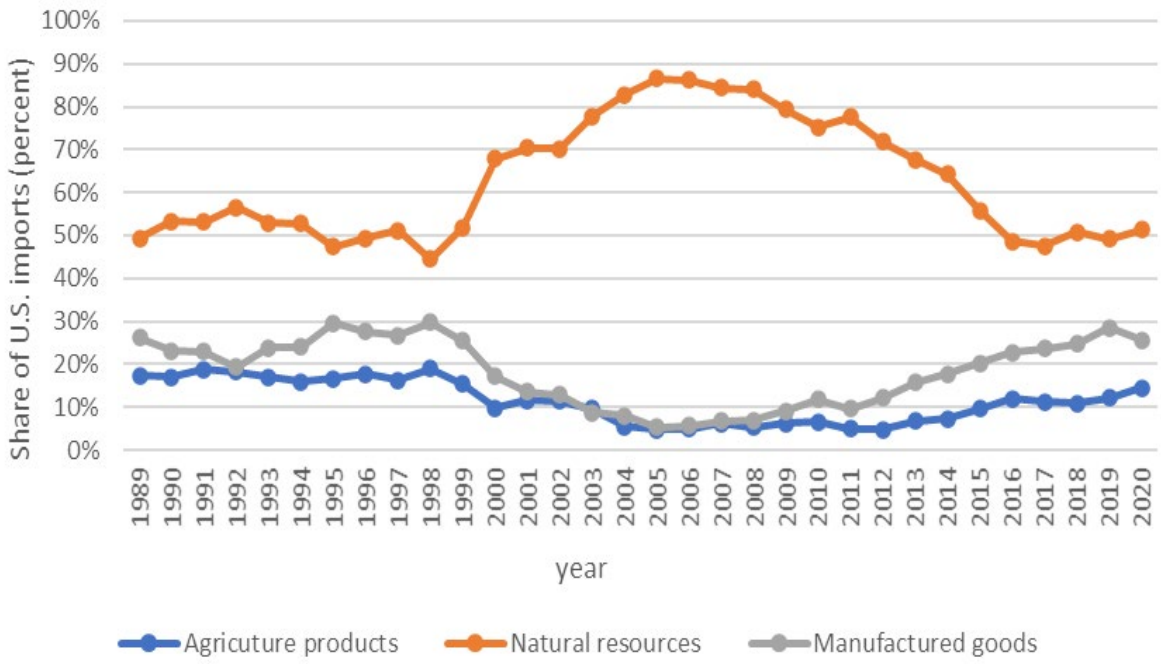
[159] USITC, *The Impact of the Caribbean Basin Economic Recovery Act, Thirteenth Report 1997*, September 1998, showed that export diversification in the region increased since the inception of the preferential program to 1997. USITC *The Impact of the Caribbean Basin Economic Recovery Act, Fifteenth Report 1999–2000*, September 2001, illustrated that exports of the CBERA region to the United States moved away from traditional products. The study identified export diversification as one important development from 1983 to 1999. De La Cruz, *Export Diversification and the Caribbean Basin Economic Recovery Act*, 2008, found that CBERA had modestly contributed to the increased diversification in the region's exports to the United States during 1983–1999.

[160] Export diversification in this section refers to a greater variety of products being exported or a more even distribution of exports across the products being exported (less concentration in a few products).

[161] ECLAC, "*FDI in Latin America and the Caribbean 2020*," December 3, 2020.

Figure 3.1 U.S. merchandise imports from CBERA countries, by major sector

in percentages.



Source: USITC DataWeb/Census, accessed June 3, 2021.
Note: Sector definition uses Standard International Trade Classification (SITC) classification.
Underlying data for this figure can be found in appendix table E.4. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022.

Individual countries' exports indicate high reliance on goods with minimal processing. Most CBERA economies derive most of their merchandise export earnings from only one or two products. For each of the five largest CBERA exporting countries to the United States, table 3.2 shows the top five products exported to the United States. The table also shows the share of these five products in total exports of each country to the United States. A large share means that country's exports are highly concentrated in the top five products. As shown in the table, exports of the top five products account for between 60 and 85 percent of shipments for each country 2016–20.

Table 3.2 Top five products exported to the United States by the five largest CBERA exporting countries, 2016–20
In percentages.

Exporting country	Top 5 products exported to the U.S. (HTS subheadings)	Share of top 5 products in total exports to the U.S. (percent)
Trinidad and Tobago	Petroleum gases and oils (2711.11,2709.00), Ferrous products (7203.10), Anhydrous ammonia (2814.10), Methanol (2905.11)	77
Haiti	T-shirts (6109.10,6109.90), Sweaters, pullovers, sweatshirts, waistcoats (6110.20,6110.30), Women's or girls' suits (6104.62)	69
Guyana	Petroleum oils (2709.00), Gold (7108.12), shrimps and prawns (0306.17), Rum and other spirits obtained by distilling fermented sugar-cane products (2208.40)	85
Jamaica	Aluminum ores (2606.00), Aluminum oxide (2818.20), Yams (0714.30), Beer made from malt (2203.00), Rum and other spirits obtained by distilling fermented sugar-cane products (2208.40)	60
Bahamas	Polymers of styrene (3903.11), Rock lobster and other sea crawfish (0306.11), Pebbles, gravel, broken or crushed stone (2517.10); Petroleum oils (2710.19, 2710.12)	79

Source: USITC DataWeb/Census, accessed June 3, 2021.
Note: CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.

Changes in Export Diversification

To track changes in diversification, two measures of export diversification were constructed for each CBERA country and for the region as a whole during 1989–2020.[162] The first measure is called the diversification index and is calculated as 1 minus the Herfindahl-Hirschman index (HHI), or 1 minus the sum of squares of the export shares of all export categories in the market. The diversification index measures export reliance on major products and ranges from zero to 1. A country that exports many products with equal export shares will have a high diversification index close to 1, whereas a country with exports concentrated in only one product will have a diversification index of 0.[163] Higher values of the diversification index indicate higher diversity in exports, whereas lower values reflect more concentration in a few major products. The diversification index captures changes in diversification among a set of goods that are traded in every year during that time.[164]

As a compliment to the diversification index, a second measure of diversification was constructed. Changes in this number account for export diversification that comes from new goods being exported

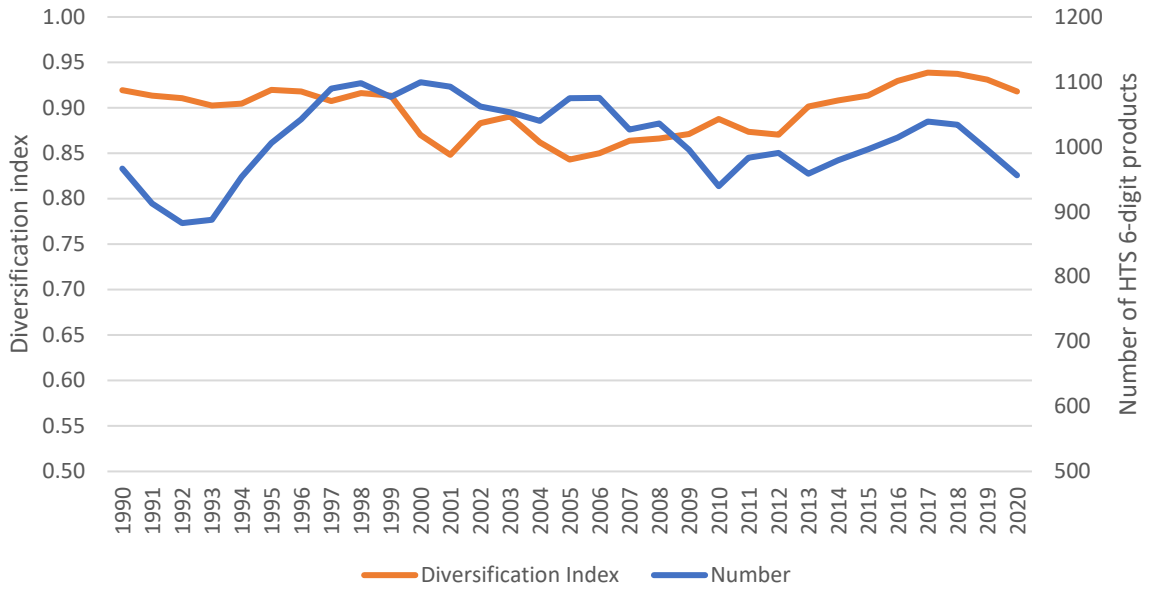
[162] De La Cruz, *Export Diversification and the Caribbean Basin Economic Recovery Act*, September 2008.
[163] If a country exports only one product, then that product would have 100 percent market share, and the diversification index would be equal to zero, indicating full specialization. If a country exports 10 products in equal amounts, then each product would have an export share of 10 percent, and the diversification index would be high (1-10*0.1^2=0.9), indicating high diversification.
[164] Data used to construct the diversification index for each country were measured by the U.S. imports for consumption from each country at the HTS 6-digit level from 1989 to 2020, which were obtained from the USITC DataWeb/Census. As in the rest of the report, the export diversification analysis only considers goods and not services.

beyond the existing basket of goods. The measure is the number of products exported, which is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. An increase in the number of products exported by CBERA countries indicates greater diversification, as it reflects the expansion of a country's export basket to the United States.

To smooth out annual fluctuations in these two measures of diversification, a two-year moving average of each measure was calculated. The moving average for year *t* is calculated as the average of years *t* and *t*-1.

The diversification index indicates that the exports of entire CBERA region to the United States became more concentrated from 1990 to 2005, and less concentrated from 2006 to present (figure 3.2). Therefore, the 2006–20 period exhibits diversification within the existing export basket. The number of products fluctuates between 1990 and 2020, but was nearly the same around 2020 as it was around 1990.

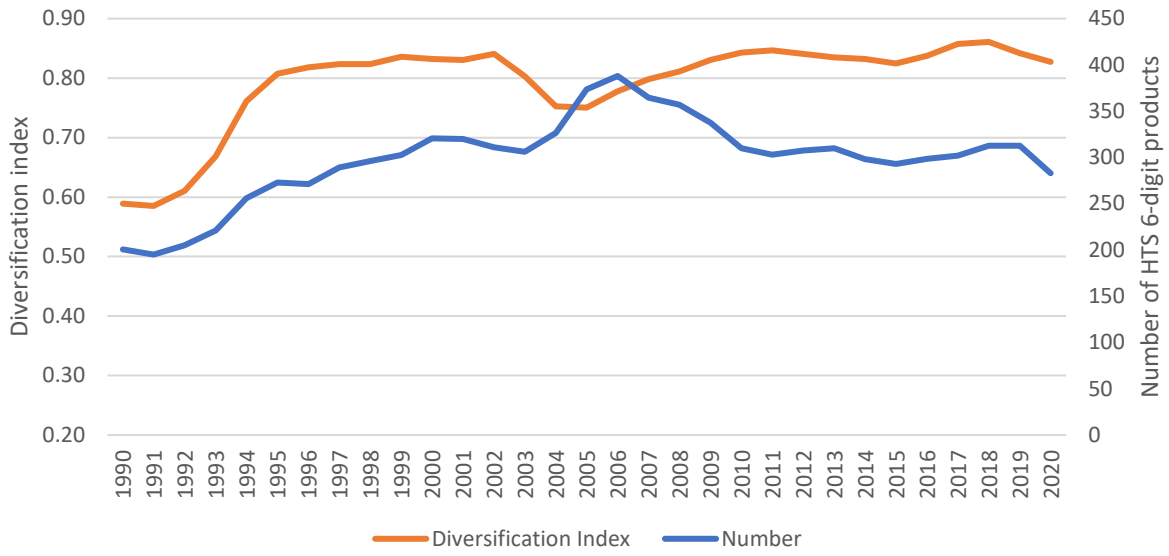
Figure 3.2 CBERA region: export diversification index and the number of products exported, two-year moving average



Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021.
Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Underlying data for this figure can be found in appendix E table E.5.

However, the aggregate measures for CBERA exports mask considerable heterogeneity in export diversification across the CBERA countries. For Trinidad and Tobago, diversification has occurred via a less concentrated export basket (an increase in the diversification index) and an increase in the number of products exported between 1990 and 2000 (figure 3.3).

Figure 3.3 Trinidad and Tobago: export diversification index and the number of products exported, two-year moving average

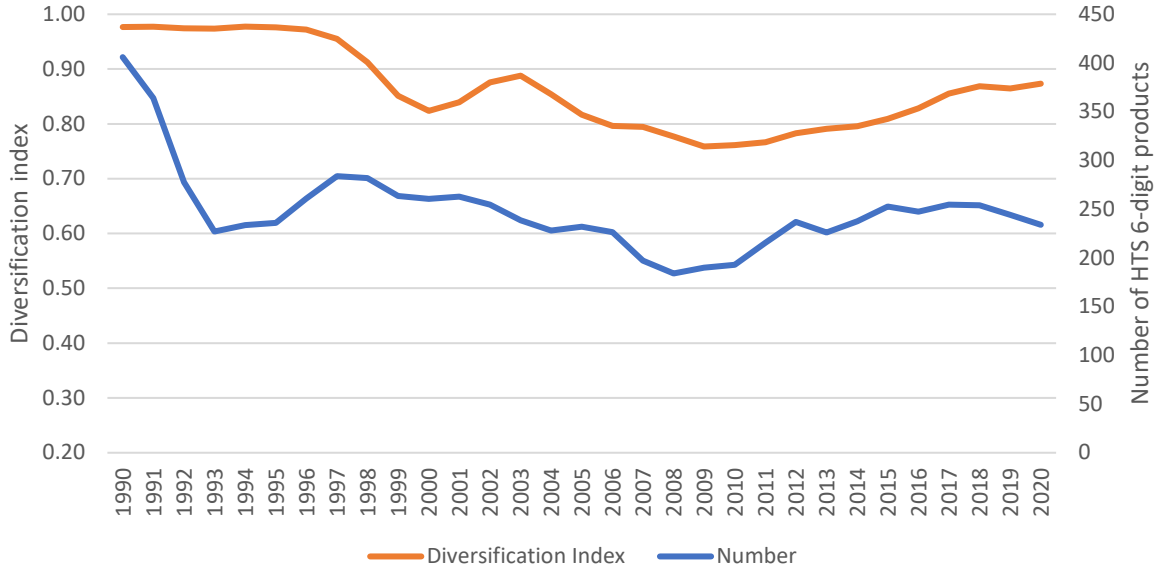


Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021.
Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Underlying data for this figure can be found in appendix E table E.6.

Haiti presents a different case. This country's exports became more concentrated in fewer goods from 1990 to 2009, but then diversified from 2009 to 2020 (figure 3.4), driven by diversification within the apparel sector from a handful of garments to a wider variety of clothing articles. The number of products imported into the United States dropped between 1990 and 2008, but then increased between 2008 and 2020, following the implementation of the HOPE and HELP Acts.[165,166]

[165] The Haiti HOPE Act was implemented on March 19, 2007. The HOPE/HELP Acts provide additional special trade rules for Haitian apparel goods in the form of duty-free treatment for select apparel imports and more flexible rules of origin. See the discussion in chapter 1.
[166] The majority of the new products which Haiti exported since 2009 are under the HTS 6-digit level of classification for apparel, including 6204.62 (women's/girls' trousers), 6211.33 (men's or boys' track suits), 6107.12 (Men's or boys' underpants), 6108.21 (Women's or girls' briefs), 6211.42 (women's or girls' track suits).

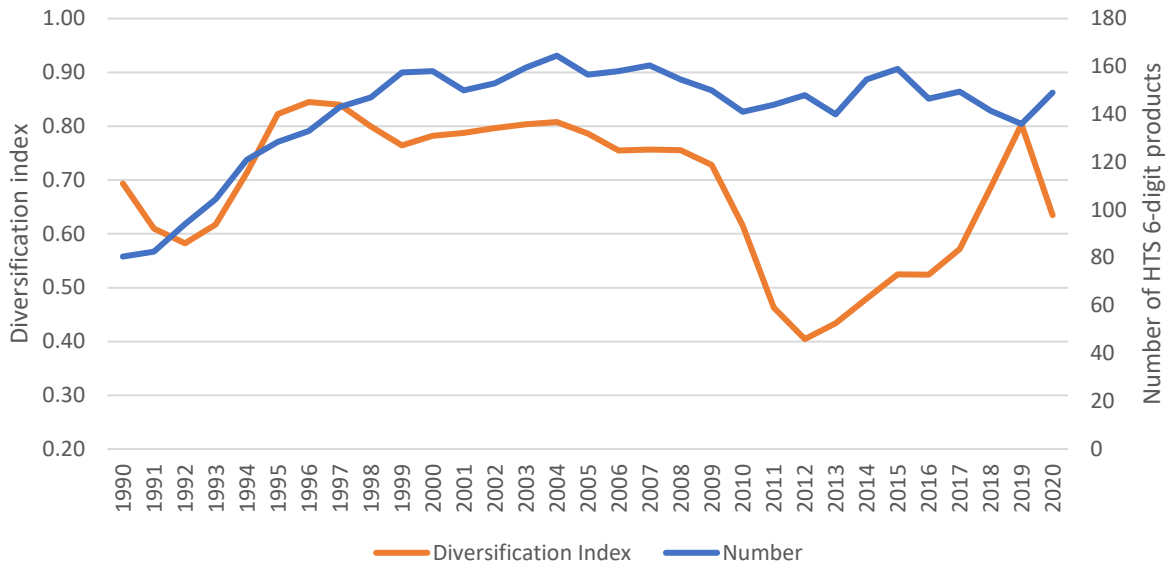
Figure 3.4 Haiti: export diversification index and the number of products exported, two-year moving average



Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021.
Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Underlying data for this figure can be found in appendix E, table E.7.

Among other major exporters, Guyana had several swings in concentration in the export diversification index between 1990 and 2020 (figure 3.5). The diversification index indicates that its exports had become less concentrated in a few major products from 2012 until 2019, but then became more concentrated in 2020, when its petroleum exports surged. The number of products imported in the United States from this country increased between 1990 and 1999, and then stayed relatively stable.

Figure 3.5 Guyana: export diversification index and the number of products exported, two-year moving average

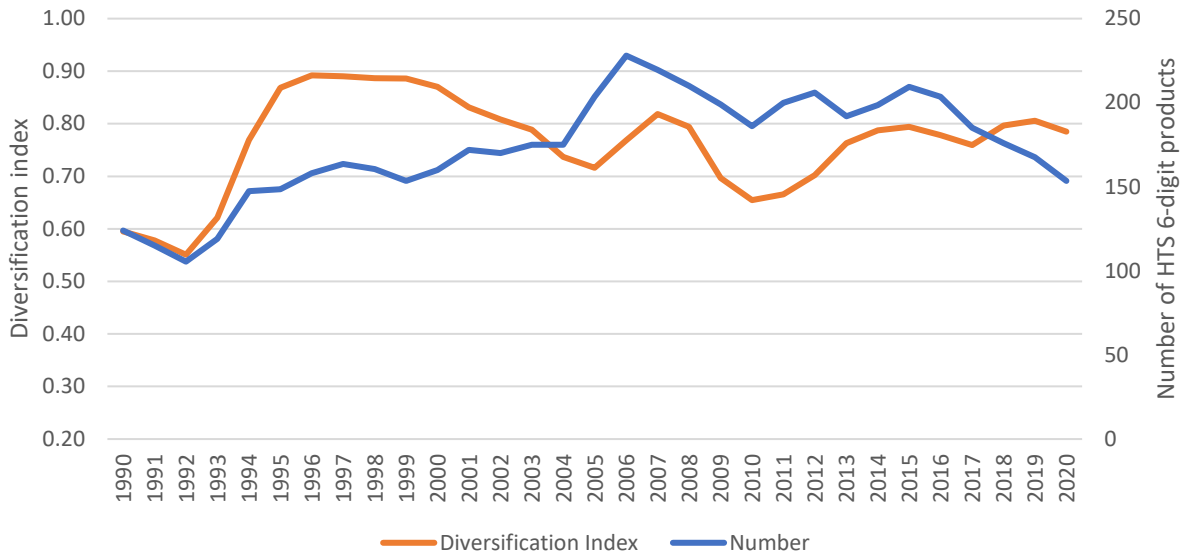


Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021.
Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Underlying data for this figure can be found in appendix E table E.8.

The number of products imported into the United States from The Bahamas increased until 2006 and then decreased through 2020. From 2005 onward, The Bahamas' export diversification index had several swings, but showed less reliance on major products in 2020 than in 1990 (figure 3.6). The number of products imported into the United States from Jamaica declined between 1990 and 2020, while its diversification index stayed about the same (figure 3.7).

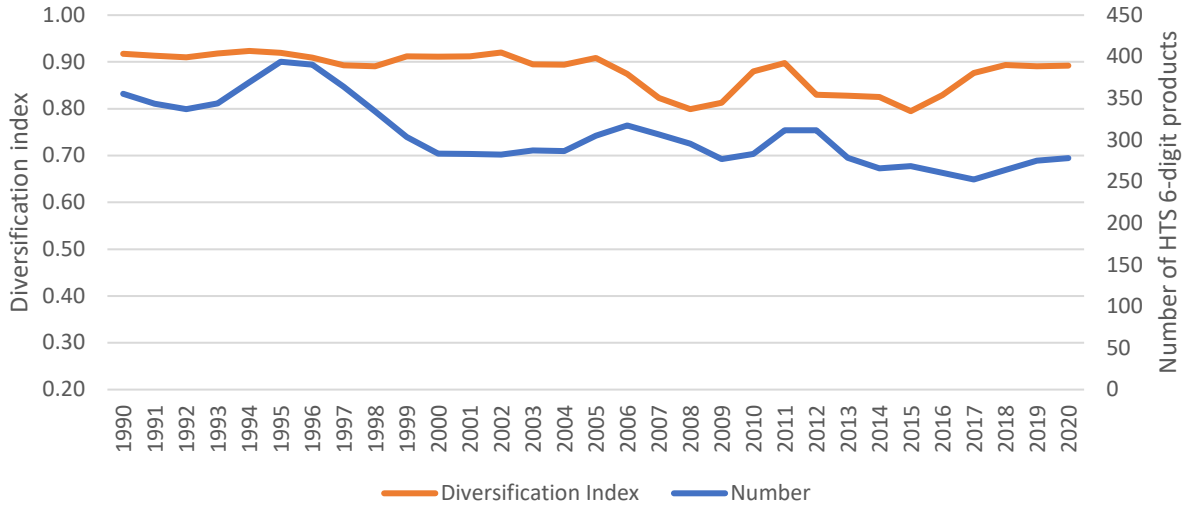
In summary, exports have become more diversified for some CBERA countries, but less diversified for other CBERA countries. The number of products exported increased between 1990 and 2020 for Trinidad and Tobago, Guyana, and The Bahamas, and decreased for Haiti and Jamaica. Reliance on few major products for exports, as measured by the export diversification index, decreased for Trinidad and Tobago and The Bahamas, increased for Haiti and Guyana, and stayed about the same for Jamaica.

Figure 3.6 The Bahamas: export diversification index and the number of products exported, two-year moving average



Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021.
Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Underlying data for this figure can be found in appendix E table E.9.

Figure 3.7 Jamaica: export diversification index and the number of products exported, two-year moving average



Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021.
Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Underlying data for this figure can be found in appendix E, table E.10.

Challenges of Diversification

A modest diversification pattern in goods exports may, however, not be particularly unexpected, as the nature of a small island economy limits countries' ability to diversify. The literature points to various inherent characteristics of these countries that may be responsible for the lack of diversification. First, it is hard to support more than a few key industries given these economies' small domestic markets, scarce resource endowments, constrained capital, and limited technology and marketing skills.[167] Second, the majority of the Caribbean islands are ex-colonies and were originally specialized in agricultural commodities such as sugar and cocoa.[168]

When a country develops its comparative advantage, it tends to develop along the initial specialization. As a result, the specialization pattern tends to be entrenched. Further, small developing economies face more challenges and experience more market and coordination failures associated with exporting new products and assessing foreign demand.

Trinidad and Tobago: Economic Profile

Overview

Trinidad and Tobago ranked as the largest CBERA economy in 2020, with an estimated gross domestic product (GDP) of $21.2 billion (table 3.3).[169] Despite a decline in GDP from an estimated $22.6 billion in 2019, Trinidad and Tobago maintained its position as the largest economy in the Caribbean region in terms of GDP.

The production of petroleum-related products—crude and refined petroleum products, natural gas, and petrochemicals (methanol, ammonia, urea, and melamine)—has historically been a significant contributor to Trinidad and Tobago's domestic economic output. Endowed with abundant supplies of fossil fuels, Trinidad and Tobago is the largest crude oil and natural gas producer in the Caribbean and was the world's sixth-largest liquefied natural gas exporter in 2019. However, two key factors, domestic issues with the country's refineries and general declines in the demand for energy products due to the COVID-19 pandemic, have led to a recent downturn in parts of this sector.[170] Overall, Trinidad and Tobago's energy export earnings declined by 35 percent from 2019 to 2020 (43 percent in liquefied natural gas, 42 percent in petrochemicals, and 27 percent in refined products), reflecting a decrease in both prices and export volume.[171]

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[167] Lewis, *The Industrialization of the British West Indies*, 1950.
[168] Krugman, "The narrow moving band, the Dutch disease, and the competitive consequences of Mrs. Thatcher," 1987, 41–55.
[169] Economist Intelligence Unit, *Country Report: Trinidad and Tobago, 1st Quarter 2020*, April 21, 2021. Economist Intelligence Unit, *Country Report: Trinidad and Tobago, 4th Quarter 2020*, July 22, 2021, 10. Estimate.
[170] Government of the Republic of Trinidad and Tobago, *Review of the Economy 2020*, October 5, 2020, 36. In April 2021, two Methanol Holdings plants were shut down and one recently opened gas-to-liquids (GTL) plant was forced to close due to damage from an explosion. "Trinidad and Tobago Energy: Analysis & Forecasts by The EIU - The Economist Intelligence Unit," accessed June 22, 2021.
[171] USDOS, U.S. Embassy Port of Spain, Trinidad and Tobago, Diplomatic Cable, June 21, 2021.

Besides petroleum-related products, Trinidad and Tobago also supplies manufactured goods to the United States and the rest of the Caribbean, including food products, beverages, and cement. However, some manufacturers shifted production lines to pandemic-related products during 2020; for example, a leading national beverage manufacturer turned to antibacterial gel production.[172]

In recent years, the government of Trinidad and Tobago has sought to promote sustainable economic growth. The National Development Strategy for 2016–30, which was released by the country's Ministry of Planning and Development in 2017, targets five development themes through 2030: (1) putting people first, (2) delivering good governance and service excellence, (3) improving productivity through quality infrastructure and transportation, (4) building globally competitive businesses, and (5) placing the environment at the center of social and economic development.[173] Additionally, The Ministry of Trade and Industry of Trinidad and Tobago has been developing a comprehensive framework for expansion and transformation of the manufacturing sector for 2020–25. A main objective of this strategic framework is doubling select non-energy manufacturing exports by 2025.[174]

Table 3.3 Trinidad and Tobago: Selected economic indicators, 2016–20

Nominal GDP in billions of dollars, real GDP growth rate in percentages, population in millions, GDP per capita in millions of dollars, all else in millions of dollars. n.a. = not available.

Economic indicators	2016	2017	2018	2019	2020
Nominal GDP (billion $)	22.3	22.1	22.3	22.6	21.2
Real GDP growth (percent)	−6.3	−2.3	−0.2	0	−7.6
Population (million)	1.4	1.4	1.4	1.4	1.4
GDP per capita ($)	26,246	26,058	25,180	25,494	23,380
Goods exports (million$)	8,504	9,645	10,756	8,764	6,352
Goods imports (million $)	−7,089	−6,452	−6,632	−6,034	−5,356
Petroleum-related exports (million $)	6,650	7,868	9,090	6,974	n.a.
Petroleum-related imports (million $)	1,542	1,618	1,755	1,222	n.a.
Exports to the U.S. under CBERA (million $)	379	488	552	583	472
Current account balance (million $)	−780	1,409	1,613	1,056	−831

Source: Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021, USITC DataWeb/Census, accessed April 12, 2021, Economist Intelligence Unit, *Country Report: Trinidad and Tobago, 4th Quarter 2020*, July 22, 2021, 10.

Note: Petroleum-related exports reflect total of petroleum crude and refined, gas, and petrochemicals exports. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.

Trinidad and Tobago saw a 320 percent increase in its overall fiscal deficit, from $4.0 billion (2.6 percent of GDP) in fiscal year (FY) 2018–19 to $16.8 billion (11.2 percent of GDP) in FY 2019–20. The higher deficit was a result of both lower revenues and higher expenditures related to the COVID-19 pandemic. Government revenue decreased in 2020, falling by 27.1 percent to roughly $34.1 billion over the 12 months to September 2020. This decline reflects a simultaneous disruption in both energy and non-energy receipts. Energy revenue fell by over 50 percent due to lower energy commodity prices and

[172] USDOS, U.S. Embassy Port of Spain, Trinidad and Tobago, Diplomatic Cable, June 21, 2021.

[173] Government of Trinidad and Tobago, Ministry of Planning and Development, *Draft National Development Strategy 2016-2030 (Vision 2030)*, April 2017.

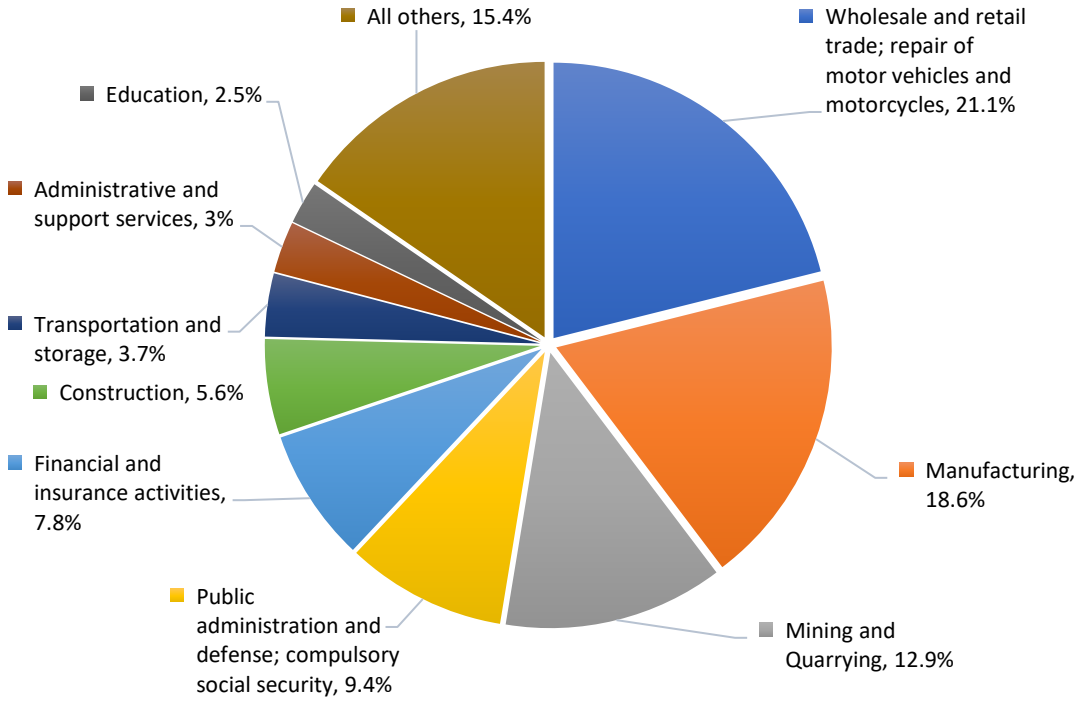
[174] Government of Trinidad and Tobago, Ministry of Trade and Industry, "Government Committed to Resurgence in Manufacturing," *Ministry of Trade and Industry* (blog), January 8, 2021.

This page has been changed to reflect corrections to the June 2022 publication.

production, while non-energy revenue fell by about 15 percent as taxes on income and profits, and international trade, declined. [175]

Overall, the country is a regional financial center with a stable political system and an open investment climate.[176] Figure 3.8 shows the major economic sectors of Trinidad and Tobago in 2019, with the top three sectors of wholesale and retail trade, manufacturing, and mining and quarrying as major contributors to the overall output of the economy.[177]

Figure 3.8 Trinidad and Tobago: Composition of GDP by broad sectors, 2019



Source: Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020,* 2021, 55, table A.3.
Note: Data are provisional. Underlying data for this figure can be found in appendix table E.11.

Trinidad and Tobago's real GDP fell by an estimated 7.6 percent in 2020, compared to relatively stable changes in 2018 (-0.2 percent) and 2019 (0.0 percent). The mining and quarrying sector reduced its decline in 2019, with real growth falling by 3.1 percent after falling by 4.5 percent in the previous year. The manufacturing sector experienced slight growth (0.2 percent) in 2018, but declined by 2.9 percent in 2019, when the construction sector fell by 5.4 percent. Conversely, financial and insurance activities experienced moderate growth of 3.9 percent in 2019 after experiencing no growth (0.0 percent) in 2018.[178]

The composition of GDP in Trinidad and Tobago since 2019 has been relatively consistent. Trinidad and Tobago's services and industry sectors comprise the vast majority of its economy. Despite declining

[175]Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021, 4.
[176]The U.S. Department of State, "2020 Investment Climate Statements: Trinidad and Tobago," accessed June 22, 2021.
[177]Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021, 55.
[178]Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021, 53.

since 2016, Trinidad and Tobago's services sector has increased as a proportion of GDP over the past decade. It comprised 53.4 percent of GDP in 2019, up from 45.5 percent in 2010. Since 2013, the services sector has made up a greater proportion of GDP than the industry sector, which declined from 53.8 percent of GDP in 2010 to 43.7 percent in 2019, although this figure has increased from 37.5 percent in 2016.[179] Additionally, employment within the services sector accounted for 70.3 percent of total employment in Trinidad and Tobago in 2019, while industry accounted for 26.6 percent.[180] Wholesale and retail trade comprised the largest portion of the services sector in 2019, followed by finance and insurance.[181] The financial and insurance activities sector saw the largest increase from 2015 to 2019, rising by 22.3 percent. However, two sectors—the water supply, sewage, and waste management; and wholesale and retail trade—fell by 15.7 percent and 11.3 percent, respectively, during the same period. Agriculture has remained an insignificant contributor to the country's economy, accounting for just over 1 percent of GDP in 2019.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic caused significant disruptions to Trinidad and Tobago's economy. Preliminary data indicate that, after experiencing a contraction in real economic activity in 2019, output declined sharply in 2020.[182] Trinidad and Tobago's GDP contracted by 7.9 percent in 2020, which was in line with the United Nation's Economic Commission for Latin America and the Caribbean projection of a 7.9 percent contraction for the Caribbean.[183] The energy sector, which was already stressed prior to the pandemic, experienced a reduced global demand for energy products. As such, economic activity in the energy sector fell by 13.8 percent.[184] Non-energy sector activity contracted by 4.2 percent. In particular, some non-energy sectors like transportation, construction, and tourism/ hospitality were impacted by public health restrictions. During the first five months of calendar year 2020, total tourist arrivals contracted by 40.9 percent compared to the same period in 2019, due to travel restrictions and health concerns related to the pandemic.[185]

In contrast, manufacturing declined by less than 1 percentage point (0.8 percent).[186] According to Trinidad and Tobago's Manufacturers' Association, manufacturing operations were classified as essential services and allowed to operate until a state of emergency was declared May 16, 2020. Additionally, the demand for PPE, cleaning supplies, and other pandemic-related products provided new opportunities for manufacturers.[187]

[179] World Bank, "World Development Indicators (WDI) | Data Catalog," accessed July 22, 2021.
[180] World Bank, "World Development Indicators (WDI) | Data Catalog," accessed July 22, 2021.
[181] Excluding public administration and defense services. Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021.
[182] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021, 4.
[183] USDOS, U.S. Embassy Port of Spain, Trinidad and Tobago, Diplomatic Cable, June 21, 2021.
[184] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021, 4.
[185] Government of the Republic of Trinidad and Tobago, *Review of the Economy 2020*, October 5, 2020, 76. Economist Intelligence Unit, *Country Report: Trinidad and Tobago, 1st Quarter 2020*, April 21, 2021, 11. Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021, 4.
[186] USDOS, U.S. Embassy Port of Spain, Trinidad and Tobago, Diplomatic Cable, June 21, 2021.
[187] USDOS, U.S. Embassy Port of Spain, Trinidad and Tobago, Diplomatic Cable, June 21, 2021.

In addition to domestic economic activity, Trinidad and Tobago's fiscal deficit was also impacted. Lower revenue collections coincided with higher expenditures related to the pandemic, increasing the budget deficit more than fourfold to 11.2 percent in 2020.[188]

The government of Trinidad and Tobago created a roadmap for recovery which focuses on three immediate priorities: (1) address and mitigate the hardship inflicted by the COVID-19 pandemic; (2) restart the economy; and (3) lay the foundation for sustained economic recovery. Short-term objectives include creating and retaining jobs, boosting aggregate demand, and minimizing/remediating supply disruptions.[189] Based on the roadmap's strategy for recovery from the effects of the pandemic, Trinidad and Tobago plans to increase the social safety net for vulnerable groups, improve COVID-19 safety protocols, invest in agricultural technology to boost food productivity, and provide relief to local businesses. Additionally, the plan aims to encourage job growth by supporting innovation and entrepreneurship.[190]

Trade Profile

Merchandise exports from Trinidad and Tobago to the world totaled $6.1 billion in 2020, a decrease from $8.5 billion in 2019.[191] Petroleum-related exports accounted for the majority of Trinidad and Tobago's exports in 2018–20. In the first nine months of 2019, petroleum-related exports accounted for roughly 75 percent of the country's total exports. Non-petroleum-related exports decreased from $1.4 billion in January–September 2019 to $1.1 billion in the same period of 2020.[192]

Trinidad and Tobago's merchandise imports totaled $5.3 billion in 2020, a moderate decrease from $6.1 billion in 2019.[193] The country's petroleum-related imports significantly decreased from $914.4 million in January–September 2019 to $520.0 million in the same period of 2020. Non-petroleum-related imports also fell during this time, from $3.6 billion in the first nine months of 2019 to $3.0 billion in the first nine months of 2020.[194]

The United States is Trinidad and Tobago's largest goods export market, followed by Guyana, Brazil, and Spain. Leading energy exports from Trinidad and Tobago to the United States in 2020 included, anhydrous ammonia, liquefied natural gas, methanol, urea, and petroleum oils. Top non-energy exports to the U.S. included aromatic bitters, yellowfin tuna, building cement, toilet paper, sugar confectionary, and sauces.[195] The country's leading import partner is also the United States, followed by China, Brazil, and Japan. Leading U.S. exports to Trinidad and Tobago in 2020 included petroleum, machinery and aircraft equipment, wheat, and animal feed.[196] Trinidad and Tobago's exports of commercial services

[188] Note: This deficit calculation by the Government of Trinidad and Tobago excludes nearly $1 billion of unreimbursed value added tax owed to companies. USDOS, U.S. Embassy Port of Spain, Trinidad and Tobago, Diplomatic Cable, June 21, 2021.
[189] Government of Trinidad and Tobago, Ministry of Trade and Industry, *Roadmap for Trinidad and Tobago Post COVID-19 Pandemic*, June 2020.
[190] Economist Intelligence Unit, *Country Report: Trinidad and Tobago, 1st Quarter 2020*, April 21, 2021, 7.
[191] Economist Intelligence Unit, *Country Report: Trinidad and Tobago, 4th Quarter 2020*, July 22, 2021, 10.
[192] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021, 37.
[193] Economist Intelligence Unit, *Country Report: Trinidad and Tobago, 4th Quarter 2020*, July 22, 2021, 10.
[194] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021, 37.
[195] USDOS, U.S. Embassy Port of Spain, Trinidad and Tobago, Diplomatic Cable, June 21, 2021.
[196] USITC DataWeb/Census, accessed June 10, 2021.

have remained relatively stable over the past decade, hovering near $1 billion per year, although this figure has dropped from $965.8 million in 2017 to $790.8 million in 2019. Travel services comprised more than half (55.2 percent) of commercial service exports in 2019, while transport services comprised 20.4 percent, and insurance and financial services made up 12.7 percent. [197]

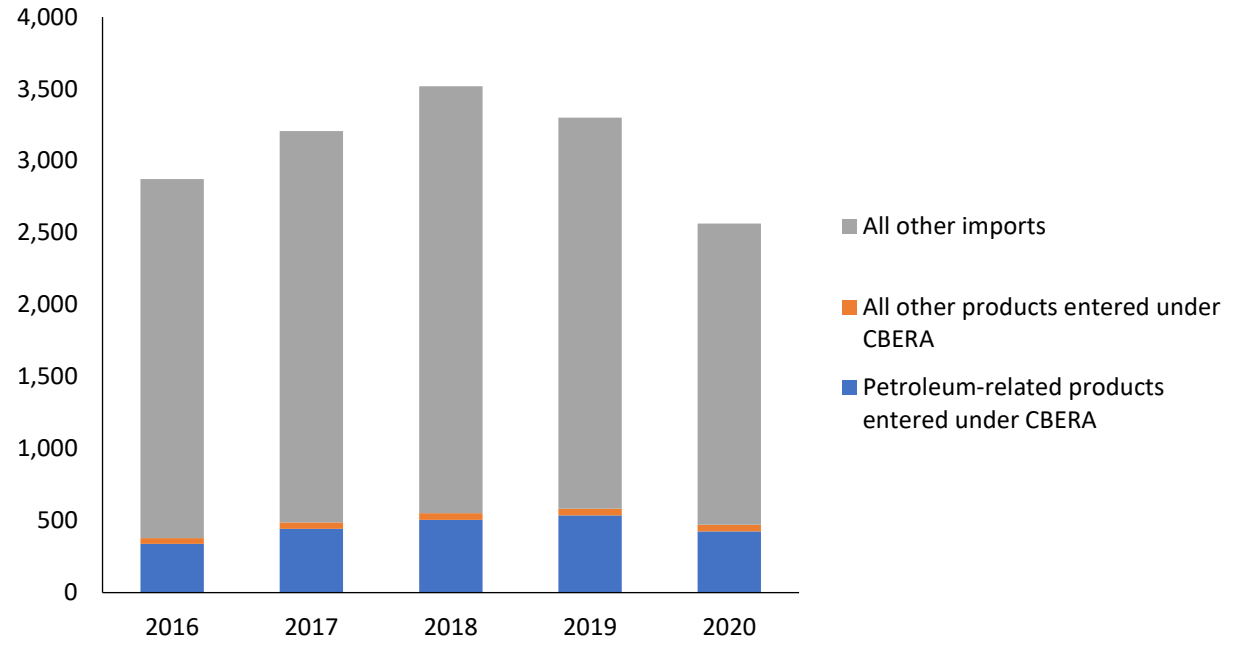
U.S. imports for consumption under CBERA from Trinidad and Tobago rose from $552 million in 2018 to $583 million in 2019, before falling by 19.1 percent to $472 million in 2020 (figure 3.9).[198] Total U.S. imports from Trinidad and Tobago fell from $2.9 billion in 2016 to $2.6 billion in 2020. Exports from Trinidad and Tobago under CBERA in 2020 represented about 18.4 percent of Trinidad and Tobago's total exports to the U.S. over this period and were equivalent to 2.3 percent of its GDP in 2020. Though Trinidad and Tobago led CBERA countries in total U.S. imports for consumption, the country remained behind Haiti in total U.S. imports for consumption under CBERA. In 2020, the U.S. imported $757 million from Haiti under CBERA (44.8 percent of total U.S. imports for consumption under CBERA), while it imported $472 million from Trinidad and Tobago under CBERA (27.9 percent).

In recent years, U.S. imports under CBERA from Trinidad and Tobago have been composed primarily of petroleum-related products. In 2020, petroleum-related products under CBERA comprised $426 million of the $472 million total U.S. imports from Trinidad and Tobago under CBERA (90.3 percent). Methanol was by far the largest U.S. import from Trinidad and Tobago, accounting for all U.S imports of this product under CBERA in 2020, and 52.5 percent of U.S. imports from Trinidad and Tobago under CBERA in 2020.[199] U.S. imports of methanol in 2020 ($247.7 million) were much lower than in 2018 ($449.4 million), likely due to a pandemic-related decrease in demand for natural gas, of which methanol is a downstream product, leading to lower prices.[200] The second-largest import under CBERA was crude petroleum, followed by food preparations not elsewhere specified or included[201] and melamine.[202]

[197] World Bank, "World Development Indicators (WDI) | Data Catalog," accessed July 22, 2021. July 22, 2021.
[198] Note: Data CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.
[199] Methanol is classified in HTS 2905.11.20.
[200] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020*, 2021, 49.
[201] Other food preps, n.e.s.o.i. is classified in HTS 2106.90.98.
[202] Melamine is classified in HTS statistical reporting number 2933.61.00.

Figure 3.9 Trinidad and Tobago: Total U.S. imports and imports under CBERA, 2016–20

In millions of dollars.



Source: USITC DataWeb/Census, accessed April 12, 2021, and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.
Note: Data for 2016 and 2017 are from the CBERA 24th report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022. Underlying data for this figure can be found in appendix table E.12.

Investment Profile

Trinidad and Tobago is generally open to foreign direct investment (FDI)[203] and has traditionally welcomed U.S. investors.[204] As of 2019, the stock of U.S. FDI in Trinidad and Tobago totaled $6.2 billion.[205] Energy exploration and production drive the country's economy, and this sector has historically attracted the most FDI. Petrochemicals and steel also account for significant foreign investment.[206]

Trinidad and Tobago generally ranked higher in ease-of-doing-business factors than most of the other CBERA countries, according to World Bank measures. In 2020, Trinidad and Tobago ranked 105th of 190 countries in the World Bank's overall Ease of Doing Business Index, the third-highest overall score for

[203] Chinese FDI projects in Trinidad and Tobago are discussed in chapter 2.
[204] The U.S. Department of State, "2020 Investment Climate Statements: Trinidad and Tobago," accessed June 22, 2021.
[205] BEA, "U.S. Direct Investment Abroad: Balance of Payments and Direct Investment Position Data | U.S. Bureau of Economic Analysis (BEA)," accessed June 25, 2021.
[206] Note: Due to business confidentiality reasons, BEA data on U.S. sectoral investment are suppressed for many industries in Trinidad and Tobago. The U.S. Department of State, "2020 Investment Climate Statements: Trinidad and Tobago," accessed June 22, 2021.

CBERA countries.[207] It ranked 79th of 190 countries in the subcategory "ease of starting a business," which is three places lower than its ranking in 2018. However, Trinidad and Tobago scored higher in three categories: "getting electricity," where it ranked 43rd; "getting credit," where it ranked 67th; and "protecting minority investors," where it ranked 57th.[208] 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 petroleum-related export earnings.

According to the the U.S. Department of State, the legal, regulatory, and accounting systems in Trinidad and Tobago are generally transparent and consistent with international norms. Additionally, the country has a stable, democratic political system, and established rule of law, and an independent judicial system that is substantively fair.[209]

However, also according to the U.S. Department of State's Investment Climate Statements, Trinidad and Tobago faces issues such as inefficient and complicated government bureaucracy and corruption.[210] The country is ranked worse in the World Bank's Doing Business indicators than most others with respect to enforcing contracts (174th), paying taxes (160th), and registering property (158th).[211] Moreover, according to the U.S. Department of State, the decision-making process for tenders and the subsequent awarding of contracts can at times become non-transparent, especially when foreign companies compete with well-connected local firms. Lastly, a backlogged court system can reportedly cause significant delays, which makes legal resolution and contract enforcement time-consuming and costly; as such, foreign companies are reluctant to pursue legal remedies.[212]

Impact of CBERA

Trinidad and Tobago registered the seventh-highest CBERA utilization rate in 2020 (54.2 percent). The country's utilization rate in 2020 represented a slight decline from 55.6 percent in 2019, which was its highest level over the past five years. Despite reaching this five-year peak, Trinidad and Tobago's utilization rate ranking amongst CBERA countries fell from sixth-highest to seventh-highest in 2019, where it remained in 2020.

The relative importance of CBERA to Trinidad and Tobago's economy declined over the past five years as services became an increasingly important share of the country's economy. Nevertheless, Trinidad and Tobago's Ministry of Trade noted CBERA's positive effects on economic transformation, poverty reduction, and employment generation in the country. The government of Trinidad and Tobago also expressed appreciation for CBERA's support of export growth and diversification.

Moreover, the Ministry of Trade indicates that the manufacturing sector will be a key component to post-pandemic economic expansion and diversification. As the U.S. remains Trinidad and Tobago's

[207] World Bank, *Doing Business 2020*, October 24, 2019, 4.
[208] World Bank, *Doing Business 2020*, October 24, 2019, 4.
[209] The U.S. Department of State, "2020 Investment Climate Statements: Trinidad and Tobago," accessed June 22, 2021.
[210] The U.S. Department of State, "2020 Investment Climate Statements: Trinidad and Tobago," accessed June 22, 2021.
[211] World Bank, *Doing Business 2020*, October 24, 2019, 4.
[212] The U.S. Department of State, "2020 Investment Climate Statements: Trinidad and Tobago," accessed June 22, 2021.

largest export market, CBERA supports these goals by providing preferred access for manufactured and energy products.[213] Small, medium-sized, and large companies in Trinidad and Tobago continue to benefit from access to the U.S. market, which enables them to compete with larger foreign-owned companies and to sustain output and employment.[214]

Haiti: Economic Profile

Overview

While Haiti's GDP grew an average of 1.9 percent from 2016 to 2018, it started trending downward in 2019, and declined by 3.6 percent in 2020 (table 3.4). With a per capita GDP of $1,491 in 2020, Haiti is the poorest CBERA country and remains one of the poorest countries in the world.[215] It ranked 170th of 189 countries in the 2020 United Nations' Human Development Index, a composite index combining figures for life expectancy, educational attainment, and income.[216] With an estimated 11.4 million people in 2020, Haiti also has the highest population of any CBERA country.[217]

Table 3.4 Haiti: Selected economic indicators, 2016–20

Real GDP growth rate in percentage, population in millions, GDP per capita in dollars, all else in millions of dollars.

Item	2016	2017	2018	2019	2020
GDP (million $)	13,081	14,405	15,352	13,577	15,286
Real GDP growth (%)	1.7	2.3	1.7	−1.7	−3.6
Population (million)	10.8	11.0	11.1	11.3	11.4
GDP per capita ($)	1,592	1,608	1,614	1,567	1,491
Goods exports (million $)	973.5	1,020.4	1.117.0	1,175.0	883.8
Goods imports (million $)	3,233.3	3,897.3	4,585.9	3,774.3	3,326.6
Exports to the U.S. under CBERA (million $)	857.2	879.0	955.0	998.8	756.6
Current account balance (million $)	−410.8	−875.0	−657.7	300.0	330.4

Source: Economist Intelligence Unit (EIU), *Haiti*, June 15, 2021; population figures for all years, GDP, goods exports, goods imports, and current account balance for 2020, real GDP growth, EIU estimate (June 15, 2021); GDP per capita figures are based on USITC calculation; figures for exports to the United States under CBERA are based upon U.S. imports for consumption data compiled from official statistics of the U.S. Department of Commerce, accessed April 12, 2021; IMF, Direction of Trade Statistics, accessed June 23, 2021; goods exports, goods imports, and current account balance figures are for fiscal years ending September 30.

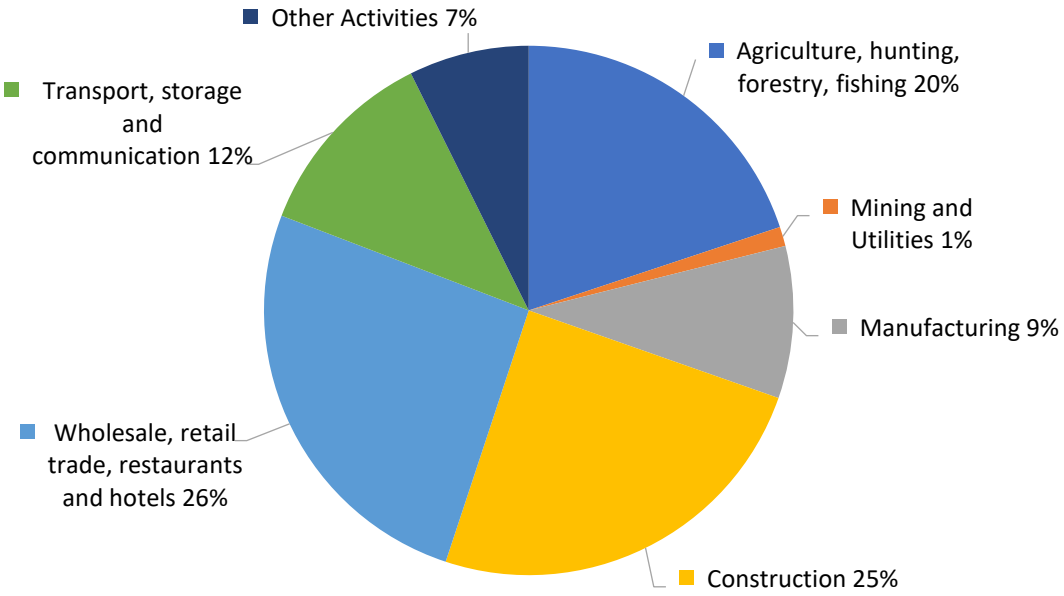
Wholesale/retail trade accounted for 25.7 percent of the Haitian economy in 2019 (figure 3.10). This sector was followed by construction, representing 24.7 percent of GDP, as the country continued to rebuild its infrastructure after the 2010 earthquake and subsequent natural disasters. Two other product categories—agriculture (including hunting, forestry, and fishing) and transport, storage, and communications—accounted for 19.9 and 11.8 percent of GDP, respectively. Mining, manufacturing, and utilities, which together accounted for 10.5 percent of GDP, remained unchanged as a share of GDP since 2015.

The size of the services sector in Haiti remained largely unchanged as a percentage of GDP since 2009, moving upward slightly from 51.6 percent in 2009 to 54.1 percent in 2019. At the same time, the share

[213] USDOS, U.S. Embassy Port of Spain, Trinidad and Tobago, Diplomatic Cable, June 21, 2021.
[214] EIU, Haiti, June 15, 2021
[215] World Bank, World Development Indicators database, accessed June 21, 2021.
[216] UNDP, *Human Development Indices and Indicators Report: 2020 Statistical Update*, 2020, p. 243.
[217] EIU, *Haiti*, June 15, 2021.

of industry (including mining, manufacturing, construction, electricity, water, and gas), as a proportion of GDP declined slightly, while the share of agriculture remained relatively unchanged.[218]

Figure 3.10 Haiti: Composition of GDP by broad sectors, 2019



Source: UN Statistics Division, National Accounts database, accessed June 19, 2021.
Note: Based on most recent data available. Underlying data for this figure can be found in appendix table E.13.

Economic Consequences of Political Instability

In October 2019, Haiti's parliamentary elections were delayed indefinitely, and in January 2020, the terms of most members of parliament expired. Without sufficient parliamentary representation to achieve a quorum, the president—Jovenel Moïse, who assumed office in February 2017—served by executive decree until his assassination on July 7, 2021.[219]

In the wake of the election delay, the concomitant "unchecked executive power," and concerns over corruption and human rights violations, civil society reacted by engaging in widespread protests.[220] At the same time, President Moïse had implemented governmental changes, which included the creation

[218] World Bank, World Development Indicators database, accessed June 21, 2021.
[219] Any discussion of the political instability emanating from the assassination of President Jovenel Moïse, on July 7, 2021, and the effects of Haiti's recent earthquake of August 14, 2021, will be deferred until the next edition of this report, which will cover the year 2021.
[220] USDOS, Working Toward a Democratic and Prosperous Haiti, May 18, 2021; EIU, *Country Report, Second Quarter 2021: Haiti*, June 15, 2021.

of a domestic intelligence agency that surveils opponents and the designation of some forms of nonviolent protest as terrorist acts.[221]

The country also experienced increased security challenges in recent years, including state-actor supported attacks on impoverished regions with strong opposition to his administration.[222] Armed, politically aligned factions have engaged in brutally violent activity with "near complete immunity."[223] This political instability, along with reduced agricultural production, has caused severe localized food insecurity.[224] According to the Economist Intelligence Unit, political instability related to the constitutional referendum vote has also negatively affected the Haitian investment climate.[225] This political climate, along with the reduction in both remittances from abroad and employment in the domestic labor market due to the pandemic, have made food insecurity more dire.[226]

Trade Profile

Haiti's estimated exports to the world fell between 2018 and 2020, from $1.2 billion to $1.0 billion. Over $750 million of Haiti's 2020 exports to the world was composed of textiles and apparel exports to the United States.[227] Mining and manufacturing exports to the United States, which included textiles and apparel, fell sharply from $978.2 million in 2019 to $732.0 million in 2020.[228] This marked decline in exports of textiles and apparel was due, in large part, to circumstances surrounding the COVID-19 pandemic, including demand uncertainty, capacity restrictions for factories, and difficulty in accessing raw materials and working capital.[229] In addition, textiles and apparel manufacturers stated that COVID-19 related issues forced suppliers to sell product at a loss.[230] Agriculture exports to the United States increased by about 35.6 percent, from $11.5 million in 2019 to $15.6 million in 2020; exports in 2020 of guavas, mangoes, and mangosteens—Haiti's top agricultural exports—boasted a 42.6 percent ($4.23 million dollar) increase over 2019 exports. [231] Agriculture exports to the United States are slated to continue improving contingent upon the success of measures to improve agricultural productivity.

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[221] Jake Johnston & Kira Paulemon, *What's in Haiti's New National Security Decrees*, Center for Economic & Policy Research, Dec. 14, 2020. Other governmental changes during "this period of one-man rule by decree" are "the reduced role of key institutions like the Superior Court of Auditors and Administrative Disputes, and the removal and replacement of three Supreme Court judges." Source: USDOS, Working Toward a Democratic and Prosperous Haiti, May 18, 2021.

[222] Attacks include rape, execution by shooting and machete of adults and children, and looting and destruction of homes. Source: Harvard Law School International Human Rights Clinic, *Killing with Impunity: State-Sanctioned Massacres in Haiti*, April 2021, 21.

[223] Harvard Law School International Human Rights Clinic, *Killing with Impunity*, April 2021, 4.

[224] CIA, "Haiti," CIA World Factbook, June 9, 2021.

[225] EIU, *Country Report, Second Quarter 2021: Haiti*, June 15, 2021.

[226] Remittances constitute one quarter of GDP, nearly double the value of exports and FDI. Source: CIA, "Haiti," CIA World Factbook, June 9, 2021.

[227] Due to data limitations, exports from Haiti to the world are estimated using U.S. imports from Haiti. Global Trade Atlas, accessed June 22, 2021.

[228] USITC DataWeb/Census, accessed April 12, 2021. Mining and manufacturing is HTS 25-26, 28-49, and 64-96, with the exception of HTS 29051120 and HTS 77.

[229] International Finance Corporation, "How has COVID-19 Affected Haiti's Apparel Industry?", 2020.

[230] USDOS, U.S. Embassy in Port-au-Price, Diplomatic Cable, June 14, 2021.

[231] Compiled official statistics of the U.S. Department of Commerce (USDOC), accessed April 12, 2021.

In 2020, the United States was Haiti's largest export market, accounting for $789.8 million in exports. Articles of knit and woven apparel made up the majority of U.S. imports from Haiti. Other leading U.S. imports included guavas, mangoes, and mangosteens ($14.9 million) and made-up articles of textile materials, a category which includes the cloth face coverings widely used during the global pandemic ($10. 3 million).[232] The United States was the largest source of imports for Haiti in 2020 at $1.4 billion. The Dominican Republic was Haiti's second-largest source of imports in 2020, supplying $846.7 million worth of goods to Haiti. The United States and the Dominican Republic were followed by China which exported $709.8 million to Haiti in 2020. Leading U.S. exports to Haiti in 2020 included cereals, mineral fuels, electrical machinery, and meat.[233]

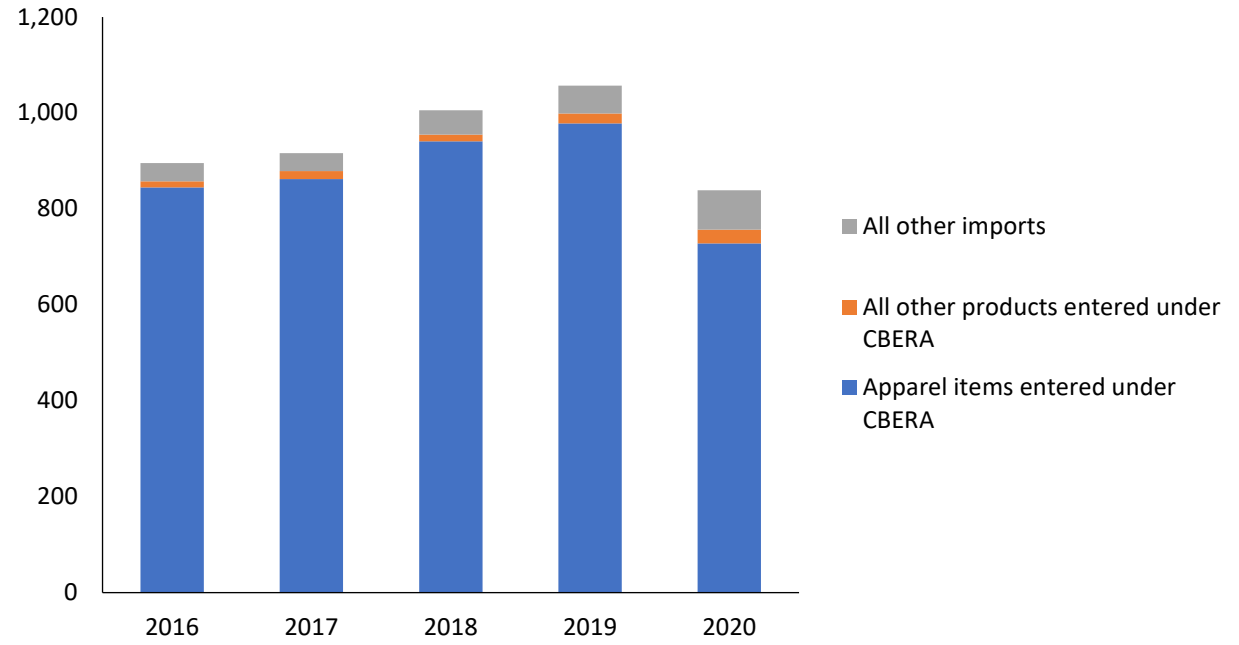
Haiti's services exports have grown in recent years, increasing by 9.5 percent from 2009 to 2019, to $488.4 million. Over the same period, exports of commercial services rose by 13.9 percent.[234] Receipts from international tourism comprised 34.9 percent of Haiti's total goods and services exports in 2018, the last year for which data are available, representing a 12.6 percent increase over the year 2017.[235]

Since 2015, Haiti has been the largest source of U.S. imports under the CBERA program.[236] In 2020, the value of U.S. imports from Haiti under CBERA was $756.6 million out of a total of $839.1 million in total imports, representing 4.9 percent of Haiti's estimated 2020 GDP.[237] This percentage was much lower than the 10.2 percent of GDP that imports under CBERA represented during the previous two-year period of 2016–18, likely caused by the significant reduction in apparel exports due to canceled orders, factory shutdowns, and other pandemic-related apparel industry drawdowns. Even with the large reduction in CBERA imports due to COVID, among all beneficiary countries, Haiti was tied with Barbados and Grenada for the highest CBERA/CBTPA utilization rate—94.7 percent—in 2020 (table 3.1). This high utilization rate reflects in large part Haiti's longstanding reliance on apparel exports to the United States and the fact that Haiti's leading manufacturing activity and largest export industry is apparel, a product covered by CBERA preferences and for which more flexible rules of origin (ROOs) apply with respect to apparel imported from Haiti. Haiti's apparel production is primarily assembly operations. The more flexible ROOs under HOPE allow most of the assembled garments to qualify for preferential treatment. Apparel accounted for 96.2 percent of all U.S. imports from Haiti under CBERA/CBTPA in 2020 (figure 3.11).[238]

[232] Guavas, mangoes, and mangosteens fall under HTS 0804.50.60 and HTS 0804.5040. Face coverings fall under HTS 6307.90.98. USITC DataWeb/USDOC, accessed April 12, 2021.
[233] IHS Markit, Global Trade Atlas database (accessed July 1, 2021).
[234] World Bank, World Development Indicators database, accessed June 23, 2021.
[235] World Bank, World Development Indicators database, accessed June 23, 2021.
[236] The HOPE and HELP Acts are discussed separately in chapter 4.
[237] USITC DataWeb/USDOC, accessed April 12, 2021; EIU, *Country Report Second Quarter 2021: Haiti*, June 15, 2021.
[238] USITC DataWeb/USDOC, accessed April 12, 2021.

Figure 3.11 Haiti: Total U.S. imports and imports under CBERA, 2016–20

In millions of dollars.



Source: USITC DataWeb/Census, accessed April 12, 2021.
Note: Data for 2016 and 2017 are from the CBERA report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022. See corresponding appendix data table E.14.

Until 2020, total U.S. imports from Haiti had risen steadily since 2016, exceeding the $1 billion mark in both 2018 and 2019. U.S. imports under CBERA/CBTPA from Haiti followed the same trend as overall imports, increasing steadily from 2016 onward, until they dropped in 2020. On the other hand, Haiti's CBERA/CBTPA utilization rate reached its high of 95.9 percent in 2017, and has fallen every year since then.[239]

Investment Profile

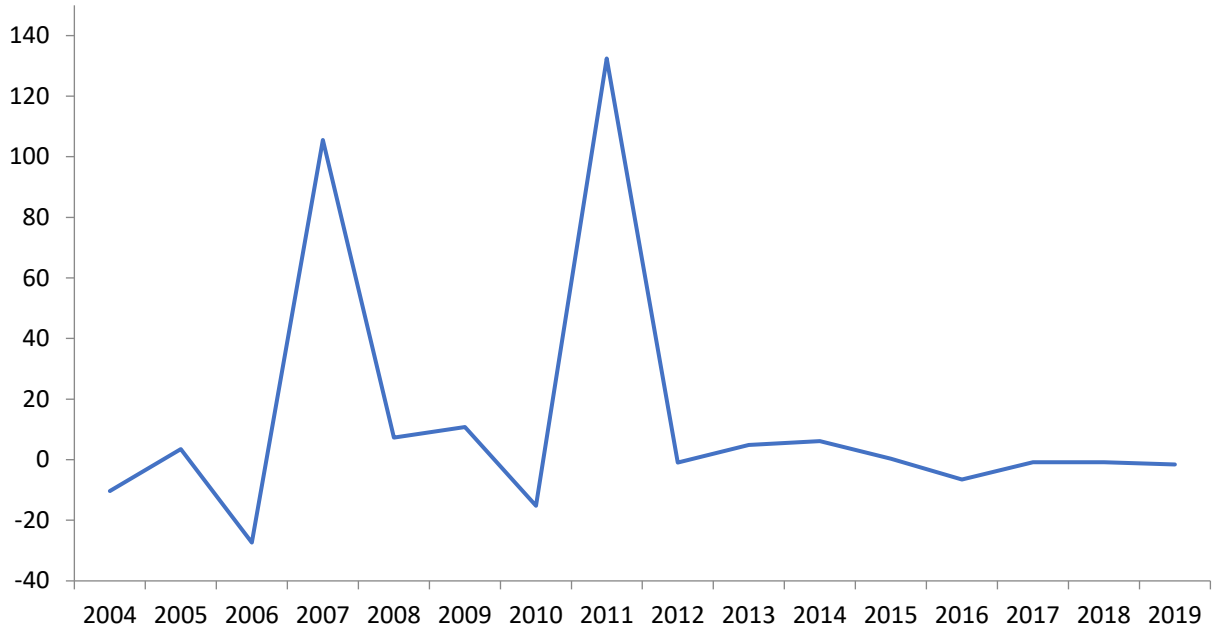
According to the U.S. Department of State, Haiti's laws encourage foreign direct investment (FDI). Its import and export policies are nondiscriminatory, and there is no significant public opposition to foreign investment in Haiti.

FDI in Haiti has grown in response to the country's most recent tariff preference programs, implemented in 2006 (HOPE I), 2008 (HOPE II), and 2010 (HELP). In the years of initial tariff preference program implementation, gross capital formation—a measure of funds spent on fixed assets such as machinery and equipment purchases and the construction of commercial and industrial buildings—showed marked increases (figure 3.13). From 2004 to 2019, the three years of largest capital investment growth came in the years that tariff preference programs were implemented: 2006 (22.6 percent), 2008

[239] Compiled from official statistics of the U.S. Department of Commerce, accessed April 12, 2021.

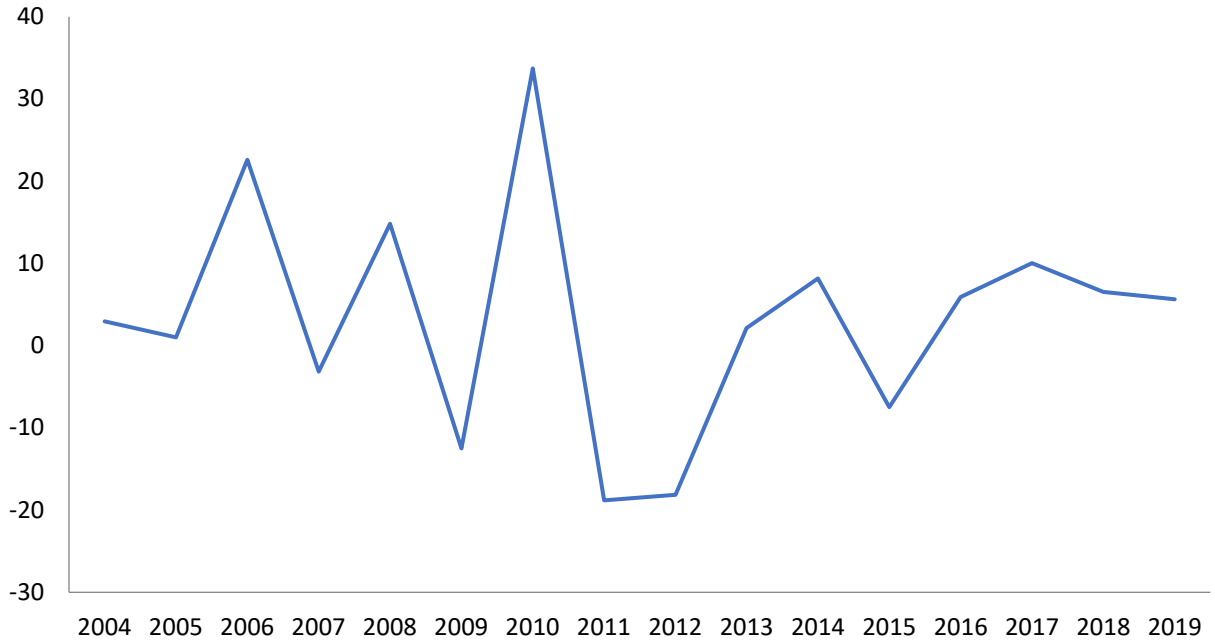
(14.8 percent), and 2010 (33.7 percent). Years of increased export growth directly followed years of increased capital investment. From 2004 to 2019, the two years of largest export growth immediately followed years of strong gross capital formation: 2007 (105.6 percent) and 2011 (132.4 percent) (figures 3.12 and 3.13).

Figure 3.12 Haiti: Annual percent growth of exports of goods and services, 2004–19



Source: Compiled from World Development Indicators (accessed June 27, 2021).
Note: Underlying data for this figure can be found in appendix table E.15.

Figure 3.13 Haiti: Annual percent growth of gross capital formation, 2004–19



Source: Compiled from World Development Indicators, accessed June 27, 2021.
Note: Gross capital formation "consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories." World Bank, *Data Bank Metadata Glossary*, accessed August 11, 2021. Underlying data for this figure can be found in appendix table E.16.

However, Haiti's political instability and civil unrest, along with the disruptions of the global COVID-19 pandemic, have proven challenging for foreign investment, and FDI inflows to the country fell by 60 percent from 2019 to 2020, from $75 million to $30 million.[240] According to the World Bank, in 2019 Haiti ranked 179th of 190 in the World Bank's Ease of Doing Business Index, placing Haiti as the lowest ranked CBERA country on the list.[241] Haiti ranked far below the next-lowest ranked CBERA country, Grenada, which ranked 146th.[242] Furthermore, the World Bank's Control of Corruption Index estimates Haiti's governance metric as -1.34, putting Haiti in the 10th percentile of all countries, indicative of very weak governance.[243] Though in her testimony at the public hearing, Ms. Johanna Leblanc, Senior Advisor to the Ambassador, stated that the Moïse administration was "taking all necessary steps to address corruption through various agencies that are in place" including canceling contracts gained through corruption and nepotism, these low ratings indicate the challenges to investment in Haiti. [244]

[240] UNCTAD, "World Investment Report 2021 Country Fact Sheet: Haiti," accessed August 2, 2021.
[241] World Bank, *Doing Business 2019*, 2019.
[242] World Bank, *Doing Business 2019*, 2019.
[243] World Bank, Control of Corruption Index, accessed May 23, 2019. The World Bank's Control of Corruption Index tracks "perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests."
[244] USITC, hearing transcript, June 8, 2020, 11 and 17 (testimony of His Excellency Bocchit Edmond, Haitian Ambassador to the United States, delivered by Ms. Johanna Leblanc, Senior Advisor to the Ambassador).

Even with the challenging political and civil climate, a number of foreign investors have been attracted to Haiti because of an abundant workforce and increased duty-free access to the U.S. market.[245] This observation, made by Ms. Leblanc during the public hearing, was echoed by multiple industry stakeholders.[246] The manufacturers surveyed by the U.S. Embassy in Haiti stated that they would not invest in Haiti without the presence of CBERA, CBTPA, the HOPE Acts, and HELP, namely the duty-free incentives provided by the legislation.[247] As discussed in chapter 1, the U.S. trade preference programs for Haiti (the HOPE Acts and HELP) offer additional benefits. HOPE allows duty-free imports of certain apparel made in Haiti using yarns and fabrics from any country, whereas CBTPA requires use of U.S. yarns in fabrics formed in either in the U.S. or a beneficiary country from the United States for duty-free treatment with limited exceptions.[248,249,250]

Though Haiti's tariff preference programs have promoted investment, industry stakeholders have reported that the temporary nature of CBTPA, HOPE I and HOPE II, and HELP provisions is one factor that has limited investment from its full potential. In his written submission, Brian Bensman, on behalf of an apparel importer, Cintas , stated that, "Congress is known to wait to renew preference programs at the last minute, and often allows them to expire for several months before providing retroactive renewal. Businesses like Cintas need certainty to efficiently operate, especially in countries like Haiti which consistently experience instability for other reasons. Failure to provide timely renewal inhibits our expansion strategies and likely detracts from new investment from companies currently looking to move production out of China."[251] In his written submission, Wilhelm Lemke, Jr. on behalf of Association Des Industries d'Haiti (ADIH), an association of manufacturers in Haiti founded in 1980, echoed Mr. Bensman's desire for an early HOPE/HELP renewal, stating that "buyers remain concerned about sourcing in Haiti, as the preferences provided under the HOPE/HELP are set to expire on September 30, 2025."[252] Mr. Lemke stated that Haiti's proximity to the U.S. could make the country an attractive option for "U.S. companies . . . looking to relocate . . . out of China."[253] In his written testimony, Peter Iliopoulos of Gildan stated that both his company specifically and apparel made from U.S. yarn generally would be at "an extreme disadvantage compared to Asian suppliers" without the HOPE/HELP preference programs. [254] Mr. Iliopoulos agreed that the HOPE/HELP programs make Haiti an "attractive sourcing option . . . for U.S. companies actively looking to relocate from other regions of the world," but noted that the programs' impending expiration causes "investors to second guess Haiti as a valid option."[255] In her oral testimony at the public hearing, Gail Strickler, of Brookfield Associates, representing Sae-A,

[245] USITC, hearing transcript, June 8, 2020, 11 & 17 (testimony of His Excellency Bocchit Edmond, Haitian Ambassador to the United States, delivered by Ms. Johanna Leblanc, Senior Advisor to the Ambassador); USDOS, U.S. Embassy in Port-au-Price, Diplomatic Cable, June 14, 2021.
[246] Written testimony of Brian Bensman, Cintas, June 22, 2021; Written testimony of Peter Iliopoulos, Gildan Activewear Inc., June 22, 2021; USDOS, U.S. Embassy in Port-au-Price, Diplomatic Cable, June 14, 2021.
[247] USDOS, U.S. Embassy in Port-au-Price, Diplomatic Cable, June 14, 2021.
[248] USDOC, ITA, OTEXA, "Frequently Asked Questions: Trade Preferences for Haitian Textiles and Apparel under CBTPA, Haiti HOPE, HOPE II, and HELP," June 16, 2017. For more information see discussion in chapter 1.
[249] Trade Preferences Extension Act of 2015, 19 U.S.C. § 2101 (notes).
[250] 19 U.S.C. § 2701 (notes). USTR, "Ambassador Issues Statement Concerning the CBERA," October 13, 2020.
[251] Written testimony of Brian Bensman, Cintas, June 22, 2021.
[252] Written testimony of Wilhelm Lemke, Jr., Association Des Industries d'Haiti, June 22, 2021.
[253] Written testimony of Wilhelm Lemke, Jr., Association Des Industries d'Haiti, June 22, 2021.
[254] Written testimony of Peter Iliopoulos, Gildan Activewear Inc., June 22, 2021.
[255] Written testimony of Peter Iliopoulos, Gildan Activewear Inc., June 22, 2021.

which is a global clothing manufacturer and Haiti's largest employer, affirmed stakeholder desire to "curtail the stranglehold that China has on much of our imports and provide meaningful job opportunities throughout . . . the Caribbean to address the migrant crisis."[256] Nevertheless, Ms. Strickler, while supporting CBERA, contended that it is unreasonable to "offer five-year preference programs with a possible extension and expect to get significant results." Instead, long-term certainty that the CBERA programs would continue is needed to attract investment.[257]

The Haitian government reports that it is working to improve Haiti's investment climate. In 2013, for example, the Haitian government enacted legislation in the form of the Anti-Money Laundering Act to strengthen its anti-money-laundering and anti-corruption laws to deter prohibited financial transactions. In 2017, Haiti's parliament made electronic transactions and electronic signatures legally binding in an effort to improve the investment environment. In January 2018, a "one-stop shop" was introduced that facilitates the incorporation process for foreign and local companies. Since 2018, the Haitian government-established Center for Facilitation of Investments (CFI) has been developing a streamlined process for establishing a business in Haiti. [258] In 2019, CFI published a detailed informational document summarizing how potential stakeholders can invest in the country.[259]

Impact of CBERA

Haiti's CBERA utilization rate has been the highest among all CBERA beneficiary countries in recent years. In 2020, its utilization rate, at 94.7 percent, tied for the highest together with Barbados and Grenada. Its utilization rate in 2020 represented a slight decline from the peak of 99.8 percent in 2017. The importance of the manufacturing sector in Haiti has increased from 13.0 percent in 2000 to 13.4 percent in 2016 and 17.7 percent in 2020.[260] The textile and apparel industry, which benefits from CBERA, HOPE and HELP, constitutes the core of manufacturing in the country, accounting for about one tenth of the GDP.[261] In addition, Haiti's exports have become more diverse since 2007, as noted above, when HOPE and HELP acts went into effect.

Since HOPE II was passed in 2008, the national daily minimum wage in Haiti has increased nine separate times from 70 gourdes per day to 500 gourdes per day in 2020. Employment has expanded in CBERA-eligible sectors, as described in the next section on women in the apparel industry.[262] In addition, under HOPE II, Haitian exporters must comply with core labor standards, including freedom of association and

[256] Oral testimony of Gail Strickler, Brookfield Associates, June 8, 2021.
[257] Oral testimony of Gail Strickler, Brookfield Associates, June 8, 2021.
[258] The Center for Facilitation of Investments' "main mandate is to promote investments and help potential investors find and take advantage of opportunities in Haiti." Source: Center for Facilitation of Investments, "Investor Pack," November 8, 2019.
[259] Center for Facilitation of Investments, "Investor Pack", November 8, 2019.
[260] World Bank national account data, accessed September 14, 2021.
[261] BetterWork. *Better Work Haiti: 14th Biannual Synthesis Report*, October 2020**.**
[262] On November 1, 2019, President Moïse published a decree fixing the minimum wage at 500 Gourdes per 8-hour working day "in export-oriented assembly industries and other export-oriented manufacturing industries." Other industries have minimum wage levels ranging from 250 Gourdes (domestic service personnel) to 550 Gourdes (retail stores, financial institutions, telecommunication, and other private industries). Le Moniteur - Spécial No 20, quoted in HaitiLibre, July 11, 2019.

collective bargaining, the prohibition against forced labor and child labor, and non-discrimination in employment and occupation.[263]

Nonetheless, noncompliance with several of the core labor standards outlined in the HOPE II provisions has been a recurring issue.[264] In her written testimony, Lauren Stewart of the Solidarity Center noted that "violations of internationally recognized worker rights are rampant, persistent, and well-documented within the industry" in reference to Haiti's garment industry, which employed 56,000 workers as of January 2021, up from a COVID-19 era low of 38,000 workers in April 2020.[265] Repression of freedom of association, including mass firings of union members, has been documented,[266] and according the Solidarity Center, only 3,000 workers are part of an authentic collective bargaining agreement.[267] Ms. Stewart noted that the most recently reported rate of factory noncompliance with laws pertaining to social security and benefit payments was 84 percent, 8 points higher than when the reporting agency first began publishing their findings in 2010.[268] Factory noncompliance with benefit payments has reportedly had serious consequences for garment workers. In July 2020, a garment worker died after being denied essential health care because of insufficient accrued healthcare funds—a situation brought on by his employer's failure to remit payment for workers' health insurance to Office d'Assurance Accidents du travail, Maladie et de Maternité (OFTAMA).[269]

Under the HOPE II provisions, the U.S. Secretary of Labor, in consultation with the United States Trade Representative, is tasked with identification of noncompliant producers.[270] The program also mandates as part of retaining eligibility for HOPE benefits that the International Labour Organization (ILO) prepare a biennial report of producer compliance with labor standards and laws.[271] The ILO report is prepared in conjunction with BetterWork Haiti, and "factory-level compliance assessment and assistance, as well as the public reporting requirements of the TAICNAR program are being implemented through the ILO and the International Finance Corporation's Better Work program, which promotes improved labor

[263] For more information see the discussion of the evolution of CBERA labor provisions in chapter 1. 19 U.S.C. § 2703a(a)(3) and (e)(4)(B)(i); see also USTR, *HOPE II Annual Report*, 2020, 2,7–8. HOPE II also requires Haiti to establish an independent Labor Ombudsperson's Office within the national government to oversee implementation of the Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) program, maintain a registry of producers of articles for which duty-free treatment may be requested and investigating concerns regarding producer compliance with labor standards. 19 U.S.C. § 2703a(e)(2). Hope II further requires Haiti to establish and implement the TAICNAR program, which is operated by the International Labour Organization (ILO). 19 U.S.C. § 2703a(e)(3). TAICNAR coordinates with the Labor Ombudsperson to assess compliance with labor standards and provides help in meeting compliance goals. TAICNAR also allows the ILO to conduct firm-level inspection and monitoring of Haitian apparel factories. Although Haiti's Ministry of Labor and Social Affairs (MAST) continues to experience resource constraints, support from the ILO has enabled it to continue labor inspections within the garment industry.
[264] USTR, *Hope II Annual Report*, 2020, 8.
[265] Written submission of Lauren L. Stewart, Solidarity Center, June 2021; USDOS, U.S. Embassy in Port-au-Price, Diplomatic Cable, June 14, 2021.
[266] For example, see BetterWork, *21st Compliance Synthesis Report under Hope Legislation: Haiti, October 2019-September 2020*, 2020, 19.
[267] USITC, hearing transcript, June 8, 2021, 47 (testimony of Lauren Stewart, Solidarity Center).
[268] Written submission of Lauren L. Stewart, Solidarity Center, June 2021; BetterWork, *21st Compliance Synthesis Report under Hope Legislation: Haiti, October 2019-September 2020*, 2020
[269] Connell, Tula, "Haiti Garment Workers Negotiate Landmark Health Payment," Solidarity Center, May 6, 2021.
[270] 19 U.S.C. § 2703a(e)(4)(B)(i).
[271] 19 U.S.C. §§ 2703a(e)(3)(C)–(D); USTR, *HOPE II Annual Report*, 2020, 5.

standards in global supply chains."[272] In the report covering the period ending in September 2019, and covering twenty seven factory visits, the ILO reported five new findings of labor standard noncompliance, with violations related to child labor, sexual harassment, and freedom of association.[273] During this period, the rate of factory noncompliance "for emergency preparedness and chemical management increased to 100 percent."[274]

In the report covering April 2019 to March 2020 and covering 29 factory visits, the ILO found two cases of noncompliance, both related to sexual harassment.[275] In her written testimony, Elise Shibles of Sandler, Travis, and Rosenberg stated that the HOPE and HELP provisions "ensure that apparel production jobs contribute to the Haitian economy without unlawful worker exploitation," and stated that "the Secretary of Labor and the USTR did not identify any producers in Haiti as non-compliant during the two-year review period ending December 2019."[276] Rather than the absence of noncompliant behavior, this non-identification stemmed from the U.S. Department of Labor's "inability to conduct on-site reviews through all of 2019."[277] According to USTR, this inability to conduct on-site reviews "did not allow sufficient examination of these cases to determine whether they met the standards for a Secretary of Labor identification of non-compliance under HOPE II . . . and . . . any preliminary findings resulting from these, or other ongoing cases, will be reported on in the next USTR Annual Report on the Implementation of the TAICNAR Program and Assessment of Producer Eligibility," not yet released at the time of production of this report.[278]

Solidarity Center finds that "the ongoing situation of rampant violations has become the de facto threshold for compliance, demonstrated by the uninterrupted provision of trade benefits", and suggest using the United States-Mexico-Canada agreement as a template for defining a procedure for factory-level suspension of benefits in response to noncompliance.[279]

Though stakeholders differ on their assessment of Haiti's labor environment for garment workers, they are united in their hope that the country's garment industry can facilitate a brighter economic future for Haiti. Indeed, the Solidarity Center says its Haitian union partners "unequivocally recognize the importance of trade preference programs, particularly in terms of job creation" and the Association Des Industries d'Haiti considers preferential U.S. market access to be "the critical component for the sustainability and growth of Haiti's apparel industry, and for Haiti's overall economy."[280]

[272] USTR, *HOPE II Annual Report*, 2020, 2.
[273] USTR, *HOPE II Annual Report*, 2020, 6.
[274] BetterWork, *19th Biannual Compliance Synthesis Report*, 2019.
[275] USTR, *HOPE II Annual Report*, 2020, 7.
[276] Written submission of Elise Shibles, Sandler, Travis, & Rosenberg, P.A., June 21, 2021.
[277] USTR, *HOPE II Annual Report*, 2020, 8.
[278] USTR, *HOPE II Annual Report*, 2020, 8.
[279] Solidarity Center, posthearing brief to USITC, June 22, 2021.
[280] Posthearing Brief of Lauren Stewart, Solidarity Center, June 22, 2021; Written testimony of Wilhelm Lemke, Jr., Association Des Industries d'Haiti, June 22, 2021.

Women and the Haitian Labor Market

The majority of Haiti's population lives in poverty, and a large percentage of the country's labor force is employed in the informal labor market.[281] However, women are estimated to comprise only 32.7 percent of Haiti's formal sector employment, and only seven percent of management positions.[282] The suite of U.S.-Haiti trade preference programs implemented starting in 2006 has significantly contributed to rebuilding the once robust Haitian apparel industry by facilitating exporting.[283] Between 2009 and 2014, the number of jobs in HOPE eligible sectors increased by 50 percent, and in 2019 the apparel/garment assembly sector was the country's largest export industry, constituting over 90 percent of the country's exports.[284]

Though the Haitian apparel industry, with a labor force composed mostly of women, is an important source of employment for the country, the industry has been criticized for creating "low wage factories with sub-par working conditions, no benefits, and small, unpredictable wages."[285] HOPE's provisions stipulate compliance with core labor standards at the factory level in order for articles produced in those factories to maintain eligibility for duty-free market access. Still, a program evaluation commissioned by the U.S. Department of Labor found that "significant challenges" persist in the areas of sexual harassment and anti-union discrimination, and the Ministère des Affaires Sociales et du Travail's (MAST) Capacity Building Project has not improved the effectiveness of apparel factory labor inspections.[286] In addition, penalties that are too small to deter labor violations or that are never collected attenuate the efficacy of labor law enforcement.[287]

In spite of these challenges, there has been positive growth in some gender-related areas in Haitian apparel factories. Specifically, between 2010 and 2014, plant-level union representation expanded to 50 percent of Haiti's apparel factories.[288] In addition, the Better Work Haiti program—which under a 2015 memorandum of understanding with MAST works collaboratively with "workers, employers and government to improve working conditions and boost competitiveness of the garment industry"—was found to be effective both at raising awareness and enforcing prohibitions on gender discrimination and sexual harassment among factory managers and workers, and at improving maternity protection in most factories. [289]

[281] USDOL, "Standing up for Workers," February 2015. Participation in the informal labor market means engaging in productive activities that are not monitored or taxed by the government.
[282] Torchenaud et al., "Human Rights on the Labor Market," 2017.
[283] USDOL, "Standing up for Workers," February 2015. U.S.-Haiti trade preference programs are HOPE I, HOPE II, and HELP.
[284] USDOL, "Standing up for Workers," February 2015.
[285] International Trade Association, "Haiti—Market Overview," September 16, 2020; Haiti Equality Collective, The Haiti Gender Shadow report," 2010, 27.
[286] Mathematica, "ILAB Synthesis Review," September 2020. Apparel factory inspections are the method for assessing a firm's compliance with the labor laws, thus permitting duty-free access.
[287] USDOS, *Haiti 2019 Human Rights Report*, accessed August 17, 2021, 25.
[288] USDOL, "Standing up for Workers," February 2015.
[289] BetterWork Haiti, "Our Programme," accessed August 23, 2021; Mathematica, "ILAB Synthesis Review," September 2020, 25.

One of the concerns with the garment and apparel industry in Haiti is the "skewed gender dynamic…within apparel and textile factories." [290] While women comprise the majority of the garment industry workforce, Better Work reports that "in many factories…women are supervised by a small number of men, creating a large power differential favoring the male supervisors and managers."[291]

Estimates derived from the 2019 World Bank Haiti Enterprise Survey—a firm-level survey of 149 businesses operating in the country from various manufacturing and service sectors—provide an informative window into the Haitian labor market.[292] While 54.4 percent of the firms in the survey have at least one female owner, 70.2 percent are majority male-owned. The majority male-owned firms, on average, have more employees, a lower share of female employees (44.8 percent vs. 54.7 percent), and export a greater share of output than the majority female-owned firms.[293] A small number of firms have majority female management. Those firms are smaller and have a greater share of female employees compared to firms with majority male management. [294]

The Bahamas: Economic Profile

Overview

The Bahamas is a high-income country with the largest per capita GDP of all CBERA beneficiaries. A small, open island nation, tourism directly or indirectly contributes up to 50 percent of GDP and 70 percent of jobs. Given its limited natural resources and small industrial sector, The Bahamas is heavily reliant on imports and consistently runs a large trade deficit.[295] The chain of islands spans 700 miles, beginning just 50 miles off the Florida coast, and the United States is the dominant merchandise trading partner as well as the largest supplier of tourists.

In 2020, the Bahama's real GDP contracted by almost 15 percent due to the impacts of the COVID-19 pandemic on tourism and other activities (table 3.6). Their current account balance deteriorated due to lost tax revenues and increased social and health spending to combat the effects of the pandemic. Throughout the year, The Bahamas had sovereign ratings downgrades. In 2020, The Bahamas ran a large current account deficit again, after a surplus in 2019. As a result, The Bahamas requested emergency financing from multilateral development banks as they attempt to recover from the effects of the COVID-19 pandemic.[296]

[290] USDOL, "U.S. Department of Labor's Technical Cooperation Portfolio," June 2016, 67.
[291] BetterWork, "Research Brief--Garment Factory Characteristics and Workplace Sexual Harassment," January 2020.
[292] World Bank, Haiti Enterprise Survey (ES) 2019, accessed March 17, 2021.
[293] USITC calculation. The World Bank. Haiti Enterprise Survey (ES) 2019, March 17, 2021.
[294] USITC calculation. The World Bank, Haiti Enterprise Survey (ES) 2019, March 17, 2021.
[295] USDOS, "2020 Investment Climate Statement-The Bahamas," October 20, 2020.
[296] Including the International Monetary Fund (IMF), the Interamerican Development Bank, and the Caribbean Development Bank. IMF, T*he Bahamas: Staff Report for the 2020 Article IV Consultation,* January 5, 2021.

Table 3.5 Bahamas: Selected economic indicators, 2016–20

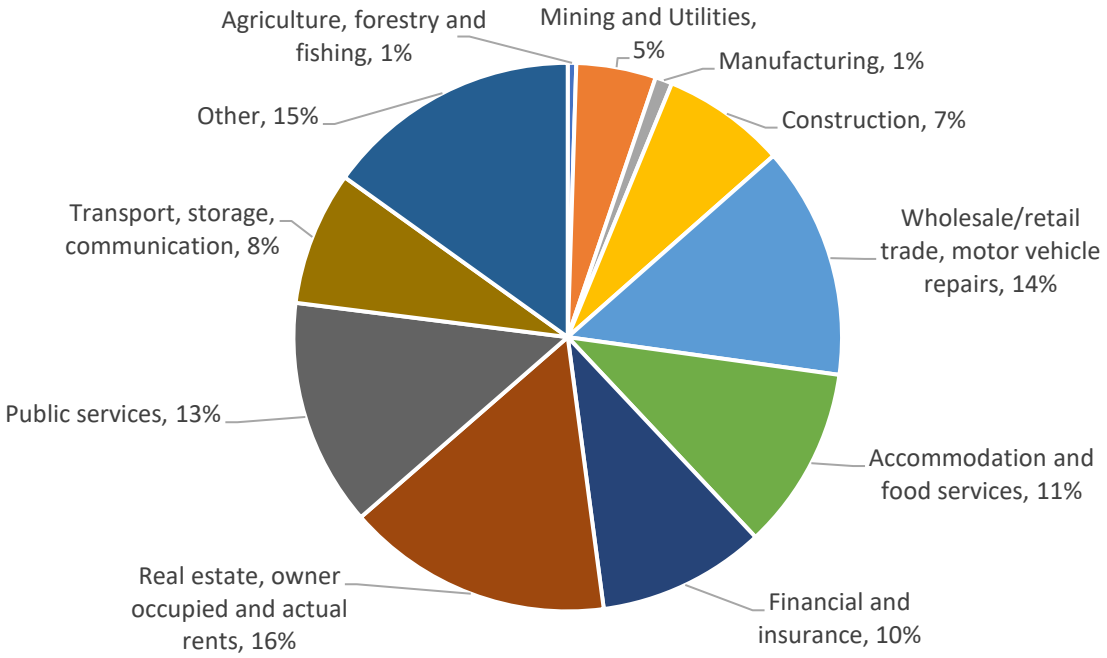
Economic indicator	2016	2017	2018	2019	2020
GDP (nominal, billion U.S. dollars)	11.8	12.2	13.0	13.6	13.7
Real GDP growth (percentage)	−1.7	1.4	6.0	1.2	−14.8
Per capita GDP (nominal, U.S. dollars)	31,326	31,858	33,771	34,917	34,825
Population (million)	0.4	0.4	0.4	0.4	0.4
Exports under CBERA (million U.S. dollars)	68.4	79.7	66.2	60.7	56.8
Goods exports (million U.S. dollars)	481.4	570.5	641.7	653.6	390.0
Goods imports (million U.S. dollars)	−2,636.1	−3,109.0	−3,316.8	−2,966.4	−2,100.0
Current account balance (million U.S. dollars)	−710.9	−1,574.7	−1,115.3	639.7	−1,323.6

Source: Economist Intelligence Unit (EIU), Country Report, Second Quarter 2021: Bahamas, June 1, 2021. USITC DataWeb/Census, accessed May 27, 2021.
Note: Some values are EIU estimates.

Services (including tourism and financial services) dominate the economy of The Bahamas. Tourism contributes an estimated 50 percent of GDP and 70 percent of employment, serving an average of 6 million tourists per year.[297] The share of services in GDP has increased over the last 10 years, even as The Bahamas tried to diversify away from tourism. Financial and insurance services comprise 10 percent of GDP and is the next-largest sector after tourism (Figure 3.14).[298] Accommodation and food services (11 percent), real estate (16 percent), and construction (7 percent) comprise significant shares of The Bahamas' GDP, and depend significantly on tourism demand. Manufacturing makes up only 1 percent of GDP, while agriculture and fishing together are 1 percent of GDP.

[297] IMF, *The Bahamas: Staff Report for the 2020 Article IV Consultation,* January 5, 2021. Government of The Bahamas, Central Bank of Bahamas, *Annual Report: Statement of Accounts for the year ended December 31, 2020,* April 26, 2021.
[298] Government of The Bahamas, Bahamas Economic Recovery Committee, *Executive Summary Report*, October 2020.

Figure 3.14 The Bahamas: Composition of GDP by broad sector, 2019



Source: Commonwealth of The Bahamas Department of Statistics, National Account Report 2020.
Note: Underlying data for this figure can be found in appendix table E.17.

Impact of Hurricane Dorian and the COVID-19 Pandemic

The Bahamas is susceptible to natural disasters and has suffered a string of successive hurricanes including Hurricane Matthew in 2016 and Hurricane Dorian in 2019.[299] The COVID-19 pandemic in 2020 also negatively impacted the country, in part, by reducing trade. In the last decade, 2018 was the only year without a major storm or other disaster.

Because the hundreds of islands that comprise The Bahamas are spread over 5,300 square miles, hurricanes and similar events often disproportionately affect some islands and leave others relatively untouched. In 2016, Hurricane Matthew caused $518 million worth of damages and productive losses, and led to a 1.6 percent decrease in overall GDP,[300] with the most severe impacts concentrated in the population and economic centers on the islands of New Providence and Grand Bahamas (74 percent and 14 percent of GDP, respectively).[301]

[299] The Bahamas were also impacted by Hurricane Joaquin in 2015 and Hurricane Irma in 2017; these storms caused less damage because they were weaker and/or the main impacts were on less populous islands.
[300] IDB/ECLAC, *Assessment of the effects and impacts of hurricane Matthew: The Bahamas*, 2016.
[301] Government of Bahamas, Department of Statistics, *Gross Domestic Product of The Bahamas by Islands of New Providence, Grand Bahama and Other Family Islands 2015 to 2019*, October 1, 2020.

In September 2019, Hurricane Dorian caused an assessed total cost of $3.4 billion in damages on Abaco and Grand Bahama combined.[302] Damages were significantly higher than those from Hurricane Matthew in 2016, and exceeded 25 percent of GDP.[303] The majority of the productive impact of the storm came through damage to tourist infrastructure and travel disruptions. Because September is a slow month for tourists and because Abaco and Grand Bahama receive less than 15 percent of tourists to The Bahamas, the macroeconomic impact on The Bahamas was limited[304] and the country' s overall GDP growth slowed by only 1 percent.[305]

Abaco island was most severely affected and according to the government of The Bahamas, Abaco's GDP fell 35 percentage in 2019.[306] In addition to damage to tourism infrastructure, fish processing plants sustained losses estimated at $7 million. As an island nation, The Bahamas is reliant on sea and air transport to move people and goods. Hurricane Dorian caused significant damage to three airports, including Grand Bahamas International Airport. It also destroyed the port of Marsh Harbor on Abaco island. The port of Freeport on Grand Bahamas, the main cargo port in The Bahamas, was not seriously damaged.[307]

In part as a result of the hurricane, the Government of The Bahamas completed the purchase of Grand Bahamas Airport in early 2021.[308] This move is intended to spur the recovery as well as the economic development of Grand Bahama.[309] To aid recovery from Hurricane Dorian, the government of The Bahamas declared Abaco and Grand Bahama Special Economic Recovery Zones, with three years of exemption or reduction of several taxes and fees.[310]

Hurricane Dorian did not have a large impact on employment due to the location of the damage in areas with lower populations, but The Bahamas suffered significant job losses from the start of the COVID-19 pandemic lockdown in spring of 2020, amounting to over 12 percent of the workforce.[311] Almost all industries decreased output in 2020 due to the pandemic. The accommodation and food services (71 percent decline) and transportation and storage (70 percent decline) sectors were the most severely affected, both decreasing output due to dramatically lower tourist arrivals.[312]

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[302] Abaco is the largest of the Family Islands (all islands except New Providence and Grand Bahamas) and represented 2.5 percentage of The Bahamas GDP in 2020. Government of The Bahamas Department of Statistics, *National Account Report 2020*, June 2021.
[303] IMF, *The Bahamas: Staff Report for the 2020 Article IV Consultation*, January 5, 2021. Total costs include direct damage, as well as lost income. ECLAC/IDB, *Assessment of the Effects and Impacts of Hurricane Dorian in The Bahamas*, August 2020.
[304] ECLAC/IDB, *Assessment of the Effects and Impacts of Hurricane Dorian in The Bahamas, August, 2020.*
[305] IMF, *The Bahamas: Staff Report for the 2020 Article IV Consultation,* January 5, 2021.
[306] Government of The Bahamas, Department of Statistics, *National Account Report 2020,* June 2021.
[307] ECLAC/IDB, *Assessment of the Effects and Impacts of Hurricane Dorian in The Bahamas, August 2020.*.
[308] The Hutchinson Group, operators of the Freeport Container Port, previously owned the airport. *Bahamas Local, "Government of The Bahamas closes purchase of Grand Bahamas International Airport," April 29, 2021.*
[309] Government of The Bahamas, Bahamas Information Service, "Tourism Minister Lauds the Purchase of the Grand Bahama Airport," April 29, 2021.
[310] USDOS, "2020 Investment Climate Statement—The Bahamas," October 20, 2020.
[311] IMF, *The Bahamas: Staff Report for the 2020 Article IV Consultation,* January 5, 2021.
[312] Government of The Bahamas, Department of Statistics, *National Account Report 2020,* June 2021.

Tourist arrivals in 2020 were approximately 30 percent of the average of 6 million per year. Despite the impact of Hurricane Dorian, 2019 was a record year for tourism, with 7.2 million arrivals.[313] Historically, about three-quarters of arrivals in The Bahamas is by sea; the recent growth in tourism was due in part to an increase in air capacity, which was set to expand even more in 2020.[314] Tourism in The Bahamas is recovering more slowly than in some neighboring countries that have employed schemes to safely entice tourists to return.[315]

Trade Profile

The United States is the dominant trading partner of The Bahamas and is the destination of three-fourths of The Bahamas exports, due in part to its geographic proximity.[316] Goods exports from The Bahamas in 2019 totaled $654 million, the highest level since 2016 (table 3.5). The country's top exports included spiny lobster (35 percent by value), polystyrene (33 percent), and heterocyclic compounds (15 percent).[317] Exports fell to $390 million in 2020, a decline of 40 percent from 2019.

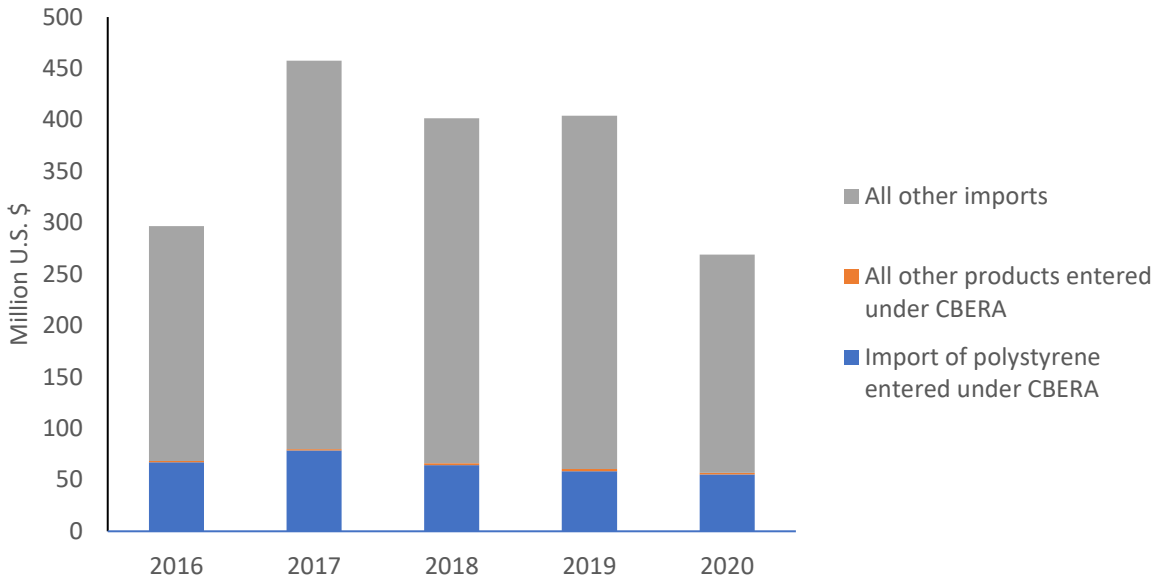
Goods imports by The Bahamas in 2019 were valued at $2,966 million; this level has been relatively stable in recent years (table 3.6). The top products imported by The Bahamas were diesel, gasoline, building components, together comprising over 50 percent of total import value. When aggregated by sector, beverages and tobacco were the largest imports.[318] The decline in goods imports in 2020 was driven by a fall in oil prices and lower domestic consumption.[319]

The Bahamas is the fifth-largest source of U.S. imports under CBERA, at 5 percent of total CBERA imports. Total U.S. imports from The Bahamas have trended down over the last 10 years, hitting a low of $269 million in 2020 (figure 3.15). Imports from The Bahamas under CBERA followed a similar trajectory, with import values of $61 and $57 million in 2019 and 2020, respectively, which were the lowest in the last 10 years—even compared to a drop in 2016 after Hurricane Matthew. The Bahamas is not among CBTPA beneficiaries nor is it eligible for GSP, so any imports from The Bahamas entering free of duty under a preference program are entering exclusively under CBERA.

[313] Central Bank of Bahamas, *Annual Report: Statement of Accounts for the year ended December 31, 2020,* April 26, 2021.
[314] *Caribbean Journal*, "Bahamas set for air service expansion in 2020," December 29, 2019.
[315] For example, the Dominican Republic provides free insurance for visitors who lodge in hotels; Jamaica has focused on directing tourists to resorts that are isolated from the local population. Economist Intelligence Unit, *Country Report: Bahamas*. Accessed, June 1, 2021.
[316] World Bank, WITS Country Profile, accessed July 6, 2021.
[317] Polystyrene is used as a construction and packaging material. Heterocyclic compounds that are imported under HS subheading 2933.59 are used primarily in pharmaceuticals. Government of The Bahamas, Department of Statistics, *The 2019 Annual Foreign Trade Statistics Report*, December 2020.
[318] Government of The Bahamas, Department of Statistics, *The 2019 Annual Foreign Trade Statistics Report*, December 2020.
[319] Government of The Bahamas, Department of Statistics, *National Account Report 2020*, June 2021.

Figure 3.15 The Bahamas: Total U.S. imports and imports under CBERA, 2016–20

In millions of dollars.



Source: USITC DataWeb/Census, accessed May 27, 2021.
Note: In this figure, polystyrene is classified under HTS 3903.11.00 and 3903.19.00. Only polystyrene entered under CBERA is included. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022. Underlying data for this figure can be found in appendix table E.18.

Almost all (more than 98 percent) imports under CBERA and 20 percent of total imports from The Bahamas in 2020 were expandable polystyrene (EPS), which is used as a construction material and as packaging. This has been the case for many years. EPS production is dominated by a single export-oriented manufacturer, Polymers International, which exports 90 percent of its production to the United States.[320] Imports of polystyrene from The Bahamas fell from a peak of $155 million in 2014 to $55 million in 2020. This drop is attributed primarily to environmental initiatives banning EPS packaging introduced throughout the United States, which resulted in a steep drop in demand.[321] The Bahamas issued its own ban on single-use Styrofoam, a trademarked term for EPS, for packaging, which went into effect January 1, 2020.[322]

[320] USDOS, "USITC Biennial Caribbean Basin Investment Survey", 2021. Polymers International, located on Grand Bahama, lost power for two weeks following hurricane Dorian. See also Maycock, "Grand Bahama Power Company Reconnects 9,000 Accounts," September 18, 2019.
[321] See discussion in chapter 4. In addition to packaging, polystyrene has other applications such as in construction and household appliances**.**
[322] Government of The Bahamas, The Environmental Protection (Control of Plastic Pollution) Act 2019, *Official Gazette of The Bahamas*, No. 39 of 2019.

Investment Profile

Among small island developing states, The Bahamas is the largest host economy for FDI, valued at $25 billion in 2019.[323] Historically, much of the investment into The Bahamas is directed to the tourism industry, which is the country's main driver of economic growth, revenue, and employment. The Bahamas has a stable environment for investment, a democratic government, and a well-developed legal system and often provides tax relief to investors.[324] However, there are several challenges with the investment climate in The Bahamas. The country has an inefficient investment approvals process, high shipping and energy costs, and a lack of transparency in government procurement.[325] The Bahamas was ranked 119 of 190 in the World Bank's 2020 Ease of Doing Business Rankings, one position lower than its previous ranking.[326]

The Financial Action Task Force, a global watchdog and standard-setting body, in December 2020, removed The Bahamas from a list of Jurisdictions under Increased Monitoring after The Bahamas made progress improving its anti-money-laundering and counterterrorism financing (AML/CFT) regimes.[327] The European Union (EU) maintains area similar list and added The Bahamas in May 2020, which may deter investment.[328] In addition to passing legislation in 2018 to strengthen the legal and regulatory framework around AML/CFT,[329] The Bahamas embarked on additional regulatory reform, drafting a new Public Procurement Bill in the spring of 2020 that came into force on September 1, 2021. [330]

The Bahamas explicitly encourages FDI in priority sectors, including tourism, financial services, high-tech services, light manufacturing for export, and agriculture and agroindustry, mainly through tax relief.[331] The Bahamas Investment Authority administers the national investment policy, and large FDI requires review and approval from the National Economic Council. For example, the Hotels Encouragement Act and the Industries Encouragement Act provide duty-free entry for construction material and importation of machinery and raw materials, respectively. Other acts provide additional tariff and tax concessions in

[323] UNCTAD, *World Investment Report 2020*, 2020.
[324] USDOS, "2020 Investment Climate Statement: The Bahamas", October 20, 2020.
[325] USDOC, "Bahamas Country Commercial Guide", October 20, 2020; USDOS, "2019 Investment Climate Statement," accessed July 8, 2021.
[326] World Bank, *Doing Business 2020: Comparing Business Regulation in 190 Economies*, 2020.
[327] The Financial Action Task Force (FATF). "FATF removes The Bahamas from the list of Jurisdictions under Increased Monitoring." Accessed August 20, 2021.
[328] Economist Intelligence Unit, *Country Report: Bahamas*. accessed June 1, 2021.
[329] Central Bank of The Bahamas, *The Bahamas 2018 AML/CFT Report*, 2020.
[330] It is intended to improve transparency in government contracts. Eyewitness News, "All Systems Go For Public Procurement Legislation to Take Effect," September 3, 2021
[331] See BIA for complete list of priority sector. USDOS, 2019 Investment Climate Statement- The Bahamas," accessed July 8, 2021.

other sectors.[332] Some sectors are reserved for Bahamian nationals, but The Bahamas is not a WTO member, which would require the opening of these sectors.[333]

As most investment in The Bahamas is in tourism projects, from resorts to vacation homes, cruise and travel companies are often major investors. New investments fell to $637 million in 2019, the most recent year data available, due to slowdowns in construction and hotel projects due to Hurricane Dorian.[334] Despite the slow growth in investment in 2019, the country managed to sign several major deals in 2020. In March 2020, Royal Caribbean International spent $250 million to purchase Grand Lucayan Resort from the government.[335] In February 2020, the government of The Bahamas signed a Heads of Agreement for a $300 million development in Abaco.[336] In the past, a lack of infrastructure in the Family Islands (including Abaco) has led to a lack of FDI projects, which the government has been trying to counter.[337]

In addition to promoting the geographic dispersion of investment, the government of The Bahamas is trying to diversify away from tourism and invest in infrastructure that will enable economic development. High energy costs have been cited as a deterrent to new investments and the government is investing in energy infrastructure, including a liquefied natural gas plant and solar projects.[338] While the United States and Canada have traditionally been large providers of FDI, especially in tourist developments, FDI from China is relatively new and goes beyond the tourism industry to include infrastructure projects (see discussion of China FDI in Bahamas in Chapter 2).[339]

Impact of CBERA

Few products comprise the bulk of The Bahamas' goods exports to the United States. The Bahamas exported fewer products in 2020 than at the start of CBERA (see Figure 3.2 and discussion earlier in this chapter). In addition to polystyrene, the other significant exports include rock lobster (13.7 percent of 2020 imports by value), salt (8.2 percent), gravel (12.0 percent), and petroleum oils (5.3 percent); none of these other products enter under CBERA preferences.[340] Rock lobster, salt, and gravel have NTR duty rates of free, and petroleum products were excluded from the original CBERA, though exports from CBTPA beneficiaries receive preferential treatment (The Bahamas is not a CBTPA beneficiary). A decade ago, fuel oils were a substantially larger share of U.S. total imports from The Bahamas. U.S imports of

[332] See The Bahamas Investment Authority website http://www.bahamas.gov.bs/bia, page on Investment Incentives.
[333] The last WTO Accession Working Party met in 2019, but there has been no activity since then and opposition in The Bahamas to membership in the WTO is growing. USDOS, "2020 Investment Climate Statement- The Bahamas," October 20, 2020.
[334] UNCTAD, *World Investment Report 2020*, June 2020.
[335] TheBahamasInvestor, "Government inks deal on Grand Lucayan sale" Tuesday March 3, 2020.
[336] A Heads of Agreement is also referred to as a letter of intent, and typically leads to a formal, legally binding agreement. TheBahamasInvestor, "Government signs HoA on $330m project in South Abaco", February 14, 2020.
[337] Bahamas Economic Recovery Committee, *Executive Summary Report*, October 2020.
[338] USDOS, "2020 Investment Climate Statement—The Bahamas", October 20, 2020.
[339] USDOS, "2020 Investment Climate Statement— The Bahamas", October 20, 2020.
[340] Rock lobster enters under HTS subheading 0306.11.00, salt under 2501.00.00, gravel (a product of aragonite mining) under 2517.10.00, and petroleum oils under HTS subheading 2710.19. Compiled from USITC DataWeb/Census, accessed May 27, 2021.

other products have been relatively consistent over the years, even though some fisheries were impacted by Hurricane Dorian.

Despite the government of The Bahamas targeting areas outside tourism for development, the number of products exported in significant quantities has remained limited. In addition, there are indications that some exports that may be eligible for CBERA preferences fail to claim the benefit.[341] The Bahamas' CBERA utilization rate was 73.0 percent in 2020 and 58.2 percent in 2019; both slightly above the average for CBERA beneficiaries (table 3.1). The Bahamas is the largest registry of cruise passenger ships, is second in the Caribbean in container ship traffic.[342] Consequently, The Bahamas is involved in ship repair and maintenance, some of which constitute dutiable exports to the United States. Though some repairs are eligible for CBERA preference, imports totaling $28 million in 2018, $18 million in 2019, and $5 million in 2020 did not claim the preference.[343]

[341] USDOS, "USITC biennial Caribbean Basin Investment Survey," 2021.
[342] Bahamas Maritime Authority, http://www.bahamasmaritime.com/. IDB, *IDB Group Country Strategy with The Commonwealth of The Bahamas 2018–2022*, May 2018.
[343] The Bahamas vessel parts and repairs entered under HTS 9818.00.07. There are also substantial reexports, some of which are related to the maritime industry, and which enter duty-free under HTS Subheading 9801. USITC DataWeb/Census, accessed May 27, 2021.

Chapter 4
U.S. Imports under CBERA by Country and Product

This chapter describes U.S. imports under the CBERA program during the last five years with the focus on 2019–20. During 2016 to 2020, U.S. merchandise imports from CBERA countries averaged $5.6 billion (table 4.1). Of those, about $2.3 billion entered under HTS codes that were eligible for CBERA preferences and of those, $1.6 billion were imported under CBERA.[344] Note that these numbers do not include U.S. imports of services from CBERA countries as services and are not part of this report.[345]

U.S. imports from CBERA countries declined in 2019 and 2020. U.S. imports of goods under HTS codes eligible for CBERA preferences declined in 2019 and increased in 2020 while U.S. imports under CBERA increased in 2019 and declined in 2020.

Table 4.1 U.S. imports for consumption, 2016–20
In millions of dollars.

Year	U.S. imports from CBERA countries	U.S. imports from CBERA countries under HTS codes eligible for CBERA preferences	U.S. imports under CBERA
2016	5,320	1,969	1,410
2017	5,798	2,344	1,544
2018	6,094	2,587	1,689
2019	5,583	2,378	1,774
2020	4,985	2,413	1,689

Source: USITC DataWeb/Census, accessed April 12, 2021, and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.
Note: Imports for consumption include only merchandise that has physically cleared through U.S. Customs. Data for 2016 and 2017 are from the CBERA report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.

U.S. Imports by Country under CBERA

Between 2016 and 2020, on average, 55.1 percent of imports under CBERA came from Haiti and 30.4 percent from Trinidad and Tobago (table 4.3). Imports from Jamaica and Bahamas averaged 5.3 and 4.1 percent of imports under CBERA, respectively, while other CBERA countries had smaller average shares.

[344] The ratio of U.S. imports under CBERA (the last column in table 4.1) to U.S. imports from CBERA countries under HTS codes eligible for CBERA preferences (the middle column in table 4.1) is defined as the CBERA utilization rate (reported in table 3.1).
[345] The 2017 CBERA report by USITC described the growing importance of services and services exports for CBERA economies in box 4.1 on page 89 of that report.

Table 4.2 U.S. imports for consumption under CBERA, by source, 2016–20
In millions of dollars and percentages.

Country	2016 (million $)	2017 (million $)	2018 (million $)	2019 (million $)	2020 (million $)	Change 2019–20 (percentage)
Haiti	857	879	955	999	757	−24.2
Trinidad and Tobago	379	488	552	583	472	−19.1
Guyana	2	1	1	4	265	5,935.8
Jamaica	75	73	84	93	109	17.3
Bahamas	68	80	66	61	57	−6.5
Belize	17	12	15	21	15	−25.2
Barbados	2	4	7	6	8	31.5
Saint Kitts and Nevis	7	5	5	4	3	−21.9
Grenada	2	2	3	3	2	−16.9
All other	1	1	1	1	1	19.4
Total	1,410	1,544	1,689	1,774	1,689	−4.8

Source: USITC DataWeb/Census, accessed April 12, 2021, and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.
Note: Imports for consumption include only merchandise that has physically cleared through U.S. Customs. Countries that were CBERA beneficiaries as of December 31, 2020. Data for 2016 and 2017 are from the CBERA report published in 2019. Calculations of 2019–20 changes are based on unrounded data. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.

There was a steady increase in imports from Haiti under CBERA from $857 million in 2016 to almost $1.0 billion in 2019 (table 4.2), but 2020 saw a decline of 24.2 percent due to disruptions related to the COVID-19 pandemic, which are described further below and in other chapters of this report. Imports under CBERA from Trinidad and Tobago fell in 2020 as U.S. imports of methanol fell (see more on this below and in chapter 2). There was a very large increase in imports from Guyana in 2020, driven exclusively by petroleum products (crude petroleum oils and oil from bituminous minerals). Imports from that country were between $0.9 and $4.4 million in 2016–19 and then soared to $265 million in 2020. Imports under CBERA from Jamaica steadily increased between 2017 and 2020, from $73 million to $109 million, thanks to growing agricultural and agroindustrial imports. Imports under CBERA from The Bahamas saw declines in 2019 and 2020.

This page has been changed to reflect corrections to the June 2022 publication.

Table 4.3 U.S. imports for consumption under CBERA, by source, 2016–20
In percentages and percentage points.

Country	2016 (% of total)	2017 (% of total)	2018 (% of total)	2019 (% of total)	2020 (% of total)	Percentage point change, 2019–20
Haiti	60.8	56.9	56.5	56.3	44.8	−11.5
Trinidad and Tobago	26.9	31.6	32.7	32.9	27.9	−4.9
Guyana	0.1	0.0	0.1	0.2	15.7	15.5
Jamaica	5.3	4.7	5.0	5.2	6.4	1.2
Bahamas	4.9	5.2	3.9	3.4	3.4	−0.1
Belize	1.2	0.8	0.9	1.2	0.9	−0.3
Barbados	0.2	0.2	0.4	0.3	0.4	0.1
Saint Kitts and Nevis	0.5	0.3	0.3	0.2	0.2	0.0
Grenada	0.1	0.2	0.2	0.2	0.1	0.0
All other	0.1	0.1	0.0	0.0	0.1	0.0
Total	100.0	100.0	100.0	100.0	100.0	0.0

Source: USITC DataWeb/Census, accessed April 12, 2021, and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.
Note: Countries that were CBERA beneficiaries as of December 31, 2020. Data for 2016 and 2017 are from the CBERA report published in 2019. Because of rounding, figures may not add up to totals shown. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.

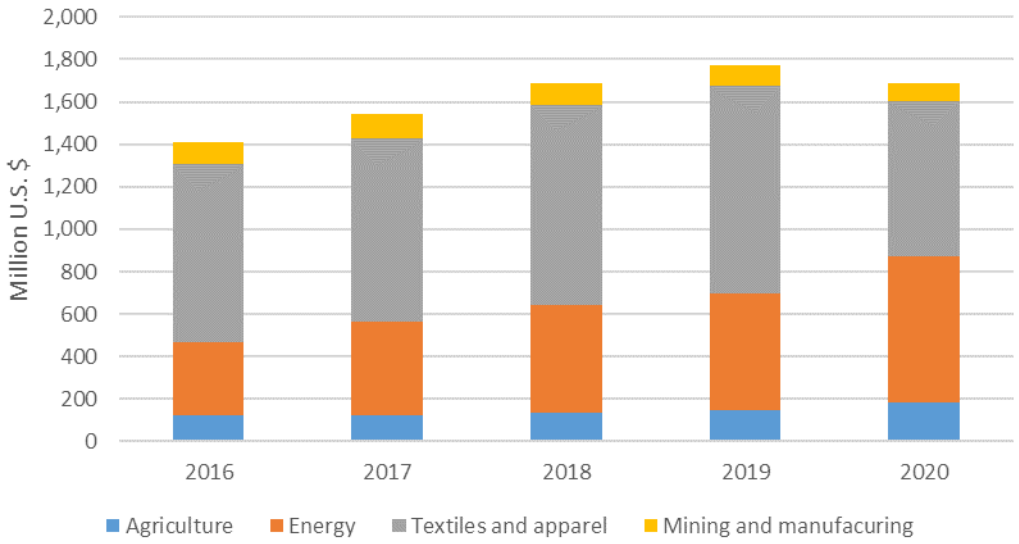
Product Composition and Leading Imports

Imports of textile and apparel products under CBERA averaged $871 million between 2016 and 2020 (figure 4.1). Energy products were $506 million, agriculture $143 million, and non-energy mining and manufacturing products were $101 million over the same period. As mentioned previously, 2020 saw a decline in textile imports from $978 million to $728 million. Imports of petroleum and related energy products saw a decline in 2019, but then a significant growth in 2020, to $689 million, the highest level since 2015. Imports of agricultural products increased in both 2019 and 2020 while imports of mining and manufacturing products declined in both 2019 and 2020. The four major product categories are analyzed in more detail below.

This page has been changed to reflect corrections to the June 2022 publication.

Figure 4.1 U.S. imports under CBERA, by major product categories, 2016–20

In millions of dollars.



Source: USITC DataWeb/Census, accessed April 12, 2021 and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.
Note: "Textiles and apparel" includes imports from Haiti under CBTPA, HOPE, and HELP. Data for 2016 and 2017 are from the CBERA report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022. Underlying data for this figure can be found in appendix table E.18.

Mineral Fuels and Other Petroleum-related Products

U.S. imports of petroleum products under CBERA averaged $506 million between 2016 and 2020 (figure 4.2). They increased in every year between 2016 and 2020, from $340 million in 2016 to $689 million in 2020.

Imports of methanol, which under CBERA only come from Trinidad and Tobago (table 4.4), increased from $253 million in 2016 to $449 million in 2018, but then fell to $355 million in 2019 and $248 million in 2020 as U.S. production of methanol increased and U.S. imports of methanol declined (also see chapter 2).

U.S. imports of petroleum products other than methanol have declined from $87 million in 2016 to $60 million in 2018, but then increased significantly in 2019 to $195 million and again in 2020 to $441 million. The increased imports in 2019 came from Trinidad and Tobago while the increased imports in 2020 came from Guyana (table 4.4).

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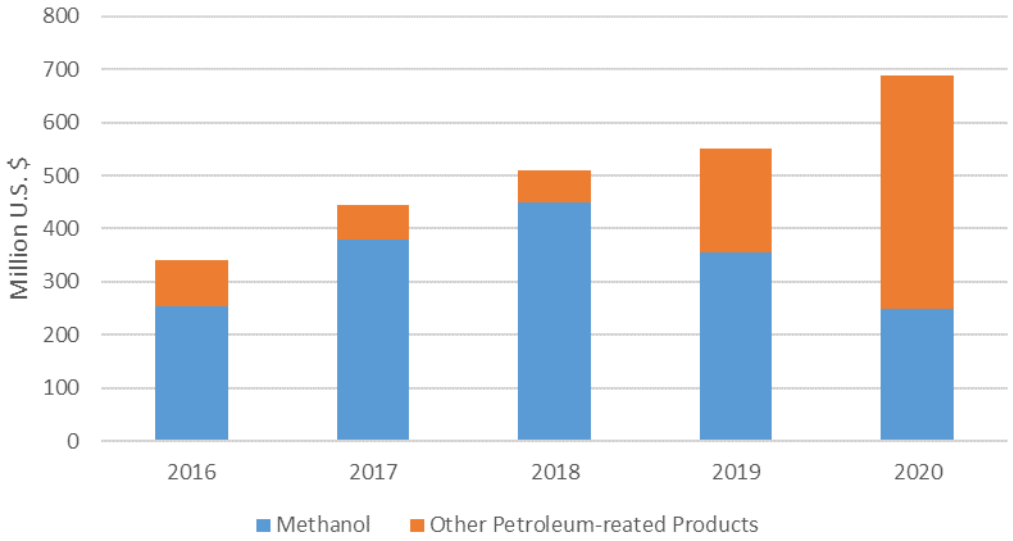
Figure 4.2 U.S. imports for consumption of petroleum products under CBERA, by product categories, 2016–20

In millions of dollars.



Source: USITC DataWeb/Census, accessed April 12, 2021 and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.
Note: Data for 2016 and 2017 are from the CBERA report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022. Underlying data for this figure can be found in appendix table E.19.

Table 4.4 U.S. petroleum-related imports for consumption under CBERA, by major product and source, 2016–20

In millions of dollars. ** = rounds to zero.

Product (HTS subheading)	Source	2016	2017	2018	2019	2020
Petroleum oils, light (2709.00.20)	Guyana	0	0	0	0	263
Petroleum oils, light (2709.00.20)	Trinidad and Tobago	86	54	34	79	17
Petroleum oils, light (2709.00.20)	Belize	0	0	5	10	0
Petroleum oils, light (2709.00.20)	Total	86	54	39	89	280
Methanol (2905.11.20)	Trinidad and Tobago	253	378	449	355	248
Methanol (2905.11.20)	Total	253	378	449	355	248
Petroleum oils, heavy(2709.00.10)	Trinidad and Tobago	0	0	0	103	161
Petroleum oils, heavy(2709.00.10)	Total	0	0	0	103	161
Lubricating oils (2710.19.30)	Trinidad and Tobago	**	**	**	**	**
Lubricating oils (2710.19.30)	Total	**	**	**	**	**
Top 4 products	Subtotal	340	432	488	547	689
All other petroleum-related products	Total	0	12	21	3	**
All petroleum-related products	Grand total	340	444	509	550	689

Source: USITC DataWeb/Census, accessed April 12, 2021, and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.

Note: HTS 2709.00.20— Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees American Petroleum Institute (A.P.I.) or more; 2905.11.20—Methanol (Methyl alcohol), other than imported solely for use in producing synthetic natural gas (SNG) or for direct use as fuel; 2709.00.10—Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I. and 2710.19.30—Lubricating oils, with or without additives, from Petroleum oils and Bitumen minerals (other than crude) or preparations 70%+ by weight from Petroleum oils. Total for 2016 and 2017 are from the CBERA report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.

Textiles and Apparel

The value of total U.S. imports of textiles and apparel from CBERA countries decreased 23.0 percent, from $991.9 million in 2019 to $764.2 million in 2020 (table 4.5). The decrease in U.S. apparel imports from CBERA countries is comparable to the decline in imports from all suppliers globally (a decline of about 20 percent) and is a reflection of the market and supply chain disruptions caused by the effects of the COVID-19 virus.[346] In 2020, nearly all U.S. imports of textiles and apparel came from Haiti. Guyana,

[346] U.S. imports of apparel (HTS chapters 61 and 62) for 2019–20. USITC DataWeb/Census, accessed April 6, 2021.

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which had been a small supplier of these goods to the U.S. market, exported no garments to the U.S. in 2018, 2019, or 2020.[347]

Table 4.5 U.S. general imports of textiles and apparel from CBERA countries, by source, 2016–20
In millions of dollars.

Country	2016	2017	2018	2019	2020
Haiti	848.5	861.9	927.8	991.3	763.7
Guyana	2.0	0.3	0	0	0
All other	1.3	0.4	1.1	0.6	0.5
Total	851.8	862.6	928.9	991.9	764.2

Source: Compiled from official statistics of the U.S. Department of Commerce, International Trade Administration, Office of Textiles and Apparel (OTEXA), accessed June 23, 2021. Data reflect all official OTEXA revisions for 2016–20.

Beginning in 2000, the Caribbean Basin Trade Partnership Act (CBTPA) established duty-free benefits for apparel from beneficiary CBERA countries, provided garments are made from fabrics formed in either the region or the United States, both requiring the exclusive use of U.S. yarns. In 2020, CBTPA was extended until September 30, 2030.[348] In 2006, 2008, and 2010, respectively, additional amendments to CBERA expanded the duty-free benefits available to Haiti only through the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE Act)[349] and of 2008 (HOPE II Act)[350] (collectively referred to as the HOPE Acts) and the Haitian Economic Lift Program of 2010 (HELP Act).[351] For apparel, these benefits give Haitian producers more flexibility in sourcing yarns and fabrics beyond the preferences available under CBTPA, and HELP added benefits for some home goods and headwear.[352] Without reauthorization the Haiti-specific benefits under HOPE/HELP will expire on September 30, 2025.[353] Firms, importers, and manufacturers view CBTPA and HOPE/HELP as complementary sets of rules which build on each other, creating a stronger apparel sector in Haiti.[354]

In anticipation of the need to reauthorize Haiti's HOPE/HELP benefits before the program expires in 2025, a handful of importers, manufacturers, and associations suggest a comprehensive review of the

[347] In addition to its largest producer of apparel, Denmor Garments, the government of Guyana notes that both emerging and established garment manufacturers remain interested in exploring opportunities under the Caribbean Basin Trade Partnership Act (CBTPA) to export to the U.S. market. CBTPA amended the original CBERA to add duty-free benefits for certain apparel. Government of Guyana, written submission to the USITC, June 1, 2021, 5.
[348] 19 U.S.C. § 2701 (notes). USTR, "Ambassador Issues Statement Concerning the CBERA," October 13, 2020.
[349] Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006, 19 U.S.C. § 2703a.
[350] The Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (Pub. L. 110-234, § 15401 et seq., amending 19 U.S.C. § 2703a).
[351] Haiti Economic Lift Program Act of 2010 19 U.S.C. § 2701 (notes).
[352] See discussion of preferences under CBTPA and HOPE/HELP and the corresponding rules of origin in chapter 1. See appendix G for detailed information on product coverage for both CBTPA and HOPE/HELP.
[353] The Trade Preferences Extension Act of 2015 extended the HOPE/HELP Acts preferences through September 30, 2025. Pub. L. 114-27 § 301, amending 19 U.S.C. § 2703a.
[354] For example, the vertically integrated firm Gildan (which spins and uses its own U.S. yarn) makes use of both CBTPA preferences and HOPE/HELP preferences (relying on the use of non-U.S. yarns). Apparel importers Gildan and Cintas acknowledge the more production that occurs in Haiti, the better skilled the workforce will become, making the Western Hemisphere supply chain stronger generally. Gildan, written submission to USITC, June 22, 2021, 3; Cintas, written submission to USITC, June 22, 2021, 1.

Haiti program would be timely and beneficial.[355] Specifically, such a review might examine the economic impact of HOPE/HELP,[356] the efficacy of the preference rules of origin,[357] and the potential expansion of products eligible for preferential treatment.[358] Another firm suggests the discontinuation of the U.S. textile visa requirement[359] as an unnecessary burden that adds time and expense to doing business in Haiti.[360] Some additionally state that an earlier review and renewal of HOPE/HELP would provide greater certainty for companies currently exploring new or expanded investments in the apparel sector in Haiti, particularly as an option when moving sourcing out of China.[361] Apparel factory investments typically take seven to eight years to recognize a return, which means the 2025 expiration is already problematic in terms of attracting new investments.[362] Other factors which continue to make the investment climate in Haiti's apparel industry a challenge are poor infrastructure (roads, ports), lack of technology (internet), political uncertainty and civil unrest, and the risk of severe weather events.[363]

The Government of Haiti considers the apparel industry as the industrial foundation of the country's economy and notes its existence depends on the preferences granted under CBTPA and the additional HOPE/HELP programs.[364] Coproduction arrangements where yarn, fabric, and cut component inputs from textile firms in the Dominican Republic supply Haiti's apparel assembly operations also make CBTPA and HOPE/HELP vitally important to the economy of the Dominican Republic.[365]

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[355] Association des Industries d'Haiti (ADIH), written submission to USITC, June 22, 2021, 2–3; Cintas, written submission to USITC, June 22, 2021, 2; Sandler, Travis & Rosenberg, P.A. (STR), written submission to USITC, June 21, 2021, 1; U.S. Fashion Industry Association (USFIA), written submission to USITC, May 25, 2021, 3.
[356] USFIA, written submission to USITC, May 25, 2021, 3.
[357] USFIA, written submission to USITC, May 25, 2021, 3.
[358] ADIH suggests the addition of footwear with the CAFTA-DR preference rule instead of the NAFTA preference rule currently applied. Cintas advocates for the addition of PPE masks classified under HTS 6307.90.98, which are not currently eligible for duty-free treatment under CBERA, CBTPA, HOPE/HELP, or GSP. The Government of Haiti also supports the addition of PPE products as a means of encouraging production in the Western Hemisphere and supporting ongoing efforts to near-shore production of critical products. ADIH, written submission to USITC, June 22, 2021, 2–3; Cintas, written submission to USITC, 2; hearing transcript, 9 (testimony of the Government of Haiti); 12-13 (Government of Haiti), June 8, 2021.
[359] U.S. Customs and Border Protection (CBP) utilizes the Electronic Visa Information System (ELVIS) to manage U.S. preferential imports from Haiti under HOPE/HELP. Using ELVIS, information transmitted by the government of Haiti is held, pending transmission of entry information from the importer to CBP. Once the importer transmits entry information to CBP, the information is processed in the automated system. If the certificate information transmitted by the importer matches the data transmitted by the foreign government, the claim for a preferential duty rate is approved. CBP, https://www.cbp.gov/trade/quota/faqs, accessed July 12, 2021.
[360] STR written submission to USITC, June 21, 2021, 1.
[361] American Apparel and Footwear Association (AAFA), posthearing submission to USITC, June 22, 2021, 1; Cintas, written submission to USITC, June 22, 2021, 2; Gildan, written submission to USITC, June 22, 2021, 3.
[362] ADIH, written submission to USITC, June 22, 2021, 2.
[363] AAFA, posthearing submission to USITC, June 22, 2021; Gildan, written submission to USITC, June 22, 2021, 2; USITC, hearing transcript, 52 (Gail Strickler).
[364] USITC, hearing transcript, 8 (testimony of the Government of Haiti). Current employment in the apparel sector in Haiti is 50,000 (despite the challenges of the COVID-19 pandemic). ADIH, written submission to USITC, June 22, 2021, 2.
[365] The Dominican Republic and Haiti have built a robust textile coproduction system that currently supports more than 9,600 direct jobs in the Dominican Republic where 34 free trade zone companies based in the Dominican Republic engage in export of textile inputs to Haitian apparel producers. Government of the Dominican Republic, written submission to USITC, June 22, 2021, 3.

With respect to Haiti's response to the COVID-19 pandemic, apparel factories temporarily closed in March 2020, but began to reopen in April and May. Several factories pivoted to the production of personal protective equipment (PPE) masks for both domestic use and export.[366] The Government of Haiti notes that CBPTA could play a more crucial role in strengthening the supply chain for PPEs and textiles in response to COVID-19, making America less dependent on nations outside the Western Hemisphere.[367] PPE is not currently eligible for duty-free treatment under CBERA, CBTPA, HOPE/HELP, or Generalized System of Preferences (GSP).

The value of U.S. imports of apparel entering under CBPTA trade preferences dropped 29.0 percent, from $246.1 million in 2019 to $174.6 million in 2020 (table 4.6). This decrease followed a decline of 3.3 percent from $254.4 million in 2018. The value of U.S. imports of textiles and apparel entering under HOPE/HELP trade preferences also decreased 20.7 percent, from $722.4 million in 2019 to $573.1 million in 2020. But this decrease followed an increase of 11.9 percent from $645.5 million in 2018 which, in turn, was an increase of 11.9 percent from $577.0 million in 2017. The HOPE/HELP share of duty-free trade under CBERA continued to increase each year from 63.4 percent in 2016 to 76.6 percent in 2020. U.S. importers expect imports under HOPE/HELP from Haiti to return to or exceed pre-COVID levels of trade rapidly.[368]

Table 4.6 Duty-free U.S. general imports of textiles and apparel from CBERA countries, 2016–20
In millions of dollars.

Program	2016	2017	2018	2019	2020
Total imports under CBTPA	308.2	276.7	254.4	246.1	174.6
Total imports under HOPE/HELP	535.0	577.0	645.5	722.4	573.1
Grand Total	843.2	853.7	899.9	968.4	747.7

Source: Compiled from official statistics of the U.S. Department of Commerce, International Trade Administration, Office of Textiles and Apparel (OTEXA), accessed June 23, 2021. Data reflect all official OTEXA revisions for 2016–20.
Note: Because of rounding, figures may not add to totals shown.

Table 4.7 shows U.S. general imports of textiles and apparel from Haiti receiving preferential duty treatment, broken out by CBTPA or HOPE/HELP provision. Nearly all U.S. imports of textiles and apparel from Haiti continued to enter under these trade preference programs in 2020. Only 2 percent of U.S. imports of textiles and apparel were dutiable at normal trade relations (NTR) rates. Utilization of the HOPE/HELP provision for home goods, first used in 2017, continued to grow in 2020.[369] Additionally, in 2019 and 2020, importers' use of the HOPE/HELP provision for headwear nearly doubled from $4.9

[366] STR written submission to USITC, June 22, 2021, 3; Cintas, written submission to USITC, June 22, 2021, 2.
[367] USITC, hearing transcript, 9 (testimony of the government of Haiti).
[368] USITC, hearing transcript, 36 (testimony of Beth Hughes, AAFA); Cintas, written submission to USITC, June 22, 2021, 2; ADIH, written submission to USITC, June 22, 2021, 3.
[369] In November 2018, North Carolina-based Culp, Inc. requested a ruling for country of origin and trade preference eligibility under Haiti HOPE/HELP from U.S. Customs and Border Protection (CBP) for a mattress cover and pillow covers. These made-up textile articles, being wholly assembled in Haiti, and imported directly from Haiti are eligible for duty-free treatment under HOPE/HELP subheading 9820.63.05. CBP ruling N301907, December 18, 2019.

million to $9.0 million.[370] The headwear provision was first used in 2018. The duty-free incentives for these articles are unique to HOPE/HELP as neither home goods nor headwear is eligible for CBTPA benefits.

Table 4.7 Textiles and apparel: U.S. general imports from Haiti, by duty treatment, 2016–20
In millions of dollars and percentages.

Product/duty treatment(HTS subheading(s))	2016 (million $)	2017 (million $)	2018 (million $)	2019 (million $)	2020 (million $)	Percent change, 2019–20
Certain apparel of regional knit fabrics of U.S. yarns (9820.11.09)	157.0	124.7	133.5	134.0	94.4	−29.6
Certain knit T-shirts of regional fabrics of U.S. yarns (9820.11.12)	103.5	96.9	76.4	70.8	58.0	−18.1
Apparel cut and assembled from U.S. fabric (9820.11.06 and 9820.11.18)	47.3	55.1	44.5	41.3	22.2	−46.2
Subtotal CBTPA	307.9	276.7	254.4	246.1	174.6	−29.1
Knit apparel regional limit (9820.61.35)	201.0	273.8	302.1	330.5	242.9	−26.5
Value-added regional limits (9820.61.25 and 9820.61.30)	134.2	120.8	109.0	121.5	112.9	−7.1
Woven apparel regional limit (9820.62.05)	140.4	142.8	151.8	122.4	107.6	−12.1
Earned Import Allowance Program (EIAP) (9820.62.25)	59.1	36.3	71.4	127.1	81.7	−35.7
Home goods (9820.63.05)	0.0	2.7	10.2	15.2	16.5	9.1
Headwear (9820.65.05)	0.0	0.0	0.5	4.9	9.0	82.4
All other	0.3	0.5	0.6	0.8	2.4	190.9
Subtotal HOPE/HELP Acts	535.0	577.0	645.5	722.4	573.1	−20.7
Total duty-free imports	842.9	853.7	899.9	968.4	747.7	−22.8
Total dutiable imports	5.6	8.2	27.9	22.9	16.0	−29.7
Grand total	848.5	861.9	927.8	991.3	763.7	−23.0

Source: Compiled from official statistics of the U.S. Department of Commerce, International Trade Administration, Office of Textiles and Apparel (OTEXA), accessed June 23, 2021. Data reflect all official OTEXA revisions for 2016–20.
Note: Because of rounding, figures may not add to totals shown.

Apparel production in Haiti remains concentrated in high-volume, basic commodity garments such as knit T-shirts, pullovers, and undergarments, that have relatively predictable U.S. consumer demand and require few styling changes.[371] In 2020, the leading duty-free apparel exports from Haiti were cotton T-shirts and tops (6109.10.00); manmade-fiber sweaters, pullovers, and similar articles (6110.30.30); manmade-fiber T-shirts and tops (6109.90.10); and cotton knit trousers and shorts for women and girls (6104.62.20). Together, these four types of garments accounted for nearly two-thirds of U.S. imports of apparel from Haiti in 2020 (see table 4.8).

[370] The HOPE/HELP preference rule for headwear applies to HTS headings 6501, 6502, or 6504, or subheadings 6505.00.04 through 6505.00.90. Headwear under HTS 6505.00.80 accounted for 90 percent of the HOPE/HELP trade under this rule in both 2019 ($4.3 million) and 2020 ($8.1 million). DataWeb, accessed April 6, 2021.
[371] In 2020, nearly 85 percent by value of the U.S. imports of apparel from Haiti were of knit garments (HTS chapter 61) and 15 percent were of woven or non-knit garments (HTS chapter 62). Woven garments are typically considered higher value and require more advanced skills for assembly. The split between knit and woven or non-knit is consistent when compared to 2019 (87 percent knit vs. 13 percent woven or non-knit). USITC DataWeb/Census, accessed April 6, 2021.

Table 4.8 U.S. textile and apparel imports for consumption under CBERA, by major product and source, 2016–20

In millions of dollars; n.e.s.o.i. = not elsewhere specified or indicated.

Product (HTS subheading)	Source	2016	2017	2018	2019	2020
T-shirts and similar garments (6109.10.00)	Haiti	302	259	285	289	207
Sweaters and similar articles (6110.30.30)	Haiti	81	126	141	152	110
T-shirts and similar garments (6109.90.10)	Haiti	128	110	106	176	97
Women's cotton trousers and shorts (6104.62.20)	Haiti	54	80	60	60	69
Top 4 products	Subtotal	565	574	593	677	482
All other textile and apparel products	All sources	280	288	348	301	246
All products	All sources	845	862	941	978	728

Source: USITC DataWeb/Census, accessed April 12, 2021 and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019. Data reflect all official Census revisions for 2018–20 as of that date.

Note: HTS 6109.10.00—T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton; 6110.30.30—Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, n.e.s.o.i., and 6109.90.10—T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of manmade fibers.

Other Mining and Manufactured Products

U.S. imports of other mining and manufactured products under CBERA have declined from $105 million in 2018 to $96 million in 2019 and $88 million in 2020 (table 4.9). The top four products in this category constituted the vast majority, over 80 percent, of all imports in the category.

U.S. imports under CBERA of expandable polystyrene (EPS) in primary forms were $58 million in 2019 and $55 million in 2020. All of U.S. imports of this product under CBERA came from the Bahamas. The EPS is used in building and construction and as a packaging material, with its use as a packaging material getting increasingly restricted for environmental reasons (see discussion in chapter 3).

The second top product among U.S. imports under CBERA in this product category is melamine. U.S. imports of melamine, all coming from Trinidad and Tobago, declined to $15 million in 2019 and $8 million in 2020. This product is used in making resins and coatings, in tanning leather, and in fertilizer.

U.S. imports under CBERA of hats and other headgear, all coming from Haiti, increased to $4 million in 2019 and $8 million in 2020. U.S. imports under CBERA of electrical transformers, from Haiti and Saint Kitts and Nevis, were $3.1 million in 2019 and $3.5 million in 2020.

Table 4.9 U.S. other mining and other manufactured product imports for consumption under CBERA, by major product and source, 2016–20
In million dollars; ** = rounds to zero.

Product (HTS subheading)	Source	2016	2017	2018	2019	2020
Polystyrene (EPS) (3903.11.00)	Bahamas	67	78	64	58	55
Melamine (2933.61.00)	Trinidad and Tobago	12	17	19	15	8
Hats and headgear of manmade fibers (6505.00.80)	Haiti	**	0	1	4	8
Electrical transformers (8504.31.40)	Haiti	**	**	**	1	1
Electrical transformers (8504.31.40)	Saint Kitts and Nevis	3	3	2	2	2
Electrical transformers (8504.31.40)	Total	4	3	3	3	4
Top 4 products	Subtotal	83	97	87	80	75
All other mining and manufactured products	All sources	17	20	18	16	13
All products	All sources	100	117	105	96	88

Source: USITC DataWeb/Census, accessed April 12, 2021, and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019. Data reflect all official Census revisions for 2018–20 as of that date.
Note: HTS 3903.10.00–Polystyrene, expandable, in primary form; 2933.61.00–Melamine; 6505.00.80–Hats and headgear, of manmade fibers, made up from felt or of textile material, not knitted or crocheted, not in part of braid; and 8504.31.40–Electrical Transformers other than liquid dielectric.

Agricultural Products

U.S. imports of agricultural products under CBERA totaled $150 million in 2019 and $184 million in 2020 (table 4.10). There were year-on-year increases in both 2019 and 2020. The value of imports in 2020 was the highest since 2012. In 2020, the four leading agricultural product categories among U.S. imports under CBERA were yams; food preparations not canned or frozen and not elsewhere included; raw cane sugar in solid form; and sauces and preparations not elsewhere included. Altogether, these four product categories made up about half of all U.S. imports under CBERA, $77 million in 2019 and $98 million in 2020.

Imports of yams, all from Jamaica, were $24 million in 2019 and increased to $30 million in 2020. Imports of prepared foods, not canned or frozen or included elsewhere, totaled $24 million in 2019 and $27 million 2020. Both years saw year-on-year increases. Imports of this product came from Trinidad and Tobago as well as Jamaica, with Trinidad and Tobago being the largest CBERA source in 2020 ($21 million in 2020).

Imports of raw cane sugar were $18 million in 2019 and $21 million in 2020. The volume in 2019 was a significant increase over 2018, when total imports were only $2 million. There were no imports of this product under CBERA in 2016 and 2017.[372] Belize, Barbados, and Jamaica exported products in this

[372] In years 2016–17, there were U.S. imports of raw sugar (1701.14.10) from all four countries (Belize, Barbados, Jamaica, and Guyana) that did not claim CBERA preferences. There were also U.S. imports of raw sugar from some of these four countries in 2018–20 that did not claim CBERA preferences. The shipments that did not claim CBERA preferences were entered under GSP and or did not claim special treatment.

category under CBERA. Imports from Barbados have grown the most between 2019 and 2020, from $1 million to $6 million.

Table 4.10 U.S. agricultural and agroindustrial imports for consumption under CBERA, by major product and source, 2016–20

In millions of dollars. ** = rounds to zero; n.e.s.o.i. = not elsewhere specified or included.

Product (HTS subheading)	Source	2016	2017	2018	2019	2020
Fresh or chilled yams (0714.30.10)	Jamaica	21	23	24	24	30
Fresh or chilled yams (0714.30.10)	Dominica	0	**	0	0	0
Fresh or chilled yams (0714.30.10)	Total	21	23	24	24	30
Food preparations n.e.s.o.i., not canned or frozen (2106.90.98 in 2017–20)	Trinidad and Tobago	10	9	11	16	21
Food preparations n.e.s.o.i., not canned or frozen (2106.90.98 in 2017–20)	Jamaica	5	6	7	8	6
Food preparations n.e.s.o.i., not canned or frozen (2106.90.98 in 2017–20)	All other	0	0	0	0	0
Food preparations n.e.s.o.i., not canned or frozen (2106.90.98 in 2017–20)	Total	16	15	18	24	27
Other cane sugar, raw (1701.14.10)	Belize	0	0	0	6	8
Other cane sugar, raw (1701.14.10)	Barbados	0	0	2	1	6
Other cane sugar, raw (1701.14.10)	Jamaica	0	0	0	7	6
Other cane sugar, raw (1701.14.10)	Guyana	0	0	0	3	0
Other cane sugar, raw (1701.14.10)	Total	0	0	2	18	21
Sauces, n.e.s.o.i. (2103.90.90)	Jamaica	6	7	7	8	16
Sauces, n.e.s.o.i. (2103.90.90)	Trinidad and Tobago	1	1	1	1	2
Sauces, n.e.s.o.i. (2103.90.90)	All other countries	1	1	1	1	2
Sauces, n.e.s.o.i. (2103.90.90)	Total	8	9	9	11	19
Top 4 products	Subtotal	45	47	55	77	98
All other	All sources	80	74	79	73	87
All products	All sources	126	121	133	150	184

Source: USITC DataWeb/Census, accessed April 12, 2021, and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.

Note: HTS 0714.30.10–Fresh or chilled yams (Dioscorea spp.), whether or not sliced or in the form of pellets; 2106.90.98–Food preparations not elsewhere specified or included, not canned or frozen; 1701.14.10–Other cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to Ch. 17; 2103.90.90– Sauces and preparations therefor, n.e.s.o.i. In 2017, HTS subheading 2106.90.98 Food preparations n.e.s.o.i., other, replaced HTS subheading 2106.90.99 Food preparations n.e.s.o.i., not canned or frozen. Agricultural and agroindustrial imports include imports in HTS chapters 01–24, excluding fuel ethanol (HTS 2207.10.60).

Sauces and preparations ranked fourth among U.S. imports of agricultural products under CBERA. They totaled $11 million in 2019 and $19 million in 2020. Both years saw year-on-year growth. Jamaica was a major supplier of this product category under CBERA, contributing more than half of the total.

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Appendix A
Federal Register Notice

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–227]

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

AGENCY: United States International Trade Commission.

ACTION: Notice of preparation of 2021 biennial report and scheduling of a public hearing.

SUMMARY: The Commission has scheduled a public hearing for June 8, 2021, and is inviting the public to submit information in connection with the preparation of its 25th report under section 215 of the Caribbean Basin Economic Recovery Act, which 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. The report is being prepared under Commission Investigation No. 332–227, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries.* The report will cover trade during calendar years 2019 and 2020, and the report will be transmitted to the Congress and the President by September 30, 2021.

DATES:

May 18, 2021: Deadline for filing requests to appear at the public hearing.

May 25, 2021: Deadline for filing prehearing briefs and statements.

June 1, 2021: Deadline for filing electronic copies of oral hearing statements.

June 8, 2021: Public hearing.

June 22, 2021: Deadline for filing posthearing briefs and statements.

June 22, 2021: Deadline for filing all other written submissions.

September 30, 2021: Transmittal of Commission report to the Congress and the President.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC. All written submissions must be submitted electronically and addressed to the Secretary, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. The Commission cannot accept paper copies at this time. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *https://edis.usitc.gov.*

FOR FURTHER INFORMATION CONTACT: Project Leader Justino De La Cruz, Ph.D. (202–205–3252 or *Justino.Delacruz@usitc.gov*) or Deputy Project Leader Serge Shikher (202–205–2393 or *Serge.Shikher@usitc.gov*) for information specific to this investigation. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or *william.gearhart@usitc.gov*). The media should contact Margaret O'Laughlin, Office of External Relations (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 *https://www.usitc.gov.* Due to the COVID 19 pandemic, the Commission's building is currently closed to the public. Once the building reopens, 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.

The report will cover trade with the 17 beneficiary countries: Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

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 25th report, covering calendar years 2019 and 2020, by September 30, 2021.

Public Hearing: A public hearing in connection with this investigation will be held beginning at 9:30 a.m. on June 8, 2021, using a videoconference platform. More detailed information about the hearing, including how to participate, will be posted on the Commission's website at (*https://usitc.gov/research_and_analysis/what_we_are_working_on.htm*). Once on that web page, scroll down to the entry for Investigation No. 332–227, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries,* and click on the link to ''Hearing Information.'' Interested parties should check the Commission's website periodically for updates.

Requests to appear at the public hearing should be filed with the Secretary no later than 5:15 p.m., May 18, 2021, in accordance with the requirements in the ''Written Submissions'' section below. All prehearing briefs and statements should be filed not later than 5:15 p.m., May 25, 2021. To facilitate the hearing, including the preparation of an accurate written transcript of the hearing, oral testimony to be presented at the hearing must be submitted to the Commission electronically no later than noon, June 1, 2021. All posthearing briefs and statements should be filed not later than 5:15 p.m., June 22, 2021. Posthearing briefs and statements should address matters raised at the hearing. For a description of the different types of written briefs and statements, see the ''Definitions'' section below.

In the event that, as of the close of business on May 18, 2021, 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 should contact the Office of the Secretary at 202–205–2000 after May 18, 2021, 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 22, 2021. All written submissions must conform to the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 CFR 201.8), as temporarily amended by 85 FR 15798 (March 19, 2020). Under that rule waiver, the Office of the Secretary will accept only electronic filings at this

time. Filings must be made through the Commission's Electronic Document Information System (EDIS, *https://edis.usitc.gov*). No in-person paper-based filings or paper copies of any electronic filings will be accepted until further notice. Persons with questions regarding electronic filing should contact the Office of the Secretary, Docket Services Division (202–205–1802), or consult the Commission's Handbook on Filing Procedures.

Definitions of Types of Documents That May Be Filed; Requirements: In addition to requests to appear at the hearing, this notice provides for the possible filing of four types of documents: Prehearing briefs, oral hearing statements, posthearing briefs, and other written submissions.

(1) *Prehearing briefs* refers to written materials relevant to the investigation and submitted in advance of the hearing, and includes written views on matters that are the subject of the investigation, supporting materials, and any other written materials that you consider will help the Commission in understanding your views. You should file a prehearing brief particularly if you plan to testify at the hearing on behalf of an industry group, company, or other organization, and wish to provide detailed views or information that will support or supplement your testimony.

(2) *Oral hearing statements (testimony)* refers to the actual oral statement that you intend to present at the public hearing. *Do not* include any confidential business information in that statement. If you plan to testify, you must file a copy of your oral statement by the date specified in this notice. This statement will allow Commissioners to understand your position in advance of the hearing and will also assist the court reporter in preparing an accurate transcript of the hearing (*e.g.,* names spelled correctly).

(3) *Posthearing briefs* refers to submissions filed after the hearing by persons who appeared at the hearing. Such briefs: (a) Should be limited to matters that arose during the hearing, (b) should respond to any Commissioner and staff questions addressed to you at the hearing, (c) should clarify, amplify, or correct any statements you made at the hearing, and (d) may, at your option, address or rebut statements made by other participants in the hearing.

(4) *Other written submissions* refer to any other written submissions that interested persons wish to make, regardless of whether they appeared at the hearing, and may include new information or updates of information previously provided.

There is no standard format that briefs or other written submissions must follow. However, each such document must identify on its cover (1) the name and number of the investigation and the type of document filed (*i.e.,* prehearing brief, oral statement of (name), posthearing brief, or written submission), (2) the name of the person or organization filing it, and (3) whether it contains confidential business information (CBI). If it contains CBI, it must comply with the marking and other requirements set out below in this notice relating to CBI. Submitters of written documents (other than oral hearing statements) are encouraged to include a short summary of their position or interest at the beginning of the document, and a table of contents when the document addresses multiple issues.

Confidential Business Information: Any submissions that contain confidential business information must also conform to the requirements of section 201.6 of the *Commission's Rules of Practice and Procedure* (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the ''confidential'' or ''non-confidential'' version, and that the confidential business information is 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 prepare a report that it can release to the public in its entirety, and the Commission will not include any confidential business information in the report it sends to the Congress and the President or makes available to the public. However, all information, including confidential business information, submitted in this investigation may be disclosed to and used: (i) By the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel for cybersecurity purposes. The Commission will not otherwise disclose any confidential business information in a manner that would reveal the operations of the firm supplying the information.

Summaries Of Written Submissions: Persons wishing to have a summary of their position included in the report should include a summary with their written submission on or before June 22, 2021 and should mark the summary as having been provided for that purpose. The summary should be clearly marked as ''summary for inclusion in the report'' at the top of the page. The summary may not exceed 500 words, should be in MS Word format or a format that can be easily converted to MS Word, and should not include any confidential business information. The summary will be published as provided if it meets these requirements and is germane to the subject matter of the investigation. The Commission will list the name of the organization furnishing the summary and will include a link to the Commission's Electronic Document Information System (EDIS) where the written submission can be found.

By order of the Commission.

Issued: April 7, 2021.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2021–07499 Filed 4–12–21; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1259]

Notice of Institution of Investigation; Certain Toner Supply Containers and Components Thereof (I)

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that a complaint was filed with the U.S. International Trade Commission on March 8, 2021, under section 337 of the Tariff Act of 1930, as amended, on behalf of Canon Inc. of Japan; Canon U.S.A., Inc. of Melville, New York; and Canon Virginia, Inc. of Newport News, Virginia. A supplement was filed on March 26, 2021. The complaint, as supplemented, alleges violations of section 337 based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain toner supply containers and components thereof by reason of infringement of certain claims of U.S. Patent No. 10,209,667 (''the '667 patent''); U.S. Patent No. 10,289,060 (''the '060 patent''); U.S. Patent No. 10,289,061 (''the '061 patent''); U.S. Patent No. 10,295,957 (''the '957 patent''); U.S. Patent No. 10,488,814 (''the '814 patent''); U.S. Patent No. 10,496,032 (''the '032 patent''); U.S.

Appendix B
Technical Notes to Chapter 2

This appendix provides a technical description of the economic model employed in chapter 2. The first section describes the model specification. The second section describes the data and parameter inputs of the model. The third section details the approach used to econometrically estimate the elasticity of substitution. The fourth section describes limitations of the model.

Partial Equilibrium Model Specification

Chapter 2 used a partial equilibrium model of the U.S. market to simulate the effects of CBERA preferences on the U.S. industry and consumers. Each of the 20 products selected for the analysis are modeled separately. For each product, consumers in the market have constant elasticity of substitution (CES) demands for both imported and domestic varieties with imperfect substitution across sources. Total imports are aggregated into two groups—countries that receive CBERA preferences and countries that do not—and it is assumed that consumers do not differentiate between countries within each group. *P* is the U.S. CES price index (equation 1), where p_i represents the producer prices of each variety $i \in \{d,s,n\}$, where *d* indicates domestic producers, *s* are producers subject to CBERA preferences, and *n* are nonsubject producers. The elasticity of substitution is σ and b_i are asymmetry preference parameters. There are a fixed number of homogeneous firms for each variety *i*, n_i, that each produce a unique variety of the product.

$$P = \left(\sum_i n_i \, b_i \, (p_i(1+t_i))^{1-\sigma}\right)^{1/1-\sigma} \qquad (1)$$

The CES demand for each variety, for $i \in \{d,s,n\}$ is q_i (equation 2), where *k* is total expenditure in the industry and γ is the industry price elasticity of demand.[373]

$$q_i = k \, b_i \, P^{\gamma} \left(\frac{p_i}{P}\right)^{-\sigma} \qquad (2)$$

Each firm in the industry operates under monopolistic competition and has some degree of market power. Under these assumptions, the producer price received by a firm is a constant markup over marginal cost. Labor is the only variable factor of production, so the marginal cost is simply the wage. Demand for labor, L_i, is given in equation 3, where A_i is the inverse productivity of each firm. Because firms are homogenous within each of the three sources of supply, all firms within each group share the same productivity parameter. Assuming firm productivity is fixed in the short-run, the demand for variable labor moves in proportion to output ($\hat{L} = \hat{q}$, where hats represent percentage changes). Equation 4 presents the producer price as a fixed markup over the wage. This equation asserts that the percentage change in the producer price of the product is equal to the percentage change in the wage rate for that product.

$$L_i = A_i q_i \qquad (3)$$

$$p_i = \frac{\sigma}{\sigma-1} A_i w_i \qquad (4)$$

Firm operating profits are computed as revenues minus variable costs. Operating profits are then proportional to revenue, since we can show:

[373] This model assumes a non-nested CES structure for each of the 20 products. If there were reason to believe that substitutability was significantly different between the domestic variety and imported varieties, a nested CES structure could be used instead.

$$\pi_i = (p_i - A_i w_i)\, q_i = \frac{1}{\sigma}(p_i\, q_i) \quad (5)$$

In the model used in this report, producer prices are held fixed. This is unlikely to be a concern because the market shares of CBERA imports are relatively small compared to the total market size, so the effects of CBERA preferences on U.S. producer prices are expected to be negligible. Therefore, the percentage change in domestic output is equal to the percentage change in revenue and percentage change in operating income.

Model Inputs

Domestic production and revenue data are typically not reported by industry at the HTS 8-digit subheading level, so industry analysts estimated these revenues based on available industry-specific data. For textile products, domestic revenue estimates rely on the statistic that imports supply 95 percent of the U.S. domestic market for apparel, leaving 5 percent for U.S. produced items.[374] Domestic production associated with each HTS subheading was calculated to align with this statistic.[375] For other products, like methanol and melamine, publicly available data sources were used. Methanol and melamine domestic revenue data were obtained from *IHS Markit Chemical Economics Handbooks* and crude petroleum data was obtained from the U.S. Department of Energy.

Tables B.1 and B.2 report model inputs for the partial equilibrium analysis in chapter 2. All data are for the year 2020. The elasticity of substitution parameter estimates used in the model are described in the next section of this appendix.

[374] Freund, Roop, and Colby-Oizumi, "Textiles and Apparel: Made In USA . . . Again?," 2018, 39.
[375] An exception is with HTS statistical reporting number 6109.10.00. Using the 95-5 rule described above resulted in domestic production that was less than domestic exports, so the estimate was revised upward.

Table B.1 Model inputs for CBERA-exclusive products, 2020 data

In millions of dollars and percentages. NTR = normal trade relations; n.e.s.o.i. = not elsewhere specified or included.

HTS subheading	Description	Duty rate (%)	CBERA imports (million $)	Total U.S. imports (million $)	U.S. production (million $)	U.S. exports (million $)	U.S. production workers	Industry price elasticity of demand
6109.10.00	T-shirts of cotton	16.5	206.5	3,558.2	307.4	215.9	266	−1.0
6110.30.30	Sweaters of manmade fibers, n.e.s.o.i.	32.0	109.8	4,274.9	224.4	76.8	429	−1.0
6109.90.10	T-shirts of manmade fibers	32.0	96.9	1,363.6	71.6	20.9	147	−1.0
6104.62.20	Women's/girls' trousers of cotton	14.9	69.1	1,403.4	73.7	5.8	197	−1.0
6110.20.20	Sweaters of cotton, n.e.s.o.i.	16.5	64.4	6,150.5	322.9	84.0	694	−1.0
6203.43.90	Men's/boys' trousers (synth fibers)	27.9	24.4	1,028.8	54.0	8.5	351	−1.0
6104.63.20	Women's/girls' trousers (synth fibers, not knitted), n.e.s.o.i.	28.2	23.4	1,635.7	85.9	9.7	221	−1.0
6205.30.20	Men's/boys' shirts of manmade fibers, n.e.s.o.i.	27.0	23.2	493.1	25.9	11.1	114	−1.0
6211.43.10	Women's/girls' track suits, n.e.s.o.i.	16.0	21.5	993.0	52.1	43.3	26	−1.0
6204.63.90	Women's/girls' trousers, n.e.s.o.i.	28.6	10.5	761.4	40.0	8.3	92	−1.0

Source: USITC DataWeb/Census, accessed April 21, 2021, and USITC estimates, as described above.

Note: The number of U.S. production-related workers (PRWs) is the measure of workers who produce products for the U.S. market. The number of PRWs in the U.S. is higher if it includes workers who produce for the export market.

Table B.2 Model inputs for CBERA-nonexclusive products, 2020 data
In millions of dollars, number of workers, and percentages. NTR = normal trade relations; n.e.s.o.i. = not elsewhere specified or included.

HTS subheading	Description	Duty rate (%)	CBERA imports (million $)	Total U.S. imports (million $)	U.S. production (million $)	U.S. exports (million $)	U.S. production workers	Industry price elasticity of demand (%)
2709.00.20 and 2709.00.10	Petroleum oils	0.2	440.9	69,348.8	160,000.0	49,698.2	46,422	−0.5
2905.11.20	Methanol	5.5	247.7	505,164.7	2,052.8	702.0	652	−0.5
3903.11.00	Polystyrene	6.5	55.4	283.4	592.1	122.8	271	−1.0
2106.90.98	Other food preps, n.e.s.o.i.	6.4	26.9	6,060.5	20,000.0	5,010.1	18,737	−0.5
2103.90.90	Sauces and preparations, n.e.s.o.i.	6.4	19.4	939.8	9,000.0	954.0	14,304	−0.5
0804.50.60 and 0804.50.40	Guavas and mangoes, fresh	3.7	14.3	515.1	15.0	11.8	182	−1.0
2933.61.00	Melamine	3.5	8.1	23.9	82.5	24.0	32	−1.0
2008.99.91	Bean cake, other fruits, nuts	6.0	7.5	518.8	400.0	10.9	778	−1.0
2005.99.97	Vegetables, n.e.s.o.i.	11.2	5.9	318.5	3,500.0	15.7	4,978	−1.0
2202.10.00	Waters, including mineral waters	0.1	5.0	2,640.7	32,000.0	386.4	54,336	−1.0

Source: USITC DataWeb/Census, accessed April 21, 2021, and USITC estimates, as described above.
Note: The number of U.S. production-related workers (PRWs) are a measure of workers who produce products for the U.S. market. The number of PRWs in the U.S. is higher if you include workers who produce for the export market.

Elasticity of Substitution Estimation Method

The elasticity of substitution is a model parameter that describes how consumers shift sourcing after a relative price change. A higher value means that the products are more substitutable, or less differentiated, leading to larger estimated effects of imports on the domestic market. It is an important parameter in trade policy models with CES demands because the magnitude can significantly impact model predictions.[376]

The substitution elasticities used in the model were estimated using the trade cost method described in Riker (2020).[377] The method assumes a non-nested CES structure with a single elasticity of substitution parameter for all sources of supply.[378] The method uses variation in international trade costs, such as

[376] For example, McDaniel and Balistreri (2002) show that the value of the elasticity of substitution can have a significant effect on welfare gains or losses in trade policy simulations.
McDaniel and Balistreri, *A Discussion on Armington Trade Substitution Elasticities*, 2002.
[377] Riker, *A Trade Cost Approach to Estimating the Elasticity of Substitution*, July 2020.
[378] A nested structure could have been used if the domestic variety were believed to be significantly different than the imported varieties.

freight costs and tariffs, to identify the elasticity of substitution across sources of imports. Annual panel import data from 2011–20 were obtained from the U.S. International Trade Commission's DataWeb and were disaggregated by product, source country, customs district of import entry, and year. The measure for international trade costs is the ratio between the landed duty-paid value of imports and the customs value, and includes international freight costs, tariffs, and other import charges. The estimation uses country-year and district-year fixed effects to control for variation in prices and other demand factors, including the price index, producer prices, and total expenditures. Table B.3 reports the substitution elasticity point estimate and standard error for each of the products modeled.[379]

Table B.3 Elasticity of substitution point estimates and standard errors
In units. n.e.s.o.i. = not elsewhere specified or included.

HTS subheading	Description	Point estimate	Standard error
6109.10.00	T-shirts of cotton	8.50	0.39
6110.30.30	Sweaters of manmade fibers, n.e.s.o.i.	10.09	0.32
6109.90.10	T-shirts of manmade fibers	8.96	0.46
6104.62.20	Women's/girls' trousers of cotton	7.89	0.50
6110.20.20	Sweaters of cotton, n.e.s.o.i.	10.20	0.43
6203.43.90	Men's/boys' trousers (synth fibers)	10.01	1.24
6104.63.20	Women's/girls' trousers (synth fibers, not knitted), n.e.s.o.i.	7.50	0.42
6205.30.20	Men's/boys' shirts of manmade fibers, n.e.s.o.i.	8.38	0.59
6211.43.10	Women's/girls' track suits, n.e.s.o.i.	8.44	0.78
6204.63.90	Women's/girls' trousers, n.e.s.o.i.	8.60	0.67
2709.00.20 and 2709.00.10	Petroleum oils	9.58	2.15
2905.11.20	Methanol	4.44	1.89
3903.11.00	Polystyrene	1.89	0.63
2106.90.98	Other food preps, n.e.s.o.i.	7.57	0.65
2103.90.90	Sauces and preparations, n.e.s.o.i.	4.88	0.55
0804.50.60 and 0804.50.40	Guavas and mangoes, fresh	3.28	0.99
2008.99.91	Bean cake, other fruits, nuts	5.54	0.95
2005.99.97	Vegetables, n.e.s.o.i.	4.35	0.73
2202.10.00	Waters, including mineral waters	4.26	0.44

Source: USITC estimates.

[379] The econometric method was unable to estimate an elasticity value for melamine. Instead, the previous report's estimate of four was used for the melamine model. USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries*, September 2019.

Appendix C
List of Witnesses Appearing at Hearing

CALENDAR OF PUBLIC HEARING

Those listed below appeared in the United States International Trade Commission's hearing via videoconference:

Subject: Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 25th Report: 2021 Biennial Report

Inv. No.:332-227

Date and Time: June 8, 2021 - 9:30 a.m.

EMBASSY APPEARANCE:

Embassy of the Republic of Haiti
Washington, DC

Johanna Leblanc, Senior Advisor to His Excellency Bocchit Edmond, Ambassador of the Republic of Haiti to the United States of America

ORGANIZATION AND WITNESSES:

American Apparel & Footwear Association ("AAFA")

Washington, DC

Beth Hughes, Vice President, Trade & Customs Policy

Brookfield Associates, LLC

Sae-A Trading LTD

Washington, DC

Gail W. Strickler, President, Global Trade

Solidarity Center AFL-CIO

Washington, DC

Lauren Stewart, Regional Program Director, Americas Department

Appendix D
Written Submissions

This appendix contains either summaries of positions submitted by interested parties or lists the names of parties who filed a written submission but did not provide a written summary. For this investigation, there was only one summary submitted, so this appendix also lists the names of the 12 interested parties who submitted positions. Please see the Commission's Electronic Document Information System (EDIS) for full submissions (https://edis.usitc.gov/).

Summaries of Positions Submitted by Interested Parties

Solidarity Center

CBERA and related trade preference programs have generated formal employment for more than 50,000 workers in Haiti. However, job creation has not been synonymous with greater access to decent work, and the economic gains of Haiti's apparel industry have not translated into family-supporting wages, safe workplaces free of hazards and sexual harassment, or an end to illegal practices that rob workers of their healthcare and social security benefits. According to a 2020 survey conducted by the Better Work program, only 6 percent of 3,300 apparel workers surveyed in Haiti said they "would like to envision themselves working in their current factory three years from now"—most reported wanting to run their own business or to work and live abroad.

Violations of internationally recognized worker rights are rampant, persistent, and well documented within the industry. Under CBERA, beneficiary countries must "take steps to afford internationally recognized worker rights . . ." The HOPE II Act, which amended CBERA, similarly requires Haiti to "have established or be making continual progress towards establishing the protection of internationally recognized worker rights." However, Haitian unions contend that these eligibility criteria—specifically, as they relate to "taking steps" and "making continual progress"—are indeterminate and subjective and, thus, enable inconsistent and incomplete compliance with core labor standards.

These concerns are supported by the findings of factory-level compliance reporting conducted by the Better Work program in Haiti. The reports show continual and high rates of noncompliance with various labor standards, often punctuated by ephemeral or partial remedy. In 14 of the 21 reports published to date, 100 percent of the apparel factories evaluated were cited for at least one occupational safety and health violation. In the most recent report (October 2020), 84 percent of factories were noncompliant with proper payment of social security and other benefits, higher than the 76 percent noncompliance rate documented in Better Work's first report in 2010. Despite receiving training and technical assistance (actions considered to demonstrate progress towards compliance), many factories have failed to correct this behavior in a sustained manner.

For the benefits of trade to reach the workers who power Haiti's apparel industry, CBERA labor rights provisions must be respected and enforced. These conditions are critical to guaranteeing internationally recognized worker rights and fostering the rule of law, both of which are necessary to promote stability and economic development. To improve employer compliance and government enforcement of the labor safeguards, some Haitian apparel unions recommend the following:

1. Define a process and timeline that triggers the suspension of benefits at the factory level.
2. To regain trade benefits, a factory must demonstrate full and continuous remedy for a period of time at least equal to the length of noncompliance.

3. Any worker who loses compensation, benefits, or employment due to factory noncompliance must be made whole before the factory is reinstated and again eligible to receive trade benefits.

4. Limit the number of times that a factory can be reinstated to the program following the suspension of benefits.

Interested Parties

American Apparel & Footwear Association (AAFA)

Association des Industries d'Haiti (The Association of Industries of Haiti)

Brookfield Associates, LLC

Cintas

Embassy of the Republic of Haiti

Gildan Activewear Inc.

Government of Jamaica

Government of the Cooperative Republic of Guyana

Government of Trinidad and Tobago

Republica Dominicana

Sandler, Travis and Rosenberg

Solidarity Center (Washington, DC)

U.S. Fashion Industry Association (USFIA)

Appendix E
Data Tables Corresponding to Figures in the Report

In compliance with Section 508, a 1998 amendment to the United States Rehabilitation Act of 1973, this report makes the content of its figures, graphs, and charts more accessible to people with disabilities. First, it provides alternative text where the figures first appear; second, it provides this appendix to show all data used to construct the figures. As noted below each table, these tables correspond to figures in the executive summary, chapter 3, and chapter 4 of this report.

Table E.1 U.S. imports for consumption from CBERA beneficiary countries, by import program and as a share of total imports from those countries, 2020

Shares in percentages. "NTR" = normal trade relations.

Leading products	Import program	Share of total
Mineral fuels, inorganic chemicals	NTR duty free	51.6
Mineral fuels	NTR dutiable	13.8
Apparel	CBERA exclusive	14.9
Organic chemicals, mineral fuels, vegetables	CBERA nonexclusive	19.0
Cane sugar	GSP	0.8

Source: USITC DataWeb/Census, accessed April 12, 2021.

Note: NTR is the U.S. term that means the same as most-favored nation, or MFN, elsewhere. Imports entering the United States may be either duty free or dutiable, depending on the product. "CBERA-exclusive" imports are imports of products that can receive preferential entry only under CBERA. "CBERA-nonexclusive" imports are imports of products that entered the United States under CBERA but were also eligible for duty-free entry under the Generalized System of Preferences (GSP). "Avg. tariff" is the ad valorem equivalent tariff collected on entry—that is, the total of the duties collected, divided by the customs value of the imports. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022. Table E.1 corresponds to figure ES.1.

Table E.2 Number of products and export diversification index for CBERA region, two-year moving average

Year	Number of products	Diversification index
1990	967	0.92
1991	913	0.91
1992	883	0.91
1993	888	0.90
1994	954	0.90
1995	1006	0.92
1996	1043	0.92
1997	1090	0.91
1998	1098	0.92
1999	1077	0.91
2000	1100	0.87
2001	1093	0.85
2002	1062	0.88
2003	1053	0.89
2004	1040	0.86
2005	1075	0.84
2006	1076	0.85
2007	1027	0.86
2008	1036	0.87
2009	996	0.87
2010	940	0.89
2011	983	0.87
2012	991	0.87
2013	959	0.90
2014	980	0.91
2015	996	0.91
2016	1015	0.93
2017	1039	0.94
2018	1034	0.94
2019	996	0.93
2020	956	0.92

Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.

Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Table E.2 corresponds to figure ES.2.

Table E.3 U.S. imports for consumption under CBERA, by major product categories, 2016–20

In millions of dollars.

Industry	2016	2017	2018	2019	2020
Agriculture	125.6	120.9	133.4	149.6	184.4
Energy	339.7	444.2	509.3	550.0	688.7
Textile and apparel	844.9	861.9	941.3	978.2	728.2
Mining and manufacturing	99.8	117.3	104.8	96.3	87.7
Total	1,410.0	1,544.3	1,688.8	1,774.1	1,688.9

Source: USITC DataWeb/Census, accessed April 12, 2021.

Note: Data for 2016 and 2017 are from the CBERA report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022. Table E.3 corresponds to figure ES.3.

Table E.4 CBERA export structure by Standard International Trade Classification (SITC) sector
In percentages.

Year	Agriculture	Natural resources	Manufactured goods
1989	17.4	49.4	26.1
1990	17.0	53.3	23.0
1991	18.7	53.2	23.0
1992	18.2	56.6	19.4
1993	17.0	52.9	23.8
1994	15.9	52.7	23.9
1995	16.7	47.4	29.6
1996	17.7	49.3	27.5
1997	16.3	51.2	26.7
1998	18.9	44.5	29.7
1999	15.4	52.0	25.4
2000	9.8	67.8	17.1
2001	11.5	70.4	13.5
2002	11.4	70.2	12.9
2003	9.6	77.7	8.8
2004	5.5	82.7	8.0
2005	4.7	86.6	5.3
2006	5.0	86.1	5.7
2007	6.2	84.5	6.8
2008	5.3	84.0	7.0
2009	6.3	79.3	9.1
2010	6.5	75.3	11.7
2011	5.0	77.6	9.5
2012	4.8	71.8	12.1
2013	6.7	67.6	15.7
2014	7.4	64.3	17.6
2015	9.6	55.8	20.3
2016	11.9	48.6	22.7
2017	11.3	47.6	23.7
2018	10.9	50.7	24.7
2019	12.2	49.2	28.5
2020	14.5	51.3	25.7

Source: USITC DataWeb/Census, accessed June 3, 2021.
Note: Sector definition uses Standard International Trade Classification. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022. Table E.4 corresponds to figure 3.1.

Table E.5 Number of products and export diversification index for CBERA region, two-year moving average

Year	Number of products	Diversification index
1990	967	0.92
1991	913	0.91
1992	883	0.91
1993	888	0.90
1994	954	0.90
1995	1006	0.92
1996	1043	0.92
1997	1090	0.91
1998	1098	0.92
1999	1077	0.91
2000	1100	0.87
2001	1093	0.85
2002	1062	0.88
2003	1053	0.89
2004	1040	0.86
2005	1075	0.84
2006	1076	0.85
2007	1027	0.86
2008	1036	0.87
2009	996	0.87
2010	940	0.89
2011	983	0.87
2012	991	0.87
2013	959	0.90
2014	980	0.91
2015	996	0.91
2016	1015	0.93
2017	1039	0.94
2018	1034	0.94
2019	996	0.93
2020	956	0.92

Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022.

Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Table E.5 corresponds to figure 3.2.

Table E.6 Number of products and export diversification index for Trinidad and Tobago, two-year moving average

Year	Number of products	Diversification index
1990	201	0.59
1991	195	0.59
1992	205	0.61
1993	221	0.67
1994	256	0.76
1995	273	0.81
1996	271	0.82
1997	289	0.82
1998	296	0.82
1999	303	0.84
2000	321	0.83
2001	320	0.83
2002	311	0.84
2003	306	0.80
2004	327	0.75
2005	374	0.75
2006	388	0.78
2007	365	0.80
2008	357	0.81
2009	338	0.83
2010	310	0.84
2011	303	0.85
2012	308	0.84
2013	310	0.83
2014	298	0.83
2015	293	0.82
2016	299	0.84
2017	302	0.86
2018	313	0.86
2019	313	0.84
2020	283	0.83

Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022.

Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Table E.6 corresponds to figure 3.3.

Table E.7 Number of products and export diversification index for Haiti, two-year moving average

Year	Number of products	Diversification index
1990	406	0.98
1991	364	0.98
1992	278	0.97
1993	227	0.97
1994	234	0.98
1995	236	0.98
1996	261	0.97
1997	284	0.96
1998	282	0.91
1999	264	0.85
2000	261	0.82
2001	263	0.84
2002	255	0.88
2003	239	0.89
2004	228	0.85
2005	232	0.82
2006	227	0.80
2007	197	0.79
2008	184	0.78
2009	190	0.76
2010	193	0.76
2011	216	0.77
2012	237	0.78
2013	226	0.79
2014	238	0.80
2015	253	0.81
2016	248	0.83
2017	255	0.86
2018	254	0.87
2019	244	0.86
2020	234	0.87

Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022.

Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Table E.7 corresponds to figure 3.4.

Table E.8 Number of products and export diversification index for Guyana, two-year moving average

Year	Number of products	**Diversification index**
1990	81	0.69
1991	83	0.61
1992	94	0.58
1993	105	0.62
1994	121	0.71
1995	129	0.82
1996	133	0.84
1997	143	0.84
1998	147	0.80
1999	158	0.76
2000	158	0.78
2001	150	0.79
2002	153	0.80
2003	160	0.80
2004	165	0.81
2005	157	0.79
2006	158	0.75
2007	161	0.76
2008	155	0.76
2009	150	0.73
2010	141	0.62
2011	144	0.46
2012	148	0.40
2013	140	0.43
2014	155	0.48
2015	159	0.52
2016	147	0.52
2017	150	0.57
2018	142	0.69
2019	136	0.80
2020	149	0.63

Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022.

Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Table E.8 corresponds to figure 3.5.

Table E.9 Number of products and export diversification index for The Bahamas, two-year moving average

Year	Number of products	Diversification index
1990	124	0.59
1991	115	0.58
1992	106	0.55
1993	119	0.62
1994	148	0.77
1995	149	0.87
1996	158	0.89
1997	164	0.89
1998	161	0.89
1999	154	0.89
2000	160	0.87
2001	172	0.83
2002	170	0.81
2003	175	0.79
2004	175	0.74
2005	204	0.72
2006	228	0.77
2007	220	0.82
2008	210	0.79
2009	199	0.70
2010	186	0.65
2011	200	0.67
2012	206	0.70
2013	192	0.76
2014	199	0.79
2015	210	0.79
2016	204	0.78
2017	185	0.76
2018	176	0.80
2019	168	0.81
2020	154	0.79

Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022.
Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Table E.9 corresponds to figure 3.6.

Table E.10 Number of products and export diversification index for Jamaica, two-year moving average

Year	Number of products	Diversification index
1990	356	0.92
1991	344	0.91
1992	337	0.91
1993	344	0.92
1994	370	0.92
1995	394	0.92
1996	391	0.91
1997	364	0.89
1998	335	0.89
1999	304	0.91
2000	284	0.91
2001	283	0.91
2002	283	0.92
2003	288	0.90
2004	287	0.89
2005	305	0.91
2006	318	0.87
2007	307	0.82
2008	296	0.80
2009	277	0.81
2010	283	0.88
2011	312	0.90
2012	312	0.83
2013	279	0.83
2014	266	0.83
2015	269	0.79
2016	261	0.83
2017	253	0.88
2018	264	0.89
2019	275	0.89
2020	278	0.89

Source: USITC calculations using data from the USITC DataWeb/Census, accessed June 3, 2021. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022.
Note: Diversification index equals to 1-HHI and ranges from 0 to 1. A diversification index close to zero indicates full specialization, whereas a diversification index close to 1 indicates high diversification. The number of products exported is calculated as the number of HTS 6-digit subheadings with U.S. imports in a given year. For both measures of export diversification, higher values mean more export diversification. The moving average for year *t* is calculated as the average of values for years *t* and *t*-1. Table E.10 corresponds to figure 3.7.

Table E.11 Trinidad and Tobago: Composition of GDP, 2019

In percentages.

Sector	Percent
Wholesale and retail trade; repair of motor vehicles and motorcycles	21.1
Manufacturing	18.6
Mining and quarrying	12.9
Public administration and defense; compulsory social security	9.4
Financial and insurance activities	7.8
Construction	5.6
Transportation and storage	3.7
Administrative and support services	3.0
Education	2.5
Information and communication	2.4
Professional, scientific, and technical activities	2.2
Real estate activities	2.1
Electricity, gas, steam, and air conditioning supply	2.0
Accommodation and food service activities	1.6
Water supply; sewage, waste management, and remediation activities	1.2
Agriculture, forestry, and fishing	1.0
Human health and social work activities	0.6
Other service activities	1.8
Arts, entertainment, and recreation	0.3
Activities of households as employers; undifferentiated goods and services	0.2
Total	100.0

Source: Central Bank of Trinidad and Tobago, *Annual Economic Survey 2020,*2021, 55, table A.3.
Note: Data are provisional. Table E.11 corresponds to figure 3.8.

Table E.12 Trinidad and Tobago: Total U.S. imports and imports under CBERA, 2016–2020

In millions of dollars.

Item	2016	2017	2018	2019	2020
Petroleum-related products entered under CBERA	340	444	505	537	426
All other products entered under CBERA	39	44	47	46	46
All other imports	2,495	2,719	2,968	2,719	2,092
Total	2,874	3,207	3,520	3,302	2,564

Source: USITC DataWeb/Census, accessed April 12,2021 and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.
Note: Data for 2016 and 2017 are from the CBERA report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022. Table E.12 corresponds to figure 3.9.

Table E.13 Haiti: Composition of GDP by sector, 2019

In percentages.

Sector	Percent
Agriculture, hunting, forestry, fishing	19.9
Construction	24.7
Manufacturing	9.3
Mining and utilities	1.2
Other activities	7.3
Transport, storage, and communication	11.8
Wholesale, retail trade, restaurants and hotels	25.7
Total	100.0

Source: UN Statistics Division, National Accounts database, accessed June 19, 2021.
Note: Based on most recent data available. Table E.13 corresponds to figure 3.10.

Table E.14 Haiti: Total U.S. imports and imports under CBERA, 2016–20

In millions of dollars.

Item	2016	2017	2018	2019	2020
Apparel items entered under CBERA	845	862	941	978	728
Imports under CBERA	857	879	954	994	748
Total imports from Haiti	895	916	1006	1057	839

Source: USITC DataWeb/Census, accessed April 12, 2021.
Note: Data for 2016 and 2017 are from the CBERA report published in 2019. USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries*, September 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022. Table E.14 corresponds to figure 3.11.

Table E.15 Haiti: Annual growth of exports of goods and services, 2004–19

In percentages.

Item	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Exports of goods and services	-10.4	3.5	-27.3	105.6	7.3	10.8	-15.2	132.4	-1.0	4.8	6.2	0.3	-6.5	-0.8	-0.8	-1.6

Source: Compiled from World Development Indicators, accessed June 27, 2021.
Note: Table E.15 corresponds to figure 3.12.

Table E.16 Haiti: Annual growth of gross capital formation, 2004–19

In percentages.

Item	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gross capital formation	3.0	1.0	22.6	-3.2	14.8	-12.5	33.7	-18.8	-18.1	2.1	8.2	-7.5	5.9	10.0	6.5	5.7

Source: Compiled from *World Development Indicators*, accessed June 27, 2021.
Note: Gross capital formation consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories. Table E.15 corresponds to figure 3.12.

Table E.17 The Bahamas: Composition of GDP by sector, 2019

In percentages. GDP = gross domestic product.

Sector	GDP share (percent)
Agriculture, forestry and fishing	0.5
Mining and Utilities	4.7
Manufacturing	1.0
Construction	7.3
Wholesale/retail trade, motor vehicle repairs	13.7
Accommodation and food services	10.8
Financial and insurance	9.9
Real estate, owner occupied and actual rents	15.7
Public services	13.4
Transport, storage, communication	7.9
Other	15.1

Source: Government of The Bahamas, Department of Statistics, *National Account Report 2020*, 2021.
Note: Table E.17 corresponds to figure 3.14.

Table E.18 The Bahamas: Total U.S. imports and imports under CBERA, 2016–2020

In millions of dollars.

Import category	2016	2017	2018	2019	2020
Import of polystyrene under CBERA	67.1	78.7	64.4	58.3	55.4
All other imports entered under CBERA	1.3	1.0	1.8	2.3	1.4
All other imports	228.2	377.7	335.3	343.3	212.3

Source: USITC DataWeb/Census-, accessed May 27, 2021.
Note: In this figure, polystyrene is classified under HTS 3903.11.00 and 3903.19.00. Only polystyrene entered under CBERA is included. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022. Table E.18 corresponds to figure 3.15.

Table E.19 U.S. imports under CBERA, by major product categories, 2016–20

In millions of dollars.

Industry	2016	2017	2018	2019	2020
Agriculture	125.6	120.9	133.4	149.6	184.4
Energy	339.7	444.2	509.3	550.0	688.7
Textiles and apparel	844.9	861.9	941.3	978.2	728.2
Mining and manufacturing	99.8	117.4	104.8	96.3	87.7
Total	1,410.0	1,544.4	1,688.8	1,774.1	1,688.9

Source: USITC DataWeb/Census, accessed April 12, 2021 and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.
Note: "Textiles and apparel" includes imports from Haiti under CBTPA, HOPE, and HELP. Data for 2016 and 2017 are from the CBERA report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022. Table E.19 corresponds to figure 4.1.

Table E.20 U.S. imports for consumption of petroleum products under CBERA, by product categories, 2016–20

In millions of dollars.

Product category	2016	2017	2018	2019	2020
Methanol	253.2	378.3	449.4	355.4	247.7
Other Petroleum-related products	86.5	65.9	59.9	194.6	441.0
Total	339.7	444.2	509.3	550.0	688.7

Source: USITC DataWeb/Census, accessed April 12, 2021 and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries*, 24th Report, September 2019.

Note: Data for 2016 and 2017 are from the CBERA report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022. Table E.20 corresponds to figure 4.2.

Appendix F
Statistical Tables

Table F.1 U.S. imports for consumption from CBERA countries, by source, 2016–20
In millions of dollars and percentages.

Country	2016 (million $)	2017 (million $)	2018 (million $)	2019 (million $)	2020 (million $)	Percentage change, 2019–20 (%)
Antigua and Barbuda	15	10	4	10	4	−61.1
Aruba	16	31	31	20	34	73.1
Bahamas	297	428	402	404	269	−33.4
Barbados	49	48	53	40	46	15.2
Belize	59	276	226	58	51	−10.7
British Virgin Islands	31	7	19	5	8	77.0
Curaçao	272	151	105	72	27	−61.7
Dominica	3	1	1	2	2	−12.4
Grenada	12	12	15	14	12	-9.0
Guyana	434	313	252	132	678	415.3
Haiti	895	917	1,006	1,057	839	−20.6
Jamaica	298	335	376	393	383	−2.4
Montserrat	1	1	1	1	2	12.2
Saint Kitts and Nevis	49	47	52	57	50	−11.8
Saint Lucia	12	10	25	13	8	−35.9
Saint Vincent and the Grenadines	3	5	5	5	6	10.8
Trinidad and Tobago	2,874	3,207	3,520	3,302	2,564	−22.3
Total	5,320	5,798	6,094	5,583	4,985	−10.7

Source: USITC DataWeb/Census, accessed April 12, 2021, and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.

Note: Data for 2016 and 2017 are from the CBERA report published in 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022.

This page has been changed to reflect corrections to the June 2022 publication.

Table F.2 U.S. imports for consumption under CBERA, by source, 2016–20
In millions of dollars and percentages. ** = rounds to zero; n.c. = not calculable.

Country	2016 (million $)	2017 (million $)	2018 (million $)	2019 (million $)	2020 (million $)	Percent change 2019–20 (%)
Antigua and Barbuda	**	0	**	**	**	n.c.
Aruba	**	**	**	**	**	n.c.
Bahamas	68	80	66	61	57	−6.5
Barbados	2	4	7	6	8	31.5
Belize	17	12	15	21	15	−25.2
British Virgin Islands	**	0	**	**	0	n.c.
Curaçao	0	0	0	0	0	173.0
Dominica	**	**	**	**	**	**
Grenada	2	2	3	3	2	−16.9
Guyana	2	1	1	4	265	5,935.8
Haiti	857	879	955	999	757	−24.2
Jamaica	75	73	84	93	109	17.3
Saint Kitts and Nevis	7	5	5	4	3	−21.9
Saint Lucia	1	0	0	0	1	17.9
Saint Vincent and the Grenadines	**	0	**	0	0	n.c.
Trinidad and Tobago	379	488	552	583	472	−19.1
All CBERA countries	1,410	1,544	1,689	1,774	1,689	−4.8

Source: USITC DataWeb/Census, accessed April 12, 2021, and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.
Note: Montserrat had no imports for consumption under CBERA during this time. Data for 2016 and 2017 are from the CBERA report published in 2019. Because of rounding, figures may not add to totals shown. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022.

This page has been changed to reflect corrections to the June 2022 publication.

Table F.3 Leading U.S. imports for consumption under CBERA, by HTS chapter, 2016–20

In millions of dollars. — (em dash) = not applicable.

HTS chapter	Description	2016	2017	2018	2019	2020
61	Articles of apparel and clothing accessories, knitted or crocheted	679	699	777	849	613
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	87	66	60	195	441
29	Organic chemicals	265	395	469	370	256
62	Articles of apparel and clothing accessories, not knitted or crocheted	166	161	158	129	114
39	Plastics and articles thereof	70	83	69	62	60
21	Miscellaneous edible preparations	30	29	34	40	54
07	Edible vegetables and certain roots and tubers	26	27	28	28	33
20	Preparations of vegetables, fruit, nuts or other parts of plants	26	20	23	16	26
17	Sugars and sugar confectionery	3	2	4	20	24
08	Edible fruit and nuts; peel of citrus fruit or melons	17	20	17	18	20
22	Beverages, spirits and vinegar	12	13	14	12	11
All other	—	30	32	37	36	38
All products	—	1,410	1,544	1,689	1,774	1,689

Source: USITC DataWeb/Census, accessed April 12, 2021 and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.

Note: Data for 2016 and 2017 are from the CBERA report published in 2019. Because of rounding, figures may not add to totals shown. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau's release of annual revisions in June 2022.

Table F.4 Leading U.S. imports for consumption under CBERA, by HTS chapter, 2016–20

In percentages of the total. — (em dash) = not applicable

HTS chapter	Description	2016	2017	2018	2019	2020
61	Articles of apparel and clothing accessories, knitted or crocheted	48.2	45.2	46.0	47.9	36.3
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	6.1	4.3	3.5	11.0	26.1
29	Organic chemicals	18.8	25.6	27.8	20.9	15.1
62	Articles of apparel and clothing accessories, not knitted or crocheted	11.8	10.4	9.4	7.3	6.7
39	Plastics and articles thereof	4.9	5.3	4.1	3.5	3.5
21	Miscellaneous edible preparations	2.1	1.9	2.0	2.3	3.2
07	Edible vegetables and certain roots and tubers	1.8	1.8	1.7	1.6	1.9
20	Preparations of vegetables, fruit, nuts or other parts of plants	1.8	1.3	1.4	0.9	1.5
17	Sugars and sugar confectionery	0.2	0.1	0.3	1.1	1.4
08	Edible fruit and nuts; peel of citrus fruit or melons	1.2	1.3	1.0	1.0	1.2
22	Beverages, spirits and vinegar	0.8	0.8	0.8	0.7	0.7
All other	—	2.2	2.1	2.2	2.0	2.3
All products	—	100.0	100.0	100.0	100.0	100.0

Source: USITC DataWeb/Census, accessed April 12, 2021 and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.

Note: Data for 2016 and 2017 are from the CBERA report published in 2019. Because of rounding, figures may not add to totals shown. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these until the Census Bureau releases its annual revisions in June 2022.

Table F.5 Leading U.S. imports for consumption under CBERA, 2016–20
In millions of dollars; n.e.s.o.i. = not elsewhere specified or included; — (em dash) = not applicable.

HTS statistical reporting number	Description	2016	2017	2018	2019	2020
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	86	54	39	89	280
2905.11.20	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	253	378	449	355	248
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	272	302	285	289	207
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	0	0	0	103	161
6110.30.30	Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, n.e.s.o.i.	81	126	141	152	110
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of manmade fibers	54	80	106	176	97
6104.62.20	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of cotton	41	40	60	60	69
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	128	110	112	90	64
3903.11.00	Polystyrene, expandable, in primary forms	67	78	64	58	55
0714.30.10	Fresh or chilled yams (Dioscorea spp.), whether or not sliced or in the form of pellets	21	23	24	24	30
2106.90.98	Other food preps n.e.s.o.i., including preps for the	0	15	18	24	27

	manufacture of beverages, nondairy coffee whiteners, herbal teas and flavored honey					
All other	—	407	339	388	354	341
All products	—	1,410	1,544	1,689	1,774	1,689

Source: USITC DataWeb/Census, accessed April 12, 2021, and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.

Note: Because of rounding, figures may not add to totals shown. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census Bureau. U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these until the Census Bureau releases its annual revisions in June 2022.

Table F.6 Leading U.S. imports for consumption under CBERA, by source, 2016–20

In thousands of dollars. n.e.s.o.i. = not elsewhere specified or included; — (em dash) = not applicable; ** = rounds to zero.

Source	HTS statistical reporting number	Description	2016	2017	2018	2019	2020
Antigua and Barbuda	7117.19.90	Imitation jewelry (other than toy jewelry & rope, curb, cable, chain, etc.), of base metal (whether or n/plated w/prec. metal), n.e.s.o.i.	0	0	0	0	14
Antigua and Barbuda	7113.19.50	Precious metal (other 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	11
Antigua and Barbuda	9618.00.00	Tailors' dummies and other mannequins; automatons and other animated displays used for shop window dressing	0	0	0	0	10
Antigua and Barbuda	8507.10.00	Lead-acid storage batteries of a kind used for starting piston engines	15	0	0	0	0
Antigua and Barbuda	2208.40.20	Rum and tafia, in containers each holding not over 4 liters, valued not over $3/proof liter	0	108	0	0	0
Antigua and Barbuda	All other products	—	22	53	19	18	0
Antigua and Barbuda	All products	—	37	161	19	18	36
Aruba	3307.20.00	Personal deodorants and antiperspirants	0	8	7	29	15
Aruba	3824.99.92	Chemical products and preparations and residual products of the chemical or allied industries, n.e.s.o.i.	0	0	0	0	6
Aruba	4202.22.40	Handbags with or without shoulder strap or without handle, with outer surface of textile materials, wholly or in part of braid, n.e.s.o.i.	0	0	0	0	5
Aruba	3926.90.99	Other articles of plastic, n.e.s.o.i.	0	0	0	0	3

Source	HTS statistical reporting number	Description	2016	2017	2018	2019	2020
Aruba	4202.92.20	Travel, sports and similar bags with outer surface of vegetable fibers, excl. cotton, not of pile construction	**	0	0	0	1
Aruba	All other products	—	14	28	9	1	1
Aruba	All products	—	15	36	16	30	32
Bahamas	3903.11.00	Polystyrene, expandable, in primary forms	66,625	78,149	64,394	58,325	55,365
Bahamas	0511.99.36	Natural sponges of animal origin	179	195	211	681	696
Bahamas	1605.10.40	Crabmeat, prepared or preserved, other than in airtight containers	69	30	68	206	351
Bahamas	0306.33.20	Crabmeat, fresh or chilled	0	0	156	137	89
Bahamas	2403.19.20	Smoking tobacco, whether or not containing tobacco substitutes, prepared for marketing directly to consumer as packaged	0	0	988	1,036	80
Bahamas	All other products	—	1,531	1,371	364	288	169
Bahamas	All products	—	68,403	79,744	66,181	60,673	56,751
Barbados	1701.14.10	Other cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. U.S. 5 to Ch. 17	0	0	2,289	1,406	6,428
Barbados	9030.31.00	Multimeters for measuring or checking electrical voltage, current, resistance or power, without a recording device	0	0	912	1,449	350
Barbados	2208.40.20	Rum and tafia, in containers each holding not over 4 liters, valued not over $3/proof liter	138	132	629	587	218
Barbados	0910.99.60	Spices, n.e.s.o.i.	39	61	50	139	168
Barbados	2201.10.00	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavored	16	90	33	24	100
Barbados	All other products	—	2,127	3,274	3,541	2,147	303
Barbados	All products	—	2,321	3,558	7,453	5,753	7,567

Source	HTS statistical reporting number	Description	2016	2017	2018	2019	2020
Belize	1701.14.10	Other cane sugar, raw, in solid form, without added flavoring or coloring, subject to add. U.S. 5 to Ch. 17	0	0	49	6,283	8,489
Belize	2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	4,819	2,807	3,212	1,428	4,787
Belize	2308.00.98	Vegetable materials and vegetable waste, vegetable residues and byproducts, of a kind used in animal feeding, n.e.s.o.i.	1,810	1,218	1,063	424	805
Belize	2103.90.90	Sauces and preparations therefor, n.e.s.o.i.	173	586	636	840	633
Belize	2009.29.00	Grapefruit juice, of a Brix value exceeding 20, unfermented	0	0	0	406	205
Belize	All other products	—	10,335	7,787	10,249	11,272	521
Belize	All products	—	17,136	12,398	15,209	20,653	15,439
British Virgin Islands	9031.80.80	Measuring and checking instruments, appliances and machines, n.e.s.o.i.	0	0	0	11	0
British Virgin Islands	8414.51.30	Ceiling fans for permanent installation, with a self-contained electric motor of an output not exceeding 125 W	0	0	17	0	0
British Virgin Islands	4203.10.40	Articles of apparel, of leather or of composition leather, n.e.s.o.i.	9	0	0	0	0
British Virgin Islands	5607.41.10	Binder or baler twine of wide nonfibrillated strip, of polyethylene or polypropylene	0	0	6	0	0
British Virgin Islands	All other products	—	0	0	0	0	0
British Virgin Islands	All products	—	9	0	22	11	0
Curaçao	8207.90.45	Interchangeable tools, n.e.s.o.i., suitable for cutting metal, n.e.s.o.i. and base metal parts thereof	0	0	0	0	77

Source	HTS statistical reporting number	Description	2016	2017	2018	2019	2020
Curaçao	2208.90.80	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 percent vol., n.e.s.o.i.	0	50	49	49	48
Curaçao	2208.40.20	Rum and tafia, in containers each holding not over 4 liters, valued not over $3/proof liter	0	0	5	5	25
Curaçao	8544.42.90	Insulated electric conductors, n.e.s.o.i., for a voltage not exceeding 1,000 V, fitted with connectors, n.e.s.o.i.	11	0	0	3	5
Curaçao	8423.90.90	Other parts of weighing machinery, including weights	0	18	0	0	0
Curaçao	All other products	—	75	56	65	0	0
Curaçao	All products	—	85	124	119	57	155
Dominica	7113.19.10	Precious metal (other than silver) rope, curb, etc. in continuous lengths, whether or not plated/clad precious metal, for jewelry manufacture	0	0	0	0	43
Dominica	3307.10.20	Pre-shave, shaving or after-shave preparations, containing alcohol	7	3	4	13	6
Dominica	2103.90.80	Mixed condiments and mixed seasonings	3	0	0	0	0
Dominica	0714.40.10	Fresh or chilled taro (Colocasia spp.), whether or not sliced or in the form of pellets	0	38	32	16	0
Dominica	0714.30.10	Fresh or chilled yams (Dioscorea spp.), whether or not sliced or in the form of pellets	0	7	0	0	0
Dominica	All other products	—	12	0	0	0	0
Dominica	All products	—	22	48	36	29	50
Grenada	0811.90.25	Cashew apples, mameyes colorados, sapodillas, soursops and sweetsops, frozen, in water or containing added sweetening	651	936	861	1,080	1,528
Grenada	0810.90.46	Fruit, n.e.s.o.i., fresh	1,150	1,173	1,614	1,575	926

Source	HTS statistical reporting number	Description	2016	2017	2018	2019	2020
Grenada	8438.90.90	Parts of machinery for the industrial preparation or manufacture of food or drink, other than sugar manufacturing, n.e.s.o.i.	3	0	0	8	11
Grenada	0709.99.05	Jicamas and breadfruit, fresh or chilled	0	0	7	3	10
Grenada	0811.90.80	Fruit, n.e.s.o.i., frozen, whether or not previously steamed or boiled	5	290	362	301	4
Grenada	All other products	—	0	6	68	24	7
Grenada	All products	—	1,809	2,405	2,912	2,991	2,486
Guyana	2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	0	0	0	0	262,901
Guyana	1006.30.10	Rice semi-milled or wholly milled, whether or not polished or glazed, parboiled	13	0	0	52	657
Guyana	2103.90.90	Sauces and preparations therefor, n.e.s.o.i.	165	179	187	191	375
Guyana	2202.99.90	Nonalcoholic beverages, n.e.s.o.i., excluding fruit or vegetable juices of heading 2009	0	0	118	307	318
Guyana	1902.30.00	Pasta, n.e.s.o.i.	60	34	77	127	161
Guyana	All other products	—	1,313	519	470	3,720	982
Guyana	All products	—	1,551	732	851	4,397	265,394
Haiti	6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	271,543	235,781	285,329	288,960	206,526
Haiti	6110.30.30	Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, n.e.s.o.i.	37,652	93,300	141,500	152,213	109,807
Haiti	6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of manmade fibers	36,102	56,087	106,298	175,768	96,880
Haiti	6104.62.20	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of cotton	20,748	29,176	59,931	60,248	69,060

Source	HTS statistical reporting number	Description	2016	2017	2018	2019	2020
Haiti	6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	108,161	96,402	112,415	90,222	64,449
Haiti	All other products	—	383,017	368,258	249,549	231,435	209,919
Haiti	All products	—	857,223	879,004	955,022	998,845	756,640
Jamaica	0714.30.10	Fresh or chilled yams (Dioscorea spp.), whether or not sliced or in the form of pellets	21,119	23,274	24,401	24,352	30,108
Jamaica	2103.90.90	Sauces and preparations therefor, n.e.s.o.i.	6,235	6,527	7,026	8,452	16,001
Jamaica	2008.99.91	Bean cake, bean stick, miso, other fruit, nuts and other edible parts of plans, prepared or preserved	0	4,134	4,732	5,877	6,806
Jamaica	1701.14.10	Other cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. U.S. 5 to Ch. 17	0	0	0	7,133	6,373
Jamaica	2005.99.97	Vegetables n.e.s.o.i., and mixtures of vegetables, prepared or preserved otherwise than by vinegar or acetic acid, not frozen, not preserved by sugar	5,175	3,268	4,339	5,367	5,878
Jamaica	All other products	—	42,042	35,559	43,208	41,672	43,754
Jamaica	All products	—	74,571	72,762	83,707	92,853	108,920
Saint Kitts and Nevis	8504.31.40	Electrical transformers other than liquid dielectric, having a power handling capacity less than 1 kilovolt-amps	3,359	2,511	2,321	2,428	2,208
Saint Kitts and Nevis	8537.10.91	Other boards, panels, consoles, desks, cabinets, etc., equipped with apparatus for electric control, for a voltage not exceeding 1,000, n.e.s.o.i.	135	399	805	742	570
Saint Kitts and Nevis	8537.20.00	Boards, panels, consoles, desks, cabinets and other bases, equipped with apparatus for electric control, for a voltage exceeding 1,000 V	347	300	577	402	325

Source	HTS statistical reporting number	Description	2016	2017	2018	2019	2020
Saint Kitts and Nevis	8538.10.00	Parts of boards, panels, consoles, desks, cabinets and other bases for the goods of HTS heading 8537, not equipped with their apparatus	0	0	78	234	81
Saint Kitts and Nevis	71131950	Precious metal (other 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	45
Saint Kitts and Nevis	All other products	—	3,318	1,873	1,295	428	78
Saint Kitts and Nevis	All products	—	7,158	5,083	5,076	4,234	3,307
Saint Lucia	2103.90.90	Sauces and preparations therefor, n.e.s.o.i.	180	108	189	123	528
Saint Lucia	8536.90.85	Other 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.	159	101	83	66	41
Saint Lucia	0709.99.05	Jicamas and breadfruit, fresh or chilled	127	51	3	2	6
Saint Lucia	2007.99.45	Jams, n.e.s.o.i.	0	3	6	7	0
Saint Lucia	8438.90.90	Parts of machinery for the industrial preparation or manufacture of food or drink, other than sugar manufacturing, n.e.s.o.i.	0	0	16	0	0
Saint Lucia	All other products	—	161	79	76	289	0
Saint Lucia	All products	—	627	342	373	488	575
Saint Vincent and the Grenadines	0714.40.10	Fresh or chilled taro (Colocasia spp.), whether or not sliced or in the form of pellets	2	79	22	62	0
Saint Vincent and the Grenadines	0904.22.76	Fruits of the genus capsicum, crushed or ground, n.e.s.o.i.	0	0	0	8	0
Saint Vincent and the Grenadines	0712.90.85	Dried vegetables n.e.s.o.i., and mixtures of dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared	0	0	0	7	0

Source	HTS statistical reporting number	Description	2016	2017	2018	2019	2020
Saint Vincent and the Grenadines	0714.90.10	Fresh or chilled dasheens, whether or not sliced or in the form of pellets	41	0	0	0	0
Saint Vincent and the Grenadines	0714.90.39	Fresh or chilled arrowroot/salep/Jerusalem artichokes/similar roots & tubers, n.e.s.o.i.	0	16	0	0	0
Saint Vincent and the Grenadines	All other products	—	2	7	0	0	0
Saint Vincent and the Grenadines	All products	—	45	102	22	77	0
Trinidad and Tobago	2905.11.20	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas or for direct use as fuel	253,213	378,273	449,420	355,388	247,714
Trinidad and Tobago	2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	0	0	0	102,619	161,341
Trinidad and Tobago	2106.90.98	Other food preps n.e.s.o.i., including preps for the manufacture of beverages, non-dairy coffee whiteners, herbal teas and flavored honey	0	9,137	11,318	15,818	20,992
Trinidad and Tobago	2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	86,200	53,648	34,030	78,844	16,653
Trinidad and Tobago	2933.61.00	Melamine	12,257	16,512	19,497	14,516	8,117
Trinidad and Tobago	All other products	—	27,347	30,276	37,545	15,793	16,773
Trinidad and Tobago	All products	—	379,017	487,845	551,809	582,978	471,591

Source: USITC DataWeb/Census, accessed April 12, 2021 and USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 24th Report*, September 2019.

Note: Because of rounding, figures may not add to totals shown. Haiti totals for 2016 and 2017 are from the CBERA 24th report, September 2019. CBERA data in 2019 incorporate USITC estimates to account for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. These data will be subject to a forthcoming revision from the U.S. Census

Bureau, U.S. government representative email message to USITC staff, July 20, 2021. Data available through USITC's DataWeb or the Census Bureau's USA Trade Online will not incorporate these revisions until the Census Bureau releases its annual revisions in June 2022.

Appendix G
U.S. Trade Data and Certain Special Import Preference Data

Generally, U.S. importers pay the normal trade relations rate of duty for imported goods, except in instances where Congress approved unilateral preference programs, or bilateral or multilateral free trade agreements (FTAs). Duty preference programs and FTAs are typically identified at the time of importation by U.S. importers using Special Program Indicator (SPI) symbols indicated in general note 3(c) of the Harmonized Tariff Schedule of the United States (HTS). For example, U.S. importers claiming duty preferences under the Caribbean Basin Economic Recovery Act (CBERA) would use the SPI code "E" or "E*" to designate a claim for CBERA duty preferences on entry summary documentation for U.S. Customs, which in turn then becomes part of the official U.S. import statistics published by the U.S. Census Bureau.

When the Caribbean Basin Trade Partnership Act (CBTPA) was implemented, providing additional benefits to all Caribbean Basin Initiative (CBI) countries (including, but not limited to, Haiti), additional preferences specific to textiles and apparel were not identified via an SPI but rather through the use of Chapter 98 HTS subheadings, which require importers to specify exactly on which legal basis the textile or apparel goods qualify for the duty-free treatment under CBTPA. This approach was also used for additional Haiti-specific preferences within CBERA through the implementation of the Haiti HOPE, HOPE II, and HELP Acts.[380] However, in the public U.S. Census Bureau data made available by the USITC via DataWeb, imports that received the Haiti-specific CBERA benefits (unlike CBTPA preferences) are not separately reported as receiving special duty preferences. Rather, the data for HOPE/HOPE II/HELP textile and apparel goods are erroneously labeled as "No special import program claimed" since there is no SPI for the Haiti-specific CBERA preferences.

Although imports of textile and apparel goods benefitting from trade preferences under the Haiti HOPE, HOPE II, or HELP Acts are not flagged as part of CBERA/CBTPA under the special import program field in official U.S. import statistics, such goods may still be tracked by use of a rate provision code filter in combination with a special programs filter. Rate provisions codes are a separate field within official U.S. import statistics that track and bucket imports based on what duty rates, if any, were applied. The data in this report measure the Haiti-specific tariff provisions granted under CBERA through the Haiti HOPE, HOPE II, and HELP Acts as the combination of (1) imports with country of origin Haiti, (2) imports coded as “no special import program claimed” within the special programs field (SPI code "00"), (3) imports coded as “Free special duty programs” (rate provision code "18") within the rate provision code field, and (4) limiting the imports to the goods entered under the specific HTS chapters or HTS subheadings specified by the Chapter 98 provisions specific to Haiti HOPE/HOPE II/HELP Acts under CBERA (listed below).

- Textile luggage (all products under HTS subheadings 4202.12, 4202.22, 4202.32, 4202.92)
- Apparel (all products within HTS chapters 61 and 62)
- Certain home goods (select products classified in HTS chapters 56, 57, 58, 63, 64, and 94)

Data identified as described above for the "missing" Haiti-specific CBERA preferences must then be added to the other CBERA data identified using the special import programs filter to arrive at the total merchandise that benefitted from trade preferences under CBERA.

[380] 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).

Appendix H
Investment in Selected CBERA Countries

This appendix provides detailed descriptions of investment activities identified by the Commission in selected CBERA countries with the focus on investment activities by China.

Trinidad and Tobago

As the largest country supplier of U.S. petroleum related imports under the CBERA program, Trinidad and Tobago has the highest degree of industrialization among the CBERA countries.[381] In 2020, Trinidad and Tobago suffered a loss in export revenues and fiscal revenues under the dual shock of the pandemic and low oil prices, adversely affecting the economic and investment outlook. U.S. imports of petroleum and methanol from Trinidad and Tobago are declining (as discussed in chapter 2, section "U.S. Methanol Production Capacity and the U.S. Market"), due to increasing U.S. domestic production capacity.

Trinidad and Tobago reported negative foreign direct investment (FDI) inflows for three consecutive years from 2017 to 2019 (table 2.11). In May 2018, Trinidad and Tobago became the first nation in the Caribbean to sign the Belt and Road Initiative memorandum of understanding with China. It was also one of the first countries to embrace multiple Chinese construction projects.[382] Table 2.13 lists some major projects in recent years such as construction of St. James Medical Center by China Railway Construction Corporation Limited (CRCC) in Port of Spain in 2018.[383] Three other projects include the Valencia to Toco highway, the Toro ferry port completed by CRCC,[384] and a $160 million general hospital contracted by Shanghai Construction built in the capital city of Port of Spain in 2019.[385]

Jamaica

The COVID-19 pandemic halted, at least temporarily, Jamaica's economic recovery that had started following economic reforms in 2013.[386] In 2020, Jamaican output fell by over 10 percent and unemployment rose back into double-digit percentages (12.6 percent in July 2020).[387] Between 2013 and 2019, Jamaica embarked on a series of economic and legislative reforms guided by the International Monetary Fund, which were to include an aggressive debt reduction plan. In 2020, in order to combat hardships created by the COVID-19 pandemic and support businesses and vulnerable Jamaicans, the government was forced to suspend the fiscal rules and increase expenditures. As a result, the debt to GDP rose to over 100 percent.[388]

Jamaica was the second-largest recipient of global investment in the CBERA region in 2019, although net FDI declined for the third consecutive year, decreasing by 71 percent from 2018 to $219 million in 2019

[381] A country defined as having a high degree of industrialization has production capacity in almost all the industries.
[382] Ellis, "China's engagement with Trinidad and Tobago." March 26, 2019.
[383] China Railway Construction Corporation, "Minister of Health of Trinidad and Tobago Praises CRCC as Excellent Contractor," accessed June 28, 2021.
[384] Oxford Business Group, "China Railway Construction (Caribbean)," October 11, 2018.
[385] GCR Staff, "Chinese firms to fund and build $160m hospital in Trinidad & Tobago," accessed June 28, 2021.
[386] Jamaica experienced decades of fiscal profligacy and debt accumulation before turning to the IMF to stabilize its economy in 2013. The country instituted several economic and legislative reforms and graduated after six years. USDOS, U.S. Embassy Kingston, Jamaica, Diplomatic Cable, June 14, 2021.
[387] "COVID-19 Impacts Number of Employed Persons—Jamaica Information Service," accessed July 8, 2021. https://jis.gov.jm/covid-19-impacts-number-of-employed-persons/.
[388] USDOS, U.S. Embassy Kingston, Jamaica, Diplomatic Cable, June 14, 2021.

(table 2.11). The two main destination sectors were mining and tourism, which accounted for 50 and 20 percent, respectively, of FDI in 2019.[389]

While the United States is Jamaica's largest bilateral investment partner, China has been expanding its investment on this island. Infrastructure development remains the key area of engagement between the two countries. The state-owned China Communications Construction Company (CCCC) signed the North-South Highway contract in 2016 (table 2.13). Along with that, the Chinese state-owned enterprise China Harbor Engineering Corporation is in the process of carrying out other road projects as part of a $352 million major infrastructure development program and will construct a new toll road to cost $220 million, which will be funded by the government of Jamaica.[390] The company also has a joint venture agreement with a Chinese government entity to construct 1,650 housing units at a cost of about $62 million. China also gifted Jamaica a Ministry of Affairs building[391] and is in the process of building a new Western Children's Hospital in St James.[392] Table H.1 lists some Chinese private investments in Jamaica.[393]

Table H.1 List of Chinese companies with private investment by sector in Jamaica
In millions of dollars.

Company	Investment (million $)	Sector	Description
China National Complete Plant Import-Export Corporation (COMPLANT)	9	Agriculture / Manufacturing	Ownership of three sugar factories and lease of sugar cane lands. Company has subsequently returned two plants to government.
CHEC	730	Construction	Construction of 66.6 km toll highway linking the capital city Kingston and the tourist resort town of Ocho Rios. Company received 1,200-acre parcel of land as part of the deal.
Jinquan Iron and Steel (Group) Company (JISCO)	299	Mining	Bauxite/alumina operation purchased from USC Rusal. The company announced a $1.7 billion expansion plan, but the plant was closed in late 2019. The company made a decision to close the plant for up to two years.
China Merchants Port Holdings	510 (over 30 years)	Shipping	Thirty-year concession for region's leading container transshipment port with a rated capacity of 2.8 million 20-foot equivalent units—originally a joint venture between CMA CGM S.A. and China Merchants.

Source: USDOS, U.S. Embassy Kingston, Jamaica, Diplomatic Cable, June 14, 2021, June 10, 2021.

[389] UNCTAD, *World Investment Report 2020*, 2020, accessed June 28, 2021.
[390] BNamericas, "Jamaica highway improvement project hit by cost overruns," accessed June 28, 2021.
[391] Government of Jamaica, Jamaica Ministry of Foreign Affairs and Foreign Trade, "New Foreign Affairs Ministry Building Formally Handed Over," *MFAFT—Jamaica* (blog), October 17, 2019.
[392] Jamaica Observer Limited, "China to Build Children's Hospital in Jamaica," accessed June 28, 2021.
[393] USDOS, U.S. Embassy Kingston, Jamaica, Diplomatic Cable, June 14, 2021.

Guyana

Guyana continues to be one of the fastest-growing economies in the world with an estimated GDP growth of 43.4 percent in 2020 and projected growth of 16.4 percent in 2021 (table 2.10). The real non-oil GDP sector contracted by 7.3 percent in 2020, despite increased output of rice, livestock, and other crops.[394] The country's FDI inflows also increased in 2019, for a total of $1.7 billion, 43.6 percent more than in 2018 (table 2.11). Its energy sector, gas, and oil sectors contributed to the strong economic growth and increase in FDI in 2018 and 2019. With the discovery of large deepwater oil fields in 2015 and the first crude production by ExxonMobil in December 2019, the oil sector composed 85 percent of the FDI received in 2019.[395] Other types of investment were attracted by the prospects of oil boom and income growth. In 2019 and early 2020, projects were announced in the transport, logistics, and infrastructure sectors.[396]

China signed the Belt and Road Initiative memorandum of understanding with Guyana in July 2018. Despite the challenges during the COVID-19 pandemic, China invested over $200 million in 2020 and has thus far invested $25 million in a fish processing plant in 2021. In June 2020, Zijin Mining acquired the Canadian firm Guyana Gold Fields at a price tag of $238 million. Recent oil discoveries in the Guyana-Suriname basin have also attracted Chinese investment. The Chinese National Offshore Oil Company (CNOOC) has a 25 percent stake in the ExxonMobil-Hess offshore Stabroek Block, which was producing 120,000 barrels of oil per day as of June 2021. It is estimated that $53.4 billion will be invested in the Guyana-Suriname basin over the 2019–30 period, with three companies contributing 94 percent of the total: ExxonMobil ($22.6 billion), Hess ($15.1 billion) and CNOOC ($12.6 billion). Almost 20 percent of the investments will be earmarked for expansion projects and the rest will be invested in new projects.[397]

China has also executed infrastructure projects in Guyana. In 2020, with a contract of $50 million, China Railway First Group completed the East Coast Demerara Highway.[398] The China Harbour Engineering Company (CHEC) signed a contract of $150 million to begin the Cheddi Jagan International Airport Expansion project by the end of 2021.[399] In 2021, China is also actively bidding on a contract of constructing the Demerara Harbor Bridge in Georgetown Guyana.[400]

The Bahamas

As the richest country in the Caribbean community, The Bahamas had a GDP of $13.6 billion in 2019. Tourism and financial services have been the pillars of its economy, accounting for 50 percent and 10 percent of GDP, respectively. Its economic growth slowed down from 2015 to 2019. In 2019 it was hit

[394] USDOS, U.S. Embassy Georgetown, Guyana, "CBERA Investment Survey—Guyana Report 2021," June 15, 2021.
[395] On 20 December 2019, the U.S.-based Exxon Mobil Corporation and its partners—the Hess Corporation, also of the United States, and the China National Offshore Oil Corporation (CNOOC)—produced Guyana's first commercial crude, extracted from Liza oil field. ExxonMobil, "ExxonMobil Begins Oil Production in Guyana," accessed August 12, 2021.
[396] ECLAC, "*FDI in Latin America and the Caribbean 2020*." 2020.
[397] ECLAC, "*FDI in Latin America and the Caribbean 2020*." 2020.
[398] Stabroek News, "US$43M East Coast Demerara Road-widening Project Completed," February 28, 2020.
[399] *Guyana Chronicle*, "China Harbour to Foot Additional US$9M CJIA Expansion Work," December 23, 2020.
[400] *Kaieteur News,* "Guyana Approves Blacklisted Chinese Contractors," March 20, 2021.

hard by Hurricane Dorian followed in 2020 by the COVID-19 pandemic. According to a joint report by the Economic Commission for Latin America and the Caribbean (ECLAC) and the Inter-American Development Bank (IADB), the total cost of Hurricane Dorian's impact in The Bahamas amounted to $3.4 billion, equal to a quarter of the country's GDP.[401]

Reflecting the severe impact of natural disaster on the tourism industry, net FDI in The Bahamas totaled $488 million in 2019, a drop of 41.2 percent compared to 2018 (table 2.11). In 2018, Chinese outward FDI to The Bahamas was $2.8 billion, and it became negative in 2019 (table 2.12). Chinese bankers and construction companies provided significant loans to The Bahamas for commercial infrastructure programs, including resorts, casinos, and port and road infrastructure. China is also highly active in the telecommunications sector.[402]

Major construction projects include the Baha Mar Resort carried out by China State Construction Engineering in 2009, Nassau Airport Expressway completed by China Construction America in 2013,[403] and a new port project on North Abaco Island started by China Harbour Engineering Company (CHEC) Americas in 2015.[404]

As of the end of 2019, three key construction projects by Chinese-funded enterprises were ongoing in The Bahamas. One is the new landmark project, The Pointe, in Nassau, which is being developed and constructed by China Construction America.[405] The second project was contracted by the Chinese tech-firm Huawei to upgrade The Bahamas' digital infrastructure, connecting the island's grid to 4G service and the surrounding region.[406] The third project, providing technical support service to Bahamas Customs container inspection equipment, was undertaken by Tsinghua Tongfang Weishi Company. Table H.2 lists significant Chinese investment in The Bahamas.[407]

[401] ECLAC, "FDI in Latin America and the Caribbean 2020." 2020, accessed June 28, 2021.
[402] USDOS, U.S. Embassy Nassau, The Bahamas, Diplomatic Cable, June 21, 2021.
[403] China Construction America, "Nassau Airport Gateway," accessed June 28, 2021.
[404] Nine Line News, "Chinese port in Bahamas raises disturbing questions," *Nine Line News* (blog), November 8, 2019.
[405] China Construction America, "THE POINTE," accessed June 28, 2021.
[406] Ward, "China's Presence in the Bahamas," accessed June 28, 2021.
[407] USDOS, U.S. Embassy Nassau, The Bahamas, Diplomatic Cable International Trade Commission Biennial Caribbean Basin Investment Survey, June 21, 2021.

Table H.2 Outline of significant Chinese investment in The Bahamas, by project and industry classification, as of 2020

Investment project	Industry classification	Project description
Baha-Mar Resort	Construction; hotels and restaurants	$4.3 billion private investment by Chow Tai Fook Enterprises—the largest single investment made by China in the Caribbean. The state-owned China Export-Import Bank provided $2.5 billion to construct the resort.
British Colonial Hilton	Construction; hotels and restaurants	China State Construction Engineering Corporation purchased the landmark British Colonial Hilton Hotel for approximately $100 million and expanded construction near Nassau cruise terminals.
Freeport Container Port	Construction; transport services	$3 billion investment by Hong Kong-based CK Hutchison to develop and expand the deepwater Freeport Container Port. Also managed by CK Hutchison.
North Abaco Seaport	Construction; transport services	China provided a $39 million loan to the Bahamian government to build a seaport in Abaco. The China Harbor Engineering Company completed construction of the port. Local reports indicate an additional $8 million is needed to turn the port into a viable commercial hub.
Bahamas Telecommunications Company (BTC) and ALIV Bahamas	Communications; communications equipment	The Bahamas' two main telecommunication companies BTC and ALIV both use HUAWEI hardware, software and services for domestic 4G/LTE networks—an investment valued at millions of dollars.
Roadworks and Infrastructure Development	Construction; transport services	China EXIM provided a $54 million loan to the Bahamian government for roadworks and related infrastructure development.
Confucius Institute	Educational services; social services	China established the Confucius Institute at the University of the Bahamas through a joint venture.
General Economic and Technical Cooperation	Construction services	A $12 million bilateral agreement with China for economic, technical cooperation, including upgrades to the National Stadium and other Bahamian development projects.

Source: USDOS, U.S. Embassy Nassau, The Bahamas, Diplomatic Cable, June 21, 2021.

Haiti

In 2019, Haiti received $75 million in net FDI, 28.6 percent less than the $105 million in 2018. Despite the country's adoption of FDI-friendly policies, such as free trade zones, investment levels remain very modest. FDI inflows represented 52 percent of GDP, which was the lowest in the region in 2019. Four sectors are key in attracting foreign capital: textiles, agro-industry, tourism, and business services.

Chinese investment in Haiti generally remains limited because Haiti has official diplomatic relations with Taiwan. One exception is the Chinese company Everbright Headwear, a subsidiary of the Chinese state-owned enterprise Everbright Group, located in Compagnie de Développement Industriel (CODEVI) Industrial Park on the northern border between Haiti and the Dominican Republic. Everbright Headwear purports to employ about 500 workers with an annual production of 3 million to 4 million hats.

Everbright exports baseball caps and other headwear to the United States. In 2020, these exports were valued at approximately $9.95 million, according to USITC data.[408]

Grenada

Grenada was hit hard by the COVID-19 pandemic because tourism and the hotel industry have been the country's key sources of income. Projected GDP growth for Grenada contracted by 13.5 percent in 2020 (table 2.10). Worldwide FDI inflow totaled $121 million in 2019, a 9 percent increase from 2018 (table 2.11). Ongoing investment projects and new investment decisions froze due to the pandemic. Foreign investors report that if they do not foresee a quick recovery from the domestic economic shutdown, then FDI projects would be cancelled.[409]

Chinese investment in Grenada is very limited. In 2019, Chinese outward FDI to Grenada totaled $3 million, about five times that of 2018 level, and more than 30 times the FDI in 2016, $0.1 million (table 2.12). In 2018, the two countries signed the Belt and Road Initiative memorandum of understanding. Since the resumption of diplomatic relations between Grenada and China in 2005, the bilateral economic and trade cooperation has been mainly through grant assistance.[410]

In 2005 and 2013, the Chinese government provided grant assistance of 88 million East Caribbean dollars (about US$32 million) and 60 million East Caribbean dollars (about US$22 million) to rebuild the Grenada National Cricket Stadium and the Athletic Stadium, respectively. In 2019, the Chinese government agreed to provide grant funds to renovate the Cricket Stadium and the Athletic Stadium which had been devastated by Hurricane Ivan in 2004. Other newly signed large-scale engineering contracting projects include the theme park and supporting facilities of the Levina National Tourism Resort.[411]

[408] USDOS, U.S. Embassy Port-au-Price, Haiti, Diplomatic Cable, June 14, 2021.
[409] Government of China, Embassy of the People's Republic of China in Grenada, "China to Assist Renovating Grenada National Cricket Stadium," accessed June 28, 2021.
[410] Government of China, Ministry of Foreign Affairs, "Speech by Ambassador Zhao Yongchen at the Reception Marking the 15th Anniversary of the Resumption of Diplomatic Relations between the People's Republic of China and Grenada," accessed August 20, 2021.
[411] Government of China, Embassy of the People's Republic of China in Grenada, "China to Assist Renovating Grenada National Cricket Stadium," accessed June 28, 2021.