

# WORLD TRADE ORGANIZATION

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## UNITED STATES - CARIBBEAN BASIN ECONOMIC RECOVERY ACT

Report of the Government of the United States  
for the Year 2002  
under the Decision of 15 November 1995<sup>1</sup>

The following communication, dated 28 November 2002, has been received from the Permanent Mission of the United States.

### 1. Introduction

1. On 15 November 1995, the United States was granted a renewal of the waiver (WT/L/104) of its obligations under paragraph 1 of Article I of the GATT 1994 to the extent necessary to permit the United States Government to provide duty-free treatment to eligible products of the Caribbean Basin countries and territories as authorized by the provisions of Caribbean Basin Economic Recovery Act (CBERA) without being required to extend the same duty-free treatment to like products of any other Member. This waiver was extended until 31 December 2005.

2. Under the terms of this waiver, the United States is required to submit to the General Council an annual report on the implementation of the trade-related provisions of the CBERA with a view to facilitating the annual review provided for in paragraph 4 of Article IX of the WTO Agreement. This report covers calendar year 2002. Trade data has been provided for calendar year 2001, the most recent year for which full-year data are available.

### 2. Duty-Free Treatment under the CBERA

3. Section 211 of the CBERA allows the President of the United States to eliminate duties on all products, with certain exceptions,<sup>2</sup> from those Caribbean countries and territories that he designates as beneficiaries. There are 28 countries or territories eligible for CBERA benefits. Presently, 24 countries and territories have requested to receive CBERA benefits; all of these are receiving

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<sup>1</sup> WT/L/104.

<sup>2</sup> Prior to enactment of the United States-Caribbean Basin Trade Partnership Act (CBTPA) in 2000, the products excluded from duty-free treatment were: textile and apparel articles which are subject to textile agreements; certain footwear which was not eligible for duty-free entry under the U.S. Generalized System of Preferences in 1983; prepared tuna in airtight containers; petroleum and petroleum products; watches and watch parts if such products contain any material from countries not accorded MFN treatment; and certain leather products (handbags, luggage, flat goods, work gloves, and leather-wearing apparel). Many of these excluded products became eligible for preferential treatment under CBTPA, Title II of the Trade and Development Act of 2000, which amended the CBERA. The Trade Act of 2002 further amended the CBERA.

benefits. These countries and territories are: Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. There has been no change in the list of beneficiaries since 1990.

### **3. CBERA Performance**

4. The CBERA program has helped beneficiaries diversify their exports. On a region-wide basis, this export diversification has led to a more balanced production and export base and has resulted in a reduction in the region's vulnerability to fluctuations in markets for traditional products.

5. Since 1983, the year prior to the implementation of the CBI, total CBI country non-petroleum exports to the United States have more than tripled. The generally steady rise in U.S. trade with the CBERA countries and territories has mirrored the increase in U.S. trade worldwide. Since 1996, U.S. imports from CBERA countries have consistently accounted for 1.8 percent of total U.S. imports.

6. U.S. imports from CBERA countries and territories traditionally have consisted of agricultural products, raw materials, and their derivatives; namely, petroleum products, sugar cane, coffee, cocoa, bananas, and aluminum ores and concentrates. The deterioration in the terms of trade for these export items and their pursuit of faster economic growth prompted CBERA countries and territories to seek diversification in their export profiles. The encouragement of such diversification of the Caribbean Basin economies was one of the intended goals of the United States in implementing the CBERA program.

7. Light manufactures, principally printed circuit assemblies and apparel, but also medical instruments and chemicals, account for an increasing share of U.S. imports from the region and constitute the fastest growing sectors for new investment in CBERA countries and territories. However, traditional agricultural and raw material products continue to play a significant role in the region's economies.

8. The CBTPA, effective October 1, 2000, enhanced CBERA benefits by authorizing preferential tariff treatment for certain qualifying apparel articles. The CBTPA also extended NAFTA-equivalent duty treatment to a number of products previously excluded from the CBERA, including certain tuna, petroleum products, certain footwear, and some watches and watch parts. The Trade Act of 2002, passed on August 6, 2002, further amended the CBERA to expand the type and quantity of textile and apparel articles eligible for the preferential tariff treatment accorded to designated beneficiary CBTPA countries. Among other benefits, the Trade Act of 2002 expands the duty-free treatment available for clothing made in beneficiary countries from U.S. and regional inputs, and increases the quantity of clothing made from regional inputs that regional producers can ship duty-free to the United States annually.

9. Apparel constitutes one of the fastest growing categories of imports from the CBERA countries and territories--growing from just 5.5 per cent of total U.S. imports from the region in 1984, to nearly 46 percent in 2001, valued at over US\$9.5 billion. Apparel has ranked as the leading category of U.S. imports from the region since 1988.

10. U.S. imports under the CBERA program declined in 1999 and 2000 from their peak in 1998, as leading import products became free of duty under MFN duty rates, and therefore no longer entered under the program. Imports under CBTPA did not enter the United States until December 2000 and thus had a limited effect on import volumes in 2000.

11. While total U.S. imports (preferential and non-preferential imports combined) from CBERA countries declined during 2001, imports in the preferential portion—those under CBERA including

CBTPA—rose sharply, as shown in Table 1, reflecting the expansion of CBERA benefits to include certain types of apparel. Total U.S. imports from CBERA beneficiary countries amounted to \$20.7 billion in 2001. Of this amount, \$8.3 billion, or 40 percent, entered under CBERA (including CBTPA) preferences. In comparison, CBERA accounted for 13 percent of the total in 2000.

12. In 2001, the Dominican Republic continued to lead all countries in taking advantage of CBERA, as they have done in virtually every year since the program became effective, accounting for 28 percent of U.S. imports under the CBERA provisions. Honduras went from being fifth in exports to the U.S. under the program with 9 percent of the share in 2000, to second in exports in 2001 with 20 percent of the share. Costa Rica, El Salvador, Trinidad and Tobago, and Guatemala round out the leading users of the program, accounting for a combined 42 percent of the share.

13. Statistical annexes are provided to present a detailed description of the trade aspects of the CBI program for the most recent period. Detailed information for previous years has been provided in previous reports to the GATT Council or WTO General Council.

**Table 1** provides summary information on U.S. imports for consumption under CBERA provisions during the period 1984, 1988, 1992, 1994, 1998, 2000, and 2001.

**Table 2** provides information on leading U.S. imports, by product, from CBERA countries during 1984, 1988, 1992, 1994, 1998, 2000, and 2001.

**Table 3** provides information on US trade with CBERA countries during 1980-2001.

**TABLE 1**

U.S. Imports for Consumption under the CBERA Provisions, by Sources, 1984, 1988, 1992, 1994, 1998, 2000, and 2001<sup>1</sup>

Source	1984	1988	1992	1994	1998	2000	2001
	Value (1,000 dollars)						
Dominican Republic	222,462	248,819	567,738	751,028	1,294,533	852,294	2,363,255
Honduras	60,198	57,608	112,512	139,838	236,073	252,149	1,670,845
Costa Rica	65,756	153,417	294,937	478,109	756,579	617,075	1,011,276
El Salvador	71,986	22,485	27,249	41,126	50,206	71,565	1,008,274
Trinidad & Tobago	6,422	42,228	44,695	142,901	186,219	327,917	744,698
Guatemala	43,442	85,326	192,955	171,381	268,869	264,630	744,156
Jamaica	44,737	42,215	48,156	69,316	102,178	89,459	195,206
Haiti	21,856	83,933	19,151	15,770	28,167	25,160	158,698
Nicaragua <sup>2</sup>	-	-	40,018	80,554	72,694	57,555	147,875
The Bahamas <sup>3</sup>	-	12,013	93,324	45,062	34,914	74,451	75,811
Belize	4,621	19,180	23,733	13,112	19,706	32,360	48,519
Panama <sup>4</sup>	11,787	18,241	23,753	35,141	77,453	42,639	42,254
St. Kitts and Nevis	6,757	9,417	14,172	17,220	25,428	27,613	29,490
Guyana <sup>5</sup>	-	131	1,202	13,100	24,617	17,143	23,769
Barbados	13,376	19,125	15,478	21,313	20,392	10,441	12,000
Grenada	2	120	1,081	768	8,242	16,702	7,265
St. Lucia	1,413	3,007	3,957	6,077	7,802	7,471	7,225
Netherlands Antilles	2,504	2,917	2,964	3,214	2,775	3,624	6,043
St. Vincent and Grenadines	55	9,990	165	1,299	3,532	1,947	2,223
Antigua Barbuda	114	255	324	809	214	4	152
Dominica	9	358	1,008	2,112	1,858	196	80
Aruba <sup>6</sup>	-	-	10	12	1,779	128	22
British Virgin Islands	207	56	68	11	333	31	21
Montserrat	-	118	41	886	-	-	0
Total:	577,704	830,958	1,528,690	2,050,158	3,224,564	2,792,553	8,299,157

Refer to footnotes at end of table.

TABLE 1—CONTINUED

U.S. Imports for Consumption under the CBERA provisions, by sources, 1984, 1988, 1992, 1994, 1998, 2000, and 2001<sup>1</sup>

Source	1984	1988	1992	1994	1998	2000	2001
	<i>Percent</i>						
Dominican Republic	38.51	29.94	37.14	36.63	40.15	30.52	28.48
Honduras	10.42	6.93	7.36	6.82	7.32	9.03	20.13
Costa Rica	11.38	18.46	19.29	23.32	23.46	22.10	12.18
El Salvador	12.46	2.71	1.78	2.01	1.56	2.56	12.15
Trinidad & Tobago	1.11	5.08	2.92	6.97	5.78	11.74	8.97
Guatemala	7.52	10.27	12.62	8.36	8.34	9.48	8.97
Jamaica	7.74	5.08	3.15	3.38	3.17	3.20	2.35
Haiti	3.78	10.10	1.25	.77	.87	.90	1.91
Nicaragua <sup>2</sup>	-	-	2.62	3.93	2.25	2.06	1.78
The Bahamas <sup>3</sup>	-	1.45	6.10	2.20	1.08	2.67	.91
Belize	.80	2.31	1.55	.64	.61	1.16	.58
Panama <sup>4</sup>	2.04	2.20	1.55	1.71	2.40	1.53	.51
St Kitts and Nevis	1.17	1.13	.93	.84	.79	.99	.35
Guyana <sup>5</sup>	-	.02	.08	.64	.76	.61	.29
Barbados	2.32	2.30	1.01	1.04	.63	.37	.14
Grenada	-	.01	.07	.04	.26	.60	.09
St Lucia	.24	.36	.26	.30	.24	.27	.09
Netherlands Antilles	.43	.35	.19	.16	.09	.13	.07
St Vincent and Grenadines	.01	1.20	.01	.06	.11	.07	.03
Antigua Barbuda	.02	.03	.02	.04	.01	-	-
Dominica	-	.04	.07	.10	.06	.01	-
Aruba <sup>6</sup>	-	.00	-	-	.06	-	-
British Virgin Islands	.04	.01	-	-	.01	-	-
Montserrat	-	.01	-	.04	-	-	-
Total:	100.00	100.00	100.00	100.00	100.00	100.00	100.0

<sup>1</sup>Beginning in the year 2000, data includes U.S. imports under the CBTPA.<sup>2</sup>Nicaragua was designated as a CBERA beneficiary effective 13 November 1990 (Presidential Proclamation 6223, 8 November 1990).<sup>3</sup>The Bahamas became a CBERA beneficiary effective 14 March 1985 (Presidential Proclamation 5308, 14 March 1985).<sup>4</sup>Panama was suspended as a CBERA beneficiary on 9 April 1988 (Presidential Proclamation 5779, 23 March 1988). It was reinstated on 17 March 1990 (Presidential Proclamation 6103, 28 February 1990).<sup>5</sup>Guyana was added to the list of CBERA beneficiaries on 24 November 1988 (Presidential Proclamation 5909, 18 November 1988).<sup>6</sup>Upon independence from the Netherlands Antilles, Aruba was designated as a CBERA beneficiary, effective 1 January 1986 (Presidential Proclamation 5458, 11 April 1986).Note: Because of rounding, figures may not add to totals given.Source: Compiled from official statistics of the U.S. Department of Commerce.

**TABLE 2**

Leading U.S. Imports for Consumption from CBERA Countries, 1999-2001

HTS	Description	1999	2000	2001	Change 2001, 2000
Value (1,000 dollars)					
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesoi	844,845	1,212,444	1,294,129	6.7
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	1,233,736	1,242,870	1,152,243	-7.3
6203.42.40	Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc	1,025,045	1,063,228	1,038,036	-2.4
2710.00.05	Distillate and residual fuel oils (including blends) derived from bituminous minerals, testing under 25 degrees A.P.I.	410,458	943,734	695,083	-26.3
0803.00.20	Bananas, fresh or dried	557,368	588,172	659,165	12.1
9018.90.80	Instruments and appliances used in medical, surgical, dental or veterinary sciences, nesi, and parts and accessories thereof	418,893	512,102	607,693	18.7
6204.62.40	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, nesi	519,981	595,107	529,201	-11.1
9801.00.10	U.S. goods returned without having been advanced in value or improved in condition while abroad	563,768	560,306	523,902	-6.5
2710.00.10	Distillate and residual fuel oils (including blends) derived from bituminous minerals, testing 25 degrees A.P.I. or more	324,729	627,922	518,717	-17.4
2711.11.00	Natural gas, liquefied	105,248	326,988	485,785	48.6
2814.10.00	Anhydrous ammonia	225,339	331,972	386,071	16.3
6107.11.00	Men's or boys' underpants and briefs, knitted or crocheted, of cotton	344,022	376,416	378,035	0.4
0901.11.00	Coffee, not roasted, not decaffeinated	559,410	701,873	364,349	-48.1
2709.00.20	Petroleum oils and oils from bituminous materials, crude, testing at 25 degrees A.P.I. or more	72,910	216,351	338,984	56.7
6212.10.90	Brassieres, not containing lace, net or embroidery, containing under 70% by wt of silk or silk waste, whether or not knitted or crocheted	370,798	333,419	316,308	-5.1

HTS	Description	1999	2000	2001	Change 2001, 2000
		Value ( <i>1,000 dollars</i> )			Percent
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	342,390	337,115	315,877	-6.3
8542.13.80	Monolithic digital integrated circuits, metal oxide (MOS) technology, nesoi	54,598	185,162	315,754	70.5
6203.43.40	Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc, cont under 36% wt wool, n/water resist, not k/c	225,910	265,247	298,863	12.7
0306.13.00	Shrimps and prawns, cooked in shell or uncooked, dried, salted or in brine, frozen	275,830	292,545	287,856	-1.6
2905.11.20	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	92,494	222,620	281,988	26.7
<b>Total of items shown:</b>		8,567,773	10,935,594	10,788,040	-1.3
<b>All other:</b>		10,796,990	11,225,481	9,890,827	-11.9
<b>Total all commodities:</b>		19,364,762	22,161,075	20,678,868	-6.7

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

Source: Compiled from official statistics of the US Department of Commerce.

**TABLE 3**

U.S. Trade with CBERA Countries, 1980-2001

Year	U.S. exports <sup>1</sup>	Share of U.S. exports to the world	U.S. imports <sup>2</sup>	Share of U.S. imports from the world	U.S. trade balance
	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>	<i>Percent</i>	<i>Million dollars</i>
1980	5,930.2	2.7	10,193.9	4.2	-4,263.8
1981	6,293.3	2.7	9,711.5	3.7	-3,418.1
1982	6,131.9	2.9	7,029	3.3	-1,797.2
1983	5,666.7	2.8	8,930.2	3.5	-3,263.6
1984	6,111.3	2.8	8,781.7	2.7	-2,670.4
1985	5,827.7	2.7	6,774.2	2	-946.6
1986	6,114.3	2.8	6,128.7	1.7	-14.5
1987	6,731.2	2.8	6,099.1	1.5	632.1
1988	7,427.8	2.4	6,062.2	1.4	1,365.7
1989	8,786.6	2.5	6,895.8	1.5	1,890.8
1990	9,307.1	2.5	7,525.2	1.5	1,781.9
1991	9,885.5	2.5	8,229.4	1.7	1,656.2
1992	10,901.7	2.6	9,425.6	1.8	1,476.1
1993	11,941.9	2.7	10,094	1.8	1,847.9
1994	12,822	2.7	11,200.3	1.7	1,621.7
1995	14,870.3	2.7	12,550.1	1.7	2,320.2
1996	15,374.7	2.6	14,544.8	1.8	829.9
1997	17,807.9	2.8	16,572.4	1.9	1,235.4
1998	19,200.1	3	17,124.3	1.9	2,075.8
1999	19,029.6	3	19,364.8	1.9	-335.2
2000	20,727.9	2.9	22,161.1	1.8	-1,433.1
2001	20,117.1	3.0	20,678.9	1.8	-561.8

<sup>1</sup> Domestic exports, f.a.s. basis.

<sup>2</sup> Imports for consumption, customs value.

Source: Compiled from official statistics of the US Department of Commerce.