

Seventh Report to Congress on the Operation of the Caribbean Basin Economic Recovery Act

December 31, 2007

Prepared by the Office of the United States Trade Representative



Office of the United States Trade Representative
Office of the Americas
Everett Eissenstat
Assistant United States Trade Representative

This report was prepared by

Project Supervisor
Kent Shigetomi

General Counsel
Shubha Sastry

Economic Counsel
Mitchell Ginsburg

The Office of the United States Trade Representative would like to give a special thanks to Walker A. Pollard and Justino De La Cruz of the U.S. International Trade Commission, and the Economic Officers and Desk Officers of the U.S. Department of State who contributed to this report.

TABLE OF CONTENTS

Executive Summary	iii
Introduction.....	1
Chapter 1: Description of the Caribbean Basin Initiative.....	3
Chapter 2: U.S. Trade with the Caribbean Basin Initiative Countries.....	11
Chapter 3: Eligibility Criteria and Advancement of Trade Policy Goals	17
Country Reports: Compliance with Eligibility Criteria	
Aruba.....	21
The Bahamas.....	23
Barbados	25
Belize	27
British Virgin Islands.....	31
Costa Rica	32
Dominican Republic	37
The Organisation of Eastern Caribbean States	41
El Salvador.....	46
Guatemala	50
Guyana	54
Haiti.....	58
Honduras.....	61
Jamaica.....	68
Netherlands Antilles.....	72
Nicaragua	73
Panama.....	79
Trinidad and Tobago.....	85
Chapter 4: Summary of Public Comments	90
Appendix 1: List of Frequently Used Acronyms.....	92
Appendix 2: United States Imports from CBI countries.....	93

EXECUTIVE SUMMARY

- The U.S. trade preferences programs for the Central American and Caribbean region, known collectively as the Caribbean Basin Initiative (CBI), continue to generate important benefits for the beneficiary countries. Expansion of CBI benefits through enactment of the Caribbean Basin Trade Partnership Act (CBTPA) in 2000, the provisions included in the Trade Act of 2002, and the HOPE Act of 2006 represents an important affirmation of the ongoing U.S. commitment to economic development in the Caribbean Basin, by expanding duty-free access to the U.S. market for CBI goods.
- On August 2, 2005, President Bush signed implementing legislation for the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). The CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras on April 1, 2006; for Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. When the CAFTA-DR entered into force for each of these countries, the country ceased to be designated as a CBERA and CBTPA beneficiary. When the CAFTA-DR enters into force for Costa Rica, that country will cease to be designated as a CBERA and CBTPA beneficiary country. The United States and Panama signed a free trade agreement on June 28, 2007, but that agreement has not yet entered into force.
- In conjunction with economic reform and trade liberalization by beneficiary countries, the trade benefits of CBI have helped countries and certain dependent territories in the region diversify their exports and have contributed to their economic growth. At the inception of the CBI in 1983, traditional and primary products such as coffee, bananas, sugars, and mineral fuels accounted for a majority of U.S. imports from the region. By 2006, that percentage had fallen to approximately 37 percent, reflecting the increase in the value of energy and related chemical products and the exit from CBERA of four major apparel producing countries.
- The total value of U.S. imports from CBI countries in 2006, at \$26.1 billion, was three times greater than in 1984. The CBI's share of total U.S. imports was 1.4 percent in 2006, slightly less than its share in each of the three preceding years.
- U.S. exporters have also benefited from the trade expansion fostered by the CBI program. Total U.S. exports to the CBI region, having reached \$25.8 billion in 2006, made the CBI region the tenth largest market for U.S. exports, ahead of economies such as Taiwan, Brazil, and Italy. U.S. exports to CBI beneficiary countries fell by 7.1 percent in 2006, in large part because four countries (El Salvador, Honduras, Nicaragua, and Guatemala) ceased being beneficiary countries in 2006. In 2006, CBI beneficiary countries absorbed approximately 2.5 percent of total U.S. exports.
- The CBTPA provisions are being extensively used by CBI exporters and U.S. importers. The Administration will continue to work with Congress, the private

sector, beneficiary countries, and other interested parties to ensure a faithful and effective implementation of this important expansion of the CBERA program.

- The eligibility criteria contained in the CBI statutes, including the revised factors outlined in the CBTPA, have continued to provide opportunities to advance important U.S. policy objectives. Upon implementation of CBTPA in mid-2000, the Administration conducted an extensive review of each of the 24 CBI countries and dependent territories that receive preferential access to the U.S. market through the CBI, in connection with the initial process of considering their eligibility under the CBTPA. This review provided an opportunity for the U.S. Government to engage directly with the governments of the countries and dependent territories seeking CBTPA benefits on the issues addressed in the criteria. This engagement helped to bring about improvements in the practices and policies in place at that time in some of the countries and dependent territories seeking CBTPA benefits. Improvements occurred in various areas including the protection of internationally recognized worker rights, and the protection of intellectual property rights and participation in the World Trade Organization and the Free Trade Area of the Americas Negotiations.
- U.S. engagement with the Caribbean Basin through the CBI offers an important opportunity to foster the active participation of countries and dependent territories in the region in various initiatives to promote trade liberalization and to help CBI beneficiary countries and dependent territories make the structural changes necessary for them to take full advantage of trade liberalization in the Western Hemisphere.

INTRODUCTION

The programs known collectively as the Caribbean Basin Initiative (CBI) are a vital element in U.S. economic relations with its neighbors in Central America and the Caribbean. Initially launched in 1983 by the Caribbean Basin Economic Recovery Act (CBERA) and substantially expanded in 2000 with the U.S.-Caribbean Basin Trade Partnership Act (CBTPA), the CBI was further expanded in the Trade Act of 2002. In December 2006, the HOPE Act of 2006 enhanced benefits under CBERA for Haiti. The CBI currently provides 19 countries and dependent territories with duty-free access to the U.S. market for most goods.

The CBI was initially envisioned as a program to facilitate the economic development and export diversification of the Caribbean Basin economies. However, after more than two decades, it is clear that the CBI provides important benefits to the United States, as well as beneficiary countries. U.S. exports to the CBI beneficiary countries* more than doubled between 1988 and 2006, reaching \$25.8 billion in 2006. Collectively, the CBI beneficiary countries rank tenth among U.S. market destinations, ahead of economies such as Taiwan, Brazil, and Italy.

CBI beneficiary countries are subject to certain eligibility criteria set out in the various statutes. These criteria, and the performance of CBI beneficiary countries and dependent territories in addressing them, are discussed in detail in Chapter 3. The Administration conducted an extensive review of all 24 CBI beneficiary countries in mid-2000, in connection with the implementation of the CBTPA, which reflected a revised set of eligibility criteria for receiving enhanced trade benefits. This review process provided an important opportunity to engage with CBI trading partners to advance the U.S. policy objectives reflected as eligibility factors.

In the CBTPA, Congress highlighted the commitment of the United States to promoting economic growth in the Caribbean Basin, and noted that it is the policy of the United States to seek a free trade agreement with willing countries in the region at the earliest possible date.

Enactment of the Trade Act of 2002 represented a strong reinforcement of the U.S. commitment to economic engagement with its Caribbean Basin neighbors. In addition to harmonizing apparel eligibility criteria among the Andean Trade Preferences Act, the African Growth and Opportunity Act, and the CBTPA, the Trade Act of 2002 increased caps for knit apparel articles and t-shirts from the Caribbean Basin.

The HOPE Act of 2006 further amended the CBERA program by establishing special new rules of origin that make Haiti eligible for new trade benefits for apparel imports and that enhance sourcing flexibility for apparel producers in Haiti.

* This report uses the terms “beneficiary countries” to refer to the sovereign countries and dependent territories that receive preferential access to the U.S. market in accordance with the provisions of the CBERA and/or the CBTPA.

This report, coming more than five years after the passage of the Trade Act of 2002 and one year after the passage of the HOPE Act, provides an important opportunity to evaluate the effects of these expansions of CBI trade preferences. It is clear that the new preference provisions are being actively used by beneficiary countries and U.S. industries. The Administration will continue to work with Congress, the private sector, CBI beneficiary countries, and other interested parties to ensure a faithful and effective implementation of this important expansion of trade benefits.

Chapter 1

DESCRIPTION OF THE CARIBBEAN BASIN INITIATIVE

Key Product Eligibility Provisions

CBERA Preferences

The Caribbean Basin Economic Recovery Act of 1983 allows the President to grant unilateral duty-free treatment on imports of certain eligible articles from CBI beneficiary countries. In order to receive benefits, products generally must: a) be imported directly from a CBI beneficiary country into the U.S. customs territory; b) be wholly the growth, product or manufacture of a CBI beneficiary country or be substantially transformed into a new or different article in the CBI beneficiary country; and c) contain a minimum of 35 percent local content of one or more CBI beneficiary countries (15 percent of the minimum content may be from the United States.)

In 1990, the CBERA was made permanent and at the same time amended modestly to increase market access to the United States. These amendments expanded certain trade and tax benefits of the original statute, including: a 20 percent tariff reduction on certain leather products; duty-free treatment for products produced in Puerto Rico and further processed and imported from CBI beneficiary countries; and duty-free treatment from CBI beneficiary countries for products made from 100 percent U.S. components. Textile and apparel articles, and petroleum and certain products derived from petroleum, were excluded from duty-free treatment.

In addition, as part of the ongoing efforts to make the program more effective through administrative enhancements, the list of products eligible for duty-free treatment was expanded through two proclamations intended to make the language of CBERA parallel the language of the Generalized System of Preferences (GSP). Effective September 28, 1991, 94 tariff categories, affecting \$47 million in 1991 imports, were provided new or expanded duty-free treatment. A second expansion, effective July 17, 1992, provided 28 tariff categories new or expanded status as goods eligible for preferential tariff treatment under CBI.

CBTPA Preferences

In May 2000, the United States enacted a further enhancement of the CBI through the U.S.-Caribbean Basin Trade Partnership Act. The new legislation was implemented on October 2, 2000. The CBTPA recognizes the importance of apparel as a component of CBI exports to the United States, and expands the degree of preferential treatment applied to U.S. imports of apparel made in the Caribbean Basin region.

Under the CBTPA, duty- and quota-free treatment is provided for apparel assembled in CBI countries from U.S. fabrics formed from U.S. yarns and cut in the United States. If the U.S. fabrics used in the production of such apparel are cut into parts in the CBTPA beneficiary

countries rather than in the United States, the apparel must also be sewn together with U.S. thread in order to qualify for preferential treatment. Duty- and quota-free treatment is also available for certain knit apparel made in CBTPA beneficiary countries from fabrics formed in the Caribbean Basin region, provided that the fabric is formed from U.S. yarns. This “regional fabric” benefit for knit apparel is subject to an annual quantitative limit, with a separate limit provided for t-shirts. The limits were subject to annual growth rates of 16 percent through September 30, 2004. (These limits were later amended by the Trade Act of 2002 (“the Act”), discussed below). Duty- and quota-free treatment is also available for certain brassieres, certain textile luggage, apparel made in CBI countries from fabrics determined not to be available in commercial quantities in the United States, and designated “hand-loomed, handmade, or folklore” articles.

In addition to these apparel preferences, the CBTPA provides tariff treatment equivalent to that extended to Mexican products under the NAFTA for certain items previously excluded from duty-free treatment under the CBI program. These products are: footwear, canned tuna, petroleum products, certain watches and watch parts, certain handbags, luggage, flat goods, work gloves and leather wearing apparel.

In contrast to CBERA, which is permanent, the CBTPA benefits by statute expire on September 30, 2008, or upon entry into force of the Free Trade Area of the Americas (FTAA) or another free trade agreement between the United States and a beneficiary country, whichever comes first.

Trade Act of 2002 Preferences

The Trade Act of 2002 amended the CBERA to grant additional benefits to Caribbean Basin apparel products. Specifically, these changes permitted the use of U.S. and regional knit-to-shape components in eligible apparel articles. The Act also grants preferences to “hybrid articles,” which are articles that contain U.S. and regional components, and specified that both fabric and knit-to-shape components may be used in eligible articles. In addition, the Act substantially increased the annual quantitative limit for eligible knit apparel articles and nearly doubled the separate limits for t-shirts. The Act also added a requirement, effective September 1, 2002, that for apparel assembled in the region from U.S. knit or woven fabrics, all dyeing, printing, and finishing must be done in the United States.

HOPE Act of 2006

The Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE Act) makes Haiti eligible for new trade benefits, in addition to those it currently receives under CBI. Under CBTPA, apparel imports from Haiti qualified for duty-free treatment only if they were made from U.S. or Haitian fabric. However, the HOPE Act also allows apparel imports from Haiti to enter the United States duty free if at least 50 percent of the value of inputs and/or costs of processing are from any combination of U.S., FTA partner countries, and regional preference program partner countries. The quantity of apparel eligible for duty-free treatment under this provision is subject to a limit in the first year

equivalent to one percent of overall U.S. apparel imports. This limit will expand gradually over five years, reaching two percent in the fifth year.

The HOPE Act also removes duties for three years on a specified quantity of woven apparel imports from Haiti made from fabric produced anywhere in the world. Finally, the HOPE Act will allow automotive wire harnesses imported from Haiti that contain at least 50 percent by value of materials produced in Haiti, U.S., FTA partner countries, or regional preference program countries to qualify for duty-free treatment.

Beneficiary Countries

Currently 19 countries and dependent territories receive CBI benefits. Chapter 3 discusses the eligibility criteria related to the designation of countries and dependent territories as CBERA and CBTPA beneficiary countries and provides a summary of current compliance with these criteria on the part of CBI countries. The President is authorized to limit, suspend or withdraw CBI benefits if conditions change with regard to performance in connection with the statutory eligibility criteria.

Twenty countries and dependent territories were designated to receive benefits on January 1, 1984: Antigua and Barbuda, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Panama, St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago. The Bahamas was designated on March 14, 1985. On April 11, 1986, Aruba was designated retroactively to January 1, 1986, upon becoming independent of the Netherlands Antilles. Guyana was designated effective November 24, 1988, and Nicaragua was designated effective November 13, 1990. This brought the total number of beneficiary countries to 24.

Anguilla, Cayman Islands, Suriname, and Turks and Caicos Islands have also been identified by Congress as potentially eligible for benefits, but have not yet requested beneficiary status.

Based on the criteria described in Chapter 3 of this report, on October 2, 2000, President Clinton designated all 24 of the then-existing CBERA beneficiary countries as eligible beneficiaries under the CBTPA. The CBTPA requires an additional determination that countries and dependent territories have implemented or are making substantial progress toward implementing certain customs procedures based on those contained in the NAFTA. (See discussion below.) As of late 2007, the following nine countries have satisfied this requirement and have been designated as fully eligible to receive the enhanced benefits of the CBTPA: Barbados, Belize, Costa Rica, Guyana, Haiti, Jamaica, Panama, Saint Lucia, and Trinidad and Tobago. Additional CBTPA beneficiary countries may be designated in the future as fully eligible for CBTPA benefits, provided that the customs-related requirements are satisfied.

On August 2, 2005, President Bush signed implementing legislation for the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). The CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras on April 1,

2006; for Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007. When the CAFTA-DR entered into force for each of these countries, it ceased to be designated as a CBERA and CBTPA beneficiary country. When the CAFTA-DR enters into force for Costa Rica, that country will also cease to be designated as a CBERA and CBTPA beneficiary country. The United States and Panama signed a free trade agreement on June 28, 2007, but that agreement has not yet entered into force.

Anti-Transshipment Provisions

In extending preferential treatment to certain kinds of apparel manufactured in CBI beneficiary countries, the CBTPA includes provisions intended to guard against the illegal transshipment of non-qualifying goods through CBI countries. In order to take advantage of this trade benefit, CBTPA beneficiaries are required to implement and follow, or make substantial progress toward implementing and following, certain customs procedures based on those contained in Chapter 5 of the NAFTA. To meet these statutory requirements, beneficiary countries were requested to provide the USTR with commitments regarding, *inter alia*: use of appropriate certificate of origin documents; cooperation with U.S. Customs and Border Protection in conducting origin verification visits under certain conditions; implementation of legislation and/or regulations to ensure the enforcement of these customs procedures; imposition of appropriate penalties in cases of non-compliance; and regular updates on progress in implementing the customs requirements established under the CBTPA.

The CBTPA also provides that, if a CBI exporter is determined to have engaged in illegal shipment of textile or apparel products, the President shall deny all benefits under the CBTPA to that exporter for two years. In addition, where a beneficiary country has been requested by the United States to take action to prevent transshipment and the country has failed to do so, the President shall reduce the quantities of textile and apparel articles that may be imported into the United States from that beneficiary country by three times the quantity of articles transshipped.

In a September 2001 report to Congress, the USTR concluded that the implementation of the CBTPA appears to have resulted in no systemic transshipment activity in the Caribbean Basin region and that the level and degree of cooperation on anti-circumvention matters on the part of CBTPA beneficiary countries are positive.

Safeguard Provisions

The President may suspend duty-free treatment under the CBI programs if temporary import relief is determined to be necessary due to serious injury to domestic producers. The CBI provides special rules governing emergency relief from imports of perishable agricultural products from beneficiary countries.

Rum Provisions

An excise tax of \$13.50 per proof gallon is imposed under section 5001(a)(1) of the Internal Revenue Code (the Code) on distilled spirits, including rum, produced in or imported into the United States. The CBERA requires that excise taxes (less the estimated amount necessary for payment of refunds and drawbacks) on all rum imported into the United States, including rum produced in Puerto Rico, the Virgin Islands and CBERA countries, be transferred (carried over) to the Treasuries of Puerto Rico and the Virgin Islands (section 7562(3) of the Code). For distilled spirits brought into the United States after June 30, 1999 and before January 1, 2004, the rate at which the amounts transferred are calculated is \$13.25 per proof gallon (section 7652(f) of the Code).

The CBERA provides that if the amounts transferred to Puerto Rico or the Virgin Islands are lower than the amount that would have been transferred if the imported rum had been produced in Puerto Rico or the Virgin Islands, the President shall consider compensation measures and may withdraw the duty-free treatment of rum produced in CBI countries. This provision—intended to provide a remedy should the amounts carried over to Puerto Rico and the Virgin Islands fall below such amounts transferred under prior law—has never been invoked.

Tax Provisions

U.S. taxpayers can deduct legitimate business expenses incurred in attending a business meeting or convention in a qualifying CBERA beneficiary country, or Bermuda, without regard to the more stringent requirements usually applied to foreign convention expenses. To qualify, a CBERA beneficiary country must have a tax information exchange agreement in effect with the United States, and the tax laws in the CBERA beneficiary country may not discriminate against conventions held in the United States.

As of December 2007, the following 14 countries have satisfied all of the requirements for benefiting from this provision: Antigua and Barbuda, Aruba, Bahamas, Barbados, Bermuda, Costa Rica, Dominica, Dominican Republic, Grenada, Guyana, Honduras, Jamaica, Netherlands Antilles, and Trinidad and Tobago.

Reports

In addition to this biennial USTR report on the general operation of the CBERA and compliance with eligibility criteria, the CBERA requires the following reports.

USITC Economic Effects Report: Section 215 of the CBERA requires the U.S. International Trade Commission (ITC) to report biennially to the Congress with an assessment of the actual and probable future effects of the CBERA on the U.S. economy generally, on U.S. consumers, and on U.S. industries. Effective in 2001, the ITC report is also required to address the economic impact of the CBI programs on beneficiary countries. The ITC submitted its 18th report on the impact of the CBERA to the President and Congress in September 2007 (USITC Publication 3954). The ITC concluded that the CBERA

continued to have a negligible effect on the U.S. economy during 2005 and 2006. The ITC also found that the entry into force of the CAFTA-DR for four countries (El Salvador, Guatemala, Honduras, and Nicaragua) was an important reason for the reduction in the value of U.S. imports receiving CBERA benefits. In 2005, these four countries accounted for 42.5 percent of U.S. imports entered under CBERA provisions. Furthermore, the migration of the four countries to CAFTA-DR has also shifted the product composition of U.S. imports under the CBERA program. Apparel imports have become less important, while petroleum and natural gas-related imports originating in CBERA countries (nearly all from Trinidad and Tobago) have become more important.

Labor Impact Report: Section 216 of the CBERA required the Secretary of Labor to provide an annual report to Congress on the impact of the CBI on U.S. labor. That provision has expired.¹ The final report, covering 1997-98, was submitted in February 2000. The report found that the preferential tariff treatment provided to the products of the CBI beneficiaries did not appear to have had an adverse impact on, or to have constituted a significant threat to, U.S. employment.

Anti-Transshipment Cooperation Report: The CBTPA required the U.S. Customs Service (now U.S. Customs and Border Protection) to prepare a study analyzing the extent to which CBTPA beneficiary countries are cooperating with the United States in instances of illegal transshipment of textile and apparel imports. This one-time study, under cover of a report of the USTR, was submitted to Congress on September 20, 2001.

Worst Forms of Child Labor Report: The Trade and Development Act of 2000 requires the Secretary of Labor to prepare a report on GSP beneficiary countries' and dependent territories' progress toward implementing their international commitments to eliminate the worst forms of child labor. The most recent report was published September 2007. As an indication of the decline in the incidence of child labor globally, it cites a 2006 International Labor Organization (ILO) study that found that the global number of working children ages 5 to 14 fell by approximately 10 percent compared to statistics published in 2002. Children's economic activity decreased significantly in Latin America and the Caribbean.

As an example of the global efforts to address child labor, 165 countries have ratified ILO Convention No. 182 on the Worst Forms of Child Labor since its adoption in June 1999, including all of the CBERA countries. Also, many of the countries studied in the report showed both ongoing efforts and new efforts in governmental policies and programs to eliminate the worst forms of child labor. These efforts are described in the individual country reports in Chapter 3. The U.S. Department of Labor and other donors have also funded child labor elimination projects implemented by a variety of organizations, including the International Labor Organization-International Program on the Elimination of Child Labor (ILO-IPEC) in the Caribbean, Central America, the Dominican Republic and Haiti to combat child labor in hazardous sectors such as commercial agriculture, garbage collecting and fireworks manufacturing, as well as to prevent the commercial sexual exploitation of

¹ The Federal Reports Elimination and Sunset Act of 1995 (P.L. 104-66 of December 21, 1995) specified that this report was to be phased out four years hence (December 21, 1999).

children. To access a full version of the report, please visit the U.S. Department of Labor's website at www.dol.gov.

Meetings of Caribbean Basin Trade Ministers and USTR

The CBTPA directs the President to convene a meeting with the trade ministers of Caribbean Basin countries in order to establish a schedule of regular meetings of the region's trade ministers and the USTR. As indicated in the CBTPA, the purpose of the meetings is to advance consultations between the United States and CBI countries concerning the possible initiation of advantageous trade agreements with the United States.

In October 2006, the United States met with senior officials from the Caribbean Community and Common Market (CARICOM) under the framework of the United States-CARICOM Trade and Investment Council (TIC). The TIC discussed a wide range of issues related to trade and investment in the region and globally, as well as recent developments in Caribbean integration. In June 2007, the United States hosted the Conference on the Caribbean, which brought together leaders from the United States and the Caribbean to discuss economic growth, investing in people, and security issues. President Bush met with his counterparts from the Caribbean and issued a joint statement in which the leaders committed to expand economic opportunities, to address the threats of terrorism and crime, and to cooperate in other areas.

In accordance with the CBTPA's directive to explore additional possibilities for free trade with CBI countries, in early 2002 President Bush put forward his vision for a free trade agreement with Central America that would expand economic freedom and opportunity for all peoples, and which would support regional stability, democracy and economic development. In January 2003, the United States began negotiating a free trade agreement with the Central American countries of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. Negotiations with El Salvador, Guatemala, Honduras and Nicaragua concluded in December 2003 and with Costa Rica in January 2004.

Due to the significant trade and strong political relationship with the Dominican Republic and after consultations with the United States' Central American negotiating partners, the USTR announced the Administration's intent on August 4, 2003, to begin negotiations in January 2004 to integrate the Dominican Republic into CAFTA. Negotiations of the CAFTA-DR concluded, and the agreement was signed in August 2004. The U.S. Congress has passed implementing legislation in 2005. The CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras on April 1, 2006; for Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; and for the Dominican Republic on March 1, 2007.

In addition, the United States began negotiation of a free trade agreement with the Republic of Panama in 2004. These negotiations concluded in December 2006, and the agreement was signed on June 28, 2007. The decision to move forward with Panama on greater liberalization efforts reflects the parties' recognition of their historical relationship and Panama's commitment to strengthening economic ties, resolving current impediments to

trade, increasing bilateral trade and investment, and enhancing cooperation in the area of regional and multilateral trade negotiations.

All of the CBI beneficiary countries support resuming the FTAA negotiations. At the Fourth Summit of the Americas in November 2005, the Caribbean and Central American Leaders recognized the importance of achieving a balanced and comprehensive FTAA Agreement and called for trade officials to meet during 2006 to examine and overcome the difficulties in the FTAA process, including through a consultation process facilitated by the Government of Colombia. The Administration's policy is to continue to pursue with Caribbean Basin partners the shared vision of hemispheric integration, including the FTAA, while remaining open to possible accelerated trade liberalization efforts with those countries or groups of countries willing and able to move at a faster pace.

Other Provisions

Under U.S. antidumping and countervailing duty laws, imports from two or more countries subject to investigation may be aggregated, or "cumulated," for the purpose of determining whether the unfair trade practice causes material injury to a U.S. industry. The 1990 amendments to the CBERA created an exception to this general cumulation rule for imports from CBI beneficiary countries. If imports from a CBI country are under investigation in an anti-dumping or countervailing duty case, imports from that country may not be aggregated with imports from non-CBI countries under investigation for purposes of determining whether the imports from the CBI country are causing, or threatening to cause, material injury to a U.S. industry. They may, however, be aggregated with imports from other CBI countries under investigation.

Chapter 2

U.S. TRADE WITH THE CARIBBEAN BASIN INITIATIVE COUNTRIES

U.S. IMPORTS

Detailed information on U.S. imports from CBI countries is presented in Appendix 2 of this report.

Since the preparation of the sixth report on the operation of the CBERA, five CBERA beneficiary countries have left the CBERA program for CAFTA-DR, four of them during 2006 and one in 2007, as noted in chapter 1. U.S. imports from CBI countries reflect the departure of these countries from the CBERA program, with imports growing 15.4 percent in 2005 but falling 18.5 percent in 2006.

At \$32.0 billion in 2005, CBI countries combined constituted the twelfth-largest supplier of U.S. imports ahead of Italy and just behind Malaysia. In 2006, CBI countries combined supplied \$26.1 billion of U.S. imports, ranking seventeenth among U.S. import suppliers, ahead of Thailand and behind Brazil. The CBI countries continued to supply just under 2 percent of U.S. imports before CAFTA-DR countries began to leave the CBERA program in 2006. (See table 1.)

Table 1: U.S. Trade with CBI beneficiary Countries, 2002-2006 and Jan-Sept of 2006 and 2007¹

Year	U.S. Total Exports to World ²	U.S. Exports to CBI Countries	Percent of U.S. Total	U.S. Total Imports from World ³	U.S. Imports from CBI Countries	Percent of U.S. Total
	Million \$	Million \$	U.S. Total	Million \$	Million \$	U.S. Total
2002	693,257.3	21,690.1	3.1	1,163,548.6	21,380.4	1.8
2003	723,743.2	23,434.4	3.2	1,259,395.6	24,762.6	2.0
2004	816,547.6	24,460.6	3.0	1,469,673.4	27,776.0	1.9
2005	904,379.8	27,781.3	3.1	1,670,940.4	32,049.0	1.9
2006	1,037,143.0	25,796.2	2.5	1,855,119.3	26,125.3	1.4
Jan-Sept 2006	764,249.3	19,747.5	2.6	1,384,975.3	20,670.5	1.5
Jan-Sept 2007	850,789.1	14,698.9	1.7	1,434,499.2	14,884.3	1.0

¹ In 2006, data for El Salvador, Guatemala, Honduras, and Nicaragua are only included for the time these countries were CBERA beneficiaries. Likewise, in 2007, data for the Dominican Republic are only included for the time it was a CBERA beneficiary.

² Total exports, F.A.S. value.

³ General imports, customs value.

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

U.S. imports entering under CBI preferences increased 9.7 percent in 2005 to \$11.9 billion but fell 22.3 percent to \$9.2 billion in 2006. (See table 2.) When the four CAFTA-DR countries that left the CBERA program during 2006 are excluded, imports under CBI preferences increased 12.9 percent in 2005 and 17.3 percent in 2006. The migration of the four countries to CAFTA-DR has also shifted the product composition of U.S. imports under

the CBERA program, and that shift will be more pronounced in future years. Apparel imports, which had come mainly from the CAFTA-DR countries, have become less important, while petroleum and natural gas-related imports originating in non-CAFTA-DR countries (nearly all from Trinidad and Tobago) have become more important, accounting for 43 percent of US imports under CBERA from the non-CAFTA-DR countries in 2006.

Table 2: U.S. Imports from CBI Countries by Program, 2004-2006 and January-September of 2006 and 2007¹

Import Program	2004	2005	2006	2006 Jan-Sept	2007 Jan-Sept	Change 2004-2005	Change 2005-2006	Change Jan-Sept
	Million \$					Percent		
Part-year 2006 CBI beneficiaries								
CBI	4,956.2	5,250.3	1,450.9	1,450.9	0.0	5.9	-72.4	-100.0
CBERA	643.5	786.7	324.1	324.1	0.0	22.2	-58.8	-100.0
CBTPA	4,312.7	4,463.6	1,126.7	1,126.7	0.0	3.5	-74.8	-100.0
GSP	137.2	183.3	97.2	97.2	0.0	33.6	-47.0	-100.0
NTR free	1,607.1	1,673.6	600.6	600.6	0.0	4.1	-64.1	-100.0
Total	9,838.7	10,054.6	3,142.4	3,142.4	0.0	2.2	-68.7	-100.0
Full-year 2006 CBI beneficiaries								
CBI	5,883.6	6,642.0	7,790.6	5,892.1	3,869.3	12.9	17.3	-34.3
CBERA	2,353.3	2,752.5	3,576.6	2,649.9	2,143.1	17.0	29.9	-19.1
CBTPA	3,530.3	3,889.5	4,214.1	3,242.2	1,726.2	10.2	8.3	-46.8
GSP	217.9	285.3	313.5	231.1	113.2	30.9	9.9	-51.0
NTR free	7,941.2	9,176.6	9,059.9	6,903.0	6,901.6	15.6	-1.3	0.0
Total	17,937.3	21,994.4	22,982.9	17,528.1	14,884.3	22.6	4.5	-15.1
All CBI beneficiaries								
CBI	10,839.9	11,892.3	9,241.5	7,342.9	3,869.3	9.7	-22.3	-47.3
CBERA	2,996.9	3,539.1	3,900.7	2,974.0	2,143.1	18.1	10.2	-27.9
CBTPA	7,843.0	8,353.1	5,340.8	4,368.9	1,726.2	6.5	-36.1	-60.5
GSP	355.1	468.6	410.6	328.3	113.2	32.0	-12.4	-65.5
NTR free	9,548.4	10,850.2	9,660.4	7,503.5	6,901.6	13.6	-11.0	-8.0
Grand Total	27,776.0	32,049.0	26,125.3	20,670.5	14,884.3	15.4	-18.5	-28.0

¹General imports, customs value.

² In 2006, data for El Salvador, Guatemala, Honduras, and Nicaragua are only included for the time these countries were CBERA beneficiaries. Likewise, in 2007, data for the Dominican Republic are only included for the time it was a CBERA beneficiary.

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

Imports by Country

Trinidad and Tobago became the leading source of U.S. imports entered under CBI preferences in 2006, displacing the Dominican Republic, the long-time leader. The United

States imported \$3.1 billion under CBI preferences from Trinidad and Tobago in 2006, an increase of 32.8 percent from 2005. Imports under CBI preferences from Trinidad and Tobago are dominated by petroleum and methanol and close to 70 percent of such imports entered under CBPTA provisions in 2006. U.S. imports of petroleum and methanol both increased in value because of higher prices and higher import volumes of both products.

The Dominican Republic became the second leading CBI supplier of imports to the United States in 2006 with \$2.4 billion in 2004 entering under CBI preferences after several years of small declines. This decline is mostly due to decreases in Dominican exports of apparel, especially woven apparel. Apparel, cigars, jewelry, electrical components and sugar were the major Dominican products exported to the United States in 2006. U.S. imports under CBTPA preferences from the Dominican Republic represented almost 60 percent of Dominican trade under CBI preferences.

Costa Rica was the third leading source of U.S. imports under CBI preferences in 2006, which rose 14.9 percent to \$1.4 billion. Pineapples, apparel articles, and fuel-grade ethanol were the leading categories of CBI- preference imports from Costa Rica in 2006.

Guatemala, Honduras, and El Salvador were the fourth, fifth, and eighth leading suppliers of U.S. imports under CBI preferences in 2006, with imports under CBI preferences of \$630 million, \$556 million, and \$154 million. They were the fifth, second, and sixth leading suppliers, respectively, in 2004. Even with imports under CBI preferences for only part of the year, these countries still ranked ahead of many of the countries that will remain in the CBERA program after all of the CAFTA-DR countries have left.

Haiti has experienced rapid increases in exports to the United States under CBI preferences, with increases of 39.0 percent in 2005, and 25.1 percent in 2006 to \$379 million. The growth has been based mainly on CBPTA apparel provisions.

Jamaica's exports to the United State under CBI preferences grew significantly by 61.5 percent in 2006 to \$246 million, mainly on the strength of fuel-grade ethanol exports.

The United States continues to have a small value of bilateral trade with many of the Caribbean economies. While the overall value is small, CBI-preference imports account for relatively significant proportions of total U.S. imports from these countries. Apparel products, electrical switches, and cane sugar were some of the leading categories of CBI-preference imports from the smaller Caribbean economies.

U.S. EXPORTS

Although the CBI was initially envisioned as a program to facilitate the economic development and export diversification of the Caribbean Basin economies, U.S. export growth to the region has been a welcome corollary benefit. In 2006, the value of total U.S. exports to CBI countries fell 7.1 percent, however, when only full-year 2006 beneficiaries are considered, U.S. exports increased 17.6 percent in 2005 and 17.9 percent in 2006. (See table 3.) Collectively, at \$25.8 billion, the CBI region ranked tenth among U.S. export destinations

in 2006 and absorbed 2.5 percent of total U.S. exports to the world. The Dominican Republic, Costa Rica, Panama, The Bahamas, and Jamaica were the principal markets for U.S. products in 2006, accounting for 64 percent of U.S. exports to the CBI region in 2006. The United States exports to the CBI region a broad range of products. In 2006, the leading categories included refined petroleum products, semiconductors, jewelry, corn, cell phones, and automatic circuit breakers.

Table 3: U.S. Exports to CBI Countries, 2002-2006 and January-September of 2006 and 2007, Thousand \$¹

Market	2002	2003	2004	2005	2006	2006 Jan-Sep	2007 Jan-Sep
Part-year 2006 beneficiaries:							
El Salvador	1,664,892.8	1,823,770.6	1,867,806.4	1,846,195.3	317,816.8	317,816.8	0.0
Guatemala	2,041,860.0	2,273,571.6	2,548,252.1	2,812,979.5	1,734,223.2	1,734,223.2	0.0
Honduras	2,564,588.7	2,844,902.1	3,076,512.3	3,243,919.9	862,208.7	862,208.7	0.0
Nicaragua	437,633.6	502,826.2	591,704.9	619,840.4	181,767.9	181,767.9	0.0
Total	6,708,975.0	7,445,070.5	8,084,275.7	8,522,935.1	3,096,016.5	3,096,016.5	0.0
Full-year 2006 beneficiaries:							
Antigua and Barbuda	81,458.6	127,335.2	125,269.9	189,864.9	194,196.3	140,289.0	177,136.2
Aruba	464,703.2	355,020.7	374,432.8	546,995.1	511,299.8	384,572.2	367,779.9
Bahamas	975,207.6	1,084,284.8	1,182,066.2	1,768,909.6	2,288,163.5	1,716,381.7	1,614,280.2
Barbados	268,565.9	301,792.0	347,578.7	392,808.1	443,141.5	317,525.2	320,351.7
Belize	137,334.5	199,444.0	151,675.4	216,914.3	238,814.6	186,264.2	170,824.8
British Virgin Islands	66,987.4	70,523.6	97,693.4	122,737.9	218,722.0	140,701.8	118,213.2
Costa Rica	3,131,601.9	3,414,223.0	3,303,742.5	3,595,428.0	4,132,405.7	3,083,634.0	3,168,771.6
Dominica Is	45,087.7	34,353.7	35,890.1	61,488.8	68,023.8	49,772.2	61,392.6
Dominican Rep	4,261,556.1	4,213,554.8	4,342,881.8	4,708,526.0	5,347,802.1	3,903,228.2	918,657.6
Grenada	56,517.6	68,448.2	69,910.4	82,388.8	75,594.5	50,277.5	62,949.7
Guyana	128,309.8	117,175.6	135,620.0	175,335.4	179,418.5	127,220.0	142,073.1
Haiti	582,554.1	639,778.8	663,000.6	688,052.9	809,406.2	619,281.9	524,789.8
Jamaica	1,419,947.4	1,469,583.5	1,431,596.1	1,687,204.2	2,034,998.8	1,408,931.5	1,612,405.1
Montserrat	5,158.4	7,965.8	6,055.6	4,845.6	14,380.5	13,124.5	3,844.2
Netherlands Antilles	742,120.7	747,116.8	872,640.3	1,134,757.0	1,485,272.1	1,030,763.3	1,297,668.7
Panama	1,407,691.4	1,848,012.6	1,820,009.0	2,168,792.6	2,706,695.4	2,042,964.4	2,625,641.0
St Kitts and Nevis	49,695.1	59,060.2	60,417.3	93,971.4	127,234.3	102,128.8	78,574.9
St Lucia	98,058.8	121,159.2	103,303.5	134,683.0	151,495.8	104,371.0	126,392.9
St Vincent and the Grenadines	40,536.0	46,484.0	45,396.5	45,341.8	58,320.7	38,551.0	50,234.4
Trinidad and Tobago	1,018,001.9	1,064,024.2	1,207,193.6	1,439,271.9	1,614,775.5	1,191,501.3	1,256,943.9
Total	14,981,094.3	15,989,340.6	16,376,373.9	19,258,317.1	22,700,161.5	16,651,483.6	14,698,925.5
Grand Total	21,690,069.3	23,434,411.1	24,460,649.5	27,781,252.2	25,796,177.9	19,747,500.1	14,698,925.5

¹ Total exports, F.A.S. value. In 2006, data for El Salvador, Guatemala, Honduras, and Nicaragua are only included for the time these countries were CBERA beneficiaries. Likewise, in 2007, data for the Dominican Republic are only included for the time it was a CBERA beneficiary.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Chapter 3

ELIGIBILITY CRITERIA AND ADVANCEMENT OF TRADE POLICY GOALS

The trade preferences made available under the Caribbean Basin Initiative represent a unilateral, non-reciprocal grant of benefits to U.S. trading partners in Central America and the Caribbean. In enacting the CBERA and CBTPA, the Congress established eligibility criteria for the receipt of these trade preferences. This chapter reviews these eligibility criteria, as well as the recent performance of CBI beneficiary countries in meeting these criteria.

The eligibility criteria for the CBI programs fall within three broad categories:

- “mandatory” factors defined in the CBERA as precluding the President from initially designating a country or dependent territory as a CBERA beneficiary;
- additional, discretionary factors which the President is required to take into account in determining whether to designate countries or dependent territories as beneficiaries under the CBERA; and
- further criteria which the President is required to take into account in designating beneficiary countries or dependent territories for purposes of receiving the enhanced trade preferences of the CBTPA.

CBERA “Mandatory” Criteria

Communist Country: A country or dependent territory cannot be designated as a CBERA beneficiary country “if such country is a Communist country.” No Communist country requested designation, and none of the current CBI countries is a Communist country.

Nationalization/Expropriation: The CBERA stipulates that countries that have expropriated or nationalized property of U.S. citizens are ineligible for CBI benefits, unless the President determines that the country is taking steps to resolve the citizen’s claim. Questions about expropriation have arisen in this context, and the United States is currently exploring this issue, as reflected in the country reports that follow.

Arbitral Awards: If a country or dependent territory fails to act in good faith in recognizing as binding or enforcing arbitral awards in favor of U.S. citizens or corporations owned by U.S. citizens, such country or dependent territory cannot be designated as a CBERA beneficiary. There are no current cases in which a beneficiary country has failed to act in good faith in recognizing an arbitral award.

Reverse Preferences: If a country affords preferential treatment to the products of a developed country, other than the United States, which has or is likely to have a significant adverse effect on U.S. commerce, it is ineligible for designation as a CBERA beneficiary.

There are no cases in which a preference program maintained by a beneficiary country has had a significant adverse effect on U.S. commerce.

Intellectual Property/Broadcast Copyright Violations: The CBERA excludes from designation countries in which government-owned entities have engaged in the unauthorized broadcast of copyrighted material (such as films and television programs) belonging to U.S. copyright owners. The President is also authorized to give discretionary weight, in designating CBI beneficiaries, to the extent to which a country provides adequate and effective legal means for foreign nationals to secure, exercise, and enforce intellectual property rights and the extent to which a country prohibits its nationals from broadcasting U.S. copyrighted materials without permission. At the time the CBERA was enacted in 1983, the problem of copyright violations by broadcasters in CBI countries was a chief concern of the U.S. private sector and government. In the intervening years, particularly with the entry into force of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), U.S. objectives with respect to intellectual property protection have broadened. This is reflected in the new intellectual property-related criteria encompassed in the CBTPA (see below). However, unauthorized broadcasting of U.S.-owned copyrighted material remains an issue that is being addressed with a number of CBTPA beneficiary countries.

Extradition: The CBERA requires that a country be a signatory to a treaty, convention, protocol, or other agreement regarding the extradition of U.S. citizens.

Worker Rights: The CBERA excludes from designation any country which “has not or is not taking steps to afford internationally recognized worker rights...to workers in the country.” The President is also authorized to give discretionary weight, in designating CBI beneficiaries, to the question of whether or not a country has taken or is taking steps to afford workers internationally recognized worker rights. These factors were modified and broadened in the context of country designation criteria under the CBTPA (see below).

CBERA “Discretionary” Factors

Desire to Be Designated: Twenty-eight countries and dependent territories are potentially eligible to receive benefits under the CBERA (and, by extension, the CBTPA). However, the CBERA requires that the President, in designating beneficiary countries, take into account an expression of a country’s desire to be so designated. Anguilla, Cayman Islands, Suriname and Turks and Caicos have made no such expression and are not designated as CBERA beneficiary countries.

Economic Conditions: As part of the initial designation of CBERA beneficiaries, the President is authorized to consider economic conditions and living standards in potential CBI countries. Nearly twenty years since the enactment of CBERA, the United States maintains a strong interest in conditions of economic development in the Caribbean and Central American countries. The country reports contained in this chapter briefly review current conditions in CBI beneficiary countries.

Market Access/WTO Rules: The CBERA authorizes the President to consider the extent to which a country has assured the United States that it will provide equitable and reasonable access to the markets and basic commodity resources of the country and the degree to which the country follows the international trade rules of the World Trade Organization (WTO). The eligibility criteria of the CBTPA elaborate on these factors, with a focus on implementation of WTO commitments and participation in negotiations to create a Free Trade Area of the Americas. These factors are examined in the country reports which follow.

Use of Export Subsidies: CBERA requires consideration of “the degree to which a [beneficiary country] uses export subsidies or imposes export performance requirements or local content requirements which distort international trade.”

Contribution to Regional Revitalization: CBERA’s discretionary factors include consideration of the degree to which the trade policies of an individual CBI country contribute to the revitalization of the region as a whole. Countries in the Caribbean Basin have continued, for the most part, to implement policies that have advanced regional economic development and growth. With few exceptions, countries have continued to reform their economies and liberalize trade and investment regimes.

Self-Help Measures: This criterion seeks assurances that countries in the region are taking steps to advance their own economic development. With varying degrees of success, all current CBI countries appear to be pursuing policies intended to improve the economic prospects of their citizens.

Cooperation in Administration of the CBERA: CBERA beneficiaries have continued to cooperate in the administration of CBI preferences when requested by the U.S. government.

CBTPA Eligibility Criteria

In considering the eligibility of the 24 CBI countries and dependent territories that have expressed an interest in receiving the enhanced preferences of the CBTPA, the President is required to take into account the existing eligibility criteria of the CBERA, as well as several new or revised criteria elaborated in the CBTPA. These new criteria are:

- whether the beneficiary country has demonstrated a commitment to undertake its obligations to the WTO on or ahead of schedule and participate in the negotiations toward the completion of the FTAA or another free trade agreement;
- the extent to which the country provides protection of intellectual property rights consistent with or greater than the protection afforded under the TRIPS Agreement;
- the extent to which the country provides internationally recognized worker rights, including:
 - the right of association;

- the right to organize and bargain collectively;
 - a prohibition on the use of any form of forced or compulsory labor;
 - a minimum age for the employment of children; and
 - acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;
- whether the country has implemented its commitments to eliminate the worst forms of child labor;
 - the extent to which the country has met U.S. counter-narcotics certification criteria under the Foreign Assistance Act of 1961;²
 - the extent to which the country has taken steps to become a party to and implement the Inter-American Convention Against Corruption (IACAC); and
 - the extent to which the country applies transparent, nondiscriminatory and competitive procedures in government procurement and contributes to efforts in international fora to develop and implement rules on transparency in government procurement.

² The Narcotics Certification Process was modified as a result of the Foreign Relations Authorization Act, FY 2003 (FRAA), signed into law on September 30, 2002. As a result, the President has the option of submitting a consolidated report identifying all major illicit drug producing and drug-transit countries and designating those countries that have failed to comply with specified criteria. The President also retains the option to use the previous system involving an affirmative certification of cooperation, but for FY 2003, the President did not exercise this option.

Country Reports: Compliance with Eligibility Criteria

The country reports contained in this section focus particular attention on current performance of CBI beneficiary countries with respect to the eligibility criteria reflected in the CBTPA, as the most recent expression of U.S. policy objectives linked to the extension of CBI benefits. The pre-existing eligibility criteria of the CBERA are also reflected in the country reports, where relevant. Population figures are drawn from *The World Factbook* (Central Intelligence Agency, 2007) (“CIA World Factbook”). GDP per capita is GDP on a purchasing power parity basis divided by population as of July 1 of the reported year. The per capita GDP figures refer to the most recent data available in the CIA World Factbook. Trade data are cited in U.S. dollars (customs basis) and are compiled from official statistics of the U.S. Department of Commerce.

Aruba

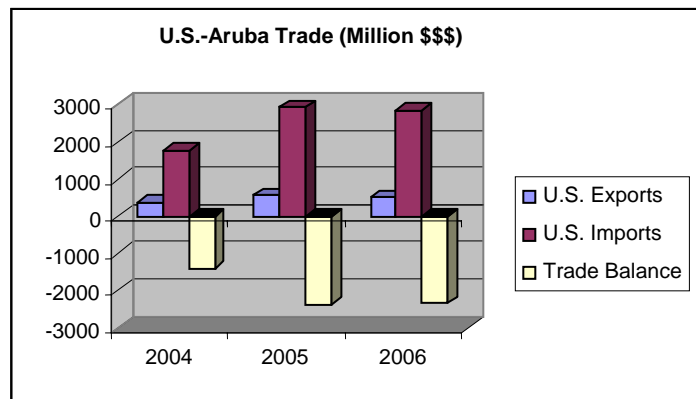
Population: 108,018

Per Capita GDP: \$21,800

Department of Commerce 2006

Trade Statistics

U.S. Exports	\$511,299,803
U.S. Imports	\$2,884,933,501
U.S. Trade Balance	-\$2,333,633,698



Economic Review: Tourism is the mainstay of the small, open Aruban economy. Offshore banking and oil refining and storage are also important industries. The rapid growth of the tourism sector over the last decade has resulted in a substantial expansion of other activities. Over 1.5 million tourists per year visit Aruba, with 75 percent of those from the United States. Tourist arrivals have rebounded strongly following a dip after the September 11 attacks. The island experiences only a brief low season, and hotel occupancy in 2004 averaged 80 percent, compared to 68 percent throughout the rest of the Caribbean. Construction continues to boom, with hotel capacity five times the 1985 level. In addition, the reopening of the country’s oil refinery in 1993, a major source of employment and foreign exchange earnings, has further spurred growth. Aruba’s small labor force and exceptionally low unemployment rate for the Caribbean have led to a large number of unfilled job vacancies, despite sharp rises in wage rates in recent years. The newly re-elected government has made cutting the budget deficit and improving a negative trade balance high priorities.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Aruba is an autonomous member of the Kingdom of the Netherlands. While external affairs are handled by the Kingdom, Aruba handles its own trade and

economic affairs and is a member of the WTO through the Kingdom of the Netherlands. The Kingdom's membership in the WTO enables Aruba to participate in WTO deliberations, but not to exercise independent voting rights. As it is not a sovereign state Aruba cannot be a participant in the FTAA negotiations.

Provision of Internationally Recognized Worker Rights: Unemployment in Aruba is just over seven percent. Labor unions are strong in most sectors of the economy. Laws protecting children and workers' rights are actively enforced.

Protection of Intellectual Property: The law governing intellectual property in Aruba is based on Dutch law, but is not as far-reaching as that in the Netherlands. Trademarks, patents and copyrights are currently provided for under the law of Aruba – the Telecommunications Act, for example, provides that all entities that retransmit signals must be licensed. The work of registering all intellectual property rights in Aruba is carried out by the Bureau of Intellectual Property, and legislation providing for additional intellectual property rights is under development. Aruba does not, however, extend legal protection to design, and video and music piracy does occur. Moreover, the government does not rigorously enforce its copyright laws, leaving it necessary for affected parties to bring suit against offenders.

Counter-Narcotics Cooperation: The President has not identified Aruba as a major drug transit or major illicit drug producing country under the provisions of the FRAA. In addition, both Aruban police and Dutch police (who have concurrent jurisdiction with Aruban police on issues such as corruption and counter-narcotics) work closely with U.S. law enforcement in the region. The joint Coast Guard of the Netherlands Antilles and Aruba (CGNAA) is also an important partner in the regional counter-narcotics effort. Aruba is an important link in the transshipment of cocaine from South America to the United States and Europe, as a base for organizations sending couriers via commercial airlines and cruise ships, and to a lesser extent for sending cocaine shipments via containerized shipping. Aruba is a signatory to the Mutual Legal Assistance Treaty and, as such, routinely assists U.S. authorities with fugitive extraditions and sharing of judicial evidence.

Implementation of the Inter-American Convention Against Corruption: As it is not a sovereign state Aruba is not a member of the OAS.

The Bahamas

Population: 305,655

Per Capita GDP: \$21,600

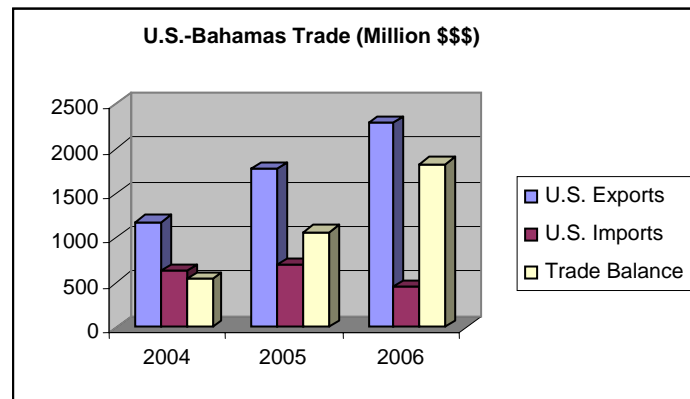
Department of Commerce 2006

Trade Statistics

U.S. Exports \$2,288,163,500

U.S. Imports \$452,814,848

U.S. Trade Balance \$1,835,348,652



Economic Review: The Bahamas is a stable, developing nation with an economy heavily dependent on tourism and offshore banking. Tourism together with tourism-driven construction and manufacturing accounts for approximately 60 percent of GDP and directly or indirectly employs half of the country's labor force. Steady growth in tourism receipts and a boom in construction of new hotels, resorts, and residences had led to solid GDP growth in recent years, but the slowdown in the US economy and the attacks of September 11 held back growth in these sectors in 2001-03. The current government has presided over a period of economic recovery and an upturn in large-scale private sector investments in tourism. Financial services constitute the second-most important sector of the Bahamian economy, accounting for about 15 percent of GDP. However, since December 2000, when the government enacted new regulations on the financial sector, many international businesses have left The Bahamas. Manufacturing and agriculture together contribute approximately a tenth of GDP and show little growth, despite government incentives aimed at those sectors. Overall growth prospects in the short run rest heavily on the fortunes of the tourism sector, which depends on growth in the US, the source of more than 80 percent of the visitors.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: The Bahamas has applied for membership in the WTO and has established a working group to negotiate the terms for accession. The Government of The Bahamas has appointed a special committee to review all legislation and international treaties. The Bahamas derives much of its governmental revenue from customs duties. A free trade agreement would have an adverse effect on government revenues and likely require the government to implement an alternative taxation system. The Bahamas has been a supporter of the FTAA process and participates in regional and international trade negotiations in close coordination with CARICOM's Regional Negotiating Machinery. In addition, The Bahamas has served as the Chair of the Services Negotiating Group.

Protection of Intellectual Property: Concerns remain regarding The Bahamas' failure to implement an amendment to the Copyright Act enacted by the Bahamian Government in 2004. This amendment narrows the scope of the compulsory licensing regime for the reception and transmission of copyright works broadcast free over the air. In the absence of

such implementation, the compulsory licensing plan contains provisions that allow Bahamian cable operators to retransmit any copyrighted television programming, including for-pay programming, whether or not transmitted from The Bahamas or outside of The Bahamas and whether or not encrypted. Moreover, until existing regulations are changed, the remuneration system for copyrighted works under the compulsory licensing program includes less than fair market value rates for hotels and other commercial enterprises. The Bahamas was removed from the U.S. Special 301 Watch List in 2007, but the United States continues to urge The Bahamas to implement the amendment to its Copyright Law.

The piracy of television signals broadcasting U.S. premium entertainment channels continues to be a concern. Cable Bahamas is the only cable television provider in the country, and the government, which has a significant ownership interest in the company, has utilized compulsory licensing regime in this context. Cable Bahamas claims that it has entered into individual licensing contracts with 90 percent of the channels it broadcasts and places fees in escrow for the remaining 10 percent of channels. Cable Bahamas claims that its actions with respect to those remaining channels – i.e., the U.S. premium entertainment channels – are justified because, as it contends, those channels are allegedly unwilling to provide a level of services that is comparable to that provided in the United States (e.g., with respect to when movies are released). U.S. premium entertainment channels have not agreed to enter into licensing contracts with Cable Bahamas and have said that the fees held in escrow are insufficient.

More generally, pirated and counterfeit goods are widely available in Nassau. The Bahamas is not, however, a mass distributor or exporter of copyright-infringing goods. The Bahamas has made significant progress in developing its IPR enforcement capacity to address the issue. An IPR Investigative Unit has been formed and the Bahamian government is planning to establish an advisory committee to provide advice on legislative reform, proposals for educational initiatives, and assistance with prosecutions.

Provision of Internationally Recognized Workers Rights: The Bahamas has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

The Constitution protects the right of workers to organize and join unions and this right is widely exercised. About one-quarter of the workforce is unionized, including 50 percent of workers in the hotel industry. Labor laws prohibit discrimination or reprisals against workers for engaging in union activities and this prohibition is generally enforced. Labor laws in the Freeport free trade zone do not differ from those elsewhere in the country.

Commitments to Eliminate the Worst Forms of Child Labor: The Bahamas ratified ILO Convention 182, addressing the worst forms of child labor, on June 14, 2001. The ILO issued a report in December 2002 entitled “The Bahamas: The Situation of Children in the Worst Forms of Child Labor in a tourism economy: A Rapid Assessment.” The report

documented 52 incidents of children involved with locals in activities suggestive of the worst forms of child labor, including slavery, bondage, prostitution, pornography, illicit activities (including drug peddling, acting as a look-out for drug dealers, and theft), and hazardous activities. The Minister of Labor has stated that conditions described in the report have not improved since the issuance of that report, but that his Ministry is working aggressively to address the problem of children being forced into labor.

Counter-Narcotics Cooperation: The President has identified The Bahamas as a major drug-transit country in accordance with the FRAA. Annually, the President has also certified The Bahamas as fully cooperating on counter-narcotics matters, most recently in September 2005.

Implementation of the Inter-American Convention Against Corruption: The Bahamas is a party to the IACAC. Bribery of government officials is a criminal act, and credible reports of major corruption in The Bahamas are rare, although allegations of improper conduct on the part of government officials surface from time to time.

Transparency in Government Procurement: Other than occasional anecdotal evidence to the contrary, the government appears to apply transparent, nondiscriminatory and competitive government procurement procedures.

Barbados

Population: 280,946

Per Capita GDP: \$18,400

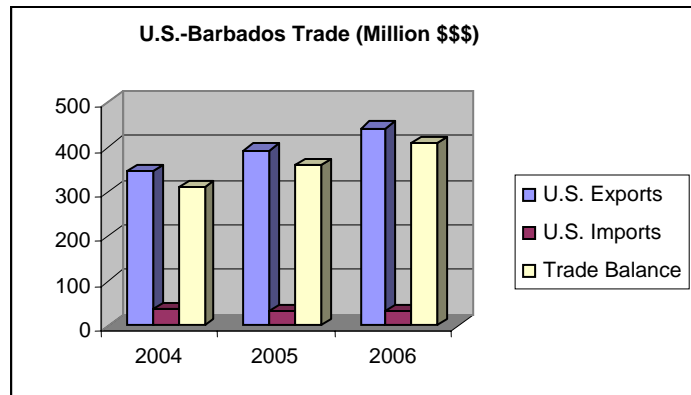
Department of Commerce 2006

Trade Statistics

U.S. Exports \$443,141,469

U.S. Imports \$33,841,835

U.S. Trade Balance \$409,299,634



Economic Review: Barbados enjoys a long-standing democratic tradition, a strong commitment to the rule of law, and an open economy with a marked dependence upon imports, over 37 percent of which come from the United States. As in many of the small Caribbean island states, tourism is a major contributor to the country's economy: over 75 percent of Barbados' GDP in 2006 came from the services sector, with tourism accounting for not less than 12 percent. As reported by the Central Bank of Barbados, most of the country's economic indicators were strong in 2006, GDP rose 3.9 percent, unemployment was relatively static at 8.7 percent, inflation was down fractionally to 7.3 percent, and the debt-to-GDP ratio continued to fall, to 71.5 percent. Tourism receipts were up slightly, with a noticeable shift from cruise tourism to "long stay" tourism.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Barbados, as is the case with many other Caribbean countries, has its tariffs

bound at high levels. In WTO negotiations, Barbados is a vocal advocate of special and differential treatment for small-island developing states. Barbados has been a supporter of the FTAA process and played a constructive role in advancing the FTAA process at the November 2005 Summit of the Americas in Mar del Plata. It participates in regional and international trade negotiations in close coordination with CARICOM's Regional Negotiating Machinery. USAID has an active technical assistance program to help Barbados meet its commitments under international trade agreements.

Protection of Intellectual Property: The Government of Barbados strengthened its 1998 Copyright Act in 2004. The Government of Barbados has also passed several laws to comply with the TRIPS Agreement. Although Barbados has strong intellectual property legislation, the government needs to improve its enforcement of the anti-piracy laws. For example, shops openly sell and rent pirated CDs, videos, and DVDs.

Provision of Internationally Recognized Worker Rights: Barbados has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

In Barbados, labor inspectors are employed to enforce the law. Only two categories of workers have a formally regulated minimum wage - household domestics and shop assistants. The standard legal workweek is 40 hours in five days, and the law requires overtime payment for hours worked in excess. The Labor Ministry enforces health and safety standards and follows up to ensure that management corrects problems cited. Trade union monitors identify safety problems for government factory inspectors to ensure the enforcement of safety and health regulations and effective correction by management. When it enacted the Occupational Safety and Health at Work Act early in 2005, the government of Barbados upgraded standards for use of machinery and chemicals and for protecting workers from poor lighting, noise, and vibration. The Labor Ministry also plans to propose two other pieces of worker rights legislation to Parliament this year, an employment rights bill and a gender-neutral sexual harassment bill. The government is also considering enacting a national minimum wage bill, which will replace the current Shop Act which mandates a minimum wage of 5.00 Barbados dollars (approximately 2.50 U.S. dollars) an hour for retail clerks only. The Labor Ministry recommends that companies pay at least this amount, but some sectors do not.

Commitments to Eliminate the Worst Forms of Child Labor: Barbados ratified ILO Convention 182 on October 23, 2000. The legal minimum working age of 16 is generally observed. However, children under 16 may be allowed to work under certain restrictions. A rapid assessment conducted in 2002 by the ILO's Caribbean office found that most children who worked did so part-time, after school and on weekends. However, the report also indicated evidence of commercial sexual exploitation of children and other worst forms of child labor, such as involvement in drug sales and hazardous activities such as construction. Local law prohibits forced or bonded labor by children, and those prohibitions are enforced.

Counter-Narcotics Cooperation: The President has not identified Barbados as a major drug transit or major illicit drug producing country under the provision of the FRAA.

Implementation of the Inter-American Convention Against Corruption: Barbados signed the IACAC in April 2001 but has not ratified it.

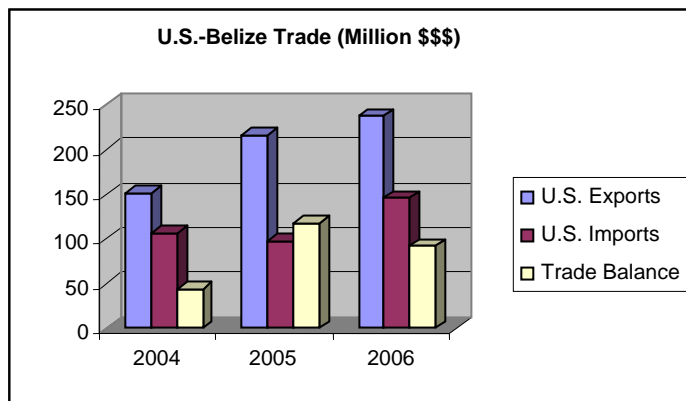
Transparency in Government Procurement: The government, through the Ministry of Finance's Special Tenders Committee, follows competitive bidding standards for most contracts and acquisitions. Occasionally, a proposal to use other methods is presented to the funding institution for its non-objection if sole-sourcing is the only option or unique expertise is required.

Belize

Population: 294,385
 Per Capita GDP: \$8,400

*Department of Commerce 2006
 Trade Statistics*

U.S. Exports \$238,814,568
 U.S. Imports \$146,813,743
 U.S. Trade Balance \$92,000,825



Economic Review: Belize’s 2007 economic growth rate is projected to be 4.1 percent, with inflation at 3.3 percent. Overly expansionary fiscal and monetary policies in the late 1990’s and early 2000’s resulted in large fiscal and current account deficits and foreign debt as high as 100 percent of GDP, which in turn led to reduced access to the international capital markets and higher debt financing costs. Ultimately a stabilization program comprised of fiscal and monetary tightening and a commercial debt restructuring became necessary. This program has achieved positive results, which include projected 2007 fiscal and current account deficits of 2.1 and 3.7 percent respectively (down from 5.5 and 14.4 percent in 2005) and a successful commercial debt restructuring concluded on February 20, 2007. More than 98 percent of creditors participated in the restructuring and the country’s debt to GDP ratio falling to just over 90 percent. Belize’s post-restructuring goals will be to maintain prudent fiscal and monetary policies to achieve a reduction in the country’s still high debt burden.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Although Belize has been a WTO member since January 1, 1995, the country rarely participates in WTO deliberations. Belize also faces difficulties in implementing WTO agreements effectively, due to limited staff in the government’s lead trade negotiating agency. Belize has been a supporter of the FTAA process and participates in regional and international trade negotiations in close coordination with CARICOM’s Regional Negotiating Machinery.

Protection of Intellectual Property: Belize has enacted laws that provide for the protection of intellectual property rights, including the Trade Marks Act, the Copyright Act, the Industrial Designs Act, the Patents Act, the Protection of Layout-Designs (Topographies) of Integrated Circuits Act, and the Protection of New Plant Varieties Act.

Enforcement of these laws, however, remains a problem. While government-owned entities generally do not broadcast copyrighted material belonging to U.S. copyright-holders without their consent, music and video stores in Belize offer pirated CDs, DVDs, and tapes for sale or rent. Local television stations and cable companies also pirate American television networks and cable channels with impunity. Local importers, particularly those operating in the commercial free zone in Northern Belize, continue to import counterfeit merchandise that infringes on U.S. trademarks. To date there have been no successful prosecutions in the area of intellectual property protection.

Provision of Internationally Recognized Worker Rights: Belize has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

The Constitution of Belize provides for freedom of assembly and association. The Trade Union and Employee's Organizations Act of 2000 establishes procedures for the registration and status of trade unions and employers' organizations, promotes and protects the recognition of trade unions, and encourages orderly and effective collective bargaining.

The Constitution of Belize prohibits slavery, and provides that no person shall be required to perform forced labor. The Labor Act of Belize likewise states that "no person shall impose or permit the imposition of forced or compulsory labor as a (a) means of political coercion or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system; (b) method of mobilizing and using labor for purposes of economic developments; (c) means of labor discipline; (d) punishment for having participated in strikes; and (e) means of racial, social, national or religious discrimination."

Minimum wages are prescribed for three categories of workers, namely manual workers, shop assistants, and domestic workers. Regarding work hours, the Labor Act of Belize also states that no worker shall be obliged to work more than 6 days in any week or for more than nine hours of actual work in any day, for 45 hours of actual work in any week. The labor law of Belize also states that it is the duty of the employer to take reasonable care for the safety of his employees in the course of their employment. Belize labor law further states that every employer who provides or arranges accommodation for workers to reside at or in the vicinity of a place of employment shall provide and maintain sufficient and hygienic housing accommodations, a sufficient supply of wholesome water, and sufficient and proper sanitary arrangements.

Commitments to Eliminate the Worst Forms of Child Labor: Belize has ratified ILO Conventions on forced labor, minimum age, and the worst forms of child labor, which are embedded in the Trade Unions and Employers' Organizations Registration, Recognition and Status Act of 2000. In 2005, Belize began participating in a U.S. Department of Labor-funded regional project implemented by ILO-IPEC to combat the commercial sexual exploitation of children, with a new action program to withdraw or prevent children from commercial sexual exploitation begun in 2007.

The Labor Act of Belize is inconsistent in how it defines the minimum age of employment in Belize. In some sections it is listed as 12 while in others it appears to be 14. In one section the Act provides that "no child shall be employed so long as he is under the age of twelve years," while another provides that persons who have attained the age of 14 years but are under the age of 18 years may only be employed in an occupation that a labor officer has determined is "not injurious to the moral or physical development of non-adults," typically light work that is not harmful to life, health or education. Inspectors from the Departments of Labor and Education are responsible for enforcing these regulations, but there were no updated reports on whether child labor laws were well enforced. In 2003 the Central Statistical Office issued the findings of an ILO study that estimated that six percent of children between the ages of five and 17 were working, with 69 percent engaged in hazardous work.

Counter-Narcotics Cooperation: The President has not identified Belize as a major drug transit or major illicit drug producing country under the provision of the FRAA. In addition, the Government of Belize and the U.S. Government concluded a Stolen Vehicle Treaty, an Extradition Treaty, and a Mutual Legal Assistance Treaty, which were brought into force between 2001 and 2003. However, recent extradition requests and stolen car inquiries made to the government of Belize have been delayed or ignored.

Implementation of the Inter-American Convention Against Corruption: Belize signed the IACAC in June 2001 and deposited its instrument of ratification in September 2002. Prior to this, Belize's first step to combat corruption in public life came with the enactment of the Prevention of Corruption in Public Life Act in 1994. This act contains various provisions designed to reduce political corruption, including requirements for the public disclosure of the assets, income and liabilities of public officials, such as the Governor-General and members of the national assembly. However, the penalties for noncompliance are so minimal that the rules are routinely ignored and to date there have been no enforcement actions to combat corruption. The perception of corruption at high levels of the government continues to increase according to World Bank and Transparency International's corruption perception indices. The government also appointed a parliamentary commissioner, known as the Ombudsman, to investigate administrative actions and allegations of official corruption and wrongdoing, but to date there have been no prosecutions for official corruption.

Transparency in Government Procurement: Standards ensuring transparent, nondiscriminatory and competitive procedures in government procurement are laid out in the Stores and Financial Orders under the Finance and Audit Act of the Laws of Belize.

However, some questions exist regarding the extent to which certain government ministries, departments, and agencies adhere to these standards. For instance, under the Orders, government purchases of over \$50,000 must be submitted for public bidding by both local and foreign companies, but it appears this is not done in many cases. Bidders for tenders for externally-funded projects must comply with the procurement rules and regulations of the foreign funding organization. The Contractor-General is perceived as ineffective in monitoring the award and implementation of public contracts or sale of public assets, as there have been several cases in which contracts have been awarded without apparent merit, and public assets have been sold under dubious circumstances.

Several U.S. oil companies have complained about lack of transparency in the granting of oil contracts. They complain that local Belizean companies are offered preferential terms. The companies cite bribery and political handouts as reasons for the government's agreement to such terms.

Additional Issues

Nationalization/Expropriation: Innovative Communication Cooperation (ICC) originally purchased Belize Telecommunications Limited (BTL) from the Government of Belize in April 2004. In February 2005, the Government of Belize took control of BTL, alleging that ICC had failed after several extensions to make remaining payments for BTL shares. ICC countered that the Government of Belize had failed to make certain regulatory changes as agreed. Extensive litigation is ongoing. In addition, there have been several cases in which the government has exercised its right of eminent domain to expropriate property, including that of some foreign investors.

Reverse Preferences: Belize does not afford preferential treatment to the products of a developed country other than the United States. While Belize is a beneficiary of multilateral trade agreements that CARICOM has negotiated and signed on behalf of its member states, reciprocity of preferential treatment applies only to the five more developed countries within CARICOM, and not to Belize.

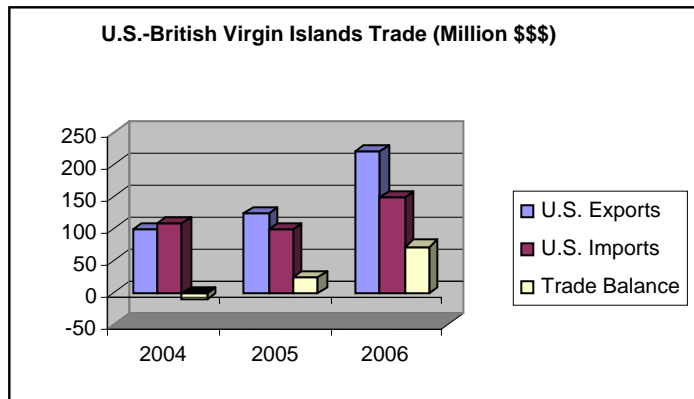
Extradition: Belize and the United States signed an extradition treaty in April 2000 and exchanged instruments of ratification in March 2001.

British Virgin Islands

Population: 23,552
Per Capita GDP:
\$38,500

*Department of Commerce 2006
Trade Statistics*

U.S. Exports	\$218,721,953
U.S. Imports	\$26,302,919
U.S. Trade Balance	\$192,419,034



Economic Review: The British Virgin Islands' economy, one of the most stable and prosperous in the Caribbean, is highly dependent on tourism, which generates an estimated 45 percent of the national income. An estimated 820,000 tourists, mainly from the United States, visited the islands in 2005. In the mid-1980s, the government began offering offshore registration to companies wishing to incorporate in the islands, and incorporation fees now generate substantial revenues. Roughly 400,000 companies were on the offshore registry by yearend 2000. The adoption of a comprehensive insurance law in late 1994, which provides a blanket of confidentiality with regulated statutory gateways for investigation of criminal offenses, made the British Virgin Islands even more attractive to international business. Livestock raising is the most important agricultural activity; poor soils limit the islands' ability to meet domestic food requirements. Because of traditionally close links with the U.S. Virgin Islands, the British Virgin Islands has used the U.S. dollar as its currency since 1959.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: The British Virgin Islands is a British Overseas Territory and, consequently, external affairs and the administration of the courts are handled by the Government of the United Kingdom. Therefore, while it is not itself a WTO member, it indirectly participates as part of the United Kingdom. As it is not a sovereign state, the British Virgin Islands cannot be a participant in the FTAA negotiations.

Protection of Intellectual Property: In British Virgin Islands the law governing the protection of intellectual property is that of the United Kingdom.

Provision of Internationally Recognized Worker Rights: The British Virgin Islands has a population of approximately 23,000 people and a labor force of fewer than 13,000. There are no labor unions in the British Virgin Islands, but there is a government enforced minimum wage of \$10 for an eight hour day.

Commitments to Eliminate the Worst Forms of Child Labor: The British Virgin Islands is subject to the European Convention on Human Rights and the International Covenant on Civil and Political Rights because of its relationship to the United Kingdom, which has signed these agreements. The Government of the United Kingdom has been vigilant in enforcement in the British Virgin Islands.

Counter-Narcotics Cooperation: The British Virgin Islands has not been identified by the President as a major drug transit or major illicit drug producing country under the provision of the FRAA.

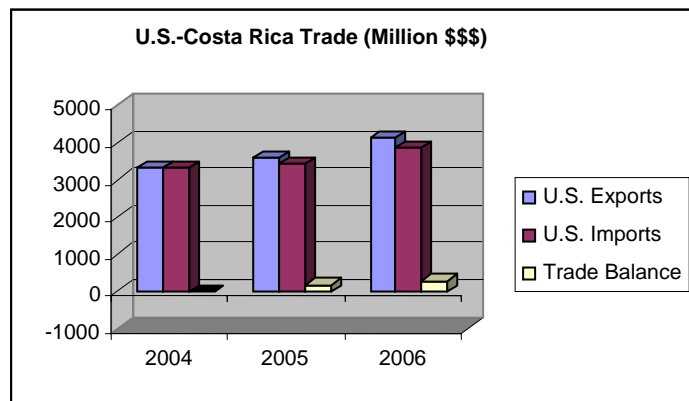
Implementation of the Inter-American Convention Against Corruption: As an overseas territory of the United Kingdom, the British Virgin Islands is not a signatory to the IACAC; its international obligations derive from those of the United Kingdom. The British Virgin Islands is a well-known tax haven for American companies and was at one time known for being vulnerable to money-laundering. However, the OECD removed the territory from its list of uncooperative tax havens in 2002.

Costa Rica

Population: 4,133,884
 Per Capita GDP: \$12,500

*Department of Commerce 2006
 Trade Statistics*

U.S. Exports \$4,132,405,740
 U.S. Imports \$3,844,274,625
 U.S. Trade Balance \$288,131,115



Economic Review: Over the last two years Costa Rica has experienced significant economic growth, with FDI and exports serving as the fuel for the economy. With GDP growth rising from 4.3 percent in 2004 to 5.9 percent in 2005 and reaching an estimated 8.2 percent in 2006, the country is experiencing the positive side effects of economic expansion including the lowest poverty level in 30 years and an unemployment rate of 4.6 percent. Over the last two years Costa Rican exports have grown 30.2 percent, from \$6.3 billion in 2004 to \$8.2 billion in 2006. Over the same period, exports to the United States, most of which enter under CBI, have increased 15 percent, from \$3.3 billion in 2004, to \$3.8 billion in 2006. The influx of FDI also plays a significant role in the economy, with FDI totaling \$1.4 billion in 2006.

Costa Rica’s ratification of the CAFTA-DR in a nationwide referendum in October 2007 sets the stage for continued economic growth. This was the first referendum in Costa Rica’s history, as well as the first FTA ever submitted to a referendum, and generated enormous

interest in issues related to trade, intellectual property rights, telecommunications, and insurance among the Costa Rican electorate.

Although the country has made progress in several fronts over the last two years, challenges to the Costa Rican economy remain. Despite improvements, the country still faced double-digit core inflation rates of 11.0 percent in 2004, 14.6 percent in 2005 and 10.6 percent in 2006. Although Costa Rica's tax system has seen improvement in collections with the advent of a new automated customs system and assistance from the United States Treasury, problems remain in simplifying the tax regime and collecting revenue.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Costa Rica has been supportive of multilateral trade liberalization through negotiations in both the WTO and the FTAA. Costa Rica participates as an active member of the WTO, taking its Uruguay round commitments seriously and participating in discussions to move issues forward. Currently, Costa Rica serves as the Chair of the WTO Working Group on Transparency in Government Procurement Practices. Costa Rica has served as the FTAA Chair of the Government Procurement Negotiating Group. In addition to its attempts to ratify and implement CAFTA-DR, the Costa Rican government is also pursuing trade discussions with the European Union.

Protection of Intellectual Property: Costa Rica is due to pass several important laws to improve its intellectual property rights (IPR) regime in order to implement its obligations under the CAFTA-DR. The ratification and implementation of the International Convention for the Protection of New Varieties of Plants (UPOV) and the Budapest Agreement will bring the country closer to international IPR norms. Under its CAFTA-DR obligations, the country's criminal penalties must serve as a sufficient deterrent against IPR violations.

Updating its laws, however, will likely not address larger concerns regarding the general lack of enforcement with respect to IPR. The Attorney General for the Government of Costa Rica has not made IPR enforcement a priority due to a lack of resources and other "higher priorities." Unauthorized copying of pharmaceuticals is a concern as the large majority of the drugs purchased by the Costa Rican Social Security System are generics and Costa Rica does not have the capability to test for bioequivalence. As a result of the deficiencies in enforcement, Costa Rica continues to remain on the Special 301 Watch List, a position it has maintained since 2002.

There are no government-owned broadcasting entities that broadcast copyrighted materials without the express consent of U.S. copyright-holders.

Provision of Internationally Recognized Worker Rights: Costa Rica has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

The Costa Rican Constitution protects the right to organize. Specific provisions of the 1993 Labor Code reforms provide protection from dismissal for union organizers and members during union formation, including reinstatement for workers who were unfairly dismissed. Courts order reinstatement as appropriate under Costa Rican law, although employers do not always comply with such orders. Unfortunately, there are no specific tools to enforce reinstatement. Additionally, the backlog has inched up in the past few years and the average labor dispute case takes three to four years to be resolved. Two centers for alternative dispute resolution are operating in San Jose and more are planned for the Southern end of the country in San Isidro del General and for the Caribbean region, in Limon, to be operational by the end of 2007. A labor reform project is currently in Costa Rica's Legislative Assembly but its progress is slow. Costa Rican labor leaders rightfully claim that stronger remedies for retaliatory dismissals of trade unionists would advance trade union interests in the country.

According to the most recent July 2007 report of the Labor Ministry the rate of unionization is 36 percent in the public sector and 4.5 percent in the private sector, with an overall rate of nine percent. Currently, public sector bargaining is governed by a provisional regulation that requires collective agreements to be reviewed by a commission of state officials, making approval contingent on the impact of the agreement on the national budget.

In May 2002, the Government of Costa Rica proposed legislation to expand and guarantee the right to bargain collectively in the public sector and in April 2003 the Government proposed the ratification of ILO Conventions 151 (labor relations—public service) and 154 (collective bargaining). To date the Costa Rican Legislative Assembly has failed to enact either the legislation or the ILO Conventions.

Costa Rican law specifies the rights of workers to join unions of their choosing without prior authorization, and workers exercise this right in practice. Unions operate independently of government control. The law prohibits discrimination against union members and imposes sanctions against offending parties. In practice, however, labor organizations complain that employers, especially in the private sector, regularly fire workers for joining unions. Due to extensive backlog and outdated case management, labor dispute resolution within the Ministry of Labor takes an average of three to four years and some cases have taken up to 13 years to complete. As a result, according to union officials, employers regularly restrict employees' access to unions or dismiss workers without cause with little fear of official sanction, since few workers can maintain a dispute for such an extended period of time.

Since the early 1980's, the government of Costa Rica, with the strong support of employers, has promoted the concept and movement of *Solidarismo*, a form of workplace representation that provides for profit-sharing and a mechanism for workers to bring problems to the attention of management. In fact, *Solidarismo* has resulted in the replacement of most private sector unions by so-called solidarista associations at the plant level. The ILO's supervisory bodies have long been strongly critical of this movement and consider it tantamount to establishing employer dominated labor organizations in place of authentic unions.

The government of Costa Rica is engaged in labor cooperation initiatives to increase the capacity of the Labor Ministry and to better protect worker rights. These initiatives included a regional project in Central America funded with a fiscal year 2004 grant of \$6.75 million from the U.S. Department of Labor to increase workers' and employers' knowledge of labor laws, strengthen labor inspections systems, and create and bolster alternative dispute resolution mechanisms. In Costa Rica this cooperation ended in 2007, although the project continues for the other Central-American countries through \$15.24 million in current funding.

The Costa Rican Constitution prohibits forced or bonded labor, and there have not been any reports that such labor has occurred. Laws specifically prohibit forced and bonded labor by children. The minimum age of legal employment in Costa Rica is 15 years.

The Costa Rican Constitution provides for a minimum wage by occupation that is set by the National Wage Council. The Ministry of Labor effectively enforces minimum wages in the San Jose area, but is less effective in rural areas, especially those where large numbers of migrants are employed. The national minimum wage does not provide a decent standard of living for a worker and family. The Constitution sets maximum workday hours, overtime remuneration, days of rest, and annual vacation rights. Generally, workers may work a maximum of eight hours during the day and six at night, up to weekly totals of 48 and 36 hours, respectively.

Nonagricultural workers receive an overtime premium of 50 percent of regular wages for work in excess of the daily work shift. The law on health and safety in the workplace requires industrial, agricultural, and commercial firms with 10 or more employees to establish a joint management-labor committee on workplace conditions and allows the government to inspect workplaces and to fine employers for violations.

Inspection and enforcement of labor violations are the responsibility of the Inspections Directorate of the Ministry of Labor. Officials within the directorate acknowledge that their operations and effectiveness are severely hampered by a lack of resources. While the office represents one of the most widely dispersed agencies within the Costa Rican government, with 31 offices located throughout the country, most offices are under-staffed, poorly equipped and isolated. As a result, inspectors focus primarily on large businesses within the formal labor sector.

Commitments to Eliminate the Worst Forms of Child Labor: Costa Rica is serious about addressing the issue of the worst forms of child labor, and President Arias has been vocal in his concern for child welfare. Costa Rica ratified ILO Convention 138 in 1974. In July 2001, the Legislative Assembly ratified ILO Convention 182 related to eliminating the worst forms of child labor, including the sexual exploitation of children. The government has also established a national committee to combat child labor and has signed a Memorandum of Understanding with ILO-IPEC. In August 2003, the Government of Costa Rica and the ILO released a joint, comprehensive report financed by the U.S. Department of Labor entitled "Results of the Survey of Child Labor and Adolescents in Costa Rica." According to the report, of the 1,113,987 children and adolescents between the ages of 5 and 17 in Costa Rica,

127,077 or 11.4 percent are employed or looking for work. There are no current figures available at this time.

Due to an under-funded and poorly equipped inspections regime, child labor remains an issue mainly in the informal sector of the economy, including small-scale agriculture, domestic work, and family-run micro-enterprises. Commercial sexual exploitation of children, including trafficking of children into Costa Rica for that purpose, remains a significant problem. The government of Costa Rica has actively discouraged sex tourism and enforcement has been strengthened, either by prosecution and lengthy imprisonment of U.S. citizen offenders in Costa Rica or their capture and deportation for punishment in the United States.

Counter-Narcotics Cooperation: While the President has not identified Costa Rica as a major illicit drug transit or producing country under the provisions of the FRAA, Costa Rica functions as a transshipment point for the smuggling of cocaine and heroin from South America to the United States and Europe. Costa Rican law enforcement officials fully cooperate with U.S. counter-narcotics efforts. To date, this cooperation has resulted in the capture of over 40 tons of cocaine transiting through the country or its territorial waters in 2007. In 2006, Costa Rica captured what then was a record amount of 25.5 tons of cocaine.

Implementation of the Inter-American Convention Against Corruption: Costa Rica ratified the IACAC in 1997. Domestic law imposes a requirement that senior government officials file personal financial reports while in office. The government of Costa Rica has taken legal steps to combat alleged corruption involving two ex-presidents who are charged with having been involved in two different corruption/kickback schemes. The cases are still pending after more than two years of investigation. As a result of these charges, the Legislative Assembly passed a strict anti-corruption law in 2006 to further strengthen the government's anti-corruption efforts.

Transparency in Government Procurement: While the Government of Costa Rica generally requires all procurement to be done through open bidding, problems and complaints occur. Costa Rican government procurement practices are complex and cumbersome, resulting from the many layers of government supervision in place to prevent illegal practices. Bid awards as well as the subsequent projects are frequently delayed by appeals by the losing parties or the Contraloria General's (Comptroller General's) efforts to regulate government purchases and procedures. In addition, over the last five years, several contracts tendered by state monopolies have been mired in controversy. In one case, alleged kickbacks came from a company that had "won" a contract with the state-owned telecommunications company, and the other, embezzlement of funds from the social security system. CAFTA-DR will allow competition in the insurance and telecommunications sectors, thereby lessening opportunities for corruption.

Additional Issues

Nationalization/Expropriation: The Government of Costa Rica has expropriated large tracts of rural land for national parks, biological reserves and indigenous reservations over the past

30 years. The Costa Rican Constitution stipulates that no land can be expropriated without prior payment and demonstrable proof of public interest, but disputes frequently arise over title to the property and the amount of compensation with some cases dragging on for over 30 years. Current and past governments have made some efforts to resolve several pending expropriation cases involving U.S. citizens, and those cases are currently winding their way through the Costa Rican courts. Most recently, in October 2007 the Costa Rican government announced the expropriation of beach-front property owned by U.S. citizens in order to protect a turtle-breeding habitat.

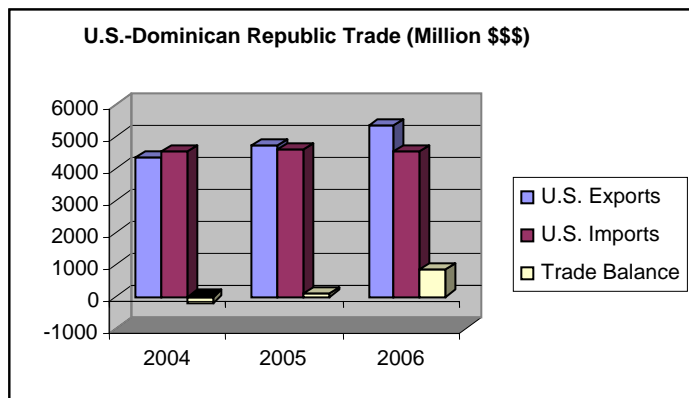
Extradition: Costa Rica has an extradition treaty with the United States. Costa Rican government officials and U.S. Embassy personnel enjoy a cooperative relationship in arranging approximately 15 to 20 prisoner extraditions from Costa Rica each year.

Dominican Republic

Population: 9,365,818
Per Capita GDP: \$8,400

*Department of Commerce 2006
Trade Statistics*

U.S. Exports	\$5,347,802,072
U.S. Imports	\$4,528,989,303
U.S. Trade Balance	\$818,812,769



Economic Review: The Dominican Republic is the Caribbean’s largest democratic country, and has a long-standing, close relationship with the United States, its principal trading partner and largest market. It is the seventh largest importer of U.S. goods in the Western Hemisphere, and is a party to the CAFTA-DR. The Dominican economy has experienced significant growth since 2005. In 2007, the Fernandez administration met fiscal and financial targets of the IMF Standby Agreement, but fell short of goals for institutional reforms in the electricity and financial sectors. The IMF Standby Agreement will end in January 2008. The government has not yet announced whether it will seek to negotiate another agreement. Tight monetary policy and other reforms have resulted in single digit inflation for the past two years. GDP growth projections for 2007 are around 8 percent, down from 10.7 percent in 2006.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: The Dominican Republic is a member of the WTO and has demonstrated a commitment to meet its WTO obligations. The CAFTA-DR entered into force for the Dominican Republic on March 1, 2007. Under CAFTA-DR the Dominican Republic has committed to undertake needed reforms to alleviate many systemic problems in areas that have hindered trade. The Dominican Republic has been a supporter of the FTAA process and played a constructive role in its advancement at the November 2005 Summit of the

Americas in Mar del Plata. In addition, it has served as the Chair of the Intellectual Property Rights Negotiating Group.

Protection of Intellectual Property: As part of its implementation of the CAFTA-DR, the Dominican Republic strengthened its legal framework for the protection of intellectual property rights. The agreement provides improved standards for the protection and enforcement of a broad range of intellectual property rights, which are consistent with U.S. and international intellectual property standards as well as with emerging intellectual property standards. Such improvements include state-of-the-art protections for digital products such as software, music, text and videos; stronger protection for patents, trademarks and test data; and further deterrence of piracy and counterfeiting.

Government-owned entities do not broadcast copyrighted material belonging to U.S. copyright-holders without their express consent.

The U.S. pharmaceutical industry has expressed concern that the sanitary authority of the Dominican Republic Department of Health continues to approve the import, export, manufacture, marketing, and/or sale of pharmaceutical products that are infringing copies of patented products registered in the Dominican Republic.

Provision of Internationally Recognized Worker Rights: The Dominican Republic has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

The Dominican Constitution provides for the freedom to organize labor unions, and all workers, except the military and the police, are free to organize. Organized labor represents an estimated eight percent of the work force and is active in eight companies in the Free Trade Zones (FTZs) but only four unions have established collective bargaining rights. The 1992 Labor Code provides extensive protection for worker rights and specifies the steps legally required to establish a union, federation, or confederation. The code calls for automatic recognition of a union if the government has not acted on its application within 30 days. The government generally respects association rights and places no obstacles to union registration, affiliation, or the ability to engage in legal strikes. However, enforcement of labor laws is sometimes unreliable, inhibiting employees from freely exercising their rights. The Dominican Republic recognizes the problem and is working to correct shortcomings in enforcement. The law forbidding companies to fire union organizers or certain union members has at times been enforced selectively, and penalties appear insufficient to deter employers from violating worker rights. Unions are independent of the government and generally independent of political parties. Labor unions can and do affiliate freely, regionally and internationally. Collective bargaining is legal and must be used in firms in which a union has the support of an absolute majority of the workers. Many of the manufacturers in the FTZs have voluntary “codes of conduct” that include workers rights protection clauses. Workers are not always aware of their rights under these codes.

The Dominican Constitution empowers the executive branch to set minimum wage levels, and the Labor Code assigns this task to a tripartite (government, employer and worker) national salary committee. Congress may enact minimum wage legislation. There are presently 14 minimum wage scales, set by sector and/or geography. The Dominican Labor Code establishes a standard work period of eight hours per day and 44 hours per week. The code also stipulates that all workers are entitled to 36 hours of uninterrupted rest each week. In practice, a typical work week is Monday through Friday plus a half day on Saturday, but longer hours are common. The code grants workers a 35 percent differential for work totaling between 44 hours to 68 hours per week and double time for any hours above 68 hours per week. Overtime is mandatory at some firms in the FTZs.

The Labor Code sets the minimum age for employment at 14 years, and places restrictions on the employment of youth between the ages of 14 and 16. The Understanding Children's Work (UCW) project³ estimated that in 2003, 3.2 percent of children in the Dominican Republic between the ages of 10 and 14 were working. Most of these children work in the service industry and most start working before the age of 13.

Commitments to Eliminate the Worst Forms of Child Labor: The Dominican Republic ratified ILO Convention 182 on the elimination of the worst forms of child labor in 2000, and the government has taken a strong stance on the need to eliminate the worst forms of child labor. A national committee on child labor has been established, and it collaborates with the ILO, UNICEF, and several non-governmental organizations. The Dominican Republic has signed a Memorandum of Understanding with the ILO-IPEC and is working with the ILO on various projects aimed at phasing out exploitative child labor. This includes an ILO-IPEC project supporting the Dominican Republic's Time-Bound program for the elimination of the worst forms of child labor that is funded through the U.S. Department of Labor. The government is also working with DevTech Systems, Inc, in association with Educa and INTEC, on a U.S. Department of Labor-funded Education Initiative whose purpose is to withdraw children from exploitative labor through improved access to education.

Counter-Narcotics Cooperation: The U.S. continues to identify the Dominican Republic as a major drug-transit country in accordance with the FRAA, most recently in 2007. However, the Dominican Republic has been fully cooperating with U.S. counter-narcotics efforts. In 2007, several major joint initiatives were launched to deny traffickers use of the South American air bridge and to secure maritime territory in the Caribbean corridor.

Implementation of the Inter-American Convention Against Corruption: The Dominican Republic ratified the IACAC in 1999. Leonel Fernandez was elected President in 2004 based, in part, on a strong anti-corruption message; similar messages are being repeated by all major presidential candidates for the upcoming May 2008 election. A Government Ethics and Anti-Corruption Commission exists, though its work is little-known and poorly understood among the public. While polls and surveys demonstrate that corruption is perceived to be a principal problem in the Dominican Republic, the majority of Dominicans

³ UCW is a collaborative effort between ILO-IPEC, UNICEF and the World Bank to address the need for more and better statistics on child labor.

polled condone and/or participate in petty corruption. Corruption and the need for reform are openly and widely discussed.

Transparency in Government Procurement: The Dominican Republic is not a signatory to the WTO Agreement on Government Procurement. Suppliers have complained that Dominican government procurement is not conducted in a transparent manner and that corruption is widespread. The Dominican government is modifying its procurement regime to comply with the CAFTA-DR. The CAFTA-DR requires the use of fair and transparent procurement procedures, including advance notice of purchases and timely and effective bid review procedures for procurement covered by the agreement. Under the CAFTA-DR, U.S. suppliers will be permitted to bid on procurements of most Dominican government entities, including key ministries and state-owned enterprises, on the same basis as Dominican suppliers.

Additional Issues

Nationalization/Expropriation: Most, but not all, expropriations have been for purposes of infrastructure or commercial development. Almost all pre-1996 expropriation claims have been resolved through a mechanism that provides claimants with the opportunity of accepting bonds once claims have been reviewed, confirmed and negotiated. However, a number of U.S. investors have outstanding disputes with the Dominican government concerning expropriated land. The United States has emphasized that it expects the Dominican Republic to take steps expeditiously to resolve outstanding investment disputes.

Extradition: The Dominican Republic signed a bilateral extradition treaty with the United States in 1909. During the first term of President Fernandez, 1996-2000, the executive revised its procedures for that previously inactive treaty and began to extradite fugitives requested by the United States. Revision of the country's criminal procedures code in 2004 added judicial review of extradition requests, but has not significantly impacted the overall success rate. Overall, more than 175 fugitives have been extradited. The country has also signed and ratified the U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which provides that certain offenses shall be deemed to be included as an extraditable offense in any extradition treaty existing between parties to the Convention.

Arbitral Awards: In April 2002, the Dominican Republic associated itself with the International Center for the Settlement of Investment Disputes (ICSID). In August of the same year the country implemented the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention).

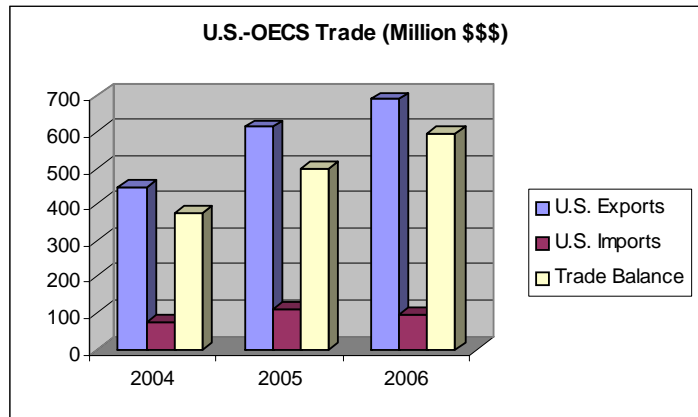
Market Access: The Dominican Republic provides reasonable and equitable access to U.S. goods and services. With the entry into force of CAFTA-DR, approximately 80 percent of U.S. manufactured goods now enter the country duty-free. The Dominican Republic does not afford preferential treatment to products of any developed country.

Use of Export Subsidies: The Dominican Republic does not provide direct subsidies to encourage exports. The FTZs are the major source of exports and production in the zones is tax-free and duty-free, in accordance with WTO recommendations.

The Organisation of Eastern Caribbean States

*Department of Commerce 2006
Trade Statistics*

U.S. Exports	\$689,245,906
U.S. Imports	\$96,393,419
U.S. Trade Balance	\$592,852,487



The Organization of Eastern Caribbean States (OECS) is made up of the countries of Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Montserrat, an overseas territory of the United Kingdom.

Economic Overview: Although several states of the OECS suffered crisis or near-crisis financial situations in the late 1990s and early 2000s, some have recovered and shown strong growth in 2003-2004. Others, including Grenada, which was devastated by Hurricane Ivan in September 2004 and Hurricane Emily in 2005, and Montserrat, which has suffered from ongoing eruptions of the Soufriere Hills Volcano, beginning in 1995, are still struggling.

After years as sugar and banana monocultures, OECS members are shifting toward service-based economies, built on tourism and financial services, with offshore medical, nursing, and veterinary schools and niche agriculture also playing important roles. The United States is gradually becoming the principal trading partner and source of tourism revenue for OECS members, a role long occupied by the United Kingdom, which was the colonial power in much of the region.

Antigua and Barbuda. Having abandoned its unprofitable sugar industry several years ago, Antigua and Barbuda is the most developed of the OECS Members and the most dependent on tourism. The present government, which took office in early 2004, has embarked on a reform program, including restructuring its massive debt to GDP ratio of 128 percent, reintroducing the income tax, and making government more transparent. The current administration also plans to cut the public sector workforce and introduce a value added tax (VAT) to reduce dependence on tariff revenues and put the country in a better position to handle WTO tariff cuts. Long-term growth prospects depend on the continued vibrancy of the tourism and financial services sectors, foreign investment in new tourism projects, and Antigua’s ability to exercise fiscal restraint.

In Antigua and Barbuda, workers may not be required to work more than a 48 hour, six-day workweek. In practice the standard workweek is 40 hours in five days. Workers generally

receive annual leave and maternity leave. The minimum working age is 16. Although a section of the labor code includes some provisions regarding occupational health and safety, the government has not developed comprehensive occupational health and safety laws or regulations. Antigua and Barbuda has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

Dominica. Dominica is widely recognized as having the worst financial situation of all the OECS Members. However, in an effort to revive the economy, Dominica completed a three-year IMF stabilization and adjustment program in December 2006. The IMF concluded that it was satisfied with the manner in which Dominica implemented the program. In completing the program, the country implemented several difficult economic reforms and is back on the path to economic growth. Dominica has turned its economy around, but still faces major challenges in diversifying its economy and improving infrastructure. Hurricane Dean, which struck in August 2007, was one of these challenges, having wiped out virtually all of Dominica's crucial banana crop, as well as the vast majority of most other agricultural crops. In addition to agricultural damage, Hurricane Dean left major infrastructural damage to roads, bridges, and riverbed and seabed walls.

In Dominica, minimum wages are set for various categories of worker. However, these were last revised in 1989. Dominica is a signatory of the ILO Minimum Age Convention. The Employment Safety Act provides occupational health and safety regulations that are consistent with international standards. Dominica has ratified all eight of the ILO core labor conventions.

Grenada. Grenada's economy, dependent on tourism, education, and agriculture, was hit hard by the decline in tourism following the attacks of September 11, 2001. It was then devastated by Hurricanes Ivan (2004) and Emily (2005). Ivan brought the economy to a near-standstill, doing damage equal to two and one-half times Grenada's GDP. With assistance from the United States and other sources of international aid, reconstruction proceeded quickly. Despite initial high unemployment in the tourist and other sectors, urban Grenadians benefited post-hurricane from job opportunities in the surging construction sector. Agricultural workers did not fare as well. Hurricane Ivan in 2004 destroyed or significantly damaged a large percentage of Grenada's nutmeg, cocoa, and other tree crops. Hurricane Emily eight months later in 2005 further damaged the sector. Complete recovery will take years as many farmers simply walked away from their land. Grenada continues to import many of the basic foods which are no longer grown in sufficient quantities on the island.

In anticipation of Cricket World Cup matches held on the island in the spring of 2007, many Grenadians renewed their focus on the rebuilding process. The number of hotel and home-stay rooms in the tri-island state increased in 2007 as a result. Predictions are for an increase in tourism. However, Grenada lags behind its neighbors in marketing the island overseas and many rooms still remain empty for much of each year. St. George's University (SGU), a

large American medical and veterinary school with 3,700 students, about 1,200 of them American citizens, is in full operation and making a significant contribution to the economy. Due to the closure of SGU's St. Vincent campus, there are 350 additional students in Grenada, resulting in a construction boomlet on the St. George's campus in 2007 to create housing and teaching space for them. Grenada has good infrastructure, a relatively high literacy rate, and stable political system. High public debt resulting from rebuilding efforts following the two hurricanes continues to be a drag on the economy. Further economic diversification, especially in tourism and education services and higher-end niche agricultural markets, should improve Grenada's longer-term prospects.

Grenada's minimum wage was last raised in July 2002 for domestic workers, plumbers, agricultural workers, and shop assistants. The normal workweek is 40 hours in five days. Unemployment, especially among youth aged 18 to 25, is over 20 percent. The minimum age for employment is 16 years. Grenada has ratified all eight of the ILO core labor conventions.

Montserrat. Montserrat is a British Overseas Territory. Repeated eruption since 1995 of the Soufriere Hills Volcano in the south of the island has led to the evacuation and relocation of residents from the so called "exclusion zone." Severe volcanic activity has put a damper on this small, open economy. A catastrophic eruption in June 1997 closed the airports and seaports, and caused economic and social dislocation, including the departure of two-thirds of the island's 12,000 inhabitants. Some of the dislocated inhabitants began to return in 1998, but a lack of housing limited the number. The agriculture sector continues to be affected by the lack of arable land for farming and the destruction of crops by volcanic eruptions. Prospects for the economy depend largely on developments in relation to the volcano and on public sector construction activity. In 1996, the United Kingdom launched a \$122.8 million aid program to help reconstruct the economy. However, half of the island is expected to remain uninhabitable for the next decade.

There is no minimum wage in Montserrat, however, it is recommended that prospective employers pay wages equal or above those approved for Government workers. The labor force in Montserrat is small and a majority of it is employed by the government. There is no legislated work week, but workers generally work a 40 hour work week. Labor relations are governed by the Employment ordinance No. 19 of 1979. The Labor Department provides conciliation service. The Montserrat Allied Workers Union provides representation for workers outside the public sector.

St. Kitts and Nevis. As for the other islands in the Eastern Caribbean, tourism is the most important sector of the St. Kitts and Nevis economy. The government decided to close the nation's unprofitable sugar industry in 2005 after three centuries of sugar production, and the country gave its roughly 1200 former sugar workers the equivalent of a year's pay in severance. With an economy otherwise thriving, finding new employment for these former sugar company employees is the government's main challenge. Many of them are expected to retire, but opportunities are available for others in the expanding tourism sector and related occupations, such as growing food and flowers for hotels.

Minimum wages in St. Kitts and Nevis vary by category of worker. The minimum wage provides a barely adequate living for a wage earner and family; many workers supplement wages by keeping small animals such as goats and chickens. The law provides for a 40 to 44 hour workweek in five days. While there are no specific health and safety regulations, the Factories Law provides general health and safety guidance to Labor Ministry inspectors. The Labor Commission settles disputes over health and safety conditions. The minimum age for employment is 16 years. St. Kitts and Nevis has ratified all eight of the ILO core labor conventions.

St. Lucia. The Government of St. Lucia, one of the most effective and stable governments in the Eastern Caribbean, has turned to tourism to revitalize its economy. During 2005, the hotel and restaurant industry grew by 6.3 percent during and stay-over arrivals increased by 6.5 percent, with the United States accounting for 35.4 percent of these arrivals. Yacht passengers rose by 21.9 percent. Meanwhile, the banana industry declined 29.1 percent during the year. The current government currently plans to further promote tourism investment, bringing in various new large-scale resorts. Simultaneously, the government hopes to stabilize agriculture by promoting new techniques, such as agri-processing.

Minimum wage regulations in St. Lucia have remained in effect since their institution in 1985. The legislated workweek is 41 hours, although the common practice is to work 40 hours in five days. Occupational health and safety regulations are relatively well developed; however, there are only two qualified inspectors for the entire country. The Employment of Women, Young Persons, and Children Law set the minimum age for employment at 16 years. St. Lucia has ratified seven of eight of the ILO core labor conventions. It has not yet ratified Convention 138 on the minimum age.

St. Vincent and the Grenadines. The economy of St. Vincent and the Grenadines is small and weak and the Government is heavily in debt. The economy of the country relies heavily on the declining banana industry, which employs upwards of 60 percent of the work force and accounts for 50 percent of merchandise exports. St. Vincent, like other Caribbean banana producers, is striving to diversify its economy. Crop substitution has given rise to increased marijuana production, and some segments of the population now depend on marijuana production and trafficking for their income. Tourism in the Grenadines is flourishing, with several new world-class hotels planned for the island of Canouan.

The Government of St. Vincent and the Grenadines updated its minimum wage laws in 2003. Minimum wages vary by category of worker. The law prescribes workweek length according to category. For example, industrial employees work 40 hours a week, and store clerks work 44 hours a week. The law stipulates a minimum working age of 14. The government also added hazardous work legislation to protect workers, particularly in the agriculture sector. St. Vincent and the Grenadines has ratified all eight of the ILO core labor conventions.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Although hindered by a lack of government resources and technical expertise, the OECS Members (not including Montserrat, which is a U.K. overseas territory)

have demonstrated a commitment to fulfill their WTO obligations on schedule. As members of CARICOM, the OECS Members have, in coordination with other CARICOM countries, been supporters of the FTAA process. (Montserrat, which is not a sovereign state, cannot be a participant in the FTAA negotiations.) The OECS Members are vocal advocates of special and differential treatment for the small-island economies of the Caribbean region. USAID maintains an active technical assistance program in the region to help these small nations meet their international trade obligations.

Protection of Intellectual Property: Although the OECS Members suffer from a lack of resources, they are moving toward a harmonization of their intellectual property (IP) law. OECS Member are also working to educate their populations on the benefits that accrue from establishing an effective IP regime and are striving to comply with international obligations and strengthen protection. However, video, music and DVD piracy remains a problem throughout the region.

Provision of Internationally Recognized Worker Rights: In the OECS Members, workers have the right to associate freely and to form labor unions; this right is generally respected. Workers also have the right to organize and bargain collectively and there is a prohibition on any form of forced or compulsory labor.

Commitment to Eliminate the Worst Forms of Child Labor: All the OECS countries have ratified ILO Convention 182 (Montserrat is a member via the United Kingdom's ratification of the Convention). Although there is no evidence to suggest it is a widespread problem, there have been some reports of exploitative child labor in the region. There have been reports that children may be involved in pornography, prostitution, and the distribution of drugs in a few of the OECS members. In addition, there have been reports of children involved in commercial sexual exploitation in order to pay for basic needs such as school fees and food. On the more agriculturally dependent islands, such as Dominica, St. Lucia and St. Vincent, children sometimes work on family banana farms, generally outside of school hours. Child labor is slightly more common in rural areas where some older children may work as domestics or in family-owned cottage industries. Because all of the OECS islands except St. Vincent have compulsory schooling until age 15 or 16, there are few children in the labor force.

Counter-Narcotics Cooperation: The President has not identified any of the OECS Members as a major drug transit or major illicit drug producing country under the provisions of the FRAA.

Implementation of the Inter-American Convention Against Corruption: The only OECS member that has not acceded to the IACC is Montserrat, whose international obligations derive from those of the United Kingdom.

Transparency in Government Procurement: The OECS Members' government procurement policies are generally quite open and transparent, and the Administration is not aware of any non-competitive bidding procedures.

Additional Issues

Nationalization/Expropriation: Some U.S. investors have outstanding disputes with the governments of Antigua and St. Kitts concerning expropriated land. They are currently attempting to resolve those disputes within the local legal systems, and ask for occasional advice from the United States. The United States has stressed to authorities in both countries its interest in seeing the disputes resolved.

El Salvador

Population: 6,948,073

Per Capita GDP: \$4,900

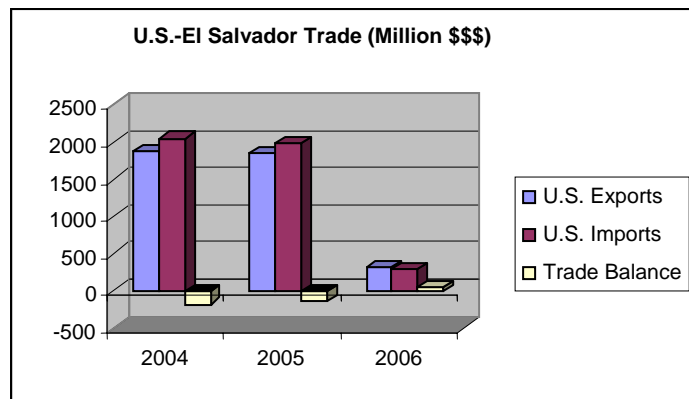
Department of Commerce 2006

Trade Statistics⁴

U.S. Exports \$317,816,750

U.S. Imports \$279,819,267

U.S. Trade Balance \$37,997,483



Economic Review: After experiencing low rates of economic growth during the period from 1997 to 2004, the Salvadoran economy has begun to recover, posting economic growth of 3.1 percent in 2005 and 4.2 percent in 2006. As a result, per capita income increased by 2.5 percent in 2006. The Salvadoran government views the expansion of trade and investment as essential to the recovery of private sector led growth.

Since taking office in March 2004, President Elias Antonio Sacá Gonzalez's government has continued an economic reform strategy fundamentally based on free market principles and fiscal responsibility. In a break from previous administrations, President Sacá has also proposed government programs to address poverty and income inequality and has implemented sectoral investment incentives such as a Tourism Law and a Services Law. The Services law will provide fiscal incentives for the export of services that are not banned by the WTO and that are similar to the Free Trade Zones Law. President Sacá has also implemented several programs to support the development of small and medium business.

Foreign investors and domestic firms are eligible for the same export incentives. Exports of goods and services pay zero value added tax. Some government contracting for large civil engineering projects requires local content; however, the funds for many of these projects are provided by multilateral development banks whose procurement practices allow U.S. companies to participate. El Salvador's Investment Law does not require investors to export

⁴ In 2006, U.S. trade with El Salvador included data only for the part of 2006 during which this country was eligible for CBERA benefits, before CAFTA-DR entered into force (March 1, 2006).

specific amounts, transfer technology, incorporate set levels of local content, or fulfill other performance criteria.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: El Salvador has been supportive of multilateral trade liberalization through negotiations in both the WTO and the FTAA. El Salvador has demonstrated a commitment to fulfill its obligations as a WTO member and plays an important role as a regional leader on trade issues.

El Salvador is a party to a number of free trade agreements including CAFTA-DR, and agreements with Mexico, Chile, the Dominican Republic, Panama, Colombia, and Taiwan. In October 2007, El Salvador and its Central American counterparts started negotiating an Association Agreement with the European Union, which will include a political dialogue and cooperation in numerous areas including trade and investment.

Protection of Intellectual Property: As part of its implementation of the CAFTA-DR, El Salvador has strengthened its legal framework for the protection of intellectual property rights. The agreement provides improved standards for the protection and enforcement of a broad range of intellectual property rights, which are consistent with U.S. and international intellectual property standards as well as with emerging intellectual property standards. Such improvements include state-of-the-art protections for digital products such as software, music, text and videos; stronger protection for patents, trademarks and test data; and further deterrence of piracy and counterfeiting.

Criminal enforcement of intellectual property rights in El Salvador has greatly improved in recent years, although there continues to be a very high rate of piracy especially for items such as software. Further, use of the criminal and mercantile courts to seek redress of intellectual property rights violations can be a slow and frustrating process.

Provision of Internationally Recognized Worker Rights: El Salvador has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

The Constitution provides for the rights of workers and employers to form unions or associations, and workers and employers exercise these rights in practice; however, there have been some problems. There have been repeated complaints by workers, in some cases supported by the ILO Committee on Freedom of Association, that the Government impeded workers from exercising their right of association. In connection with the implementation of CAFTA-DR, El Salvador is working to address these concerns. In addition, recent Supreme Court rulings on ILO Conventions 87 and 98 make it unclear how public sector worker rights of freedom of association and collective bargaining will be protected under the law.

The Constitution and the Labor Code provide for collective bargaining rights for employees in the private sector and for certain categories of workers in autonomous government agencies, such as utilities and the port authority. While the government generally recognizes the right to collective bargaining, there is an on-going dispute in which the Ministry of Labor has not recognized a union in the telecommunications industry, even after ordered to do so by the Supreme Court.

Salvadoran law also provides for the right to strike, and workers exercise this right. Public workers who provide vital community services are not allowed to strike legally, although the government of El Salvador has generally treated strikes called by public employee associations as legitimate.

The Constitution prohibits forced or compulsory labor, including by children, except in the case of natural catastrophe and other instances specified by law, and the Government has generally enforced this provision. The Constitution also prohibits the employment of children under the age of 14, although children 12 to 14 can be authorized to do light work as long as it does not harm their health and development or interfere with their education. In addition, the law prohibits those under the age of 18 from working in occupations considered hazardous.

The law sets a maximum normal workweek of 44 hours, limits the workweek to six days and requires bonus pay for overtime (although this requirement is frequently not met). Full-time employees are to be paid for an eight-hour day of rest in addition to the 44-hour normal workweek and receive an average of one month's wage a year in required bonuses plus two weeks of paid vacation. For youths between 14 and 16 years of age, the law limits the workday to six hours (plus a maximum of two hours of overtime) and sets a maximum number of work hours for youths at 34 hours. Workers have faced problems collecting severance pay after factories closed and health care salary deductions were not made to the government.

El Salvador takes part in a regional project in Central America funded with a grant of \$15.24 million from the U.S. Department of Labor to increase workers' and employers' knowledge of labor laws, strengthen labor inspections systems, and create and bolster alternative dispute resolution mechanisms.

Commitments to Eliminate the Worst Forms of Child Labor: El Salvador ratified ILO Convention 138 on the minimum age for employment in 1996, and Convention 182 on the Worst Forms of Child Labor, in 2000. The Ministry of Labor is responsible for enforcing child labor laws. While labor enforcement has been weak in the past due to lack of resources, additional inspectors were hired in 2006. Currently 24 inspectors are dedicated to child labor issues. Limited inspections occur in the large informal sector, since labor inspectors generally focus on the formal sector, where child labor is rare. Many citizens perceive child labor as an essential component of family income rather than a human rights violation. Orphans and children from poor families frequently work in the informal sector for their own or family survival as street vendors and general laborers in small businesses. Children in

these circumstances often do not complete schooling. El Salvador has instituted incentive programs, such as Red Solidaria, for low income families to keep their children in school.

According to the ILO, from October 2003 to March 2005, 47,719 children received medical, psychological, recreational, vocational, nutritional, and educational attention under ILO-IPEC programs. These activities have helped keep children out of the labor force. The ILO-IPEC, in cooperation with the Ministry of Labor, has also provided 4,028 parents with training in occupational skills, literacy, productivity, and medical attention, among other areas. Together with the National Committee for the Elimination of the Worst Forms of Child Labor and various ministries, USDOL-funded ILO-IPEC projects from 2001 to 2007 withdrew 9,531 and prevented 26,175 from the worst forms of child labor, including work in sugarcane plantations, garbage dumps, fishing, and commercial sexual exploitation. A current USDOL-funded ILO-IPEC seeks to withdraw or prevent an additional 12,318 children from exploitative child labor. The Government of El Salvador has shown a commitment to combating exploitive child labor.

Counter-Narcotics Cooperation: The President has not identified El Salvador as a major drug transit or major illicit drug producing country under the provision of the FRAA. In addition, the government of El Salvador has acted to meet the objectives of the 1988 UN Drug Convention and interdict narcotics entering its territory. El Salvador also hosts a Cooperative Security Location, used for counter-narcotics surveillance flight operations.

Implementation of the Inter-American Convention Against Corruption: El Salvador ratified the IACAC in 1998. Soliciting, offering, or accepting a bribe is a criminal act in El Salvador. A Court of Accounts, established by the Constitution, investigates allegations against public officials and entities and, when necessary, passes such cases to the Attorney General for prosecution. The Anticorruption and Complex Crimes Unit of the Attorney General's Office handles cases involving corruption by public officials and administrators.

The Legislative Assembly approved a Government Ethics Law in 2006. The law establishes an Office of Government Ethics that handles complains from any citizen against corrupt civil servants. Once a complaint has been filed, an Ethics Court follows its administrative procedures to investigate the complaint and imposes sanctions for the violations against the law. The Ethics Court includes representatives of the Legislative Assembly, the President of the Republic, the Supreme Court of Justice, the Comptroller, and one member elected by the heads of the Public Ministry. Sanctions include written reprimands, fines no lower than 10 percent and no higher than 10 times the offender's monthly salary, and dismissal after a third infraction to the law. If the infraction deserves a penal sanction, the civil servant will be suspended and the case will pass to the General Attorney's Office.

Transparency in Government Procurement: The laws and regulations of El Salvador are relatively transparent and generally foster competition. Bureaucratic procedures have improved in recent years and are streamlined for foreign investors. In late 2004, the government passed a Competition Law. Overall, the El Salvador's government procurement practices are transparent and nondiscriminatory. Bids for large projects are listed in newspapers or distributed to the international community. In some cases, however, short

tender deadlines prevent meaningful international competition. Smaller tenders are listed on individual ministry websites or are available from ministry procurement offices.

Additional Issues

Nationalization/Expropriation: Pursuant to El Salvador’s 1983 Constitution, the government may expropriate private property for reasons of public utility or social interest, and indemnification can take place either before or after the fact. There are no recent cases of expropriation. Several longstanding commercial disputes involving U.S. companies are still pending resolution in the court system.

Reverse Preferences: El Salvador does not provide preferential treatment to products of any other developed country to the detriment of U.S. commerce.

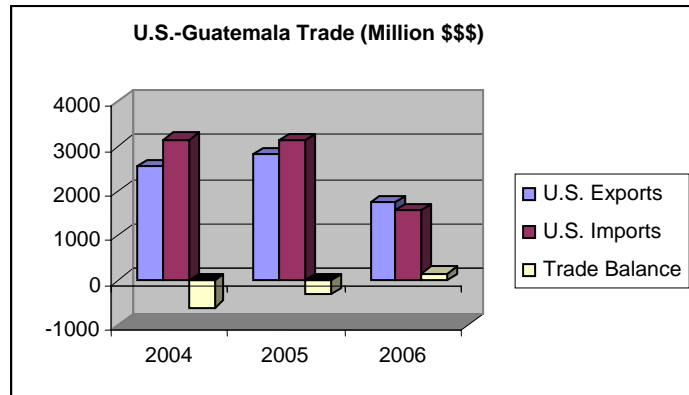
Extradition: The government of El Salvador signed an agreement with the United States in 1911 allowing for extradition of each other’s citizens; this treaty is still in force and is regularly used.

Guatemala

Population: 12,728,111
Per Capita GDP: \$5,000

*Department of Commerce 2006
Trade Statistics⁵*

U.S. Exports \$1,734,223,186
U.S. Imports \$1,577,938,495
U.S. Trade Balance \$156,284,691



Economic Review: The Guatemalan economy has grown increasingly diversified in recent years. Although agricultural production, including coffee, sugar, and bananas, still accounts for a significant share of the country’s economic output, other sectors including manufacturing (particularly apparel assembly) and services have displaced agriculture as Guatemala’s primary engine of growth. The signing of the 1996 Peace Accords ended a protracted civil conflict and resulted in a consensus among most political parties to maintain liberal, market-oriented economic policies. Corruption, a poor security and legal environment, lack of regulatory certainty and low levels of tax collection remain challenges that Guatemala must overcome to achieve its full economic potential.

⁵ In 2006, U.S. trade with Guatemala included data only for the part of 2006 during which this country was eligible for CBERA benefits, before CAFTA-DR entered into force (July 1, 2006).

Guatemala's GDP grew by 5.0 percent in 2006, a significant increase from 3.5 percent growth in 2005. Strong economic growth can be attributed to continued macroeconomic stability, the entry into force of CAFTA-DR in July 2006, the strong economic performance of Guatemala's main trading partners, and increased public and private investment in infrastructure including reconstruction projects in the areas affected by Tropical Storm Stan. GDP is projected to grow by 5.6 percent in 2007 but may be adversely impacted by an economic slowdown in its main trading partners.

Apparel assembly activities benefited from increased access to the U.S. market as a result of CBI enhancement; however, a number of CBTPA adjustments were not favorable to Guatemala's textile industry. Guatemala relied on CBTPA benefits until CAFTA-DR entered into force on July 1, 2006. Increased energy and labor costs, an overvalued local currency, and the 2005 termination of textile and apparel quotas for WTO members reduced the sector's competitiveness.

Guatemala suffers from one of the most pronounced income and wealth disparities in the western hemisphere. The 1996 Peace Accords commit the government to increase social spending on health and education; however, the government has struggled to raise adequate revenue to meet these obligations. Although the government of Guatemala has taken steps to reform and modernize the tax system, tax revenues have not increased significantly as a percentage of GDP. The government also lacks adequate transparency in the use of public funds, although the creation and mandatory use of a web-based electronic procurement system has helped.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Guatemala has been supportive of multilateral trade liberalization through negotiations in both the WTO and the FTAA. Together with other Central American countries, Guatemala has signed free trade agreements with Mexico, the Dominican Republic, Taiwan, Colombia, and the United States and launched negotiations with the European Union in October 2007.

Protection of Intellectual Property: As part of its implementation of the CAFTA-DR, Guatemala strengthened its legal framework for the protection of intellectual property rights. The agreement provides improved standards for the protection and enforcement of a broad range of intellectual property rights, which are consistent with U.S. and international intellectual property standards as well as with emerging intellectual property standards. Such improvements include state-of-the-art protections for digital products such as software, music, text and videos; stronger protection for patents, trademarks and test data; and further deterrence of piracy and counterfeiting.

The government has sought to address weaknesses in intellectual property enforcement by appointing a special prosecutor to handle violations of intellectual property rights. A number of raids, cases and prosecutions have been pursued; however, resource constraints and lack of training impede enforcement efforts. Piracy of works protected by copyright and infringement of other forms of intellectual property, such as trademarks, remains problematic in Guatemala.

Television stations and cable systems are privately owned in Guatemala and the only government owned radio station does not broadcast copyrighted material without consent.

Provision of Internationally Recognized Worker Rights: Guatemala has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

Guatemalan law provides for freedom of association and the right to form and join trade unions; however, in practice enforcement is weak. With the exception of members of the security forces, all workers have the right to form or join unions, but less than three percent of the formal sector work force is unionized. An ILO evaluation reported that workers live under threat of retaliation from their employers. Some unions and international labor organizations noted an increase over the past few years in the number of murders of trade union activists, attacks, and threats against unions and unionists. Enforcement of legal prohibitions on retribution for forming unions and for participating in trade union activities is weak. An ineffective legal system and inadequate penalties for violations undermine enforcement of the right to form unions and participate in trade union activities.

Although there are no special laws or exemptions from regular labor laws in the export processing zones (EPZs), violations of the spirit and letter of EPZ laws continue to exist, permitting factories to close and re-open under a different name. In at least one case, this practice resulted in the legal dissolution of one of the few apparel and garment sector unions. The government of Guatemala created a Special Prosecutor to investigate and prosecute crimes against unionists; however, the office has been plagued by insufficient resources and has not yet secured a conviction in 2007.

The Labor Ministry has made it a priority to train labor inspectors in health and safety standards; however, scarce resources and inefficient enforcement mechanisms limit their impact. Workers have the legal right to remove themselves from dangerous workplace situations, and the law provides them with protection for their continued employment. Not all workers are fully confident that they may exercise this right without jeopardizing their employment.

The constitution expressly prohibits forced or compulsory labor; however, trafficking in persons for the purposes of sexual exploitation does occur. A number of employers have reportedly forced workers to work overtime, often without the premium pay mandated by law. Despite requirements in the law barring employment of minors under the age of 14 without written permission from parents or the Ministry of Labor, child labor remains a widespread problem in Guatemala. Minors are prohibited from working in establishments where alcoholic beverages are served, in unhealthy or dangerous conditions, and from night work and overtime work. The legal workday for persons younger than 14 is six hours, and for persons 14 to 17 years of age, seven hours. Guatemala's constitution and law provide for

free compulsory education for all children up to the sixth grade; however, as of 2007 less than half the population had completed primary education.

Commitments to Eliminate the Worst Forms of Child Labor: Guatemala ratified ILO Convention 182 on October 11, 2001. The government is taking steps to implement the Convention in order to address systemic problems in the area of child labor. The Labor Ministry administers a National Plan for the Prevention and Eradication of Child Labor and Protection of Adolescent Workers, and cooperates with programs run by non-governmental organizations to combat child labor. Guatemala has signed a Memorandum of Understanding with the ILO-IPEC and is working with the ILO on various programs aimed at eliminating exploitative child labor.

Counter-Narcotics Cooperation: Guatemala is considered a major transshipment point for cocaine destined for the United States. The President has designated Guatemala as a major drug transit or major illicit drug producing country, most recently in September 2007. In March 2003, the United States determined that Guatemala had “failed demonstrably during the previous 12 months to adhere to its obligations under counter-narcotics agreements.” The Guatemalan government responded to the deteriorating quality of cooperation by disbanding and reforming its corrupt anti-narcotics police. The Government subsequently created special narcotics, money laundering, organized crime and anti-corruption task forces incorporating police, prosecutors, and judges. The Guatemalan Government also ratified a bilateral maritime interdiction treaty. President Bush on September 15, 2003, announced that Guatemala had improved its counter-narcotics practices and that the Government would be fully certified as cooperating with U.S. counter-narcotics efforts. Since that 2003 determination, Guatemala has continued to cooperate with the United States on counter-narcotics issues.

Guatemala has also developed a series of implementing regulations for the control of chemical precursors that bring Guatemala into compliance with UN conventions. The Financial Investigations Unit within the Superintendence of Banks has made substantial improvements to its ability to investigate financial crimes under comprehensive money laundering legislation enacted at the end of 2001. In recognition of this progress and other improvements in financial sector supervision, Guatemala was removed from the Financial Action Task Force list of non-Cooperating Countries and Territories in June 2004. The United States continues to work with Guatemala to advance development of comprehensive training programs to improve performance of the country’s narcotics enforcement agents.

Implementation of the Inter-American Convention Against Corruption: Guatemala signed and ratified the IACAC in July 2001. An indication of progress in implementing the convention’s requirements and recommendations, Guatemala has now made government officials who benefit from narcotics trafficking subject to civil penalties. The Berger administration has taken steps to address corruption by public officials, but solidifying institutional reform remains slow. Various senior officials who served during the Portillo administration have been prosecuted for their role in corruption scandals. The former Minister of Interior is in jail pending trial and the former Superintendent of Tax Administration was sentenced to 30 years in prison in April 2007. The former Comptroller

General was found guilty of fraud-related charges and sentenced to 17 years in prison in 2005. The former Minister of Finance was released after spending one year in prison for embezzlement. Despite these high-profile cases, government corruption remains a concern, with public surveys noting a lack of confidence in almost all government institutions.

Transparency in Government Procurement: Government procurement is regulated under a 1992 law that establishes procedures for national and local government entities and quasi-state enterprises. Though the legislation is comprehensive in scope, transparency procedures are often circumvented in cases where a project is declared to be a matter of “national urgency.” In March 2004, the new administration made mandatory the use of Guatecompras, an Internet-based electronic system used to publicize Guatemala’s procurement needs, which is improving transparency in the government procurement process. A law approved in 2006 as part of CAFTA implementation included reforms to the Government Procurement Law. Implementation of CAFTA-DR provisions has helped to further improve government procurement transparency.

Additional Issues

Nationalization/Expropriation: There are no current cases of the Government expropriating the property of U.S. citizens. The arbitral process in Guatemala is complicated and slow to reach resolution; however, the Government has shown good faith in recognizing final decisions when rendered.

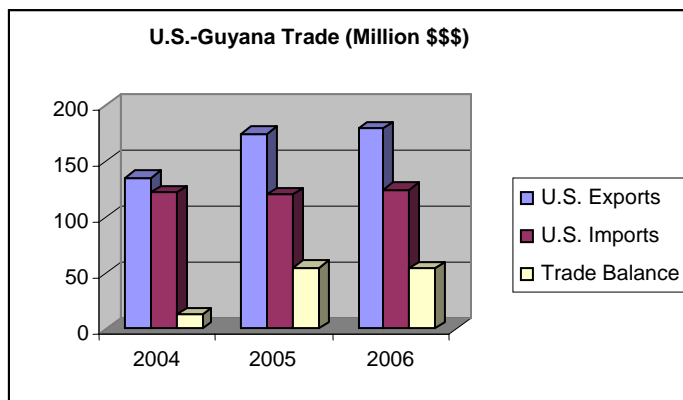
Extradition: Guatemala is a signatory to a 1903 extradition treaty with the U.S. that allows for the extradition of persons charged or convicted of crimes within the jurisdiction of one of the contracting parties.

Guyana

Population: 769,095
 Per Capita GDP: \$4,900

*Department of Commerce 2006
 Trade Statistics*

U.S. Exports	\$179,418,493
U.S. Imports	\$125,236,514
U.S. Trade Balance	\$54,181,979



Economic Review: Guyana is among the poorest countries in the western hemisphere. Despite contracting by 2.2 percent in 2005, the economy rebounded in 2006 and grew by 4.8 percent. Agricultural production grew, especially in the rice and forestry sectors. Guyana’s hosting of the 2007 Cricket World Cup also helped boost growth in the engineering and construction sectors. The mining sector, however, continued to struggle as a result of the

closure of Omai Gold Mines and the reduction in bauxite sales by Omai Bauxite Mines. Despite significant increases in the consumer price index during the first quarter of 2006, especially with respect to medical services, housing, fuel and food, inflation decreased from 8.2 percent in 2005 to 4.2 percent in 2006. The IMF predicts that Guyana's economy will grow by 5.2 percent in 2007 and 4.7 percent in 2008.

In 2006, the government continued to pursue initiatives to bring external debt and debt service to sustainable levels. In March 2007, the Inter-American Development Bank (IDB) provided 100 percent debt relief for Guyana's outstanding loan balance and interest as of December 31, 2004, amounting to \$467 million. Immediately preceding the IDB write-off, both the IMF and the World Bank also granted \$237 million in debt relief, bringing the total to \$704 million. Through the Paris Club debt relief process, the government concluded an agreement in 2006 with Japan, which provided for 100 percent write-off of principal and accrued interest, amounting to \$591,327.

The government of Guyana has also taken action to increase the country's competitiveness. It has eliminated the duty on imports of certain types of machinery, introduced a 75 percent tax rebate on profits from non-traditional exports, and eliminated the value added tax on the sale of locally produced garments. The government has also established a National Competitiveness Council. Despite these efforts, producers continue to cite high transportation and electricity costs as major obstacles to competitiveness. In addition, the high cost of capital financing-- Guyana's average lending rate is 15 percent--reduces the ability of manufacturers to upgrade equipment.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Guyana has demonstrated a general commitment to undertaking its obligations under the WTO agreements, although Guyana lags behind in the process of updating domestic laws and trade policies to reflect those obligations. Guyana has been a supporter of the FTAA process and participates in regional and international trade negotiations in close coordination with CARICOM's Regional Negotiating Machinery.

In the last 17 years, Guyana has taken important steps to liberalize its trade and investment regimes, enhancing its integration into the global economy, but it needs to make further efforts to increase its competitiveness while also seeking to diversify its production and export base. Together with the IMF, the government is working to eliminate poverty and build the country's economy through the Poverty Reduction Strategy Program (PRSP).

Protection of Intellectual Property: Guyana continues to lack an adequate legal framework for the protection of intellectual property, and institutional capacity to enforce the provisions of existing laws remains weak. The government passed Geographic Indication Legislation in 2005. Despite repeated promises by Guyana to update its legal regime in order to protect the intellectual property of foreign companies in its territory, Guyana's current laws on copyrights and patents date from colonial times, circa 1956. The unauthorized use of music and video products is widespread, and local television stations, including those run by the government, routinely transmit copyright-protected material without proper licensing.

Provision of Internationally Recognized Worker Rights: Guyana has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation. The Constitution guarantees freedom of association and the right to collective bargaining, and about one-third of the workforce belongs to unions. The law requires employers to recognize a union elected by the majority of employees in a workplace. There is a tradition of close links between political parties and labor unions. Forced and compulsory labor are constitutionally prohibited.

The Factories Act and Employment of Young Persons and Children Act of 1999 sets the minimum age for employment at 15 years, but children under that age may be employed in enterprises in which members of their family are employed. The law restricts to the age of 18 or higher employment in hazardous areas, such as mining, construction and sanitation services. Many children work in the informal sector, such as street trading. Though the government devotes 20 percent of the budget to education and provides free education through secondary school, the lack of resources and a deteriorating infrastructure limit educational opportunities.

The Labor Act and the Wages Councils Act allow the Labor Minister to set minimum wages for various categories of private employers, but there is no legislated national private sector minimum wage. The minimum wage in the public sector was increased during 2007 to the equivalent of approximately \$130 per month. The maximum workday is eight hours, and the maximum workweek is forty-four hours, with overtime and premium pay mandated for work in excess of those maximums. The Factories Act establishes safety and health standards, which are enforced by the Ministry of Labor. Enforcement is weak, however, due to inadequate resources.

Commitments to Eliminate the Worst Forms of Child Labor: Guyana ratified ILO Convention 182 on January 15, 2001, and there are laws in place proscribing such forms of child labor. However, there is no formal, legal list of hazardous child labor. It is in process of development. In ratifying ILO Convention 182, Guyana committed to take immediate and effective measures to prohibit and eliminate the worst forms of child labor by designing and implementing relevant programs. A national steering committee on child labor was formed in September 2003. This committee works to educate and rehabilitate children and families which are under threat. The committee also provides support services and public awareness. Other than normal police procedures, there are no special institutional mechanisms to investigate and address complaints related to allegations of the worst forms of child labor.

With the exception of teenage prostitution, there is little evidence to suggest that a significant number of children in Guyana are engaged in the worst forms of child labor, as defined in the ILO Convention. As a result, the government of Guyana has no comprehensive policy specifically for the elimination of the worst forms of child labor. However, the Department of Labor and Partners of the Americas, in conjunction with the Guyanese Ministries of Labor and Education, launched a project in 2005 called EDUCARE Guyana in an effort to identify

and reduce the incidence of the worst forms of child labor in Guyana and to withdraw or prevent 3,044 children from exploitative or hazardous child labor.

Additionally, the government has taken significant action to combat trafficking in persons (TIP). There are a number of non-governmental organizations concerned with the issues of teenaged prostitution and human trafficking. The government has passed human trafficking legislation and has established a unit within the Ministry of Labor, Human Services and Social Security (MoLHSSS) to address the issue. In 2007, the Ministry of Home Affairs created a national inter-agency task force to address TIP issues in Guyana. This task force meets monthly and is significantly improving data collection efforts on TIP and TIP-related cases. Also, since 2005, the MoLHSSS has had in place a TIP hotline and has a designated a shelter as a TIP victim assistance site. In 2007, Guyana fell to Tier 2 Watch List status in the Trafficking in Persons Report because of the lack of conviction and sentencing in TIP cases. In addition to efforts to improve prosecution in TIP cases, government officials are conducting TIP public awareness campaigns in each administrative region of the country and are broadcasting public service announcements.

Counter-Narcotics Cooperation: Guyana is a trans-shipment point for South American cocaine on its way to North America, Europe, and the rest of the Caribbean, although the President has not designated Guyana as a major drug transit or a major illicit drug producing country under the FRAA. Guyana cooperated with U.S. counter-narcotics efforts through implementation of the 1997 Caribbean-U.S. Summit Justice and Security Action Plan, and in 2001 signed a maritime law enforcement agreement (MLEA) with the U.S. In 2003, the Guyanese Parliament passed legislation for the MLEA, but it has not yet been implemented.

Inter-American Convention Against Corruption Implementation: Guyana has ratified the IACAC and bribery is established as a criminal offense under Guyanese law. Although the government acted in 1998 to address corruption with legislation that required public officials to disclose their assets to an Integrity Commission prior to assuming office, this Commission has yet to be established. The government has periodically prosecuted government officials for corruption, with mixed success.

Transparency in Government Procurement: A procurement law was passed in 2003, providing for transparency in government procurement, thus reducing the potential for corruption and manipulation related to government contracting. The Act has come been criticized because it grants the Minister of Finance the power to unilaterally appoint a National Board, responsible for the National Procurement and Tender Administration that exercises jurisdiction over tenders. The Procurement Act includes a provision for the establishment of a Public Procurement Commission and Public Procurement Tribunal. The Commission would monitor public procurements and procedures to ensure that the procurement of goods and services and the execution of works projects are done in a fair, transparent, competitive and cost-effective manner. Unfortunately, the Public Procurement Commission and Public Procurement Tribunal have not yet been established. As a result of its receipt of funds from the Millennium Challenge Corporation, however, the government is focusing increased attention on government processes, including procurement.

Additional Issues

Nationalization/Expropriation: Although the government has threatened to legislate its way out of contracts with U.S. companies, it has not followed through on those threats. The U.S. embassy in Guyana is unaware of any instances in which the government of Guyana has nationalized or expropriated the property of U.S. citizens or any instances in which the government failed to honor arbitral awards in favor of U.S. citizens.

Extradition: Guyana still operates under an extradition treaty from 1931 between the U.S. and Great Britain.

Haiti

Population: 8,706,497

Per Capita GDP: \$1,800

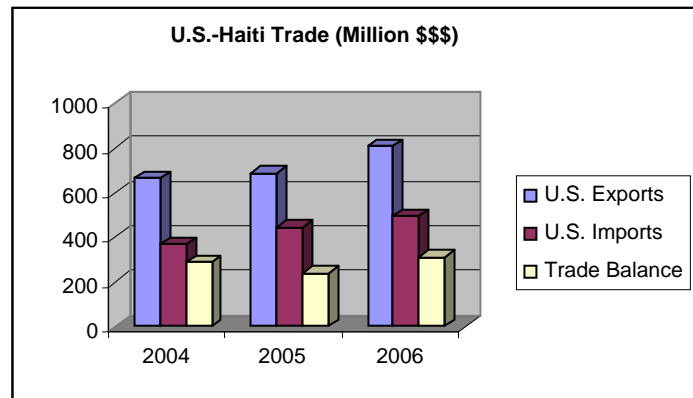
Department of Commerce 2006

Trade Statistics

U.S. Exports \$809,406,172

U.S. Imports \$496,140,733

U.S. Trade Balance \$313,265,439



Economic Review: Haiti is the poorest country in the Western Hemisphere, with 80 percent of the population living under the poverty line and 54 percent in abject poverty. Two-thirds of all Haitians depend on the agriculture sector, mainly small-scale subsistence farming, and remain vulnerable to damage from frequent natural disasters, exacerbated by the country's widespread deforestation. A macroeconomic program developed in 2005 with the help of the IMF helped the economy grow 1.8 percent in 2006, the highest growth rate since 1999. Haiti suffers from higher inflation than similar low-income countries, a lack of investment, and a severe trade deficit. In 2005, Haiti paid its arrears to the World Bank, paving the way for reengagement with the Bank. The government relies on formal international economic assistance for fiscal sustainability. In 2006, Haiti held a successful donors conference in which the total aid pledged exceeded Haiti's request.

The economy is small and consists of retail trade, small-scale agriculture, light manufacturing and some services. Most of the economy is concentrated in the informal sector and is unregulated. Minimal trade is conducted with other Caribbean countries. Haiti runs a large trade deficit; its largest trading partner is the United States. Haiti's major export is apparel. Major components of the economy are remittances and foreign aid, estimated at \$1.6 billion in 2006 and \$661.4 million, respectively. Without this assistance, particularly remittances that go directly into the pockets of Haitians, the economic situation in Haiti would be much worse.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Haiti has a relatively open trade regime and has committed to undertake and fulfill its WTO obligations. Haiti has been a supporter of the FTAA process; due to resource constraints Haiti has participated only on a limited basis. However, in light of Haiti's reincorporation into CARICOM, it now participates in regional and international trade negotiations in close coordination with CARICOM's Regional Negotiating Machinery.

Protection of Intellectual Property: Haiti's major laws governing intellectual property protection date from the early- to mid-twentieth century and have not been recently updated. Government entities do not, as a matter of policy or general practice, broadcast copyrighted material belonging to U.S. copyright holders without their express consent. Moreover, limited manufacturing capacity, lack of disposable income, and paucity of tourism contribute to limited commercial piracy. Weak judicial institutions, however, contribute to poor enforcement of existing laws and the erosion of protections offered by current statutes.

Provision of Internationally Recognized Worker Rights: Haiti has ratified seven out of eight of the ILO core labor conventions. These seven are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Convention 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation. Haiti has not ratified Convention 138 concerning the minimum age for employment, although it does in law have a minimum age for employment.

The Constitution and the Labor Code provide the right of free association to both public and private sector workers. The economy's informal nature makes estimations of workforce participation and unionization difficult, but it is believed that the unionization rate is relatively low. Persistent high unemployment and the lack of a large manufacturing sector have limited union organizing activities. Though Haitian law provides a framework for internationally recognized worker rights, such rights are often violated or circumscribed, particularly in the informal or underground economy.

The minimum employment age is 15, and Haitian law prohibits minors from working in dangerous conditions and working at night in industrial enterprises. Employers usually set wages unilaterally. Wages in the formal sector are usually higher than the legal minimum wage. Workers in export processing zones enjoy the same rights as workers elsewhere in the country, but their working conditions are usually better than those in the overall economy.

Commitments to Eliminate the Worst Forms of Child Labor: Internal trafficking of children for domestic labor remains a widespread problem in Haiti. Haiti signed and ratified ILO Convention 182 in July 2007. The country signed a Memorandum of Understanding with the ILO-IPEC and works with the ILO on various programs to eliminate exploitative child labor.

The majority of trafficking in Haiti involves the internal movement of children for forced domestic labor, referred to as "restaveks." The restavek tradition is widespread in Haiti and fraught with abuse. Poor rural families sometimes give custody of their children to more affluent families or other family members, in the hope that they will receive an education and

will have an opportunity for a better life. However, realistically, the children are often mistreated, abused, and uncompensated for long hours of labor.

Counter-Narcotics Cooperation: The President has identified Haiti as a major drug transit or major illicit drug producing country under the provision of the FRAA. Haiti was not, however, designated as having “failed demonstrably” to make substantial efforts during the previous 12 months to adhere to international counternarcotics agreements and to take measures specified in U.S. law. Reform of the Haitian National Police (HNP) continues to be the cornerstone of U.S. efforts to combat drug trafficking in Haiti. In cooperation with the United Nations Stabilization Mission in Haiti, the United States provided equipment and technical assistance in 2006, aimed at transforming the HNP into an effective law enforcement institution.

Implementation of the Inter-American Convention Against Corruption (IACAC): Haiti became a party to the IACAC in 2002. Corruption is an ongoing challenge to economic growth and the fight against corruption is a priority for Haitian President Rene Preval and his administration. Haiti is ranked as one of the most corrupt countries in the world according to Transparency International’s corruption perception index for 2007. Haiti has made incremental progress in enforcing public accountability and transparency, but substantive institutional reforms are still needed. In 2004, the government established a Specialized Unit to Combat Corruption (ULCC) in the Ministry of Finance. The ULCC is drafting a national strategy to combat corruption and has prepared a draft law for asset declaration by public sector employees. The ULCC submitted the law to parliament for consideration.

Transparency in Government Procurement: In 2005, the government also created the National Commission for Public Procurement to ensure that government contracts are awarded through competitive bidding, and to establish effective public procurement controls.

Additional Issues

Nationalization/Expropriation: There are no active cases of nationalization or expropriation of U.S. citizen property by the Haitian government, although there are several dormant cases where neither party has taken action for a number of years. There is no evidence of the country failing to act in good faith in recognizing arbitral awards in favor of U.S. citizens.

Extradition: Haiti and the U.S. are parties to an extradition treaty that entered in force in 1905. Although the Haitian Constitution prohibits the extradition of nationals, in the past Haitians under indictment in the U.S. have been returned to the U.S. by non-extradition means. During 2006, no Haitian fugitives were returned to the U.S. nor were there any extraditions.

Reverse preferences: Haiti does not offer preferential treatment to a product of a developed country that has an adverse effect on U.S. commerce.

Honduras

Population: 7,483,763

Per Capita GDP: \$3,100

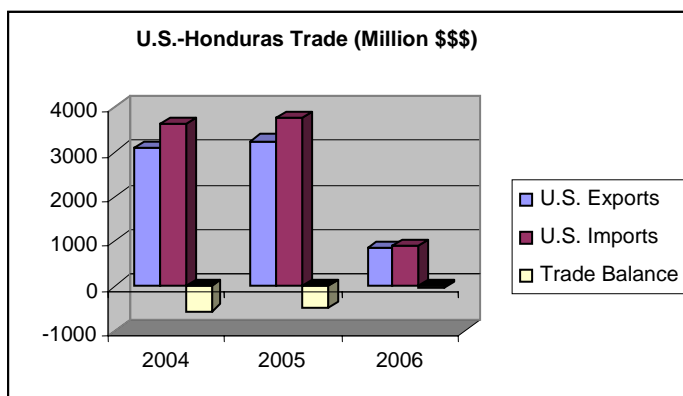
Department of Commerce 2006

Trade Statistics⁶

U.S. Exports \$862,208,691

U.S. Imports \$900,541,742

U.S. Trade Balance -\$38,333,051



Economic Review: After lagging for most of the 1980s and 1990s, the Honduran economy has shown steady growth of four to six percent over the last five years, thanks in large part to roughly \$4 billion in external debt forgiveness and huge inflows of remittances from Hondurans residing in the United States. These remittances amount to about one-fourth of total GDP. Inflation has remained moderate at around six percent, and the exchange rate has been stable. However, per capita GDP still amounted to just \$1,263 in 2006, or \$3,130 adjusted for purchasing power parity, making Honduras one of the poorest countries in the western hemisphere. About 40 percent of Hondurans are either unemployed or underemployed, according to official surveys. Two-thirds of Hondurans live in poverty, and average education levels are very low. On June 13, 2005 the United States, through the Millennium Challenge Corporation, signed a five-year, \$215 million Compact with Honduras. The Compact focuses on increasing productivity of high-value crops and improving transportation links between producers and markets and should help to reduce poverty and spur economic growth in Honduras. The government of Honduras also had committed to applying the resources it has acquired through debt relief to poverty alleviation, but execution has proved well below expectation.

Creeping budgetary pressures in the form of subsidies for fuel and electricity and public sector salary demands--in particular from teachers--are causing concern about fiscal sustainability over the medium term. The state-owned electrical company ENEE is incurring chronic deficits as rates charged to consumers do not cover costs. In 2007, President Zelaya's administration ordered the military to take temporary control of ENEE. Serious reform proposals face strong political opposition. Likewise, liberalization of the international telecommunications market is vital to improving the investment climate, but a reform bill has been unable to overcome the political wrangling for over two years.

In March 2007, the Honduran Central Bank (BCH) capped credit card interest rates after a report by the Honduran Competition Commission accused foreign banks of collusion.

⁶ In 2006, U.S. trade with Honduras included data only for the part of 2006 during which this country was eligible for CBERA benefits, before CAFTA-DR entered into force (April 1, 2006).

Together with a new credit card law signed in October 2006, the rate cap gave the BCH the right to set interest rate ceilings. The only two U.S. banks operating in Honduras expressed serious concerns that the rate cap was simply a populist political gambit to show action in favor of low-income Hondurans. The issue reached an impasse in June 2007 and has yet to be resolved.

In April 2006, the IMF was unable to certify that Honduras had complied with its Poverty Reduction and Growth Facility (PRGF), based largely on concerns about new fiscal policies that loosened fiscal discipline and significantly augmented public sector wages. The PRGF agreement stalled and eventually expired in February 2007. At present Honduras has no formal agreement in place with the IMF but has proposed starting talks to implement a new agreement.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Honduras has been supportive of multilateral trade liberalization through negotiations in both the WTO and the FTAA.

Honduras ratified CAFTA-DR in 2005, and the agreement entered into force for Honduras on April 1, 2006. The agreement removes barriers to trade and investment in the region and provides impetus to further regional economic integration. The CAFTA-DR requires that the Central American countries and the Dominican Republic undertake needed market liberalization as well as greater transparency and certainty in customs administration, protection of intellectual property rights, services, investment, financial services, government procurement, and sanitary and phytosanitary (SPS) measures.

The Central American countries are currently negotiating a free trade agreement with the European Union.

Protection of Intellectual Property: As part of its implementation of the CAFTA-DR, Honduras strengthened its legal framework for the protection of intellectual property rights. The agreement provides improved standards for the protection and enforcement of a broad range of intellectual property rights, which are consistent with U.S. and international intellectual property standards as well as with emerging intellectual property standards. Such improvements include state-of-the-art protections for digital products such as software, music, text and videos; stronger protection for patents, trademarks and test data; and further deterrence of piracy and counterfeiting.

However, the enforcement of Honduran intellectual property laws remains a concern, which is exacerbated by a lack of resources. For example, the prosecutor's office currently has only two staff members. There are also numerous allegations that Honduran cable television operators are using copyrighted U.S. programming without permission. In addition, the amendments required as a result of joining the International Union for the Protection of New Varieties of Plants (UPOV) are also pending. Nevertheless, while overall progress in the area of IPR protection remains slow, awareness of the need for enhanced enforcement in Honduras has undoubtedly increased.

Provision of Internationally Recognized Worker Rights: Honduras has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

The law provides for the right of workers to form and join unions of their choice, and workers exercise this right in practice. The law prohibits members of the armed forces and the police force from forming labor unions and also prohibits public service employees from presenting union-organizing petitions or participating in collective bargaining. According to July 2006 statistics from the Ministry of Labor, approximately eight percent of the work force, excluding the agriculture sector, and approximately 13 percent of the 133,000 workers employed in Export-Processing Zones (EPZs) were unionized. The law prohibits coexistence of more than two trade unions at a single enterprise, requires 30 or more workers to constitute a trade union, prohibits foreign nationals from holding union offices, requires that union officials be employed in the economic activity of the business the union represents, and restricts unions in agricultural enterprises with fewer than 10 employees.

A number of private firms continued to maintain solidarity associations that provided credit and other services to workers who were members of these associations. Representatives of organized labor groups criticized these associations, asserting that they did not permit strikes, had inadequate grievance procedures, were meant to displace genuine, independent trade unions, and were employer-dominated. Although the law prohibits retribution by employers for engaging in trade union activity, retribution was a common practice with employers threatening to close unionized companies and harassing or dismissing workers seeking to unionize. Some foreign companies closed operations when notified that workers sought union representation. The Ministry of Labor can reach administrative decisions and fine companies over allegations of unfair dismissal, but only a court can order reinstatement of workers. Employers often failed to comply with court orders requiring them to reinstate workers fired for engaging in union activity, and failure to reinstate workers was a serious problem.

Although the law prohibits blacklisting, there was credible evidence that EPZ employers blacklisted employees seeking to form unions. There were 46 reports of EPZ workers allegedly fired for union activity who were hired for one or two weeks and then dismissed with no explanation. EPZ employees reported seeing computer records that included previous union membership in personnel records. Some employers informed previously unionized workers that they were unemployable because of their previous union activity. The Ministry of Labor frequently failed to provide effective protection to labor organizers. Corruption and unethical behavior of inspectors included the selling of names of employee union organizers to company management before government recognition of the union. During the year the new labor minister fired many of these inspectors.

The law provides for the right to organize and to bargain collectively, but the government did not protect this right in practice. Although the law requires that an employer begin collective

bargaining once workers establish a union, employers often refused to engage in bargaining. The law also provides for the right to strike, and workers exercised this right in practice. The law, however, prohibits strikes in a wide range of economic activities deemed essential services and any others that in the government's opinion affect individual rights to security, health, education, economic, or social life. Essential services include air and water transportation, electrical energy production, telecommunications, hospitals and clinics, refuse collection and cleaning services, production of primary necessities affecting public services, social and charitable associations, animal and plant hygiene and scientific investigation of illnesses, as well as petroleum production, refining, transport, and distribution. The ILO criticized the law's denial of the right to strike to workers in the petroleum sector and to all government workers, other than employees of state-owned enterprises. At times civil servants engaged in illegal work stoppages without experiencing reprisals. In such cases, however, the Ministry of Labor has the power to declare the protest illegal at the request of the employer or public service sector management and dismiss the protesting workers. The legal restrictions on strikes include a prohibition on labor federations and confederations from calling strikes and a requirement that a two-thirds majority of the votes of the total membership of the trade union call a strike, rather than a simple majority.

The same labor regulations apply in the EPZs as in the rest of private industry, with the exception that the law provides additional restrictions on strikes in EPZs. There were 45 free zones established in the country and 18 industrial parks operating as EPZs. An additional 26 companies had their own free zones, outside the industrial parks. In the absence of unions and collective bargaining, several companies in the EPZs instituted solidarity associations that, to some extent, functioned as company unions for the purposes of setting wages and negotiating working conditions. Other EPZ companies used the minimum wage to set starting salaries and adjusted wage scales by negotiating with common groups of plant workers and other employees, based on seniority, skills, categories of work, and other criteria. There were credible allegations of compulsory overtime at EPZ plants, particularly for women who comprised approximately 65 percent of that sector's workforce.

Although the law generally prohibits forced or compulsory labor, including by children, it permits compulsory labor for convicted criminals. The scheme currently in place produces agricultural goods such as chilis, corn, eggs, chicken, and fish mainly for consumption within the prisons themselves. It also includes a small textile factory that makes uniforms for new entry-level police officers. These outputs help defer prison operating costs at the same time as serving to gradually reintroduce into society those prisoners who are about to be released. There have been no reports that prison-made goods have ever entered international commerce.

Minimum wage rates are set and enforced by the Ministry of Labor and the Minimum Wage Commission for different classes of workers in different industries. The minimum wage applicable in most EPZs is 122.33 lempiras per day, which is barely sufficient to provide a family of four with the food items contained in the official Honduran government basket of basic necessities, which in 2006 cost 112 lempiras per day. However, lower rates of 86 lempiras per day for companies with more than 16 employees and 76 lempiras per day for companies with 15 or fewer employees have been authorized for new economic zones in an

effort to attract investment. The law prescribes a maximum 44-hour workweek and at least one 24-hour rest period for every six days of work. The law requires overtime payment for hours in excess of the standard, and there are prohibitions on excessive compulsory overtime. Employers frequently ignored these regulations due to the high level of unemployment and underemployment and the lack of effective enforcement by the Ministry of Labor. Foreign workers enjoyed equal protection under the law, although the process for a foreigner to obtain a work permit from the Ministry of Labor was cumbersome.

The Ministry of Labor was responsible for enforcing national occupational health and safety laws but did not do so consistently or effectively. Worker safety standards were enforced poorly, particularly in the construction industry and in agriculture production activities. There were complaints that foreign factory managers in EPZs and other private industrial facilities failed to comply with occupational health and safety regulations. The law does not provide workers with the right to leave a dangerous work situation without jeopardy to continued employment.

There were isolated cases of children under the legal working age working in the EPZ sector. Younger children sometimes obtained or purchased fraudulent work permits. Workers in pineapple production and other commercial agriculture enterprises alleged blacklisting by employers if they made complaints to the authorities about working conditions. During the year the Ministry of Labor trained labor inspectors to integrate and unify inspection capacity. The ministry also undertook with the National Autonomous University of Honduras a technical assistance workshop diploma course on workplace risk prevention that trained 24 inspectors.

Commitments to Eliminate the Worst Forms of Child Labor: Laws governing the minimum age for work in Honduras are conflictive. The Constitution states that children under 16, and those who are in school, cannot work. Article 128 of the Labor Law states that age 16 is the minimum age for employment, while Article 32 states that no child under age 14 may work in any type of employment. The Code of Childhood and Adolescence and the Child Labor Regulation state that the absolute minimum age is 14 years. A 2007 analysis of Honduran law on the minimum age for employment of children by the Social Services section of the Ministry of Labor and Social Security places the minimum age at 14. These laws also include exceptions to these minimum ages. The Constitution states that labor authorities can authorize employment for children under 16, and the Labor Law states under 14, when it is indispensable for the subsistence of the family and as long as it does not interfere with the child's education; this exception does not have a minimum age limit.

All children must receive authorization to work from the Secretary of State. All work affecting a child's morality is prohibited, including in places of prostitution, gambling and where alcohol is served. The maximum work day for children ages 14 and 15 is four hours per day and for those ages 16 and 17, six hours per day. Night work is prohibited, but children ages 16 and 17 can be authorized to work until 8 pm under certain conditions. Children must have a two hour rest period during the work day. Employers employing children must have a child labor registry. Individuals who violate child labor laws may receive fines and civil and penal sanctions.

Children cannot work in unhealthy or dangerous conditions including in static positions or on high scaffolding; diving underwater; working in tunnels or underground; in agricultural work that implies risk to their health; working with wood-cutting machines, ovens, smelters, heavy presses or glass; and exposure to toxic substances, vehicular traffic, loud noise, high-voltage electrical currents, and garbage. Children ages 16 or 17 may receive authorization from the Secretary of State to perform dangerous labor under certain conditions.

While the Code of Childhood states that minors under age 16 can only work four hours per day, the Constitution states that the limit is six hours per day for the same age group.

Counter-Narcotics Cooperation: The President has not identified Honduras as a major drug transit or major illicit drug producing country under the provision of the FRAA. Honduras is a transit country for shipments of cocaine flowing north from South America, predominantly by sea. U.S. and Honduran counternarcotics police and military units actively monitor the transshipment of drugs through the country via air, land, and sea routes. Honduras cooperates with the United States in investigating and interdicting narcotics trafficking but faces significant obstacles in funding, a weak and corrupt judicial system with heavy caseloads, lack of coordination, and inadequate leadership.

Implementation of the Inter-American Convention Against Corruption: Honduras signed and ratified the IACAC in May 1998. On May 17, 2004, Honduras signed the United Nations Convention Against Corruption. The Honduran Congress approved the Convention on March 13, 2005. Corruption has been a pervasive problem in Honduras, one that severely compromised the effective administration of justice and rule of law, and that commonly involved police, prosecutors, and judges. The United States has worked with Honduras through development assistance programs to address these issues and there has been progress. In May 2004, the MCC determined that Honduras was eligible to apply for Millennium Challenge Account assistance. In making that determination the MCC found that Honduras was performing above the median on the MCC's corruption indicator.

Corruption is regularly cited as a major obstacle to investment and doing business by Hondurans and foreigners alike. Honduras' score on the indicator used to determine eligibility for Millennium Challenge Account funding recently fell below the required median level, jeopardizing over \$200 million in MCA funding. While the Millennium Challenge Corporation works with Honduras on a remediation plan, the government recently passed two important laws that hope to aid in the fight against corruption. The Transparency Law will give public access to more of the government's dealings and allow the public to obtain information about ministries and agencies, while the new Civil Procedure Code will speed up the judicial process and allow for public oral arguments in civil courts, which have historically been nontransparent.

Transparency in Government Procurement: Honduras is not a party to the WTO Government Procurement Agreement. The CAFTA-DR required Honduras to eliminate a requirement dictating foreign firms were required to act through a local agent (at least 51 percent Honduran-owned). The CAFTA-DR requires fair and transparent procurement

procedures, including advance notice of purchases and timely and effective bid review procedures. Under the CAFTA-DR, U.S. suppliers are permitted to bid on procurements covered by the agreement for most Honduran government entities, including most key ministries, on the same basis as Honduran suppliers. The anti-corruption provisions in the agreement require each government to ensure that bribery in matters affecting trade and investment, including in government procurement, is treated as a criminal offense, or is subject to comparable penalties, under its law.

Foreign companies may appoint a local representative through a power of attorney. Bids are evaluated based on cost, delivery time, reputation of the firm, technical support, performance in previous contracts and specific aspects related to each particular bid. Under the Government Contracting Law, which entered into force in October 2001, all public works contracts over one million lempiras (approximately \$53,000 as of October 2007) must be offered through public competitive bidding. Public works contracts between 500,000 and one million lempiras (\$26,500 and \$53,000) can be offered through a private bid, and contracts less than lempiras 500,000 (\$26,500) are exempt from the bidding process. Government purchases and project acquisitions are generally exempted from import duties.

Some foreign firms complain of mismanagement and lack of transparency in the bid processes. One way that the government of Honduras has tried to improve transparency and fairness in government procurement is by contracting with the United Nations Development Program (UNDP) to manage procurement for a number of ministries and state-owned entities. However, in some cases, U.S. companies have expressed concerns about the way UNDP has managed major procurements for the government, such as complaints that bid requirements were written so narrowly that they favored a particular company from the outset and that UNDP management of the invitation-only, limited-bid process, was not transparent. In an effort to facilitate dissemination of public bidding opportunities, Honduras recently established an online Contracting and Procurement Information System known as “Honducmpras.” Local government tender announcements and other pre-qualified trade opportunities may also be accessed through the Trade Leads Program database of the U.S. Department of Commerce.

Additional Issues

Nationalization/Expropriation: The U.S. Embassy in Honduras is aware of over 100 land disputes involving U.S. citizens, 13 of which are currently active. Most investment disputes in Honduras involve U.S. investors in real estate deals with private Honduran citizens who have suffered from inadequate titling procedures. Many of the claims involve expropriation of land by the Honduran National Agrarian Institute, which can award unprotected land deemed “fit for farming” to squatters under the Agrarian Reform Law. In most cases, pursuing the subsequent legal avenues has proven to be costly and time-consuming, recognition of arbitral awards is rare, and legal action rarely leads to positive results.

Extradition: The United States and Honduras do not have a functioning extradition treaty for either U.S. or Honduran citizens.

Jamaica

Population: 2,780,132

Per Capita GDP: \$4,700

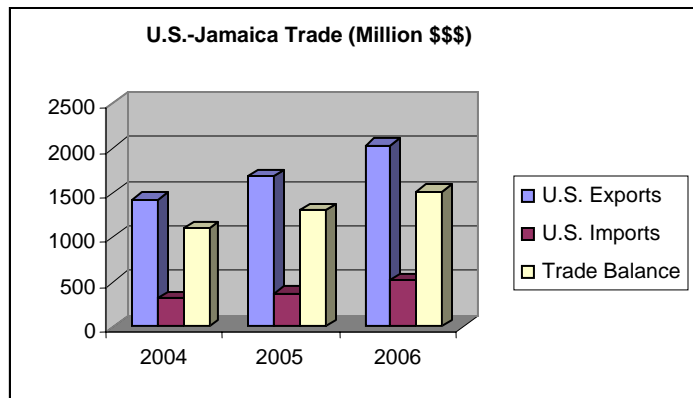
Department of Commerce 2006

Trade Statistics

U.S. Exports \$2,034,998,778

U.S. Imports \$519,596,235

U.S. Trade Balance \$1,515,402,543



Economic Review: In 2006, Jamaican GDP grew by 2.6 percent, almost twice the growth in 2005, but still below the government's target of between three and four percent. Record tourist arrivals of close to 3 million visitors in 2006 and strong recovery in agriculture fueled the increase. Revenue from tourism is expected to slip from 2006 levels, however, and GDP is expected to grow by only 1.1 percent in 2007. Higher fuel prices and damages from Hurricane Dean (August 2007) also contributed to lower growth.

Although economic performance continues to be positive, the rate of expansion has been insufficient to raise per capita income. The sluggish economic performance is largely due to structural problems, such as the country's weak educational system, lack of sufficient infrastructure, delays in privatizing unprofitable parastatals, and inefficiencies at customs. Economic performance also remains vulnerable to external shocks, such as hurricanes. Notwithstanding, Jamaica has been making some of the structural adjustments necessary to improve economic growth. In this regard, the government established a Ministry of Development in 2002 to address some of the red tape facing both local and foreign investors. The government has also transferred \$80 million from the National Housing Trust to transform the educational system. To date there have been some tangible output, as the country has seen an increase in direct foreign investment, particularly in the tourism, mining and telecommunications sectors. Jamaica has also initiated a port expansion project as well as an ambitious highway project. These developments, combined with the divestment and modernization of the two international airports, are expected to boost economic expansion.

The Trade Board is the agency responsible for administering the CBERA/CBTPA programs in Jamaica. The agency has been and remains willing to promote the program. Trade Board officials are, however, concerned about the underutilization of the program and attribute this to the general uncompetitiveness of a number of firms.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: As a member of the WTO, Jamaica has agreed to provide equitable and reasonable access to goods from the United States and other member countries. Jamaica has demonstrated its commitment to undertake its obligations under the agreement. Since the late 1980s, Jamaica has been the major proponent of regional economic integration. Most

CARICOM countries look to Jamaica for leadership and the country was among the first to reduce duties on goods from CARICOM countries and has been spearheading efforts to get the CARICOM Single Market and Economy and the Caribbean Court of Justice on track. The country engages in significant trade with its CARICOM partners. As a member of CARICOM, Jamaica is a strong and active supporter of the FTAA process and played a constructive role in advancing the process at the November 2005 Summit of the Americas in Mar del Plata. The newly elected Prime Minister Bruce Golding has publicly reiterated his party's pro-U.S. stance and the need to look outside of CARICOM for trade opportunities.

Protection of Intellectual Property: In addition to being a member of the World Intellectual Property Organization (WIPO) and the WTO, and a signatory of the Bern Convention for the Protection of Literary and Artistic Works, Jamaica and the United States have entered into an Intellectual Property Rights Agreement and a Bilateral Investment Treaty (BIT), which provide assurances for the protection of intellectual property rights. Although Jamaica remains a Special 301 "Watch List" country, steps are being taken to bring the necessary legislation to Parliament to improve intellectual property rights protection in that country.

At present, intellectual property rights in Jamaica are provided by a variety of laws. The Copyright Act of 1993, as amended, covers works ranging from books and music to computer programs. The Act needs to be amended to give effect to the provisions of the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) to which Jamaica became a party in 2002.

The Trademark Act of 1999 provides owners of registered trademarks exclusive rights for up to 10 years, which are renewable. The Layout Designs Act, which has been in effect since June 1999, provides protection for layout-designs for integrated circuits and gives right-owners the exclusive right to reproduce, import, sell or otherwise commercially exploit the layout-design. A Geographical Indications Act was passed in 2004 and protection for trade secrets is provided by under Jamaican commercial law. Finally, government-owned entities do not broadcast copyrighted material belonging to U.S. copyright-holders without the express consent of those copyright-holders.

Provision of Internationally Recognized Worker Rights: Jamaica has an estimated labor force of approximately 1.2 million. Worker rights in Jamaica are defined and protected under the Labor Relations and Industrial Disputes Act. Workers generally enjoy full rights of association, as well as the right to organize and bargain collectively. However, in the context of a complaint relating to Freedom of Association and Protection of the Right to Organize in Jamaica, the ILO reports obstacles to the exercise of trade union rights in the export processing zones, where no unions reportedly exist. An independent Industrial Disputes Tribunal hears collective bargaining cases. Jamaican labor law neither authorizes nor prohibits strikes. However, workers in 10 broad categories of "essential services" are prohibited from striking. The general minimum wage is \$46 for a 40-hour week. Employees are expected to work for eight hours per day, with any additional time remunerated at times and a half or twice the regular rate. The ILO reports that the labor force participation rate of women in Jamaica in 2004 was 55.8 per cent as compared to 73.3 per cent for men, and that

the unemployment rate in the same year for women was 16.4 per cent versus 7.9 per cent among men.

Jamaica has ratified 29 ILO conventions, including all eight of the core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

Commitments to Eliminate the Worst Forms of Child Labor: Jamaica ratified ILO Convention 182 in 2003, and in March 2004 passed the Child Care and Protection Act (CCPA). The CCPA implements the Government of Jamaica's strategy to eliminate the worst forms of child labor, and establishes a framework within which all forms of child abuse can be proscribed. It includes a prohibition on employing a child under the age of 13 in any form of work, and restricts both the type of employment and hours of work permitted for children between the ages of 13 and 15. The formal institutional mechanism for investigation into allegations of the mistreatment of children is the Child Development Agency, which operates under the auspices of the Ministry of Health.

Additionally, Jamaica cooperates with non-governmental organizations such as Children First to prevent child labor. It signed a Memorandum of Understanding with ILO-IPEC, and has established a National Steering Committee for the Protection of Children in conjunction with ILO-IPEC, which is mapping out a "master strategy" to deal with child labor. While Jamaica continues to make significant efforts to address child labor issues, it is often constrained by poor enforcement mechanisms.

Counter-Narcotics Cooperation: Jamaica is a major transit point for South American cocaine, and is the largest Caribbean producer and exporter of marijuana. While Jamaica is listed in the 2007 Presidential Determination as a major illicit drug-producing or drug-transit countries, it has worked with the U.S. to combat drug trafficking and , therefore, has not been identified by the President as having failed to comply with the criteria in the FRAA.

Implementation of the Inter-American Convention Against Corruption: Jamaica is a signatory to the OECD Anti-bribery Convention and ratified the IACAC in March 2001. The Corruption Prevention Act became operational in 2003. Under this Act, public servants can be imprisoned for up to 10 years and fined up to \$160,000 if convicted of engaging in acts of bribery. Jamaican individuals and companies are also criminally liable if they bribe foreign public officials, facing the same penalties as public servants. The Act also contains provision for the extradition of Jamaican citizens for crimes of corruption. The Jamaican Constabulary Force has embarked on strategy to combat corruption within the police force, however to date; no high profile cases have been prosecuted. The new government, which took power in September 2007, has called for the adoption of whistleblower legislation and the establishment of a Special Prosecutor for Anti-Corruption to improve transparency and reduce public corruption.

Transparency in Government Procurement: Jamaica has comprehensive public procurement procedures, which have been vigorously enforced by the new Contractor General. Government procurement is generally done through open tenders, direct advertising, or by invitation to registered suppliers. U.S. firms are eligible to bid. The range of manufactured goods produced locally is relatively small, so there are few instances of foreign goods competing with domestic manufacturers. Companies interested in supplying office supplies to the government must register with the Financial Management Division of the Ministry of Finance.

Additional Issues

Nationalization/Expropriation: Property rights are protected under Section 18 of the Jamaican Constitution. The Land Acquisition Act allows government expropriation of land, but requires that compensation be paid based on market value. Although the Act allows for expropriating land prior to payment, landowners are entitled to accrue interest on the monies they are owed for the period between government expropriation and final payment. In March 1997, a bilateral investment treaty between the United State and Jamaica entered into force.

Preferential Treatment: Jamaica does not currently provide preferential treatment to the products of any developed countries. The country, as part of CARICOM, is currently engaged in negotiating an Economic Partnership Agreement with the EU to establish a WTO compatible trading arrangement.

Arbitral Awards: Jamaica has been a signatory to the International Center for Settlement of Investment Disputes (ICSID) since 1965. Commercial disputes that are not resolved in the local courts may be brought to arbitration under the ICSID. ICSID awards are enforceable by the Jamaican courts. Jamaican courts enforce property and contractual rights through four statutes, under which the judgments of foreign courts are accepted and enforced in all cases where there is a reciprocal enforcement of judgment treaty with the relevant foreign nation. There have been cases of trademark infringements in which U.S. firms took action and were granted restitution in the local courts.

Extradition: Jamaica is a signatory to both a Mutual Legal Assistance Treaty and an Extradition Treaty regarding U.S. citizens, Jamaicans, and third-country nationals.

Netherlands Antilles

Population: 223,652

Per Capita GDP:\$16,000

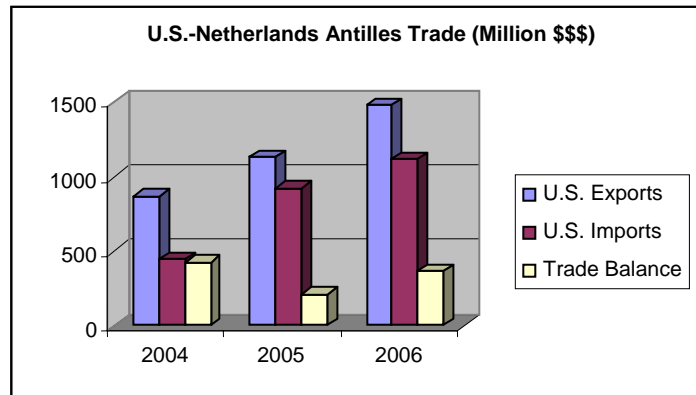
Department of Commerce 2006

Trade Statistics

U.S. Exports \$1,485,272,084

U.S. Imports \$1,119,247,627

U.S. Trade Balance \$366,024,457



Economic Review: The Netherlands Antilles comprises five islands—Curacao, Bonaire, St. Maarten, Saba and St. Eustatius. Curacao and Bonaire are located off the coast of Venezuela, and St. Maarten, Saba, and St. Eustatius lie east of the U.S. Virgin Islands. Tourism, petroleum refining, and offshore finance are the mainstays of this small economy, which is closely tied to the outside world. Although GDP has declined or grown slightly in each of the past eight years, the islands enjoy a high per capita income and a well-developed infrastructure compared with other countries in the region. Most of the oil Netherlands Antilles imports for its refineries come from Venezuela. Almost all consumer and capital goods are imported, the US and Mexico being the major suppliers. Poor soils and inadequate water supplies hamper the development of agriculture. Budgetary problems hamper reform of the health and pension systems of an aging population.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: The Netherlands Antilles is an autonomous member of the Kingdom of the Netherlands. While external affairs are handled by the Kingdom, the Netherlands Antilles handles its own trade and economic affairs and is a member of the WTO through the Kingdom of the Netherlands. The Kingdom's membership in the WTO enables the Netherlands Antilles to participate in WTO deliberations, but not to exercise independent voting rights. As it is not a sovereign state, it cannot be a participant in the FTAA process.

Protection of Intellectual Property: IPR legislation is based on Dutch law, but is not as far-reaching as in the Netherlands. Laws protect trademarks, patents and copyrights, but no legislation exists to protect design. The United States is not aware of widespread patent infringement in the Netherlands Antilles, but piracy of video and music recording occurs. The government does not independently enforce copyright protection legislation; rather, the affected party must bring suit against the offender. Under the Telecommunications Act, all entities that retransmit signals must be licensed.

Provision of Internationally Recognized Worker Rights: The law governing intellectual property in the Netherlands Antilles is based on Dutch law, but is not as far-reaching as that

in the Netherlands. Trademarks, patents and copyrights are currently provided for under the law of the Netherlands Antilles – the Telecommunications Act, for example, provides that all entities that retransmit signals must be licensed. The Netherlands Antilles does not, however, extend legal protection to design, and video and music piracy does occur. Moreover, the government does not independently enforce its copyright laws, leaving it necessary for affected parties to bring suit against offenders.

Counter-Narcotics Cooperation: Although the Netherlands Antilles is a transshipment point for cocaine en route to the United States, the President has not found it to be a major drug transit country as defined in the FRAA. The Netherlands Antilles has been an important partner for U.S. law enforcement in the region. The Netherlands Antilles is a signatory to the Mutual Legal Assistance Treaty and, as such, routinely assists U.S. authorities with fugitive extraditions and sharing of judicial evidence.

Implementation of the Inter-American Convention Against Corruption: As it is not a sovereign state the Netherlands Antilles is not a member of the OAS. The Netherlands Antilles is an active member of the Caribbean Financial Action Task Force and has increased the list of sectors required to report unusual financial transactions, reflecting an increased consciousness of the dangers of money-laundering to this small economy. In addition, in March 2007, the Tax Information Exchange Agreement between the United States and the Netherlands Antilles entered into force.

Nicaragua

Population: 5,675,356

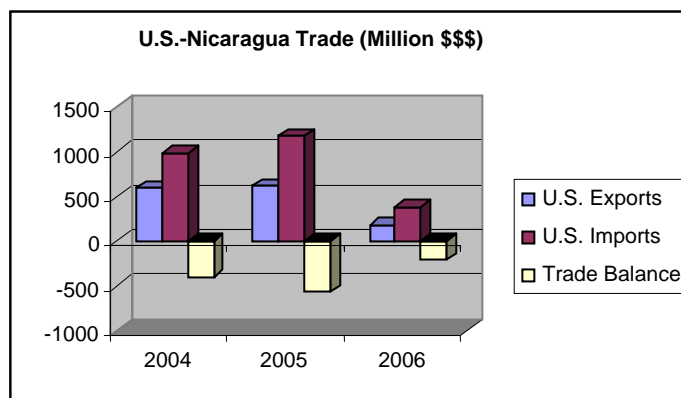
Per Capita GDP: \$3,100

*Department of Commerce 2006
Trade Statistics⁷*

U.S. Exports \$181,767,859

U.S. Imports \$384,063,309

U.S. Trade Balance -\$202,295,450



Economic Review: From 1991 to 2006, three successive Liberal Party governments focused on free market reform as a path to recovery from 12 years of economic free-fall under the Sandinista regime and civil war. Before Daniel Ortega's return to the presidency in January 2007, the government had privatized more than 350 state enterprises, reduced accumulated year-on-year inflation from 33,548 percent in 1988 to 9.45 percent in 2006, and cut foreign debt by two-thirds. In 2006, real GDP growth was 3.7 percent. Exports have been a key engine of economic growth, topping \$1.98 billion in 2006 (including free trade zones). Foreign capital inflows were \$282.3 million in 2006.

⁷ In 2006, U.S. trade with Nicaragua included data only for the part of 2006 during which this country was eligible for CBERA benefits, before CAFTA-DR entered into force (April 1, 2006).

Despite these advances, Nicaragua remains one of the poorest nations in the hemisphere. Unemployment is officially estimated at 5 percent of the economically active population, but an estimated 60 percent of workers belong to the informal sector. Nicaragua suffers from persistent trade and budget deficits and a high internal debt-service burden. Foreign assistance comprised 26 percent of the budget in 2006. The country also depends heavily on remittances from Nicaraguans living abroad, who sent \$655.5 million back to Nicaragua in 2006.

The Sandinista National Liberation Front (FSLN) economic team has promised to continue policies that engender a stable macroeconomic environment. In July 2007 the government signed a Poverty Reduction and Growth Facility (PRGF) with the IMF that requires the implementation of free-market policies and includes targets linked to fiscal discipline, spending on poverty, and regulation of the energy sector. However, President Ortega continues to publicly criticize the “neo-liberal” economic model and a perceived lack of support from the private sector in reducing poverty. A lack of clear policy direction, the spotty application of the rule of law, and continued battles over property rights have created uncertainty for the private sector and have complicated investment decisions. Yields on domestic, córdoba-denominated government debt have risen sharply since Ortega took office, reflecting the higher risk that debt now carries owing to the government’s unclear economic orientation.

Nicaragua’s economy is based primarily on agriculture and agricultural processing. Other sectors such as light manufacturing (apparel), tourism, banking, mining, fisheries, and retail are also important.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Nicaragua has been an active participant in the WTO Doha Development Agenda negotiations. In 2002, the country completed a broad package of tariff reductions launched in 1997 and adopted a WTO-consistent customs valuation methodology. The WTO’s 2006 Trade Policy Review for Nicaragua recognized that the country has made substantial progress in modernizing its legal and regulatory framework to comply with WTO commitments.

Nicaragua has been a supporter of the FTAA process. In addition, Nicaragua has served as Vice Chair of the Investment Negotiating Group and Vice Chair of the Consultative Group on Smaller Economies.

Nicaragua was an active participant in the CAFTA-DR negotiations. The CAFTA-DR entered into force for Nicaragua on April 1, 2006. The agreement removes barriers to trade and investment in the region and provides impetus to further regional economic integration. The CAFTA-DR requires that the Central American countries and the Dominican Republic undertake needed market liberalization as well as greater transparency and certainty in customs administration, protection of intellectual property rights, services, investment, financial services, government procurement, and sanitary and phytosanitary (SPS) measures.

Nicaragua, along with Costa Rica, El Salvador, Guatemala, and Honduras, is a member of the Central American Common Market (CACM). With the exception of agricultural products, these countries have harmonized all external tariffs at 15 percent or less. Members also have made significant progress in modernizing customs administration to facilitate trade within the region.

Nicaragua and other CACM members have negotiated separate bilateral trade agreements with the Dominican Republic and Mexico. Other CACM members have implemented bilateral trade agreements with Chile, but Nicaragua's negotiations have stalled over trade in sugar. CACM members are also negotiating trade agreements with Canada, the European Union, Panama, and Taiwan.

Protection of Intellectual Property: As part of its implementation of the CAFTA-DR, Nicaragua strengthened its legal framework for the protection of intellectual property rights. The agreement provides improved standards for the protection and enforcement of a broad range of intellectual property rights, which are consistent with U.S. and international intellectual property standards as well as with emerging intellectual property standards. Such improvements include state-of-the-art protections for digital products such as software, music, text and videos; stronger protection for patents, trademarks and test data; and further deterrence of piracy and counterfeiting.

Nicaraguan efforts to enforce intellectual property law remain limited. During the first ten months of 2007, the Nicaraguan Government had conducted 20 raids and the police seized 58,547 pirated DVDs, 21,629 CDs, 13 computers, three multi-purpose copiers, and other audiovisual equipment worth approximately \$123,000. On July 13, 2007, the Nicaraguan Government successfully prosecuted a case in a local court against a Nicaraguan selling pirated music CDs. The offender was sentenced to two years in prison—later reduced to parole—and fined 5,000 córdobas (\$267). The Prosecutor General and National Police are currently investigating 28 intellectual property cases for possible prosecution.

Nicaragua has ratified all eight of the ILO's core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

Nicaraguan law grants public and private sector workers, except those in the military and police, the right to organize. Workers need not advise the employer or the Ministry of Labor of their intention to do so. In general, workers exercise the right to organize unhindered. However, labor activists allege that some businesses operating in free trade zones violate this right. Although employers are legally required to reinstate workers fired for union activity, formal reinstatement requires a judicial order. In practice, employers often do not reinstate workers due to weak enforcement of the law. Employers may dismiss any employee, including union organizers, by agreeing to pay double the legally mandated severance pay. Inspectors in Nicaragua report that employers continue to deny inspectors access to workplaces, and the courts often favor employers and foreign investors in labor disputes.

The law provides for the right to bargain collectively. By law, several unions, each with different membership, may coexist at any one enterprise. Employers may sign separate collective bargaining agreements with each union. Labor leaders complain that employers routinely violate collective bargaining agreements and Nicaraguan labor laws. Although the law recognizes the right to strike, according to Labor Ministry information, there were no legal strikes in 2006. The law contains burdensome and lengthy conciliation procedures before calling a strike. During a strike, employers cannot hire replacement workers. According to the law, the Ministry of Labor may suspend a strike if it continues for 30 days without resolution. At that point, parties are required to resolve their differences through arbitration. The ILO has recommended that Nicaragua amend this provision, noting that arbitration should only be compulsory during a national crisis or when essential services are involved.

The Nicaraguan Constitution bans forced labor, slavery, and indentured servitude. The statutory minimum wage is set through tripartite negotiations involving business, government, and labor and must be approved by the National Assembly. Each sector of the economy has a different minimum wage, which must be reviewed every six months. In general, the minimum wage is enforced only in the formal sector. The maximum legal workweek is 48 hours. While the law mandates premium pay for overtime and prohibits excessive compulsory overtime, these requirements are not always effectively enforced.

The law establishes occupational health and safety standards, but the Ministry of Labor lacks adequate staff and resources to fully enforce these provisions. The law provides workers with the right to remove themselves from dangerous workplace situations without jeopardizing continued employment, but many workers are unaware of this right. The Nicaraguan Center for Human Rights receives frequent complaints related to working conditions.

Commitments to Eliminate the Worst Forms of Child Labor: The worst forms of child labor are prohibited under several laws in Nicaragua. Nicaraguan law provides for the protection of children's rights and prohibits any type of economic or social exploitation of children. Labor law sets the minimum age for employment at 14 years and limits the workday to six hours for adolescents from 14 to 18 years old and adolescents between the ages of 14 and 16 must have parental approval to work. Children are prohibited to engage in work that endangers their health and safety or that interferes with schooling. Annually, the Ministry of Labor identifies types of work that are harmful to the health, safety, or morals of children under ILO Convention 182.

Child labor remains a widespread problem, and many children—particularly those working in small family-owned businesses and in agriculture—do not receive direct compensation for their labor. Labor activists report that cigar factories continue to employ many children. Although the law imposes fines for violators and permits inspectors to close facilities employing child labor, the Ministry of Labor lacks adequate resources to effectively enforce the law, except in the small formal sector.

From 2001 to 2005, the Nicaraguan Government and the ILO implemented a Strategic National Plan for the Prevention and Eradication of Child Labor and Protection of Youth Workers. With the support of international donors, the program provided educational, medical, and nutritional support to 100,000 children living in poverty and more than 14,000 children engaged in the worst forms of child labor. On April 4, 2006, the government's Policy on Special Protection for Children and Adolescents was enacted. The policy includes special protections for victims of commercial sexual exploitation and trafficking in persons. The government's National Council for the Integral Attention and Protection of Children and Adolescents is responsible for a 5-year National Plan against the Commercial Sexual Exploitation of Children (2003-2008) and a 10-year National Action Plan for Children and Adolescents.

Counter-Narcotics Cooperation: Nicaragua is not a major drug transit or major illicit drug producing country under the terms of the 2003 Foreign Relations Authorization Act and is not subject to the act's certification requirements. Nevertheless, Nicaragua is an important transit point for drugs moving from South America to U.S. and European markets. The government has been an important partner in efforts to stem the flow of drugs.

Implementation of the Inter-American Convention against Corruption: Nicaragua is a signatory to the IACC as well as the OECD Convention on Combating Bribery. The government is an active participant in the OAS Follow-up Mechanism for the Implementation of the IACC. Under that mechanism, a 2006 Committee of Experts report notes significant progress in implementing the convention, but recommends further improvements in civil service hiring, procurement, whistleblower protection, standards of conduct, financial disclosure for senior officials, oversight bodies, and civil society participation.

The Attorney General and the Controller General have responsibilities for investigating and prosecuting corruption cases. The application of justice is uneven, and there is general acknowledgement that the judicial system is corrupt and controlled by political interests. Corruption and influence-peddling in the judicial branch put foreign investors at a sharp disadvantage in any litigation or dispute, and legal security for business in general is among the weakest in Latin America. The concept of conflict of interest is poorly understood, to the extent that regulators often maintain business interests in sectors that they oversee. Political connections and nepotism often affect regulatory decisions and business decision-making.

Nicaragua has made progress in prosecuting cases of corruption, but public opinion surveys show that Nicaraguans believe corruption remains endemic in many government institutions, including the judiciary, the National Assembly, the Supreme Electoral Council (CSE), the Controller General, the Human Rights Ombudsperson (PDDH), and the Attorney General. Under the Bolaños administration, the Attorney General indicted former president Arnoldo Alemán and other officials of his administration on money laundering, embezzlement, and other charges. In December 2003, a local court sentenced Alemán to a 20-year jail term. By expanding the terms of Alemán's house arrest, the Ortega Administration has allowed Alemán to travel freely throughout Nicaragua since March 2007. The National Assembly is considering legislation that would effectively reduce Alemán's sentence to five years.

Transparency in Government Procurement: The CAFTA-DR requires the use of fair and transparent procurement procedures, including advance notice of purchases and timely and effective bid review procedures, for procurement covered by the agreement. Under the CAFTA-DR, U.S. suppliers may bid on procurements made by most Nicaraguan Government entities, including key ministries and state-owned enterprises, on the same basis as Nicaraguan suppliers. To make its bidding process more transparent and efficient, Nicaragua launched a computer-based procurement system in November 2006. The anti-corruption provisions in the CAFTA-DR require each government to ensure under its domestic law that bribery in matters affecting trade and investment, including government procurement, is treated as a criminal offense, or is subject to comparable penalties. Nicaragua is not a signatory to the WTO Agreement on Government Procurement. Procurement by government agencies not covered by CAFTA-DR, as is the case for the National Electricity Company, remain subject to nontransparent and irregular procurement procedures.

Additional Issues

Nationalization/Expropriation: Thousands of individuals and companies, including many U.S. citizens, have filed claims for compensation for property confiscations that took place during the 1980s under the Sandinista government. Since 1995, the Nicaraguan Government has made continuing progress in settling claims through compensation or return of properties. As of September 2007, the Nicaraguan Government has settled more than 4,500 U.S. citizen claims. A total of 677 claims registered with the U.S. Embassy in Nicaragua remain outstanding. In 2006, the Bolaños administration resolved 81 Embassy-registered U.S. citizen property claims, primarily through compensation. As of November 1, 2007, the Ortega administration has resolved five Embassy-registered claims, all belonging to one U.S. citizen. The courts resolved two other claims.

In August 2007, the Nicaraguan Government seized, via a judicial order, several petroleum storage tanks owned by a U.S. company allegedly on the ground that the company had not paid value-added taxes associated with the import of crude oil. The government then used the tanks to store petroleum products from Venezuela. The government also has declared a number of concessions in the energy sector effectively invalid, forcing companies, including some U.S. companies, to renegotiate terms.

Extradition: A U.S.-Nicaragua extradition treaty has been in effect since 1907.

Panama

Population: 3,242,173

Per Capita GDP: \$8,200

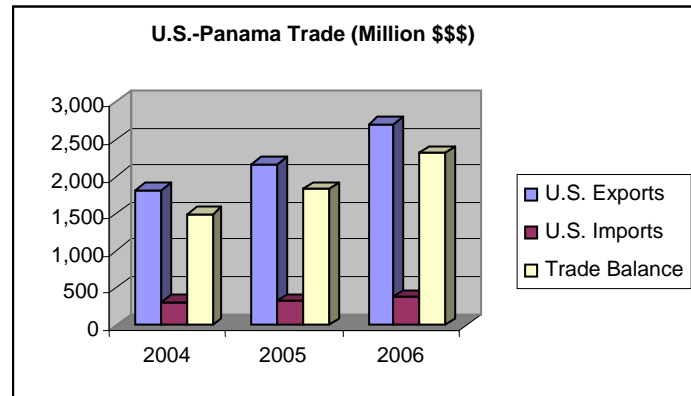
Department of Commerce 2006

Trade Statistics

U.S. Exports \$2,706,695,430

U.S. Imports \$378,288,779

U.S. Trade Balance \$2,328,406,651



Economic Review: Panama is experiencing a period of extended economic growth. GDP growth during 2006 was 8.1 percent, its fastest growth in 14 years and up from 6.9 percent growth in 2005. The main drivers of growth have been capital investment, port activity, tourism, construction, and goods and services exports. Panama's approximately \$16 billion economy is 76.3 percent services (principally canal revenues, tourism, re-exports from the Colon Free Zone, port activity and banking); 16.5 percent is manufacturing and 7.2 percent is agriculture.

Unemployment in Panama as of August 2007 had fallen to 7.3 percent, down from 8.7 percent in August 2006. Despite more than 15 years of continued economic growth, the poverty rate still hovers around 37 percent. Underemployment as of August 2006 was 22.1 percent (most recent available figures from the government of Panama). Employers consistently report a lack of skilled labor, in particular a lack of English-speaking workers.

Panama's public sector debt is high compared to countries of similar credit rating. As of July 31, 2007, the public debt was 57.2 percent of GDP versus 61.1 percent as of December 31, 2006. Panama has posted a small budget surplus in 2006, its first in 10 years. During the first half of 2007, Panama posted a non-financial public sector surplus of 0.2 percent of GDP.

Foreign direct investment (FDI) rose approximately 20 percent during the first half of 2007, reaching \$598 million. Approximately 60 percent of FDI was concentrated in the Colon Free Zone and the banking sector. The stock of U.S. FDI in Panama in 2006 was \$5.73 billion (latest data available), down slightly from \$5.78 billion in 2004. U.S. FDI in Panama is concentrated largely in the non-bank holding companies, finance, insurance and wholesale trade sectors.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Honduras has been supportive of multilateral trade liberalization through negotiations in both the WTO and the FTAA. Panama played a constructive role in

advancing the FTAA process at the November 2005 Summit of the Americas in Mar del Plata. In addition, Panama has served as the Chair of the Investment Negotiating Group.

The United States and Panama signed a Trade Promotion Agreement (TPA) on June 28, 2007. The Panamanian National Assembly ratified the TPA on July 11, 2007. The TPA is awaiting U.S. Congressional action. The TPA is a comprehensive free trade agreement. The agreement significantly liberalizes trade in goods and services, including financial services. The agreement also includes important disciplines in such key areas as: customs and trade facilitation, sanitary and phytosanitary measures, technical barriers to trade, government procurement, investment, telecommunications, electronic commerce, intellectual property rights, and labor and environmental protection. Under the TPA, Panama would provide broader and deeper commitments to maintain a liberal market for services sector, extending well beyond its commitments under the WTO General Agreement on Trade in Services. Moreover, in connection with the TPA, Panama agreed to become a full participant in the WTO Information Technology Agreement.

Panama has actively pursued bilateral free trade agreements (FTAs) in recent years, having signed FTAs with El Salvador (2002), Taiwan (2003), and Singapore (2005). Panama has also sought an FTA with Chile and is in exploratory FTA discussions with Mexico, the Mercosur countries, the Andean Community, and CARICOM.

Protection of Intellectual Property: Industry experts and legal experts are in broad agreement that Panama has made progress in setting intellectual property rights standards above the minimum provided under the WTO TRIPS Agreement. Panama is not included on any Special 301 lists that identify countries with particularly problematic IPR laws or enforcement practices.

Intellectual property policy and practice in Panama is the responsibility of an “Inter-institutional” Committee. This committee consists of representatives from six government agencies and operates under the leadership of the Ministry of Commerce and Industry. It coordinates enforcement actions and develops strategies to improve compliance with the law. The creation of a specialized prosecutor for intellectual property-related cases has strengthened the protection and enforcement of IPR in Panama.

Provision of Internationally Recognized Worker Rights: Panama has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

Among the major provisions of Panama’s labor code are ones addressing freedom of association, the right to organize and bargain collectively, minimum wage, health and safety, hours of work requirements, the minimum age to work legally, and prohibitions against certain forms of child labor. However, some Panamanian labor leaders maintain that Panama’s industry does not fully observe laws on workers’ rights and working conditions in

Panama. Parts of Panama's business community view the labor code as extremely rigid, particularly with respect to the dismissal of employees, and believe the labor code is a deterrent to operating in Panama. The ILO's Committee of Experts on the Application of Conventions and Recommendations (CEACR) has noted a number of discrepancies between Panamanian labor law and ILO conventions which the country has ratified, particularly with regard to freedom of association and collective bargaining. The Government of Panama has noted difficulties in reaching consensus with worker and employer organizations about how to close some of these discrepancies.

Panamanian law permits the establishment of unions in the private sector and allows organization and collective bargaining by certain public-sector and all private-sector employees. The law sets the minimum size of private sector unions at 40 workers and permits one union per establishment. Umbrella unions based on skill groups may also operate in the same establishment. The law provides for a conciliation section within the Labor Ministry to resolve private labor complaints and a procedure for mediation. The law governing the Panama Canal Authority classifies the Canal as an essential international service, and prohibits the right to strike but does allow unions to organize and to bargain collectively. Among the issues surrounding the practice of freedom association and collective bargaining in Panama that have been noted by ILO sources are: the lack of obligation on employers in export processing zones (EPZs) to comply with requests from a qualified employee representative to bargain collectively; thirty-five day cooling off periods before the commencement of a called strike in EPZs and the nation's call centers; and, the ability of employers to bargain directly with unorganized groups of workers.

The Panamanian labor code prohibits forced or compulsory labor by adults or children. In 1998, the government amended its administrative code to prohibit forced labor by prisoners and provide seafarers with the right to terminate their employment by giving reasonable notice. The U.S. Embassy in Panama has not reported any instances of forced labor.

Panamanian law set the minimum working age at 14 years. Children who have not completed primary school may not begin work until 15 years. The law permits children 12 to 14 to perform light domestic and agricultural labor as long as the work does not interfere with schooling. CEACR noted that the law does not provide clear regulations for the conditions under which 12 to 14 year olds may engage in light labor. The law prohibits 14 to 18 year olds from engaging in potentially hazardous work or work that would impede their school attendance. The law identifies such hazardous work to include work with electric energy, explosives, flammable and toxic or radioactive substances; work underground, work on railroads, airplanes or boats; and work in nightclubs bars and casinos. Some of this work may be performed as part of a training program. Youth under 16 years may work no more than six hours a day or 36 hours a week, while those 16 and 17 years may work no more than seven hours a day or 42 hours a week. Children under 18 may not work between 6:00 pm and 8:00 am. Businesses that employ an underage child are subject to civil fines, while employers who endanger the physical or mental health of a child can face two to six years of imprisonment. Notwithstanding these laws, there are media reports of child labor in the agricultural sector, particularly among indigenous children in rural areas, and children working in the informal sector can be observed in the major cities (principally selling goods

and menial services). A 2005 ILO survey, the most recent available, estimated that 52,000 children between the ages of five and 17 worked in the informal sector.

The labor code assigns responsibility for setting minimum wages to a commission composed of representatives from government, employer organizations, and unions. This commission establishes hourly minimum wage rates for specific regions and for most categories of work. As of this writing, the minimum wage ranged from \$0.89 to \$1.68 per hour, depending on region and sector. A worker working 40 hours per week 50 weeks a year and earning at the midpoint of the minimum wage would earn approximately \$2,580, which well exceeds the estimated poverty level of annual income of approximately \$953. Public sector workers are not covered by minimum wage provisions, and provisions for domestic workers are made on a monthly instead of hourly basis (\$106 to \$119 per month).

The law establishes a standard work week of 48 hours with at least one 24 hour rest period weekly. The law establishes premium pay for overtime, limits on the number of hours worked per week and prohibits excessive or compulsory overtime.

The Labor Ministry is responsible for setting and enforcing health and safety standards. Inspectors from the Labor and the occupational health section of the Social Security Administration conduct periodic inspections of work sites. Many consider safety measures in the construction sector to be lax, resulting in approximately 25 deaths so far in 2007 (January to November).

Commitments to Eliminate the Worst Forms of Child Labor: On October 31, 2000, Panama ratified ILO Convention No. 182. President Martin Torrijos signed an Executive Decree to establish Panama's list of the worst forms of child labor as stipulated by ILO Convention No. 182. This Decree became law on June 19, 2006. The law lists 17 classes of work considered hazardous by their nature and 12 considered hazardous by their conditions. Panama is an ILO-IPEC participating country.

In June 2006, Panama adopted its National Plan Against Child Labor (2007-2011). The Plan was developed by the National Commission for the Elimination of Child Labor and the Protection of the Adolescent Worker. The Plan's components are: raising awareness of child labor issues, harmonizing national legislation with international conventions, enforcing child labor laws, improving national capacity to inspect and monitor child labor violations, improving the conditions of parents of working children, promoting the education and health of working children, promoting recreational activities for children, and creating and maintaining a database of credible information.

Panama participates in the second phase of a U.S. Department of Labor-funded \$2 million program implemented by ILO-IPEC that aims to combat child labor in the informal sector. The first phase ended in June 2006, and withdrew 967 children and prevented another 570 from engaging in exploitative labor. The second phase aims to withdraw 750 children and prevent another 750 from engaging in exploitative labor.

Panama is also participating in a \$8.6 million regional ILO-IPEC project to combat the commercial sexual exploitation of children. The project aims to withdraw or prevent 230 children from the commercial sex industry in Panama. Panama participates in a \$3 million project with Creative Associates International to combat child labor through education. The project aims to withdraw 2,420 children from exploitative work in agriculture and prevent another 675 from such work.

Panama also participated in a \$3 million regional ILO-IPEC project to combat hazardous child labor in agriculture. The project ended in June 2006. Panama participated in policy and capacity building programs. No children were targeted for withdrawal or prevention in this project.

The Ministry of Labor, through its Child Labor Unit, is responsible for enforcing child labor laws. The Ministry of Government and Justice is responsible for developing policies to combat trafficking in persons. The Ministry of Social Development (MIDES) provides shelter and related services to trafficking victims and vulnerable children, as well as children engaged in exploitative labor and the sex industry. MIDES also provides services to families in extreme poverty, which includes a monthly stipend to female heads of households who commit to keep their school-aged children in school and participate in school activities.

Panama has an extensive legal framework to combat the worst forms of child labor, setting the minimum age of employment at 14 years which increases to 15 years if the child has not completed primary schooling. Panama allows children ages 12 to 14 years to engage in light domestic and agricultural work as long as the labor activities do not interfere with schooling. Panama prohibits prostitution, as well as sex tourism and trafficking of children under the age of 18. However, the ILO's Committee of Experts on the Application of Conventions and Recommendations has noted that Panamanian law does not provide clear regulations for the conditions under which 12 to 14 year olds may engage in light labor. There is public concern over the employment of children, particularly indigenous children, in rural coffee and sugar plantations and the urban informal sector.

Counter-Narcotics Cooperation: The President has identified Panama as a major drug transit or major illicit drug producing country under the provision of the FRAA, most recently in 2007. In addition, the United States and Panama have had a long and extensive history of cooperation on counter-narcotics efforts . and as such as been certified by the President as cooperating with the United States on counter-narcotics efforts.

Implementation of the Inter-American Convention Against Corruption: Panama is a signatory to the IACAC, having ratified the convention on July 20, 1998 and deposited it with the Organization of American States on October 8, 1998. On June 4, 2001, Panama signed the Declaration on the Mechanism for Follow-up of the Implementation of the Inter-American Convention Against Corruption (MESICIC). On February 6, 2004, the Committee of Experts of MESICIC issued a Final Report on Panama's implementation of the IACAC. The Final Report acknowledged progress by Panama in certain areas, but made recommendations regarding standards of conduct to prevent conflict of interests the system for disclosure of income, assets and liabilities, strengthening oversight bodies, greater

participation of civil society and NGOs in the fight against corruption, and greater training of public officials on anti-corruption matters.

To date, Panama has yet to comply fully with all of its obligations to implement the various provisions of the IACAC. While Panama claims it has made great progress in fulfilling the terms of the IACAC, various civil organizations focused on anti-corruption issues believe the government of Panama has not acted vigorously enough to implement the terms of the IACAC. Notwithstanding the IACAC, and amid persistent allegations of corruption in the government, particularly in the judiciary, the Torrijos administration campaigned in 2004 on a promise to “eradicate corruption.” The government continues to assert its commitment to combating corruption as part of its overall agenda of institutional reform. For example, it has instituted a number of new online systems aimed at bringing greater transparency and efficiency to government limitations, contracting, and business start-up procedures. The long-term sustainability and efficacy of these systems remains to be seen. Moreover, the government has been slow to deliver concrete results in enforcing anti-corruption laws.

To date, the Torrijos administration has yet to prosecute any high-level governmental corruption cases. In addition, various Panamanian laws tend to inhibit the prosecution of corruption cases. For example, existing law allows legislators and judges to sue journalists for libel and slander, whether or not what they publish is the truth. Other laws provide that only the National Assembly may initiate corruption investigations against Supreme Court judges and that only the Supreme Court could initiate investigations against members of the National Assembly, thereby encouraging, in effect, a “non-aggression pact” between these two branches of government. Supreme Court judges are typically nominated to 10-year terms on the basis of political consideration as opposed to recommendations from civil society.

Transparency in Government Procurement: Panamanian Law 22 of 2006 regulates government procurement and other related issues. Law 22 was intended to streamline and modernize Panama’s contracting system. It establishes, among other things, an Internet-based procurement system and requires publication of all proposed government purchases. The Panamacompra program requires publication of all government purchases on the Internet; evaluation of proposals and monitoring of the procurement process; consultation of public bids, including technical specifications and tender documents; classification of purchases by different government institutions and gathering and analysis of data. The law also created an administrative court to handle all public contracting disputes. The rulings of this administrative court are subject to review by the Panamanian Supreme Court. The Panamanian government has generally handled bids in a transparent manner, although occasionally U.S. companies have complained that certain procedures have not been followed.

While Panama committed to become a party to the WTO Government Procurement Agreement at the time it joined the WTO, it remains an observer and not a signatory. Its efforts to accede to the GPA have stalled. Under the TPA, Panama would guarantee a fair and transparent process for procurement covered by the TPA. The TPA provides that U.S. suppliers will be permitted to bid on procurement by a wide range of Panamanian

government entities, including the Panama Canal Authority, over a certain threshold amounts on the same basis as Panamanian suppliers. The TPA would strengthen rule of law and fight corruption by criminalizing bribery in government procurements and establishing at least one impartial administrative or judicial authority to receive and review supplier challenges. Disputes relating to Panama Canal Authority procurement will continue to be addressed through the authority's existing procedures.

Additional Issues

Nationalization/Expropriation: The U.S. Embassy in Panama has not reported any nationalization or expropriation of any property held in the name of U.S. citizens since the publication of the 2005 CBERA Report.

Arbitral Awards: The U.S. Embassy in Panama has not reported any arbitral awards favoring U.S. citizens which Panama has actively failed to recognize since the publication of the 2005 CBERA Report.

Market Access: Panama does not afford preferential treatment to any developed country that has had, or is likely to have, an adverse effect on U.S. commerce.

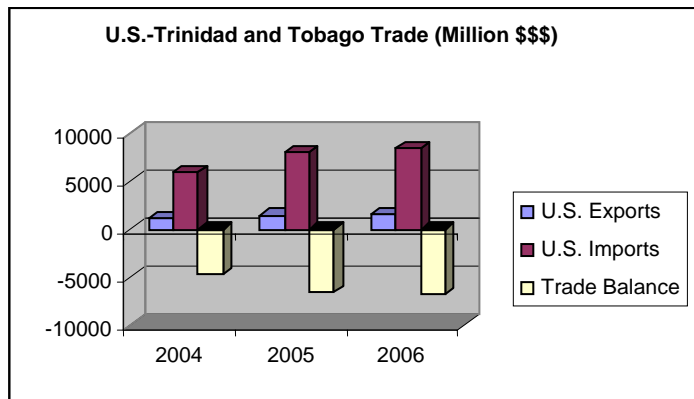
Extradition: The United States and Panama are signatories to an extradition treaty, dated May 25, 1904 (entered into force May 8, 1905), which provides for the extradition from Panama to the U.S. of U.S. citizens convicted of crimes.

Trinidad and Tobago

Population: 1,056,608
 Per Capita GDP: \$19,800

*Department of Commerce 2006
 Trade Statistics*

U.S. Exports \$1,614,775,491
 U.S. Imports \$8,370,047,815
 U.S. Trade Balance -\$6,755,272,324



Economic Review: Trinidad and Tobago has a vibrant industrialized economy, buoyed by relatively large natural gas reserves. The country is experiencing strong GDP growth, averaging 10.2 percent over the last five years, as a result of economic reforms, supplemented by tight monetary policy and high prices for oil and gas. In 2007, GDP growth is expected to moderate to 5.5 percent. The energy sector continues to dominate the economy, contributing 42.5 percent to total GDP in 2006. The manufacturing sector, contributing seven percent to total GDP, is expected to grow in real terms at a healthy eight percent in 2007. Meanwhile, the services sector, pushed by private and government spending

in construction and real estate, is also expected to grow at a respectable 6.6 percent in real terms.

While fiscal policy has generally been restrained, rising spending coupled with a tight labor market have contributed to rising inflation, which reached 10 percent year-on-year in October 2006, but has since moderated to 7.9 percent as of August 2007. Trinidad and Tobago is considered a low-risk investment destination. The Central Bank manages the Trinidad and Tobago dollar in a lightly managed, stable float against the U.S. dollar, contributing to the country's attractiveness to foreign investment. Buoyant commodity prices and increasing export volumes in 2005 resulted in record balance of payment surpluses in 2005 and 2006, reaching \$1.89 billion and \$1.65 billion respectively, up from \$735 million in 2004.

Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA: Trinidad and Tobago has been a member of the WTO since 1995 and is an active participant in the regional economic entity CARICOM. Trinidad and Tobago has been a supporter of the FTAA process. It continues to lobby to host the FTAA permanent secretariat headquarters. Trinidad and Tobago has served concurrently as the Chair of the Consultative Committee on Smaller Economies and as Vice-Chair of the Competition Policy negotiating group.

Trinidad and Tobago, as a part of the 79 African, the Caribbean and Pacific (ACP) countries, is currently negotiating Economic Partnership Agreements with the European Union to replace soon to expire preferential trade deals. Trinidad and Tobago officials have expressed interest in an FTA with the members of the Association of Caribbean States.

Protection of Intellectual Property: Trinidad and Tobago is a member of the WTO and the United States and Trinidad and Tobago concluded a bilateral investment treaty with an IPR annex in 1994. In 2005, the government of Trinidad and Tobago proposed a copyright amendment to its law that would strengthen enforcement provisions and allow the country to deposit instruments of accession to the World Intellectual Property Organization Copyright Treaty and Performances and Phonograms Treaty. The Parliament has yet to pass this legislation.

Enforcement is a continuing problem in the country. While in the past year, there have been a few instances of successful arrests and prosecutions of purveyors of pirated DVDs and CDs, pirated optical discs are still widely and openly available throughout the country. Police, customs officials and prosecutors have little training in enforcement and conducting investigations associated with the protection of intellectual property rights, although the United States is planning to provide such training within the next calendar year.

Cable piracy is also an issue in Trinidad and Tobago. The local cable company pirates cable feeds from U.S. satellites without licensing agreements. Due to pressure from a U.S. firm operating legally in Trinidad and Tobago, a public-private committee was formed in 2005 to review the issue and make recommendations to the government. The committee reportedly considered but decided against compulsory licensing of English-language cable feeds and

directed the Telecommunications Authority of Trinidad and Tobago (TATT) to work with the local cable operator toward a legal resolution. TATT is currently urging the local cable company to negotiate user agreements with rights holders. Negotiations are ongoing between a U.S. firm and Trinidad's local cable company.

Provision of Internationally Recognized Worker Rights: Trinidad and Tobago has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

The Industrial Relations Act (IRA) provides that all workers, including those in state-owned enterprises, may form and join unions of their own choosing without prior authorization. The IRA provides for the mandatory recognition of a trade union when it represents 51 percent or more of the workers in a specified bargaining unit. An estimated 22 to 24 percent of the work force was organized in approximately 25 active unions. Most unions are independent of government or political party control, although the All Trinidad Sugar and General Workers' Union has historically been allied with the United National Congress (UNC) political party. A union also may bring a request for enforcement to the Industrial Court, which may order employers found guilty of anti-union activities to reinstate workers and pay compensation, or may impose other penalties including imprisonment.

The law allows unions to conduct their activities without interference, to participate in collective bargaining and to strike, and in practice the government protects these rights. However, by law, "essential services" employees, such as police and teachers, do not have the right to strike. Instead, union leaders organize "sick-outs" for such employees during labor disputes. In 2007, the teachers', prison guards' and firemen's unions all staged this type of protest, and negotiations between these employees and the government's Chief Personnel Officer were needed to resolve these labor disputes. The ILO has recommended that the government of Trinidad and Tobago amend the legislation to narrow the definition of "essential services." To date, no legislation of this type has been passed. The same labor laws are in effect for export processing zones as for the rest of the country.

The IRA prohibits retaliation against strikers and provides for grievance procedures through the Industrial Court, which consists of government, business and labor representatives. Most observers consider the court to be impartial.

There is no organized exploitation of child labor and the overall low level of unemployment in Trinidad and Tobago mitigates against such practices. However, a 2002 UNICEF study estimated that 1.2 percent of children from 5 to 14 years of age are engaged in paid work, and that 0.3 percent are engaged in unpaid work for someone other than a family member. In 2004, the government ratified ILO Convention 138 setting the minimum age of employment at 14 years. In 2007, a law was passed setting the minimum legal age for workers at 16 years. The Ministry of Labor and Small and Micro Enterprise Development and the Social Services Delivery Unit in the Office of the Prime Minister are responsible for enforcing child

labor provisions. However, enforcement is not consistent since there is no comprehensive government policy on child labor and no formal mechanism for receiving, investigating and resolving child labor complaints.

The 2008 budget proposes an increase of the national minimum wage to 10 Trinidad and Tobago dollars (US\$1.66) per hour. Actual wages vary considerably among industries, and most workers earn more than the minimum wage. The Ministry of Labor and Small and Micro Enterprise Development enforces minimum wage regulations.

The Minimum Wages Order establishes a 40-hour workweek, time and a half pay for the first 4 hours of overtime on a workday; double pay for the next 4 hours and triple pay thereafter. For holidays and days off, the act provides for double pay for the first 8 hours and triple pay thereafter. Where workers work only four days in the week the normal work day shall not exceed ten hours. The Order also provides meal and rest breaks for workers. However, the Order only applies to workers who receive an hourly rate of TT\$10.50 or less, and so unfortunately many workers are excluded.

In addition to the Factories and Ordinance Bill, the Occupational Safety and Hazard Act of 2006 (OSHA) establishes health and safety standards in certain industries and provides for inspections to monitor and enforce compliance. The IRA protects workers who file complaints with the Ministry of Labor and Small and Micro Enterprise Development regarding illegal or hazardous working conditions. If the complainants refuse to comply with an order that would have placed them in danger, and if it is determined upon inspection that hazardous conditions exist in the workplace, the complainants are absolved from blame.

Commitments to Eliminate the Worst Forms of Child Labor: The Government of Trinidad and Tobago ratified ILO Convention 182 on the elimination of the worst forms of child labor in 2003. However, Trinidad and Tobago has yet to pass implementing legislation for the convention. In 2004, the government held the inaugural meeting of the National Steering Committee on the Prevention and Elimination of Child Labor, which was tasked with developing a comprehensive national policy on child labor. The committee continues to meet regularly.

Counter-Narcotics Cooperation: Trinidad and Tobago continues to be a transit point for the Colombian drug trade, but the President has not designated Trinidad and Tobago as a major drug transit or major illicit drug producing country under the FRAA. The government has undertaken a multi-faceted approach in combating the narcotics trafficking problem in the region as evidenced by supply and demand law enforcement initiatives through a host of government agencies. Although not a regional financial money laundering hub, the government has implemented statutes to track suspicious transactions and seek active money laundering investigations on narcotic smuggling targets. The Ministry of Health and Trinidad and Tobago Customs and Excise are committed to stopping the illicit diversion of precursor chemicals within and through the country. The United States and Trinidad and Tobago actively cooperate on tracking suspicious importers and exporters of chemicals that are intended for manufacturing illicit narcotics. The government has signed, but not yet ratified, the UN Convention against Transnational Organized Crime, although legislation is

being drafted for consideration. It also has yet to sign the International Convention for the Suppression of the Financing of Terrorism (although this convention is referenced in the Anti-Terrorism Act of 2005).

Implementation of the Inter-American Convention Against Corruption: Trinidad and Tobago signed and ratified the IACAC in 1998. In 2000, the government established an Integrity Commission to make new provisions for the prevention of corruption of persons in public life by providing for public disclosure of assets and to promote the integrity of public officials and institutions. Some non-governmental organizations have deemed the Commission's staffing and technology to be inadequate to enforce anti-corruption legislation. Although some officials are reluctant to disclose their assets, the Integrity Commission will prosecute officials not in compliance, as evidenced by the ruling against a former Member of Parliament (who also once served as Prime Minister) for not declaring assets in a London bank account. In October 2007, the Privy Council ruled that judges are exempt from public disclosure requirements.

Transparency in Government Procurement: Trinidad and Tobago has established procurement processes and a number of U.S. companies have secured government service contracts in recent years. However, on occasion, government ministries and special purpose public companies may bypass established procurement procedures, which have raised questions about the transparency of government procurement. The government is not a party to the WTO Government Procurement Agreement.

Additional Issues

Nationalization/Expropriation: There are no reports that Trinidad and Tobago has nationalized or expropriated any property of U.S. citizens.

Arbitral Awards: Trinidad and Tobago signed the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1966. There are no reports that Trinidad and Tobago has failed to recognize an arbitral award in favor of U.S. citizens.

Reverse Preferences: Trinidad and Tobago does not afford preferential treatment to the products of any developed country. The United States is Trinidad and Tobago's largest trading partner and investor, and U.S. products are readily available on the local market.

Extradition: The United States and Trinidad and Tobago have signed a Bilateral Extradition Treaty and Mutual Legal Assistance Treaty in Criminal Matters. Both treaties were signed on March 4, 1996, and ratified soon thereafter.

Chapter 4

SUMMARY OF PUBLIC COMMENTS

Two organizations responded to the Trade Policy Staff Committee's solicitation of public comments in connection with preparation of this report. The notice and solicitation of public comments was published in the *Federal Register* of October 25, 2007. The full texts of these submissions are available for review at the Reading Room of the Office of the United States Trade Representative.

Television Association of Programmers Latin America

The Television Association of Programmers (TAP) Latin America is an industry trade group representing more than 30 pay television channels in Latin America. TAP Latin America noted that in 2006, the Bahamian government agreed to eliminate its compulsory license for the retransmission of encrypted satellite signal carrying U.S. domestic pay television signals if more English language programming was made available in the Bahamas. TAP Latin America stated that following the 2006 agreement, pay television channels took steps to increase programming. Nevertheless, the Bahamian government has not eliminated its compulsory license, and is allowing Cable Bahamas to downlink and retransmit U.S. domestic pay television signal without authorization.

International Intellectual Property Alliance

The International Intellectual Property Alliance (IIPA), a private sector coalition that represents U.S. copyright based industries⁸ in bilateral and multilateral efforts to improve international protection of copyrighted materials, stated in its submission that modern copyright laws, together with effective enforcement, are necessary for copyright industries to flourish. According to IIPA, "the IPR standards in the CBERA (as amended) have provided, and can continue to provide, a good foundation for these eligible countries to improve both their copyright laws and enforcement mechanisms, in order to protect both their domestic rightholders as well as foreign rightholders."

According to the IIPA, "the most pressing problem...in the Central American and Caribbean...is the failure of many of these countries to adequately enforce their existing copyright laws." The submission also states that many of the CBTPA-eligible countries fail to meet the intellectual property rights standards set forth by the CBTPA, and that "[a]ll countries in this region should be on-notice that they must take appropriate action, both in

⁸ IIPA comprises seven trade associations—the Association of American Publishers, Inc, Business Software Alliance, Entertainment Software Association, Independent Film Television Alliance, Motion Picture Association of America, Inc., National Music Publishers' Association, and Recording Industry Association of America, Inc. The associations represent about 1,900 U.S. companies producing and distributing materials protected by copyright laws throughout the world, including: computer and business application software; theatrical films, television programs, home videos and digital representations of audiovisual works; music, records, CDs, and audio cassettes; and textbooks, trade books, reference and professional publications and journals in both electronic and print media.

terms of reforming their legislation as well as enforcing their laws, to meet their ‘part of the bargain’ in receiving these unilateral preference trade benefits.”

The submission identified the economic costs of copyright piracy in the Central American and Caribbean region. Among examples offered were: business software piracy; piracy of sound recordings and music; satellite signal theft and cable piracy; commercial and photocopying piracy of books, and inadequate enforcement in the entertainment software industry that results in the counterfeiting of cartridges, personal computer CD-ROMs, and multimedia products.

Appendix 1: List of Frequently Used Acronyms

ACP	African, Caribbean, and Pacific Group of States
ATPA	Andean Trade Preferences Act
ACS	Association of Caribbean States
BIT	Bilateral Investment Treaty
CACM	Central American Common Market
CAFTA-DR	Dominican Republic–Central America–United States Free Trade Agreement
CARICOM	Caribbean Community and Common Market
CBERA	Caribbean Basin Economic Recovery Act
CBI	Caribbean Basin Initiative
CBTPA	Caribbean Basin Trade Partnership Act
FRAA	Foreign Relations Authorization Act, Fiscal Year 2003
FTAA	Free Trade Area of the Americas
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
IACAC	Inter-American Convention Against Corruption
ILO	International Labor Organization
ILO-IPEC	International Labor Organization Program on the Elimination of Child Labor
IMF	International Monetary Fund
IPR	Intellectual Property Rights
MCC	Millennium Challenge Corporation
MFN	Most Favored Nation
NTR	Normal Trade Relations
NAFTA	North American Free Trade Agreement
NGO	Non-governmental Organization
OAS	Organization of American States
OECD	Organization for Economic Cooperation and Development
OECS	Organization of Eastern Caribbean States
TRIPS	Trade-Related Aspects of Intellectual Property Rights
USTR	United States Trade Representative
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

Appendix 2: United States Imports from CBI countries
Total and under Selected Program U.S. Imports, 2004-2006 and January-September 2006 and 2007 ¹

Country ²	Import Program	2004		2005		2006		2006 January-September		2007 January-September	
		Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total
Antigua and Barbuda	CBERA	51	1.2	34	0.8	23	0.4	23	0.5	130	2.0
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	109	2.5	46	1.0	0	0.0	0	0.0	0	0.0
	NTR free	2,479	56.8	3,361	76.1	4,775	82.7	3,961	83.8	5,603	87.7
	Total	4,366	100.0	4,414	100.0	5,771	100.0	4,727	100.0	6,388	100.0
Aruba	CBERA	29	0.0	55	0.0	171	0.0	127	0.0	249	0.0
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	NTR free	30,197	1.7	42,224	1.4	51,266	1.8	39,979	1.8	24,734	1.1
	Total	1,776,373	100.0	2,919,754	100.0	2,844,934	100.0	2,199,296	100.0	2,273,410	100.0
Bahamas	CBERA	92,705	14.5	111,345	15.9	125,056	27.6	93,609	27.4	100,970	28.7
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	NTR free	227,490	35.7	261,840	37.4	230,347	50.9	176,544	51.6	121,281	34.4
	Total	637,331	100.0	700,120	100.0	452,815	100.0	342,056	100.0	352,292	100.0
Barbados	CBERA	3,512	9.5	3,770	11.8	4,938	14.6	3,407	13.4	5,933	22.0
	CBTPA	1	0.0	90	0.3	71	0.2	64	0.3	0	0.0
	GSP	814	2.2	887	2.8	0	0.0	0	0.0	0	0.0
	NTR free	29,432	79.8	24,108	75.6	25,850	76.4	19,880	78.2	19,185	71.1
	Total	36,872	100.0	31,904	100.0	33,842	100.0	25,436	100.0	26,971	100.0
Belize	CBERA	29,954	28.0	39,977	40.7	40,061	27.3	35,239	38.2	33,120	43.3
	CBTPA	14,523	13.6	14,772	15.0	21,650	14.7	17,483	19.0	8,326	10.9
	GSP	1,210	1.1	1,481	1.5	6,019	4.1	5,809	6.3	8,028	10.5
	NTR free	55,663	52.0	37,370	38.0	32,445	22.1	19,738	21.4	15,730	20.6
	Total	107,103	100.0	98,264	100.0	146,814	100.0	92,242	100.0	76,531	100.0
British Virgin Islands	CBERA	319	1.8	198	0.6	223	0.8	130	0.9	65	0.2
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0

	NTR free	13,390	77.3	28,779	85.5	22,627	86.0	12,193	83.4	37,048	92.3
	Total	17,327	100.0	33,662	100.0	26,303	100.0	14,625	100.0	40,124	100.0
Costa Rica	CBERA	700,970	21.0	799,308	23.4	1,032,578	26.9	801,214	27.5	865,583	28.9
	CBTPA	375,643	11.3	357,360	10.5	348,095	9.1	250,881	8.6	240,170	8.0
	GSP	100,396	3.0	89,100	2.6	113,418	3.0	78,368	2.7	57,061	1.9
	NTR free	1,873,587	56.2	1,899,433	55.6	2,067,852	53.8	1,576,774	54.1	1,632,865	54.5
	Total	3,332,940	100.0	3,418,530	100.0	3,844,275	100.0	2,916,632	100.0	2,996,701	100.0
Dominica	CBERA	369	12.8	79	2.4	66	2.1	44	1.6	40	2.9
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	NTR free	1,401	48.6	1,722	51.5	2,140	68.0	1,828	68.7	936	68.4
	Total	2,883	100.0	3,344	100.0	3,148	100.0	2,662	100.0	1,369	100.0
Dominican Republic	CBERA	832,103	18.4	844,727	18.3	988,443	21.8	736,217	21.9	143,313	23.9
	CBTPA	1,738,540	38.4	1,613,614	35.1	1,457,608	32.2	1,089,507	32.4	160,957	26.9
	GSP	96,040	2.1	150,730	3.3	132,740	2.9	98,364	2.9	18,664	3.1
	NTR free	1,193,704	26.4	1,293,980	28.1	1,389,716	30.7	1,019,137	30.3	212,581	35.5
	Total	4,528,420	100.0	4,603,639	100.0	4,528,989	100.0	3,366,852	100.0	598,781	100.0
El Salvador	CBERA	39,500	1.9	85,451	4.3	14,584	5.2	14,584	5.2	0	NA
	CBTPA	1,086,343	52.9	1,140,885	57.4	139,537	49.9	139,537	49.9	0	NA
	GSP	31,229	1.5	64,158	3.2	15,197	5.4	15,197	5.4	0	NA
	NTR free	213,323	10.4	175,858	8.8	33,558	12.0	33,558	12.0	0	NA
	Total	2,052,615	100.0	1,989,000	100.0	279,819	100.0	279,819	100.0	0	NA
Grenada	CBERA	11	0.2	9	0.2	56	1.3	37	1.1	7	0.1
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	0	0.0	2	0.0	49	1.1	0	0.0	19	0.3
	NTR free	4,493	88.1	5,140	87.8	3,856	86.3	3,042	88.3	6,474	88.2
	Total	5,101	100.0	5,853	100.0	4,467	100.0	3,444	100.0	7,339	100.0
Guatemala	CBERA	286,435	9.1	354,354	11.3	185,264	11.7	185,264	11.7	0	NA
	CBTPA	894,434	28.4	898,944	28.7	444,561	28.2	444,561	28.2	0	NA
	GSP	68,253	2.2	66,622	2.1	69,230	4.4	69,230	4.4	0	NA
	NTR free	634,714	20.1	703,437	22.4	355,150	22.5	355,150	22.5	0	NA
	Total	3,154,578	100.0	3,134,271	100.0	1,577,938	100.0	1,577,938	100.0	0	NA
Guyana	CBERA	13,982	11.4	1,362	1.1	522	0.4	300	0.3	1,097	1.3

	CBTPA	7,066	5.8	5,358	4.5	4,573	3.7	3,501	3.5	3,572	4.2
	GSP	2,297	1.9	6,617	5.5	14,634	11.7	13,074	12.9	2,512	2.9
	NTR free	93,499	76.2	104,548	87.1	99,854	79.7	80,945	80.0	75,315	87.6
	Total	122,667	100.0	120,090	100.0	125,237	100.0	101,172	100.0	85,932	100.0
Haiti	CBERA	10,478	2.8	14,840	3.3	14,928	3.0	13,920	3.8	9,165	2.5
	CBTPA	207,734	56.0	288,479	64.5	364,395	73.4	253,956	69.7	306,620	84.0
	GSP	1,541	0.4	1,725	0.4	1,384	0.3	1,122	0.3	1,815	0.5
	NTR free	18,086	4.9	15,067	3.4	24,677	5.0	19,778	5.4	13,800	3.8
	Total	370,666	100.0	447,138	100.0	496,141	100.0	364,115	100.0	365,167	100.0
Honduras	CBERA	183,001	5.0	203,004	5.4	82,189	9.1	82,189	9.1	0	NA
	CBTPA	2,136,185	58.7	2,165,154	57.7	473,735	52.6	473,735	52.6	0	NA
	GSP	37,703	1.0	52,482	1.4	12,727	1.4	12,727	1.4	0	NA
	NTR free	573,593	15.8	604,920	16.1	147,787	16.4	147,787	16.4	0	NA
	Total	3,641,067	100.0	3,750,200	100.0	900,542	100.0	900,542	100.0	0	NA
Jamaica	CBERA	93,324	29.1	100,226	26.6	199,165	38.3	147,564	36.8	149,870	27.1
	CBTPA	73,384	22.9	51,964	13.8	46,587	9.0	35,553	8.9	30,556	5.5
	GSP	4,963	1.5	8,477	2.2	12,058	2.3	9,686	2.4	10,897	2.0
	NTR free	98,511	30.8	154,599	41.0	182,957	35.2	147,466	36.7	292,266	52.8
	Total	320,304	100.0	377,208	100.0	519,596	100.0	401,286	100.0	553,793	100.0
Montserrat	CBERA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	NTR free	315	68.7	768	80.5	711	89.7	451	87.6	411	89.9
	Total	459	100.0	954	100.0	793	100.0	515	100.0	457	100.0
Netherlands Antilles	CBERA	5,242	1.2	6,776	0.7	2,157	0.2	1,525	0.2	2,948	0.5
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	NTR free	93,828	21.1	108,350	11.7	147,451	13.2	94,226	10.7	127,985	22.5
	Total	443,858	100.0	924,321	100.0	1,119,248	100.0	884,090	100.0	569,225	100.0
Nicaragua	CBERA	134,593	13.6	143,878	12.2	42,100	11.0	42,100	11.0	0	NA
	CBTPA	195,759	19.8	258,616	21.9	68,881	17.9	68,881	17.9	0	NA
	GSP	0	0.0	0	0.0	0	0.0	0	0.0	0	NA
	NTR free	185,516	18.7	189,378	16.0	64,059	16.7	64,059	16.7	0	NA

	Total	990,471	100.0	1,181,146	100.0	384,063	100.0	384,063	100.0	0	NA
Panama	CBERA	32,486	10.3	40,449	12.4	34,032	9.0	24,787	8.5	26,537	10.2
	CBTPA	340	0.1	352	0.1	343	0.1	240	0.1	205	0.1
	GSP	6,343	2.0	19,786	6.1	24,233	6.4	17,615	6.1	9,288	3.6
	NTR free	223,224	70.6	249,747	76.4	262,455	69.4	195,698	67.4	211,755	81.7
	Total	316,142	100.0	327,013	100.0	378,289	100.0	290,358	100.0	259,262	100.0
St Kitts and Nevis	CBERA	29,663	71.1	25,211	50.7	24,750	49.4	19,774	52.1	13,004	32.7
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	800	1.9	1,441	2.9	1,024	2.0	689	1.8	658	1.7
	NTR free	9,810	23.5	21,298	42.8	20,192	40.3	14,642	38.6	19,906	50.1
	Total	41,701	100.0	49,726	100.0	50,070	100.0	37,971	100.0	39,717	100.0
St Lucia	CBERA	5,308	37.0	6,054	18.7	6,907	22.9	5,251	19.7	6,370	50.8
	CBTPA	527	3.7	299	0.9	169	0.6	110	0.4	86	0.7
	GSP	687	4.8	817	2.5	479	1.6	325	1.2	291	2.3
	NTR free	4,997	34.8	6,197	19.1	3,912	13.0	3,111	11.6	2,867	22.9
	Total	14,347	100.0	32,393	100.0	30,117	100.0	26,708	100.0	12,546	100.0
St Vincent and the Grenadines	CBERA	2,925	70.8	521	3.3	210	10.4	121	14.8	161	15.3
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	4	0.1	37	0.2	23	1.1	22	2.7	18	1.7
	NTR free	1,016	24.6	14,642	93.6	793	39.1	566	69.1	745	71.0
	Total	4,130	100.0	15,647	100.0	2,027	100.0	819	100.0	1,049	100.0
Trinidad and Tobago	CBERA	499,894	8.5	757,520	9.6	1,102,267	13.2	766,615	11.9	784,533	11.9
	CBTPA	1,112,520	19.0	1,557,221	19.8	1,970,565	23.5	1,590,860	24.7	975,688	14.7
	GSP	2,717	0.0	4,184	0.1	7,405	0.1	6,042	0.1	3,936	0.1
	NTR free	3,966,091	67.7	4,903,388	62.2	4,485,988	53.6	3,472,992	53.8	4,080,151	61.7
	Total	5,854,311	100.0	7,880,382	100.0	8,370,048	100.0	6,453,117	100.0	6,617,265	100.0

¹ General imports, customs value.

² In 2006, data for El Salvador, Guatemala, Honduras, and Nicaragua are only included for the time these countries were CBERA beneficiaries. Likewise, in 2007, data for the Dominican Republic are only included for the time it was a CBERA beneficiary.

Note: NA denotes not applicable.

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