

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

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	III
INTRODUCTION	1
DESCRIPTION OF THE CARIBBEAN BASIN INITIATIVE	3
KEY PRODUCT ELIGIBILITY PROVISIONS	3
CBERA Preferences.....	3
CBTPA Preferences	3
Trade Act of 2002 Preferences.....	4
BENEFICIARY COUNTRIES.....	4
ANTI-TRANSSHIPMENT PROVISIONS	5
SAFEGUARD PROVISIONS.....	6
RUM PROVISIONS	6
TAX PROVISIONS	6
REPORTS	7
MEETINGS OF CARIBBEAN BASIN TRADE MINISTERS AND USTR	8
OTHER PROVISIONS	9
TRADE UNDER THE CBI PROGRAMS	10
U.S. TRADE WITH THE CARIBBEAN BASIN: U.S. IMPORTS	10
Imports by Country	11
U.S. TRADE WITH CARIBBEAN BASIN: U.S. EXPORTS	13
ELIGIBILITY CRITERIA AND ADVANCEMENT OF	15
TRADE POLICY GOALS	15
CBERA “MANDATORY” CRITERIA	15
CBERA “DISCRETIONARY” FACTORS	16
CBTPA ELIGIBILITY CRITERIA	17
COUNTRY REPORTS: COMPLIANCE WITH ELIGIBILITY CRITERIA	19
Aruba.....	19
The Bahamas.....	21
Barbados	23
Belize	24
British Virgin Islands	28
Costa Rica	30
Dominican Republic	35
The Organization of Eastern Caribbean States.....	39
El Salvador.....	44
Guatemala	48
Guyana	53
Haiti	57
Honduras	60
Jamaica.....	64
Netherlands Antilles.....	67
Nicaragua	69
Panama.....	73
Trinidad and Tobago.....	76
SUMMARY OF PUBLIC COMMENTS.....	81
APPENDIX 1: LIST OF FREQUENTLY USED ACRONYMS	83
APPENDIX 2: UNITED STATES IMPORTS FROM CBI COUNTRIES.....	84

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 and provisions included in the Trade Act of 2002 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.
- 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, and mineral fuels accounted for a majority of U.S. imports from the region. In 2004, manufactured products such as apparel and electrical machinery accounted for more than 60 percent of U.S. imports receiving preferential treatment under CBI.
- The total value of CBI exports to the United States in 2004, at \$27.8 billion, was approximately 3 times greater than in 1984. The CBI's share of total U.S. imports was 1.9 percent in 2004, approximately the same as 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 \$24.5 billion in 2004, made the CBI region the eighth largest market for U.S. exports, ahead of economies such as the Netherlands, Taiwan, France, and Singapore. U.S. exports to the CBI region increased 4.4 percent in 2004, with the region absorbing approximately 3 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 this preferential trade 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 twenty-four 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 dependant 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.
- On August 2, 2005, President Bush signed implementing legislation for the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). The United States is prepared to implement CAFTA-DR as soon as possible with those countries that the United States has determined to have taken sufficient steps to complete their commitments. When CAFTA-DR enters into force for one or more of the CBI beneficiary countries of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, or Nicaragua, that country will cease to be a CBI beneficiary country. The United States and Panama are also negotiating a free trade agreement.

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. The CBI currently provides 24 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 1989 and 2004, totaling \$24.5 billion in 2004. Collectively, the CBI beneficiary countries rank eighth among U.S. market destinations, ahead of economies such as the Netherlands, Taiwan, France, and Singapore.

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.

This report, coming more than three years after the passage of the Trade Act of 2002, provides an important opportunity to evaluate the initial impact of this latest expansion 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

* 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.

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 became effective July 17, 1992, which 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, 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.

Beneficiary Countries

Currently 24 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.

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, the President designated all 24 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 2003, the following 14 countries have satisfied this requirement and have been designated as fully eligible to receive the enhanced benefits of the CBTPA: Barbados, Belize, Costa Rica, Dominican Republic, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, 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.

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 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 2005, the following twelve countries have satisfied all of the requirements for benefiting from this provision: Antigua and Barbuda, Barbados, Bermuda, Costa Rica, Dominica, Dominican Republic, Grenada, Guyana, Honduras, Jamaica, Saint Lucia, 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 17th report on the impact of the CBERA to the President and Congress in September 2005 (USITC Publication 3804). The ITC concluded that the CBERA continued to have a negligible effect on the U.S. economy during 2003 and 2004. The ITC also found that recent enhancements to the CBERA appear to have had a positive effect on investment in a number of beneficiary countries. The ITC identified new foreign direct investment (FDI) during 2004 to increase production and export capacity in Trinidad and Tobago's oil, gas, and petrochemicals sectors, and in the fuel-grade ethanol sector in Jamaica. Other CBERA countries also reported new FDI in the textile and apparel sector in 2004. The report also notes that when the CAFTA-DR enters into force for one or more of the CBI beneficiary countries of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, or Nicaragua, that country will cease to be a CBI beneficiary country. In 2004, the CAFTA-DR countries supplied 79 percent of U.S. imports under CBI preferences.

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 December 2004. The report indicates that the commitment to eliminate the worst forms of child labor continues to gain even greater momentum across the international community and in 2003 significant

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).

efforts were made in CBI beneficiary countries to advance the global campaign against the worst forms of child labor.

For example, since the adoption of the International Labor Organization (ILO) Convention No. 182 on the Worst Forms of Child Labor in June 1999, 157 countries have ratified the convention, including all of the CBERA countries except Haiti, which has signed but not ratified the convention. 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. In CBERA beneficiary countries, a number of projects have been undertaken to combat the problem of the worst forms of child labor, including Time-Bound Programs in Costa Rica, the Dominican Republic and El Salvador. These projects, implemented by the ILO's International Program on the Elimination of Child Labor (ILO-IPEC), aim to eliminate the worst forms of child labor in targeted sectors over a specified period of time. The U.S. Department of Labor and other donors have also funded ILO-IPEC programs 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 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 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 and the Parties are working to implement the agreement. The United States is prepared to implement CAFTA-DR as soon as possible with those countries that the United States has determined to have taken sufficient steps to complete their commitments.

In addition, the United States began negotiation of a free trade agreement with the Republic of Panama in 2004. 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, 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 must generally 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 the 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

TRADE UNDER THE CBI PROGRAMS

U.S. TRADE WITH THE CARIBBEAN BASIN: U.S. IMPORTS

Detailed information on U.S. imports from CBI beneficiary countries is contained in Annex 2 of this report.

Total U.S. imports from CBI beneficiary countries have increased substantially since the preparation of the fifth report on the operation of the CBERA. Such imports increased 15.8 percent in 2003 and 12.2 percent in 2004. Moreover, in the first nine months of 2005, imports from the CBI countries grew by just over 15 percent.

At \$27.8 billion in 2004, CBI beneficiary countries combined constituted the twelfth-largest supplier of U.S. imports—ahead of Ireland and just behind Italy. The CBI beneficiary countries and dependent territories have continued to supply just under 2 percent of total annual U.S. imports in recent years (see table 1).

Table 1: U.S. Trade with CBI Beneficiary Countries, 2000-2004 and Jan-Sept of 2004 and 2005

Year	U.S. Total Exports to World ¹	U.S. Exports to CBI Countries		U.S. Total Imports from World ²	U.S. Imports from CBI Countries	
	Million \$	Million \$	Percent of U.S. Total	Million \$	Million \$	Percent of U.S. Total
2000	780,418.6	21,404.0	2.7	1,216,887.5	22,542.2	1.9
2001	731,025.9	21,000.7	2.9	1,141,959.1	20,939.2	1.8
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
Jan-Sept 2004	602,698.6	17,826.0	3.0	1,073,138.2	20,375.3	1.9
Jan-Sept 2005	666,477.6	20,332.0	3.1	1,221,334.4	23,500.5	1.9

¹ Total exports, F.A.S. value.

² General imports, customs value.

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

Full implementation of the CAFTA-DR will reduce the number of CBI beneficiaries to 18 countries. Since the six CAFTA-DR countries accounted for 64 percent of U.S. imports from CBI countries in 2004, U.S. trade with CBI beneficiary countries is expected to diminish substantially at that time.

U.S. imports receiving preferential treatment under CBI increased 4.4 percent to \$10.8 billion in 2004 (see table 2). Excluding certain leading energy and related chemical products, such imports increased slightly more than 2 percent. This relatively small increase in 2004 was principally due to market participants' uncertainties regarding the end of global textile and apparel quotas on January 1, 2005, and how increased competition from China and other low-cost Asian producers might affect the apparel market as a result. Apparel and mineral fuels, which became the leading import categories in 2001, have remained as such through 2004. In 2004, they represented about 70 percent of U.S. imports receiving preferential treatment under CBI.

Table 2: U.S. Imports from CBI Beneficiary Countries by Program, 2002-2004 and January-September of 2004 and 2005¹

Import Program	2002	2003	2004		2005 Jan-Sept	Change 2003- 2004 Percent	Change Jan- Sept
			Million \$				
CBI	9,958.3	10,381.8	10,839.9	7,922.0	8,899.5	4.4	12.3
CBERA	2,923.1	2,949.0	2,996.9	2,199.3	2,552.6	1.6	16.1
CBTPA	7,035.2	7,432.7	7,843.0	5,722.7	6,346.8	5.5	10.9
GSP	97.5	253.2	355.1	263.8	331.4	40.2	25.6
NTR free	5,505.6	7,878.1	9,548.4	6,997.4	7,841.0	21.2	12.1
Total	21,380.4	24,762.6	27,776.0	20,375.3	23,500.5	12.2	15.3

¹General imports, customs value.

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

While U.S. imports receiving preferential treatment under CBI did not increase significantly, total U.S. imports from CBI countries increased by 12.2 percent in 2004 (see table 2). The source of this discrepancy appears to be the substantial increase in imports entering duty free under normal trade relations (NTR) tariff rates, rather than CBI. These products included liquefied natural gas, anhydrous ammonia, medical instruments, bananas, semiconductors, and coffee.

During the first nine months of 2005, U.S. imports receiving preferential treatment under CBI increased 12.3 percent.

Imports by Country

The Dominican Republic continued to be the leading CBI supplier of imports to the United States, with \$2.6 billion in imports receiving preferential tariff treatment under CBI in 2004. However, the country's share of total U.S. imports receiving preferential treatment under CBI declined from 27 percent in 2002 to 24 percent in 2004. This decline is mostly due to a slight decrease in Dominican exports to the United States and to substantial increases in other CBERA countries' exports, especially those from Trinidad and Tobago. Apparel, cigars, jewelry, electrical components and sugar were the major Dominican products exported to the

United States in 2004. U.S. imports from the Dominican Republic receiving preferential tariff treatment under CBTPA represented almost 70 percent of Dominican trade under CBI preferences.

Honduras remained second among CBI beneficiaries in 2004 in terms of U.S. imports receiving preferential tariff treatment under CBI, mainly due to its strength as an apparel supplier. CBI-preference imports from Honduras totaled \$2.3 billion in 2004 and Honduras' share of total imports under CBI preferences increased to 21 percent in the same year. Honduras is the heaviest user of CBPTA benefits, receiving CBI preferential treatment on 27 percent of U.S. imports. Ninety two percent of U.S. imports from Honduras receiving preferential treatment under CBI entered under CBTPA provisions in 2004. All of the five leading Honduran exports to the United States were in the textile and apparel sector in 2004.

Trinidad and Tobago was the third leading source of U.S. imports receiving preferential tariff treatment under CBI in 2004. The United States imported \$1.6 billion under CBI preferences from Trinidad and Tobago in 2004, an increase of 15.3 percent from 2003. The principal imports receiving benefits under CBTPA in 2004 were petroleum and methanol, which together accounted for close to 70 percent of such imports. U.S. imports of petroleum and methanol increased in both value and volume due to higher prices of both products and to a major new methanol facility that became operational in September 2004. Trinidad and Tobago is also an important supplier of NTR duty-free products, including liquefied natural gas and anhydrous ammonia, both of which increased substantially due to higher price and volume in 2003 and 2004.

Guatemala ranked fourth among the suppliers of imports to the United States under CBI tariff preferences in 2004, a gain of two places from 2002. U.S. imports under CBI preferences from Guatemala totaled \$1.2 billion in 2004, of which 76 percent entered under CBTPA provisions. Of the five leading imports entered under CBI preferences from Guatemala, four were apparel items and one was crude oil.

El Salvador was the fifth leading source of U.S. imports under CBI tariff preferences, supplying \$1.1 billion of U.S. imports in 2004. Although its share of total imports under CBI preferences decreased from 11.5 percent in 2002 to 10.4 percent in 2004, El Salvador continued to increase its share of its CBPTA trade. In 2004, the country's share of its CBI trade entering under CBPTA preferences increased to 97 percent from 93 percent in 2002. All of the five leading imports under CBI from El Salvador were apparel items.

Costa Rica, with \$1.1 billion in imports to the United States, was the sixth leading source of U.S. imports under CBI tariff preferences in 2004, but it ranked fourth in terms of overall imports from the region. Although the country's share of CBI imports declined to 9.9 percent in 2004, Costa Rica has become an important supplier of semiconductors and medical instruments, both of which are duty free at NTR tariff rates. Of the five top U.S. imports under CBI preferences from Costa Rica, three were apparel items and the other two were fresh pineapples and rubber gaskets, washers, and other seals.

Haiti's use of CBI tariff preferences has increased in the last few years with U.S. imports under CBI growing from \$176.5 million in 2002 to \$218.2 million in 2004. The growth has been based mainly on CBPTA apparel provisions.

U.S. bilateral trade with many of the Caribbean economies is small in terms of overall value. However, imports receiving preferential tariff treatment under CBI a significant proportion of total U.S. imports from these countries. Apparel products, electrical switches, and cane sugar were some of the leading categories of such imports from the smaller Caribbean economies.

U.S. TRADE WITH CARIBBEAN BASIN: 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, growth in U.S. exports to the region has been a welcome corollary benefit. In 2004, the value of total U.S. exports to CBI beneficiary countries increased by 4.4 percent. The increase was mainly the result of higher exports of automatic circuit breakers, radio transmission apparatus incorporating reception apparatus, cotton fabrics, jewelry, and rice in the husk.

As a result of the implementation of CBTPA, the United States has been exporting substantially more textiles to the region. In 2004, U.S. exports of textiles to CBI beneficiary countries increased by more than 13 percent. The top U.S. export markets for textiles were Honduras, the Dominican Republic, El Salvador, Guatemala, and Costa Rica. Collectively, at \$24.5 billion, the CBI region ranks eighth among U.S. export destinations and absorbs approximately 3 percent of total U.S. exports to the world. In the CBI region, the Dominican Republic, Costa Rica, Honduras, Guatemala and El Salvador were the principal markets for U.S. products, accounting for 62 percent of U.S. exports to the CBI region in 2004 (see table 3). U.S. exports to the region grew 14 percent in the first nine months of 2005 relative to those of the same period in 2004. U.S. exports to the CBI region comprise a broad range of products, including fuel oils, semiconductors, radio transmission apparatus incorporating reception apparatus, jewelry, corn, wheat, inputs for apparel goods, and automatic circuit breakers.

Table 3: U.S. Exports to CBI Countries, 2000-2004 and January-September of 2004 to 2005, Thousand \$ ¹

Market	2000	2001	2002	2003	2004	2004 Jan-Sep	2005 Jan-Sep
Antigua and Barbuda	138,711.5	95,987.2	81,458.6	127,335.2	125,269.9	84,314.6	153,152.2
Aruba	289,183.1	278,657.4	464,703.2	355,020.7	374,432.8	243,213.4	341,596.8
The Bahamas	1,064,651.8	1,021,678.5	975,207.6	1,084,284.8	1,182,066.2	847,306.8	1,319,929.3
Barbados	305,623.0	286,381.3	268,565.9	301,792.0	347,578.7	234,266.2	276,716.8
Belize	208,513.5	172,902.9	137,334.5	199,444.0	151,675.4	108,681.7	150,056.3
British Virgin Islands	64,622.0	75,037.5	66,987.4	70,523.6	97,693.4	80,271.3	90,979.0
Costa Rica	2,445,427.7	2,496,242.1	3,131,601.9	3,414,223.0	3,303,742.5	2,579,155.7	2,616,032.0
Dominica	37,342.8	30,738.6	45,087.7	34,353.7	35,890.1	27,449.8	42,166.1
Dominican Republic	4,443,418.5	4,435,714.7	4,261,556.1	4,213,554.8	4,342,881.8	3,184,240.0	3,513,892.2
El Salvador	1,774,864.8	1,771,117.9	1,664,892.8	1,823,770.6	1,867,806.4	1,416,850.2	1,379,235.8
Grenada	79,266.9	59,797.0	56,517.6	68,448.2	69,910.4	42,947.5	61,650.1
Guatemala	1,895,309.1	1,876,831.7	2,041,860.0	2,273,571.6	2,548,252.1	1,787,233.6	2,011,183.7
Guyana	158,954.6	141,099.1	128,309.8	117,175.6	135,620.0	91,980.3	129,827.1
Haiti	576,124.3	550,316.8	582,554.1	639,778.8	663,000.6	483,838.9	486,901.3
Honduras	2,574,553.5	2,436,975.2	2,564,588.7	2,844,902.1	3,076,512.3	2,252,160.8	2,388,966.6
Jamaica	1,377,566.5	1,407,480.1	1,419,947.4	1,469,583.5	1,431,596.1	995,965.0	1,241,265.5
Montserrat	10,524.8	5,958.0	5,158.4	7,965.8	6,055.6	5,271.6	3,817.3
Netherlands Antilles	674,073.7	817,599.3	742,120.7	747,116.8	872,640.3	593,283.5	822,338.5
Nicaragua	379,123.3	443,110.8	437,633.6	502,826.2	591,704.9	438,974.6	460,182.7
Panama	1,608,756.7	1,333,174.1	1,407,691.4	1,848,012.6	1,820,009.0	1,293,858.9	1,569,300.4
St. Kitts and Nevis	57,876.3	46,199.6	49,695.1	59,060.2	60,417.3	42,248.6	67,376.6
St. Lucia	105,329.5	88,699.3	98,058.8	121,159.2	103,303.5	67,407.7	91,073.4
St. Vincent and the Grenadines	37,270.7	39,436.8	40,536.0	46,484.0	45,396.5	33,317.7	35,782.2
Trinidad and Tobago	1,096,883.8	1,089,586.5	1,018,001.9	1,064,024.2	1,207,193.6	891,725.5	1,078,538.7
TOTAL	21,403,972.2	21,000,722.4	21,690,069.3	23,434,411.1	24,460,649.5	17,825,963.9	20,331,960.4

¹ Total exports, F.A.S. value.

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, 2005) (“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 in U.S. dollars and are compiled from official statistics of the U.S. Department of Commerce.

Aruba

Population: 71,566

Per Capita GDP: \$28,000

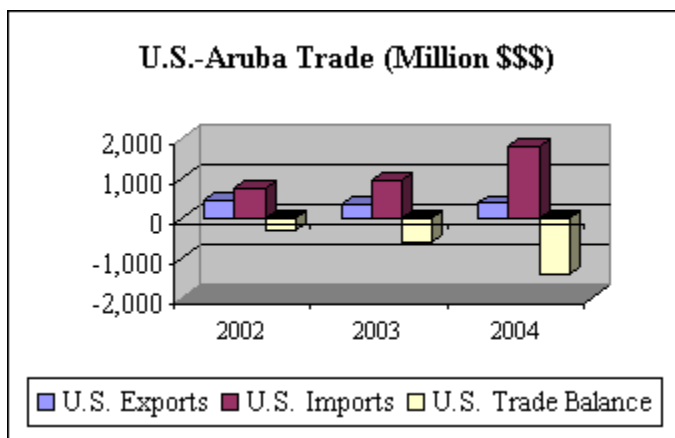
Department of Commerce 2004

Trade Statistics

U.S. Exports \$374,432,847

U.S. Imports \$1,776,373,462

U.S. Trade Balance -\$1,401,940,615



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 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 WTO and FTAA: 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 participate in the FTAA negotiations.

Provision of Internationally Recognized Worker Rights: Unemployment in Aruba is just over 7 percent. Labor unions are strong in most sectors of the economy. Laws protecting children and workers' rights are actively enforced.

Protection of Intellectual Property: IPR legislation is based on Dutch law, but is not as far-reaching as in the Netherlands. Aruba's laws protect trademark, patent and copyrights, but Aruba does not have laws protecting design. The U.S. Government is not aware of widespread patent infringement in Aruba, but piracy of video and music recording does occur. The government does not rigorously 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. Aruba has an intellectual property rights bureau and the government is working on additional IPR legislation.

Counter-Narcotics Cooperation: The President has not identified Aruba as a major drug transit or major illicit drug producing country under the provision of the Foreign Relations Authorization Act, FY 2003 (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: The Organization for Economic Cooperation and Development (OECD) categorizes Aruba among the Jurisdictions Committed to Improving Transparency and Establishing Effective Exchange of Information in Tax Matters.

The Bahamas

Population: 301,790

Per Capita GDP: \$17,700

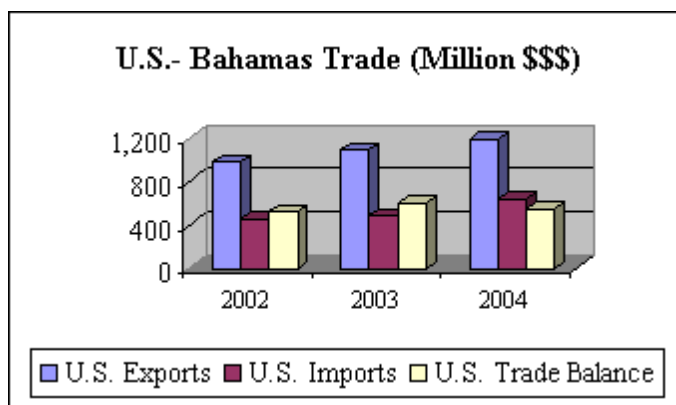
Department of Commerce 2004

Trade Statistics

U.S. Exports \$1,182,066,249

U.S. Imports \$637,330,752

U.S. Trade Balance \$544,735,497



Economic Review: The Bahamas is an import- and services-based economy. With few domestic resources and little industry, The Bahamas imports nearly all of its food and manufactured goods, most of which originate in the United States. Approximately 55 percent of Bahamian GDP is generated by the tourism and financial services sectors. Construction, mostly tourism-related, generates 10 percent and government spending 20 percent of GDP. Due to the demise of export-oriented manufacturing and agricultural production, the trade benefits of the CBI have had relatively little effect on the Bahamian economy.

Commitment to WTO and FTAA: The Bahamas has applied for membership in the WTO and the WTO has established a working group to negotiate the terms for The Bahamas' accession. The Government of The Bahamas intends to appoint a special committee to review all legislation and international treaties with the goal of modifying relevant laws to bring them into compliance with the provisions of the WTO and WIPO. In the last several years, committees have been established to conform Bahamian law to the provisions of international trade treaties. In the FTAA negotiations, The Bahamas has served in the past as Chair of the Services Negotiating Group.

Protection of Intellectual Property: With regard to copyright protection, piracy of video and music recording is widespread. The Copyright Act of 1998 was intended to provide better protection to copyright holders, but has yet to be strictly enforced. The Act allows for criminal prosecution of those selling pirated media, but little has been done to discourage violators. Piracy of television signals broadcasting premium entertainment channels continues to be a concern. The current compulsory licensing scheme of The Bahamas makes this practice legal. Cable Bahamas is the only cable television provider in the country, and the government has a significant ownership interest in the company. Cable Bahamas claims that it wants to enter into distribution contracts for all of the signals that are now being used, but alleges that U.S. copyright owners are unwilling and/or unable, under antiquated distribution agreements, to negotiate terms with Cable Bahamas. Amendments to significantly narrow the scope of compulsory licensing were passed in June of 2004;

however, the amendments have yet to be put into effect. The Bahamas is on the Watch List of the 2005 Special 301 IPR Report because of this compulsory licensing scheme.

Provision of Internationally Recognized Workers Rights: 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 Labour 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: 279,254

Per Capita GDP: \$16,400

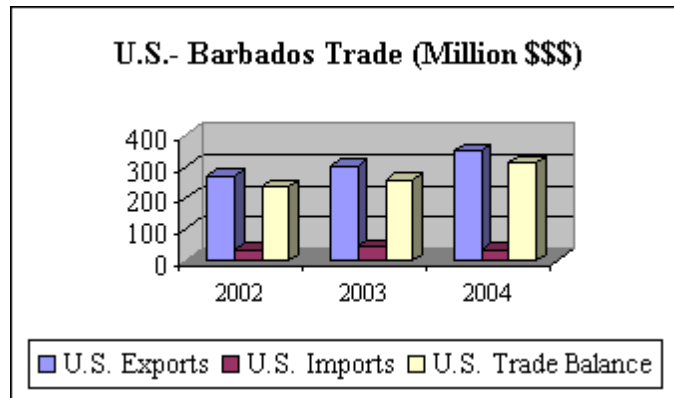
Department of Commerce 2004

Trade Statistics

U.S. Exports \$347,578,725

U.S. Imports \$36,871,668

U.S. Trade Balance \$310,707,057



Economic Review: Barbados enjoys a longstanding democratic tradition, a strong commitment to the rule of law, and an open economy with a marked dependence upon imports, 40 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: 52 percent of Barbados' GDP in 2004 came from tourism. The economy also benefits from sectors such as international financial services and manufacturing. However, as manufacturing has not been a driving economic force, Barbados has not been a major beneficiary of CBI preferences. After a balance of payments crisis in the early 1990s Barbados enjoyed on average 3 percent economic growth from 1995 to 2000. The September 11 attacks caused a global downturn in tourism, however, resulting in a 2001-02 recession in Barbados. In 2003, the economy picked up again, growing by 2.2 percent, followed by 3.4 percent growth in 2004. The Central Bank of Barbados predicts a similar level of economic expansion in 2005.

Commitment to WTO and FTAA: 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. The country is also a strong and active supporter of the FTAA process, individually and in coordination with other CARICOM countries, and played a constructive role in advancing the FTAA process at the November 2005 Summit of the Americas in Mar del Plata. 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: In Barbados, the legal minimum working age of sixteen is widely observed. 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 forty 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.

Commitments to Eliminate the Worst Forms of Child Labor: Barbados ratified ILO Convention 182 on October 23, 2000. There is no widespread pattern of child labor in the country. 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. The legal minimum working age of sixteen is generally observed. 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

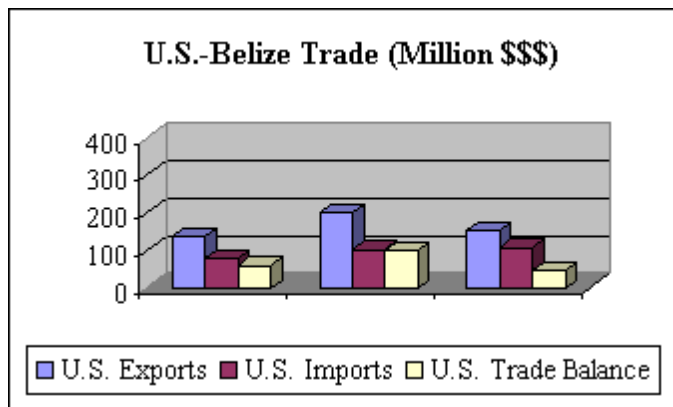
Population: 279,457

Per Capita GDP: \$6,500

Department of Commerce 2004

Trade Statistics

U.S. Exports	\$151,675,421
U.S. Imports	\$107,102,906
U.S. Trade Balance	\$44,572,515



Economic Review: Belize’s 2005 economic growth rate is projected to be 3 percent, with inflation at 4 percent. The most significant economic issues currently facing Belize are: (1)

foreign debt in excess of 100 percent of GDP, (2) pressures on the official exchange rate of 2 BZD to 1 USD, leading to shortages of U.S. dollars at the official rate, (3) the deteriorating balance of payments, and (4) growing public perception of the extent of political corruption and government mismanagement of public funds. Several of these problems are attributable to an expansionary fiscal and monetary policy initiated in 1999, which has led to ballooning foreign debt and a widening trade deficit.

Belize continues to rely heavily on foreign trade, with the United States as its number one trading partner. Imports in 2004 totaled \$514.11 million, while total exports were only \$205.07 million. In 2004, the United States provided 38.72 percent of all Belizean imports and accounted for 55 percent of Belize's total exports.

Commitment to WTO and FTAA: 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 went through its first Trade Policy Review in July 2004.

Belize supports the FTAA and participates in other regional and international trade negotiations in close coordination with CARICOM's Regional Negotiating Machinery (RNM).

In 2003, the government created a National Trade Negotiating Commission, whose primary functions are to negotiate trade agreements and devise policies to cope with the effects of globalization.

Protection of Intellectual Property: Belize has enacted laws that provide for the protection of intellectual property rights consistent with the protection afforded under the TRIPS Agreement. These IPR laws, all enacted in January 2001, include 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.

Along with the enactment of these measures, Belize acceded to the Paris Convention for the Protection of Industrial Property, the Berne Convention on Protection of Literary and Artistic Works and the Patent Copyright Treaty. Belize recently enacted the Electronic Transactions Act, and is considering whether to accede to the World Intellectual Property Organization (WIPO) Copyright Treaty and WIPO Performances and Phonograms Treaty.

Government-owned entities do not broadcast copyrighted material belonging to U.S. copyright-holders without their express consent. However, music and video stores in Belize continue to carry hand-copied CDs, DVDs, and tapes for sale or rent. Local television stations and cable companies also continue to pirate American television networks and cable channels with impunity. Local importers, particularly those operating in the commercial free zone in Northern Belize, continue to bring in counterfeit merchandise bearing U.S. trademarks. This continued violation has resulted in Belize being placed on the Watch List of the Special 301 IPR Report for two consecutive years.

Provision of Internationally Recognized Worker Rights: The Constitution of Belize provides for freedom of assembly and association. The Trade Union and Employee's Organizations (Registration, Recognition and Status) 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 9 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 participates in the regional Occupational Safety and Health project funded by the U.S. Department of Labor, and has drafted Occupational Safety and Health legislation which the Belize National Assembly is expected to consider soon. 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 International Labor Organization Conventions 29 (Forced Labor), 138 (Minimum Age), 105 (Abolition of Forced Labor), and 182 (Abolition of the Worst Forms of Child Labor). These Conventions are embedded in the Trade Unions and Employers' Organizations Registration, Recognition and Status Act of 2000. Belize has also signed a Memorandum of Understanding with the ILO-IPEC. In 2005, the Government of Belize began participating in a USDOL-funded regional project implemented by ILO-IPEC to combat the commercial sexual exploitation of children.

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.

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 and which are designed to further facilitate counter-narcotics cooperation.

Implementation of the Inter-American Convention Against Corruption: Belize signed the IACAC at the Organization of American States General Assembly in San Jose, Costa Rica, on June 7, 2001. 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. While on June 25, 1999, the government hired a parliamentary commissioner, known as the Ombudsman, to investigate administrative actions and allegations of official corruption and wrongdoing, he is perceived by some as ineffective.

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 US\$50,000 must be submitted for public bidding by both local and foreign companies, but it appears this is not done in all 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 in some quarters 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 apparently dubious circumstances.

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. Although these expropriations were ostensibly made for public purposes, there have been allegations that several were political payoffs. The government subsequently strengthened the Ministry of Natural Resources and the Environment to prevent abuses and made a good faith effort to settle several outstanding claims. Nevertheless, although Belizean law requires that the

government assess and pay appropriate compensation based on fair market value, such compensation can often take time to resolve.

Reverse Preferences: Belize does not afford preferential treatment to the products of a developed country other than the United States, which has or is likely to have an adverse effect on U.S. commerce. 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

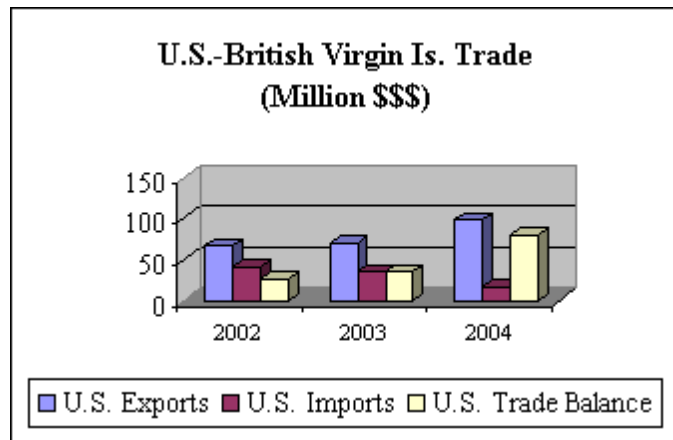
Population: 22,643

Per Capita GDP: \$ 38,500

Department of Commerce 2004

Trade Statistics

U.S. Exports	\$97,693,408
U.S. Imports	\$17,327,074
U.S. Trade Balance	\$80,366,334



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 country’s national income. The British Virgin Islands is ranked sixth in the world with a per capita GDP of \$38,500. 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 at the end of 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, helped to make the British Virgin Islands even more attractive to international business. Animal husbandry is the most important agricultural activity; poor soils limit the islands’ ability to meet domestic food requirements through local production alone. 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. The British Virgin Islands’ largest trading partner is the U.S. Virgin Islands. Puerto Rico and the United States are second and third, respectively.

Commitment to WTO and FTAA: 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 participate in the FTAA negotiations.

Protection of Intellectual Property: In accordance with the laws of the United Kingdom, the British Virgin Islands provides protection of intellectual property rights equivalent to or greater than those afforded by TRIPS.

Provision of Internationally Recognized Worker Rights: The British Virgin Islands has a population under 23,000 people and a labor force of fewer than 13,000. It enjoys near-full employment (unemployment is under 3 percent). 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 BVI.

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.

Transparency in Government Procurement: While the British Virgin Islands is charged with internal self-government, government procurement is monitored by the Procurement Policy Department within the North American Team of the UK's Foreign and Commonwealth Office.

Costa Rica

Population: 4,016,173

Per Capita GDP: \$9,600

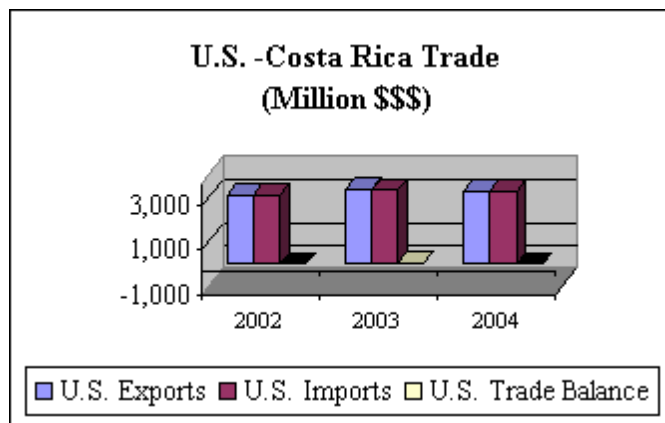
Department of Commerce 2004

Trade Statistics

U.S. Exports \$3,303,742,521

U.S. Imports \$3,332,939,760

U.S. Trade Balance -\$29,197,239



Economic Review: Costa Rica has continued to pursue an economic strategy based on trade liberalization and investment promotion. This strategy has led to diversification of the economy away from traditional dependence on agricultural products, such as bananas and coffee, and toward tourism; services, such as call centers; and manufactured industrial goods, such as semiconductors. Average GDP growth has slowed in the past five years, and most recently Costa Rica has experienced a decline in competitiveness due to certain policies undertaken by the current administration. Weaknesses in Costa Rica's tax system may limit its ability to sufficiently fund the infrastructure necessary for it to take full advantage of CBI opportunities.

The United States supplied 45 percent of Costa Rican imports and absorbed 59 percent of Costa Rican exports in 2004. The tourism sector is the principal earner of foreign currency, and tourists from the United States far outnumber those from other countries. The United States remains by far the largest foreign investor in Costa Rica.

U.S. free trade negotiations with Costa Rica concluded on January 24, 2004, and the CAFTA-DR agreement was signed on August 8, 2004. The President of Costa Rica sent implementing legislation to the Legislative Assembly for ratification on October 21, 2005, and it is expected that Costa Rica will complete the ratification process in the second half of 2006.

Commitment to WTO and FTAA: Costa Rica participates actively in the WTO and has taken its obligations under the Uruguay Round seriously. In 2000, Costa Rica ceased granting financial investment subsidies and tax holidays to new exporters. Companies established in duty-free exporting zones are scheduled to begin paying taxes in 2007, although they can request an additional two-year extension. Costa Rica has been supportive of multilateral trade liberalization through negotiations in both the WTO and the FTAA. Currently, Costa Rica serves as the Chair of the WTO Working Group on Transparency in Government Procurement Practices. In the FTAA negotiations, Costa Rica has served in the past as the Chair of the Government Procurement Negotiating Group and as Chair of the Dispute Settlement Negotiating Group.

Protection of Intellectual Property: Costa Rica is a party to all major international intellectual property agreements with the exception of the Budapest Agreement. After being placed on the Priority Watch List in 2001, the Government of Costa Rica took steps to combat piracy by passing several IPR protection laws including on prohibiting the use of pirated software by the Government. However, due to U.S. concerns about its enforcement of IPR laws, Costa Rica was included in the Special 301 IPR Watch List in 2004 and 2005. Pharmaceutical companies remain concerned about piracy, and while criminal and civil remedies for IPR violations are available under the law, enforcement has been inadequate due to scarce resources and other factors. For example, an individual or company that believes that its intellectual property rights have been violated must, in many cases, investigate the violation, request seizure of the property, pay for all required analysis, and employ legal counsel to bring the case to trial. In implementing the CAFTA-DR, Costa Rica will need to address these issues.

Provision of Internationally Recognized Worker Rights: The Costa Rican Constitution protects the right to organize. In 2003, at the invitation of the Costa Rican government, the ILO conducted a labor law study examining the various protections that Costa Rican law provides to unions and workers. The study concluded that workers were able to exercise their rights of free association. Unions operate independently of government control. The law prohibits discrimination against union members and imposes sanctions against offending parties. The ILO also identified gaps and areas for improvement, including the need to reduce the practice of “direct bargaining” and to eliminate certain restrictions on the right to strike and the rights of foreign nationals to hold trade union offices.

The Costa Rican Government has also been improving implementation of labor laws and has significantly reduced the backlog of labor cases through additional shifts in the labor courts, including night-shift work, the appointment of more labor court judges, and a center for alternative dispute resolution that operates in San Jose. The Costa Rican judicial system would also benefit from additional efforts to expedite cases, improve redress procedures, and increase efficiency. Costa Rican labor leaders state that stronger remedies for retaliatory dismissals of trade unionists would advance trade unions in the country.

The ILO, in conjunction with the University of Costa Rica and the Costa Rican Supreme Judicial Court, recently prepared draft legislation to update the country’s labor law to further streamline the labor dispute resolution process, encourage alternative dispute resolution, and ease restrictions on collective bargaining and strikes.

The Government of Costa Rica is also carrying out labor cooperation initiatives to increase the capacity of the Labor Ministry and to better protect worker rights. These initiatives include a regional project in Central America funded with a 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 addition, the Government of Costa Rica, along with the trade and labor ministers of the other countries in Central America and the Dominican Republic issued a White Paper in 2005, which includes recommendations on how to enhance the implementation and enforcement of labor standards and strengthen the labor institutions in countries in the region.

The Constitution also 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.

In addition, 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.

The law on health and safety in the workplace requires industrial, agricultural, and commercial firms with ten 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.

Labor inspection and enforcement are the responsibility of the Inspections Directorate of the Ministry of Labor. Officials within the directorate acknowledge that their operations and effectiveness are hampered by a lack of resources. As a result, inspectors focus primarily on large businesses within the formal sector.

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

Commitments to Eliminate the Worst Forms of Child Labor: Costa Rican President Abel Pacheco has been very public in his concern for the protection of children. Costa Rica ratified Resolution 138 of the ILO in 1976. The government also established a national committee to oversee the efforts to combat child labor and has signed a Memorandum of Understanding with ILO-IPEC. Responsibility for the welfare of children and enforcement of child labor laws is shared among several ministries and directorates, coordinated under the National Committee on Child and Adolescent Labor. The Ministries of Labor, Education, Health and Children's Issues are all represented on the committee. The Office for the Eradication of Child Labor and Protection of the Adolescent Worker (OATIA), an office within the Ministry of Labor, has principal responsibility for drafting and implementing action strategies and education programs.

This year, the OATIA issued its second National Action Plan for the period 2005-2010. Drafted in conjunction with some twenty governmental offices and NGOs, the plan ambitiously seeks to eradicate child labor in Costa Rica by 2010 through implementation of eight rights-based goals. Each general goal is accompanied by specific goals, strategies and action plans calling for significant involvement and contribution from diverse child governmental agencies and NGOs. Among the strategies to be implemented are training of

teachers, parents and labor inspectors, detailed regional information gathering, and aggressive poverty-reduction campaigns. In addition, the Government of Costa Rica has a number of social programs to reduce the causes of child labor. These programs include providing small loans and economic aid to families with at-risk children and scholarships for poor families to cover the indirect costs of attending school.

Due to an underfunded 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. Sex tourism is actively discouraged 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, yet child prostitution remains a problem, and more resources would improve enforcement.

Counter-Narcotics Cooperation: The President has not identified Costa Rica as a major drug transit or major illicit drug producing country under the provision of the FRAA. However, Costa Rica is a transshipment point for the smuggling of cocaine and heroin from South America to the United States and Europe. Costa Rican law enforcement officials are fully cooperating with U.S. counter-narcotics efforts and Costa Rica continues to work closely with the United States in implementing the comprehensive Maritime Counter-drug Cooperation Agreement signed with the United States in 2000.

Implementation of the Inter-American Convention Against Corruption: Costa Rica has ratified the IACAC. Domestic law imposes a requirement that senior government officials file personal financial reports while in office. In 2002, the Government of Costa Rica commissioned a study to monitor implementation of the IACAC and to issue recommendations for further actions.

The Government of Costa Rica has taken legal steps to combat alleged corruption involving two ex-presidents who are charged with involvement in two different corruption/kickback schemes, one involving European multinational enterprises. The cases are pending after more than a year of investigation. As a result of these charges, the Legislative Assembly passed a law in 2004 to 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 are frequently delayed by appeals by the losing parties or the Contraloria General's efforts to regulate government purchases and procedures. Both of the corruption scandals noted above involved state monopolies. In one case, alleged kickbacks came from a company that had "won" a contract with the state-owned telecommunications company, and the other funds were allegedly embezzled from the social security system. CAFTA-DR will allow competition in both of these 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 during 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, but a number of long-standing cases remain. The U.S. Government has previously made it clear that Costa Rica may face repercussions, either congressionally-mandated or by executive decision, if further progress on resolving disputes is not forthcoming. Arbitral awards issued by the International Center for the Settlement of Investment Disputes (ICSID) or by local arbitration in favor of U.S. citizens have been honored.

Extradition: Costa Rica has an extradition treaty with the United States and Costa Rican government officials work with U.S. Embassy personnel effectively in arranging extraditions.

Market Access: Costa Rica's participation in CAFTA-DR, and its efforts to ratify and implement the commitments it has made, indicate its commitment to providing equitable and reasonable access for U.S. goods and services to its market. The Administration will continue to monitor closely Costa Rica's progress with respect to implementation of CAFTA-DR market access commitments.

Self-Help Measures: The series of coordinated projects known as the complementary agenda to CAFTA-DR includes many self-help initiatives designed to improve customs' clearing systems, roads and other infrastructure, and to promote investment in education and training to ensure the flourishing of small- and medium-size businesses. A request to approve funding of these projects by loans from the World Bank, the Inter-American Development Bank (IDB), and the Central American Bank for Economic Integration (BCIE) is currently being reviewed by the Costa Rican Legislative Assembly.

Cooperation in Administration of the CBERA: The Government of Costa Rica is cooperating with the United States in the administration of CBERA. As an example, auditors from the Department of Homeland Security's Immigration and Customs Enforcement Agency recently completed an inspection in Costa Rica. The Ministry of Foreign Trade, Customs Agency, and the quasi-governmental Costa Rican Textile Chamber provided unfettered access and helpful assistance to the inspectors.

Dominican Republic

Population: 8,950,034

Per Capita GDP: \$6,300

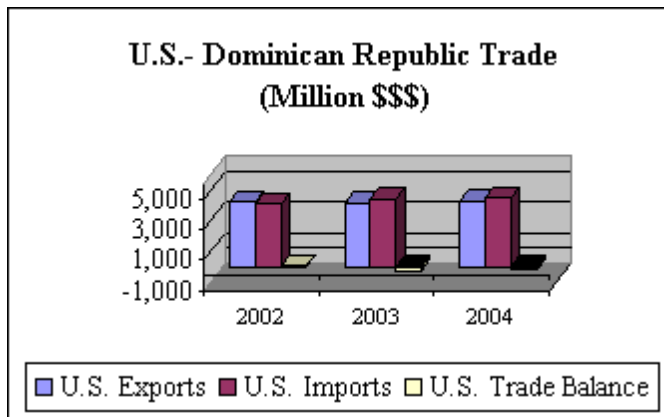
Department of Commerce 2004

Trade Statistics

U.S. Exports \$4,342,881,839

U.S. Imports \$4,528,420,424

U.S. Trade Balance -\$185,538,585



Economic Review: The Dominican Republic is the Caribbean's largest democratic country, and it has a long-standing and close relationship with the United States, its principal trading partner and largest market. It is the largest importer of U.S. goods in this hemisphere, and is a signatory to CAFTA-DR.

Following financial imbalances in 2003-2004 prompted in large part by a major bank fraud, mismanagement of the economy, and a loss of confidence, the Dominican economy rebounded in 2005. Inflation was low through much of 2005, accelerating slightly at the end of the year. The new administration's renegotiation of the International Monetary Fund (IMF) Standby Agreement, signed in August 2003 following the bank scandal, and appropriate macroeconomic and fiscal management have resulted in better than expected economic performance this year despite a poorly performing electricity sector and high international prices for fuel. GDP growth projections for 2005 are in the 3 to 4 percent range, up from 2 percent in 2004.

President Leonel Fernandez's administration has a socially-conscious, market friendly policy and cooperates closely with international donors. The austerity required by the financial crisis and readjustment has been a hindrance to increasing investment in social capital and infrastructure.

Commitment to WTO and FTAA: The Dominican Republic signed the CAFTA-DR on August 5, 2004. Ratification of the agreement was completed in the Dominican Congress in September 2005. Under CAFTA-DR the Dominican Republic has committed to undertake needed reforms to alleviate many systemic problems in areas including customs administration, protection of intellectual property rights, services, investment, government procurement, sanitary and phytosanitary barriers and other non-tariff barriers. The Dominican Republic is a strong and active 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. In addition, in the past it has served as the Chair of the Intellectual Property Rights Negotiating Group and as Chair of the Committee of Government Representatives on the Participation of Civil Society.

Protection of Intellectual Property: Improving the protection of intellectual property consistent with the TRIPS Agreement remains a significant U.S. trade policy objective in the Dominican Republic. In conjunction with its implementation of CAFTA-DR commitments, the Dominican Republic has made some progress in combating piracy, though more work remains.

While the Dominican Republic has laws with sanctions adequate to protect copyrights and has improved the regulatory framework for patent and trademark protection, U.S. industry representatives continue to cite lack of IPR enforcement as a major concern. In a side letter to CAFTA-DR, the Dominican Republic specifically committed to make stronger efforts to halt television broadcast piracy, and agreed to report on its efforts in this regard in a quarterly report to USTR. The Dominican Republic has delivered these quarterly reports on time since January 2005. Coordination on this issue among various government agencies, including the Secretariat of Industry and Commerce, the Attorney General's Office, the Patent Office and the Copyright Office, has improved. The authorities have advised cable television operators of their legal responsibilities regarding copyright enforcement, secured a formal agreement with the operators' association in August 2005, and in September seized equipment from six operators found to be violating the law. The Attorney General's office instituted proceedings against several television broadcasters in the first half of 2005 for infringement of the copyrights of the owners of various U.S. film titles.

On three occasions during a twelve-month period in 2004-2005, congressional representatives proposed legislation, advocated by pharmaceutical manufacturers in the Dominican Republic, that would weaken the country's intellectual property laws by reducing penalties for patent violations, by making the granting of compulsory licenses automatic if the government failed to act on an application, and by undercutting data protection for patents. The U.S. Embassy in Santo Domingo has repeatedly expressed concern to the congressional leadership about this legislation, and thus far these proposals have not garnered sufficient support to advance to a vote.

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

Provision of Internationally Recognized Worker Rights: 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 divided among four major confederations and a number of independent unions. 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. In practice, the Dominican government readily facilitates recognition of labor organizations.

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 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 Free Trade Zones (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 8 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 youths between the ages of 14 and 16. In 2001, the Ministry of Labor and the National Statistics Office reported that 17.7 percent of children ages 5 to 17 years in the Dominican Republic were working. Most of these children work in the informal and agricultural sectors. This information was gathered as part of a survey to establish a baseline for the International Program on the Elimination of Child Labor carried out by the ILO.

Commitments to Eliminate the Worst Forms of Child Labor: The Dominican Republic ratified ILO Convention 182 on November 15, 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. 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 President has identified the Dominican Republic as a major drug-transit country in accordance with the FRAA. However, he also found that the

country has been fully cooperating with U.S. counter-narcotics efforts, and in 2002 signed several agreements with the United States designed to bolster cooperation on these issues. *Implementation of the Inter-American Convention Against Corruption:* The Dominican Republic has ratified the IACAC. When Leonel Fernandez was elected president in 2004, he made anti-corruption a major theme of his inaugural speech. In April 2005 the President established a Government Ethics and Anti-Corruption Commission. However, corruption remains a deep-rooted problem in Dominican society. Corruption and the need for reform are openly and widely discussed.

Transparency in Government Procurement: Historically, contracts for large public works, military equipment, vehicles and other supply contracts are often not subject to competitive bids. The government is in the process of changing this practice. Over the past six months the administration has stopped two large procurements initially negotiated directly—a package of equipment for the police valued at well over US\$100 million and the acquisition of two coal-fired generating plants to produce 1400 MGWT—and converted them into tenders instead. The presidency suspended directly negotiated procurement of software valued at between US\$4 and US\$11 million when the new Government Ethics and Anti-Corruption Commission made strenuous objections. As part of a Stand-by Agreement signed with the IMF in early 2005, the Dominican Republic undertook a commitment to pass legislation making government procurement more transparent. The procurement reform legislation has been prepared but not enacted. President Fernandez has a “bridge decree” pending signature since March 2005, which would direct government officials to resort to open tenders for acquisitions of goods, services, and construction for all purchases above relatively restricted minimum amounts. The Dominican Republic assumed a similar obligation in the CAFTA-DR agreement.

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 U.S. Government 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. In 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. Since that time, more than 100 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: A U.S. firm recently resolved out of court a dispute in which it had appealed a verdict from a Dominican lower court inconsistent with the findings of the international arbiter identified in the contract.

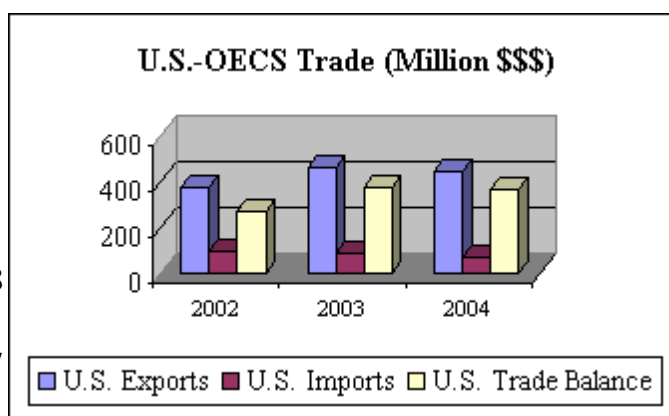
Market Access: The Dominican Republic provides reasonable and equitable access to U.S. goods and services. With the entry into force of CAFTA-DR, approximately 80 percent of U.S. manufactured goods will immediately enter the country duty-free. The Dominican Republic does not afford preferential treatment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

*Department of Commerce 2004
Trade Statistics*

U.S. Exports	\$446,243,268
U.S. Imports	\$72,987,011
U.S. Trade Balance	\$373,256,257



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 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 new 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 forty-eight hour, six-day workweek. In practice the standard workweek is forty hours in five days. Workers generally receive annual leave and maternity leave. The minimum working age is sixteen. 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.

Dominica. The Government of the Commonwealth of Dominica is widely recognized as having the worst financial situation of all the OECS Members. In August 2002, CARICOM Heads of Government held an emergency meeting and created a regional economic stabilization program, specifically designed to assist Dominica and to prevent its total economic collapse. The government received an immediate loan from the IMF and other international donors and severely restricted capital spending. Nonetheless, the country failed to meet the March 2003 mid-term targets set by the IMF, due in part to a 4.7 percent contraction in the economy in 2002. Since that time, the country has implemented several difficult economic reforms, is back on the path of economic growth, and has consistently earned high marks from the IMF for its efforts. Dominica has turned its economy around, but still faces major challenges in diversifying its economy and improving infrastructure.

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 Wage Convention, which specifies that fifteen is the minimum working age. The Employment Safety Act provides occupational health and safety regulations that are consistent with international standards.

Grenada. Grenada's economy, dependent on tourism, other services, and agriculture, was hit hard by the post-9/11 decline in tourism. It then suffered from the devastation caused by Hurricanes Ivan (2004) and Emily (2005). In particular, 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 has proceeded quickly. A surging construction sector is providing many job opportunities as Grenada rebuilds, although agricultural workers have not fared well. Hurricane Ivan destroyed or significantly damaged a large percentage of Grenada's nutmeg, cocoa and other tree crops and Hurricane Emily further damaged fruit and vegetable production. At the opening of the tourist season in fall 2005, most of Grenada's tourism infrastructure had been repaired and was fully functioning. St. George's University, a large American-run medical and veterinary school with over 2000 students, is also in full operation and making a significant contribution to the economy. Grenada has good infrastructure, a high literacy rate and a stable political system. Continued economic diversification, especially in tourism and

education services and higher end niche agricultural markets, should improve Grenada's longer-term prospects.

The Labor Ministry in Grenada prescribed minimum wages, which took effect in July 2002, for domestic workers, plumbers, agricultural workers, and shop assistants. The normal workweek is forty hours in five days.

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 forty 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 forty to forty-four 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.

St. Lucia. The Government of St. Lucia, one of the most effective and stable governments in the Eastern Caribbean, is faced with the challenge of trying to diversify an economy that has

relied on bananas for decades. Weather patterns and market fluctuations leave the country's banana crop vulnerable, and the EU's implementation of a WTO ruling limiting preferential access for Caribbean bananas to EU markets has had an adverse effect on the economy. While small gains in the information technology and financial services sectors have occurred, tourism still holds the most potential for St. Lucia's economic growth.

Minimum wage regulations in St. Lucia have remained in effect since their institution in 1985. There is no legislated workweek, although the common practice is to work forty hours in five days. Occupational health and safety regulations are relatively well developed; however, there is only one qualified inspector for the entire country.

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 forty hours a week, and store clerks work forty-four hours a week. The law stipulates a minimum working age of sixteen. The government also added hazardous work legislation to protect workers, particularly in the agriculture sector.

Commitment to WTO and FTAA: 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 participate 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: Egregious violations of intellectual property rights are few and far between in OECS Members. Although the OECS Members suffer from a lack of resources, they are moving toward harmonization of intellectual property (IP) legislation and education of the population on the benefits that accrue from the establishment of 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. In the past it has been reported that children may be involved in pornography, prostitution, and the distribution of drugs in Saint Kitts and Nevis. In addition, children in Saint Lucia are becoming involved in commercial sexual exploitation in order to pay for basic needs, such as school fees and food. There are also reports that internal trafficking of minors is becoming a problem in Saint Lucia. On the more agriculturally dependent islands, such as 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 fifteen or sixteen, 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 provision of the FRAA.

Implementation of the Inter-American Convention Against Corruption: Of the seven OECS Members, Antigua and Barbuda, Grenada, and St. Kitts and Nevis have ratified the IACAC; Dominica, St. Lucia, and St. Vincent and the Grenadines have acceded to the Convention. Montserrat is not an independent signatory to the IACAC, since its 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 U.S. Government. The U.S. Government has stressed to authorities in both countries its interest in seeing the disputes resolved.

El Salvador

Population: 6,704,932

Per Capita GDP: \$4,900

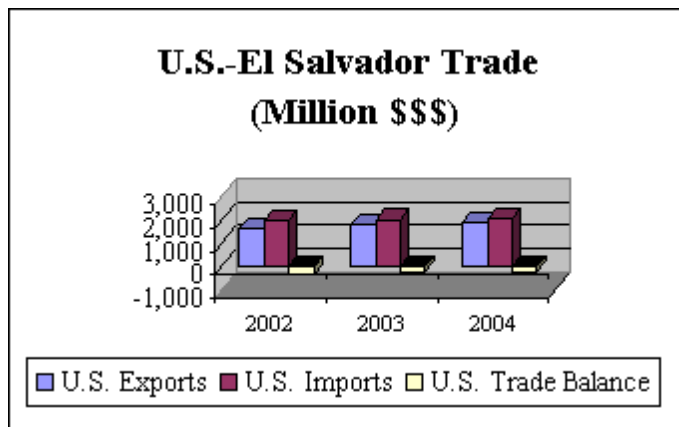
Department of Commerce 2004

Trade Statistics

U.S. Exports \$1,867,806,415

U.S. Imports \$2,052,615,007

U.S. Trade Balance -\$184,808,592



Economic Review: After more than a decade of systematic economic reforms, crowned in January 2001 with the introduction of the U.S. dollar as full legal tender, El Salvador has been described as having the most open trade and investment environment in Central America; in Latin America, only Chile and Mexico are more open. The country enjoys low inflation, low interest rates, and an investment grade country risk rating. Nonetheless, growth has been slowing since 1997 and has not been high enough to raise per capita incomes. 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 publicly discussed plans to provide sectoral investment incentives.

El Salvador's Investment Law does not require investors to export specific amounts, transfer technology, incorporate set levels of local content, or fulfill other performance criteria. 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.

The Government of El Salvador also understands the role of trade and investment in improving the economic conditions of its people. It recently sent a trade mission to the United States on a "CAFTA-DR Tour" to create business contacts and to attract business and investment to El Salvador. PROESA, the National Investment Promotion Agency of El Salvador, has planned a further series of seminars in the United State featuring Vice President Ana Vilma de Escobar in order to attract additional foreign direct investment. In addition, several trade delegations of business leaders have recently traveled to El Salvador

researching business opportunities, including 19 companies that accompanied U.S. Secretary of Commerce Carlos Gutierrez on his October visit.

Commitment to WTO and FTAA: The government of El Salvador is committed to free trade and is party to a number of free trade agreements including CAFTA-DR, and agreements with Mexico, Chile, the Dominican Republic, and Panama. It is currently negotiating an FTA with Canada. 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. It is also a strong and active supporter of the FTAA process for which it hosted a meeting of the Vice-Ministers in 2003.

Protection of Intellectual Property: El Salvador has continued to make progress in protecting intellectual property rights and has taken steps to further implement its obligations under the TRIPS Agreement. The 1993 Intellectual Property Promotion and Protection Law and the Salvadoran penal code protect intellectual property rights. Criminal enforcement of intellectual property protection laws has greatly improved in recent years, although there continues to be a very high rate of piracy especially for items such as software. Acting on the basis of complaints, the Attorney General's office conducts raids against distributors and manufacturers of pirated CDs, cassettes, clothes, and computer software. However, using the criminal and mercantile courts to seek redress of a violation of intellectual property can be a slow and frustrating process. In addition, acceptable standards for test data exclusivity are not currently observed in El Salvador. When CAFTA-DR is implemented, test data exclusivity will be protected for a period of at least five years for pharmaceutical product test data and at least ten years for agricultural chemical product test data.

El Salvador has signed and implemented a number of international treaties protecting intellectual property rights. CAFTA-DR provisions will strengthen El Salvador's IPR protection regime to conform with, and in many areas exceed, WTO norms and will criminalize end-user piracy, providing a strong deterrence against piracy and counterfeiting. In CAFTA-DR, El Salvador has also agreed to authorize the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them. In addition, under CAFTA-DR, El Salvador has agreed to mandate both statutory and actual damages for copyright infringement and trademark piracy.

Provision of Internationally Recognized Worker Rights: 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 (CFA), 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.

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.

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 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 Ministry of Labor is responsible for enforcing child labor laws. In general, labor enforcement is weak due to lack of resources. As a result, it is difficult for inspectors to monitor practices in the large informal sector. Labor inspectors are generally focused on the formal sector, where child labor is becoming increasingly rare. The MOL received few complaints of violations of child labor laws, because many citizens perceived 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.

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 not always 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 normal workweek for youths at 34 hours.

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. 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.

For the period of 1999 through August 2005, the ILO reported that 6,271 children have been withdrawn from child labor. During the same period, the ILO reported that they, in cooperation with the Ministry of Labor, have prevented 14,134 at-risk children from performing labor activities.

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.

Implementation of the Inter-American Convention Against Corruption: El Salvador, which ratified the IACAC in 1998, tied Costa Rica as the Central American region's least-corrupt nation in Transparency International's 2005 Corruption Perceptions Index, ranking 51st of the 159 countries surveyed. 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 government, with assistance from USAID, is developing a government code of ethics. It also plans to establish an Office of Government Ethics, though legislation that has long been pending to establish this office in the Court of Accounts has failed to gain sufficient support for passage.

When it occurs, corruption is usually confined to lower levels of government. However, a recent corruption scandal involved senior officials of the Salvadoran water authority, including its former president. There also have been credible complaints about judicial corruption. An active free press reports on corruption issues.

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 Government of El Salvador's government procurement practices are transparent and nondiscriminatory. Bids for large projects are listed in newspapers or distributed to the international community. However, short tender deadlines prevent meaningful international competition in many cases. 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. However, several longstanding disputes involving U.S. companies are pending resolution in the court system.

Reverse Preferences: El Salvador has lowered or eliminated tariff barriers on many commodities, and U.S. companies have as much if not more access to markets in El Salvador than other nations due to geographical proximity. El Salvador does not provide preferential treatment to products of any other developed country to the detriment of U.S. commerce.

Contribution to Regional Revitalization: The open trade policies of El Salvador benefit the revitalization of the CBI region as a whole by providing an open market for imported products. The earthquakes of 2001 caused a slowdown in growth within El Salvador, but the country continues to be an active partner in trade with the region.

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.

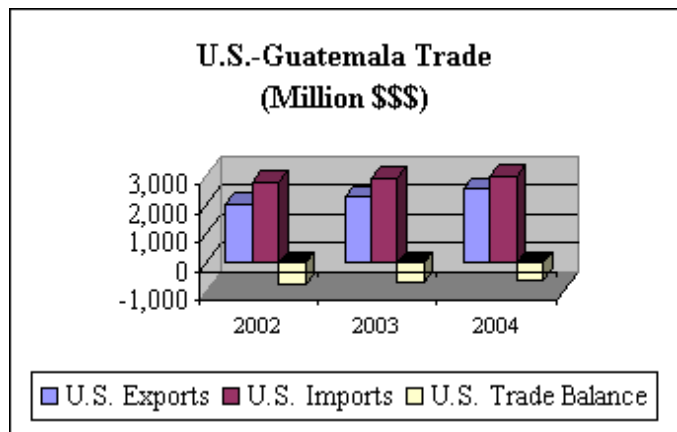
Cooperation in Administration of the CBERA: El Salvador cooperates with the United States in administration of the CBERA, as well as with other CBERA countries.

Guatemala

Population: 14,655,189
 Per Capita GDP: \$4,200

*Department of Commerce 2004
 Trade Statistics*

U.S. Exports	\$2,548,252,101
U.S. Imports	\$3,154,577,894
U.S. Trade Balance	-\$606,325,793



Economic Review: The Guatemalan economy depends largely on agricultural production, including coffee, sugar, and bananas. In recent years, tourism and apparel assembly have become increasingly important generators of income and foreign exchange. Non-traditional agricultural exports such as winter vegetables and specialty fruits have also increased in recent years. Since the signing of the 1996 Peace Accords that ended a long civil war, Guatemala has adopted and maintained generally liberal, market-oriented economic policies. However, divisions within the Guatemalan Congress, corruption, a poor security environment, and lack of continuity in regulatory, tax, and other government policies are preventing Guatemala from achieving its full economic potential.

The economy grew by 2.7 percent in 2004, a moderate increase from 2.1 percent growth in 2003. Causes for the improvement include economic recovery in Guatemala’s main trading partners, higher prices for coffee, sugar and bananas, continued macroeconomic stability, and increased harmony between the government and the private sector. GDP is projected to grow by 3.2 percent in 2005, but actual growth may be lower due to the impact of Tropical Storm Stan on agricultural production and infrastructure.

Apparel assembly activities have benefited from increased access to the U.S. market as a result of CBI enhancement, but some CBTPA adjustments have not favored Guatemala’s textile industry and have hampered the sector’s growth. Further, increased energy and labor

costs, an overvalued local currency, and the termination of textile and apparel quotas for WTO members in 2005 have affected the sector's competitiveness.

Guatemala suffers from one of the most serious income and wealth disparities in the Western Hemisphere. The 1996 Peace Accords commit the government to follow policies that fight the roots of poverty, including increased investment in health and education. The government has struggled to raise adequate revenue to meet these obligations and, due to congressional opposition, has failed to enact the fiscal reforms necessary to fulfill the government's commitment to a strengthened, progressive tax structure. It has also failed to provide adequate transparency in the use of public funds, although it has recently taken some steps forward in this area. For example, it launched a government procurement web site and is publicly posting some key reports, including the annual IMF evaluation.

Commitment to WTO and FTAA: The Guatemalan government complies with its WTO obligations. The Central American countries approved common Customs Valuation legislation in June 2004, which enabled Guatemala to begin implementation of the WTO Customs Valuation Agreement in August 2004.

Guatemala is a strong and active supporter of the FTAA process. In the FTAA negotiations, Guatemala in the past has served as Chair of the Agriculture Negotiating Group and Chair of the Consultative Group on Smaller Economies. As a member of the CACM, Guatemala, together with other Central American countries, has signed free trade agreements with Mexico and the Dominican Republic. In addition, the CAFTA negotiations which were concluded with Guatemala in December 2003, will further reduce trade barriers, promote economic development, encourage investment and provide greater transparency.

Protection of Intellectual Property: Guatemala enacted TRIPS-related intellectual property legislation in September 2000. This legislation was modified in 2003 to provide test data protection that is more consistent with international practice, but in December 2004, legislation was passed that effectively removed data protection for pharmaceutical products and agricultural chemicals. These protections were restored in February 2005, in an effort to comply with the commitments of CAFTA-DR and the TRIPS Agreement. The government has sought to address weaknesses in enforcement by appointing a special prosecutor to handle violations of intellectual property rights, and a number of cases have been pursued. Resource constraints and lack of training continue to impede enforcement efforts, however, and piracy of works protected by copyright and infringement of other forms of intellectual property such as trademarks remain problems.

Provision of Internationally Recognized Worker Rights: The Guatemalan Constitution and Labor Code provide the rights of association and collective bargaining to workers. Labor laws apply equally in export processing zones (EPZs) as in the rest of the country. In August 2004, the Constitutional Court reduced labor inspectors' ability to charge fines for violations. As a result, labor inspectors now submit their findings to labor courts in order to assign fines to employers that are found out of compliance with the law.

During 2003 the Ministry of Trade worked closely with the Labor Ministry, threatening the revocation of export licenses of maquilas in EPZs that were not complying with labor laws. This resulted in the first fully implemented collective bargaining agreements between EPZ employers and trade unions since EPZs began operating in Guatemala. Only two of the more than 200 maquilas in Guatemala have labor unions, but both of them have achieved collective bargaining agreements.

The Government of Guatemala invited the ILO to conduct a labor law study in 2003. The study, entitled, “Fundamental Principles and Rights at Work: A Labour Law Study,” found that the Guatemalan Government gives effect through its laws to the core rights and principles identified in the ILO *Declaration on Fundamental Principles and Rights at Work*. The study does identify some ways in which the government could improve labor laws to enhance conformity with core ILO principles; however, it also notes that Guatemala carried out revisions of its Labor Code in 2001 with ILO advice and assistance. These revisions improved protections for workers against employer reprisal for engaging in union activities, facilitated the organization of unions and collective bargaining, and improved the Guatemalan Labor Ministry’s capacity for enforcing labor laws. In 2004-2005, Guatemala joined other CAFTA-DR participants in a review of labor practices in the region with the assistance of the Inter-American Development Bank (IDB). The resulting “White Paper” is now a blueprint for the Government of Guatemala to strengthen labor rights in the country.

Violence against workers and their representatives in Guatemala, and lack of prosecution in cases of such violence, have been matters of longstanding U.S. concern. Partly in response to those concerns, USTR received several petitions for the withdrawal of Guatemala’s GSP benefits because of Guatemala’s failure to adequately protect labor rights. The U.S. Government thoroughly reviewed these petitions, but judged that the evidence did not warrant withdrawal of GSP benefits. The Government of Guatemala, at time with help from the United States, has taken steps to address these concerns, including through the creation of an inter-ministerial committee charged with protecting the rights of workers. The Labor Ministry actively participates on this committee. In addition, the Government has created a Special Prosecutor to investigate and prosecute these types of crimes, with increased staff and funding for this office.

The Government of Guatemala can benefit from strengthening the labor court system. In 2003, the labor courts generally vindicated the majority of workers’ claims. Nonetheless, Guatemalan courts have experienced difficulty disciplining parties that do not fully comply with legally binding court orders.

The Guatemalan Labor Ministry oversees a tripartite committee with labor and management representation, which makes recommendations for revisions to labor laws, including increases in the minimum wage. In the event that agreement is not possible, the Government may decree such increases. The last such increase occurred in July 2004. Currently, the committee is reviewing proposals submitted by employers and labor representatives seeking another increase.

In addition, the Government created a unit in the Labor Ministry to verify compliance with minimum wages and to overcome weaknesses in enforcement. The standard workweek is forty-four hours. As almost 70 percent of the economy is in the informal sector, there are numerous allegations that workers are compelled to work more hours without overtime or premium pay. In many cases it is alleged that workers do not receive the minimum wage or any ancillary benefits. The Government is working to improve compliance in these matters.

Guatemala is participating in labor cooperation activities with the U.S. Department of Labor, which include a regional technical assistance program aiming to increase the Labor Ministry's capacity to protect worker rights. The Central America project, which is funded with a grant of \$6.75 million, is working to increase workers' and employers' knowledge of Guatemalan labor laws, to strengthen labor inspections systems, and to develop dispute resolution mechanisms. In 2005, Congress authorized an additional \$19 million for the Department of Labor and USAID to undertake additional projects to strengthen labor rights in the region.

The application of occupational health and safety standards in Guatemala can be improved with modernization, as well as with more effective enforcement mechanisms. Notwithstanding scarce resources, the Labor Ministry has made it a priority to train labor inspectors in health and safety standards. 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.

Forced and compulsory labor are constitutionally prohibited and generally do not exist, although trafficking in persons for the purposes of sexual exploitation does occur.

The Guatemalan Labor Code sets the minimum age for employment at 14 years. In some exceptional cases, the Labor Inspection Agency or a child's legal guardian can authorize work for children under the age of 14, provided that the work is related to an apprenticeship, is light work of short duration and intensity, is necessary due to conditions of extreme poverty within the child's family, and enables the child to meet compulsory education requirements in some way. Children are prohibited from working at night, overtime, and in places that are unsafe and dangerous.

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 this area. 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.

Guatemalan law prohibits employment of children under the age of 14 and provides compulsory education through the sixth grade. However, as of 2001 only 65 percent of the children who started primary school were likely to reach grade five.

Counter-Narcotics Cooperation: Guatemala is considered a major transshipment point for cocaine destined for the United States. In March 2003, the U.S. Government 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 and anticipated de-certification 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. Due to these steps, President Bush on September 15, 2003, announced that Guatemala had taken initial steps to better its counter-narcotics practices and that the Government would be re-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.

The Government 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 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 U.S. Government 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: The Guatemalan Government signed and completed ratification of the IACAC in July 2001. In one indication of progress in implementing the convention’s requirements and recommendations, Guatemala has now made government officials who benefit from narcotics trafficking activity subject to civil penalties. The Berger administration has taken steps to address the dramatic increase in government corruption under the previous administration, but solidifying institutional reform remains slow. Former president Portillo, Vice President Reyes and several senior officials that served during the previous administration are under investigation for their role in corruption scandals, and the former Superintendent of Tax Administration and Minister of Interior is in jail pending trial. The former Comptroller General was recently found guilty of fraud related charges and sentenced to 17 years in prison. The former Minister of Finance was released after spending one year in prison.

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 avoided in cases where a project is declared to be a “national emergency.” In an early 2002 “Consultative Group” meeting with donors and civil society groups, the

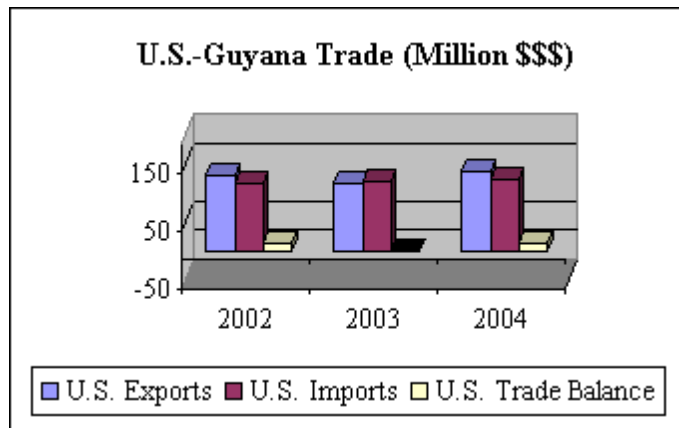
Government committed to a series of legislative reforms, including reform of government procurement legislation. That commitment remains unfulfilled. In March 2004, the new administration made mandatory the use of Guatecompras, an Internet-based electronic system used to publicize Guatemala’s procurement needs, which is improving transparency in the government procurement process. Implementation of CAFTA-DR provisions should further improve government procurement transparency.

Guyana

Population: 765,283
 Per Capita GDP: \$3,800

*Department of Commerce 2004
 Trade Statistics*

U.S. Exports \$135,619,981
 U.S. Imports \$122,667,332
 U.S. Trade Balance \$12,952,649



Economic Review: Guyana’s economy made dramatic progress after then-President Desmond Hoyte began an Economic Recovery Program (ERP) in 1989. As a result of the ERP, Guyana’s GDP increased six percent in 1991 and 7.7 percent in 1992 following 15 years of decline. President Janet Jagan, elected in 1992 in Guyana’s first free and fair elections, continued President Hoyte’s economic policies. Growth averaged over seven percent annually from 1993 through 1997, before falling to 1.3 percent in 1998 and three percent in 1999. Low demand for Guyana’s commodity exports and depressed commodity prices led to an average annual GDP growth rate of 0.74 percent from 2000 to 2004. Major floods caused significant damage to the country’s infrastructure in January 2005. The UN Economic Commission for Latin America and the Caribbean (ECLAC) estimated damages caused by the flood at US\$460 million, or roughly 60 percent of Guyana’s GDP. Further, ECLAC estimates that US\$200 to 300 million will be needed for infrastructure improvements to protect a vulnerable coastal population. As a result of flooding, the economy is projected to shrink by 2.6 percent in 2005.

From 1986 to 2002, Guyana received its entire wheat supply from the United States on concessional terms under the PL-480 Food for Peace program. PL-480 wheat was not provided in 2003, was reinstated in 2004, and was again not provided in 2005. The Guyanese currency generated by the sale of the flour made from the wheat was used for purposes agreed upon by the U.S. and Guyanese Governments, primarily to provide for irrigation, drainage canals, and sea defenses.

As with many developing countries, Guyana is heavily indebted. Foreign debt was roughly US\$2 billion (US\$2,718 per capita) in 1992. Reduction of the debt burden has been one of the present administration’s top priorities. In 1999, through the Paris Club “Lyons terms”

and the heavily indebted poor countries initiative (HIPC), Guyana negotiated US\$256 million, net present value (NPV), in debt forgiveness. In 2003, Guyana reached its completion point under the enhanced HIPC initiative and became eligible for additional debt forgiveness with an NPV of US\$329 million. By the end of 2003, Guyana's foreign debt had shrunk to US\$486 million. In February 2004, the U.S. forgave all of Guyana's remaining bilateral debt held by the United States, valued at US\$35 million, under the terms of the enhanced HIPC initiative. However, additional borrowing, primarily from India, China, the Inter-American Development Bank, and the Caribbean Development Bank, caused Guyana's debt to increase to US\$551 million at the end of 2004.

In qualifying for HIPC assistance, Guyana became eligible for a reduction of its multilateral debt. Debt forgiveness proposed at the 2005 G-8 meetings could reduce Guyana's debt burden by an additional US\$136 million. Roughly three quarters of Guyana's debt is owed to the multilateral development banks. In late 1999, net international reserves were at US\$123.2 million, down from US\$254 million in 1994. However, by 2004, reserves had partially rebounded, averaging US\$164 million. Since that time, they have remained relatively stable.

Guyana's extremely high debt burden to foreign creditors has meant limited availability of foreign exchange and reduced capacity to import necessary raw materials, spare parts, and equipment, thereby further reducing production. With the closure of the major gold mine in October 2005 and with the proposed 39 percent cut in EU sugar subsidies looming in 2006, the Guyanan economy is now much more vulnerable to a foreign exchange shock. The increase in global fuel costs also contributed to Guyana's decline in production and growing trade deficit. The decline of production has increased unemployment, which has been roughly 12 percent since the early 1990s. Underemployment rates are estimated to be very high, though no reliable statistics exist. Together with the IMF, the government is working to eliminate poverty and build the country's economy through the Poverty Reduction Strategy Program (PRSP).

Commitment to WTO and FTAA: Guyana has demonstrated a general commitment to implementing its obligations under the WTO agreements, although Guyana lags behind in the process of updating domestic laws and trade policies. Guyana supports the FTAA process, in coordination with other members of CARICOM, and cooperates with the United States in the administration of the CBERA.

In the last 15 years, Guyana has taken important steps to liberalize its trade and investment regimes, enhancing its integration into the global economy. However, Guyana needs to make further efforts to increase its competitiveness while also seeking to diversify its production and export base.

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 legislation to protect local brand names in 2005, thereby providing local producers with legal protections for their trademarks abroad. Despite repeated promises to update legislation to protect the intellectual property of

foreign companies in Guyana, the current laws on copyrights and patents date from around 1956. Unauthorized use of music and video products is widespread, and local television stations, including those run by the government, regularly transmit copyright-protected material without proper licensing.

Provision of Internationally Recognized Worker Rights: The Constitution guarantees labor rights of association and 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. In 2000, however, UNICEF estimated that 27 percent of children ages five to fourteen in Guyana were working. Many children work in the informal sector, such as in street trading. Though the government devotes 20 percent of its 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 2004 to the equivalent of US\$114 per month, or 71 cents per hour. 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. There are no special institutional mechanisms to investigate and address complaints related to allegations of the worst forms of child labor; the local police handle such complaints in the same way that they handle other allegations of criminal activity.

With the exception of teenaged 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. In the case of teenaged prostitution, UNICEF has criticized the practice in which girls trade sexual favors for money, gifts, or help in employment or higher education, a practice sometimes condoned by their parents yet obscured by cultural norms. These issues helped contribute to Guyana's Tier 3 Ranking in the 2003 Trafficking in Persons Report. Since then, the government has taken significant action to combat trafficking in persons. 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 established a unit within the Ministry of Labor, Human Services, and Social Security to address the issue. Although there are no governmental programs designed specifically to prevent the engagement of children in the worst forms of child labor or to assist with the removal of children engaged in such labor, the Ministry of Labor, Human Services, and Social Security is prepared to deal with those issues as necessary.

Counter-Narcotics Cooperation: The President has not identified Guyana as a major drug transit or major illicit drug producing country under the provision of 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 United States. In 2003 Parliament passed legislation for the MLEA, bringing it into effect. However, 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. The government has periodically prosecuted government officials for corruption, with mixed success. Among Western Hemisphere countries, Guyana ranked above only Haiti in Transparency International's 2005 Corruption Perceptions Index.

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 been criticized because it grants the Minister of Finance the power to unilaterally appoint a National Board, the body responsible for the National Procurement and Tender Administration that exercises jurisdiction over tenders.

Additional Issues

Nationalization/Expropriation: Although the Government of Guyana has threatened to pass legislation altering the terms of certain contracts with U.S. companies, the Government has not followed through on those threats. No recent instances have been identified in which the Government has nationalized or expropriated the property of U.S. citizens or failed to honor arbitral awards in favor of U.S. citizens. However, the U.S. Government is aware of a number of investment disputes involving U.S. persons.

Market Access: Guyana's trade agreements with other nations have not had an adverse effect on U.S. commerce. However, some have suggested that Guyana was behind a recent decision by CARICOM to enforce a 25 percent tariff on rice.

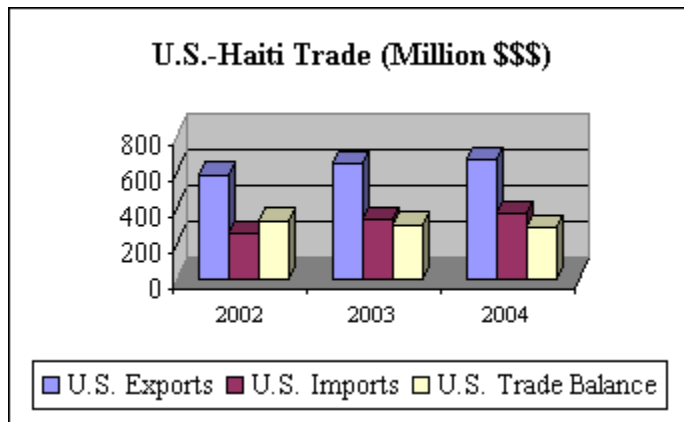
Haiti

Population: 8,121,622
Per Capita GDP: \$1,500

Department of Commerce 2004

Trade Statistics

U.S. Exports	\$663,000,588
U.S. Imports	\$370,666,305
U.S. Trade Balance	\$292,334,283



Economic Review: In February 2004, President Aristide resigned and left the country following an outbreak of political violence directed at overthrowing his regime. The Interim Government of Haiti (IGOH) took over upon his departure and will govern Haiti until elections take place, currently scheduled for January and February 2006.

Haiti is one of the poorest countries in the world, and is the poorest country in the Western Hemisphere. Its average per capita GDP is estimated at between US\$300 to 400. The economy has been in a long-term decline, averaging negative growth over the past 25 years. Growth in FY 2005 was 1.5 percent, which followed a 3.8 percent drop in FY 2004 due largely to political violence and natural disasters. Haiti's economy consists of retail trade, small-scale agriculture, light manufacturing and some services. Most of the economy exists in the informal sector and is unregulated. Haiti's largest trading partner is the United States, which accounts for over half of its exports and imports. Apparel such as t-shirts is Haiti's principal export. Haiti's trade deficit remains very large but is offset to some extent by a robust stream of remittances, estimated at more than US\$1 billion per year, as well as foreign aid, at approximately US\$500 million last year. This assistance, particularly direct aid to Haitian citizens, is essential to the continued functioning of the economy.

Haiti has a relatively open trading regime and uses few, if any, export subsidies or trade distorting export performance or local content requirements. The government is making significant efforts to promote economic development, despite limited resources and the recent history of violence and natural disasters. Haiti generally cooperates closely with the United States on economic issues.

Commitment to WTO and FTAA: Haiti has a relatively open trade regime and has committed to fulfill its obligations under the WTO on or ahead of schedule. Due to resource constraints, the Government of Haiti only participates on a limited basis in international negotiations. Haiti supports the FTAA process individually and in coordination with CARICOM.

Protection of Intellectual Property: Haiti's major laws governing intellectual property protection date from the early- to mid-twentieth century and have not been updated to reflect

the provisions of the TRIPS Agreement. Limited manufacturing capacity, lack of disposable income, and a paucity of tourist traffic mean that commercial piracy is limited. Weak judicial institutions result in poor enforcement and erode the protection offered by current statutes. 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.

Provision of Internationally Recognized Worker Rights: 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. Employers usually set wages unilaterally, though wages in the formal sector are usually higher than the legal minimum wage. The Labor Code prohibits forced or bonded labor for adults and minors. 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.

Workers in export processing zones enjoy the same rights as workers elsewhere in the country, and their working conditions are usually better than those in the economy at large. Haitian companies using CBI benefits are aware of the eligibility criteria and it is likely that these companies are more sensitive to the need to meet labor standards. They may also be influenced by concerns from their U.S. customers.

The minimum employment age is 15, and minors are prohibited from working in dangerous conditions and working at night in industrial enterprises. Legislation passed in 2003 removed exceptions in the labor law that had previously allowed children to work as domestic servants beginning at age 12. Fierce adult competition for the few available jobs in the industrial sector means that child labor is not a factor in the formal economy, but there are reports of compulsory and child labor in the rural and informal sectors. Internal trafficking of children for domestic labor remained a widespread problem; see below for a more complete discussion of this issue.

Commitments to Eliminate the Worst Forms of Child Labor: Haiti has signed but not ratified ILO Convention 182. The country has also signed a Memorandum of Understanding with the ILO International Program for the Elimination of Child Labor and is working with the ILO on various programs aimed at phasing out exploitative child labor.

Haiti was categorized as a Tier 2 Watch List country under the Trafficking Victims Protection Act of 2000 for failing to demonstrate sufficient efforts to combat trafficking in persons over the past year. 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 urban, more affluent families or other family members, in the hope that they will receive an education and economic opportunities. However, the reality is often mistreatment, abuse, and long hours of uncompensated labor. The IGOH estimates there are 90,000-120,000 children working in coercive labor conditions as restaveks, but

UNICEF estimates the number is much higher, between 250,000 and 300,000. Since the political crisis in Haiti, the interim government has taken some steps to address trafficking in the country. The U.S. Administration expects the newly elected government to remain committed to addressing these issues, including the large-scale exploitation of restavek children.

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. Although the President expressed concern about the effectiveness of aspects of Haitian law enforcement and national criminal justice system, he did note the efforts made by the IGOH to improve its performance on these issues. As a result the President certified Haiti as having complied with the FRAA.

Implementation of the Inter-American Convention Against Cooperation: Haiti became a party to the IACAC when its ratification was published in July 2002. While the country is still widely viewed as one of the most corrupt countries in the world, the interim government has made some efforts to address corruption. Under recent IMF agreements, the IGOH drastically cut back on the use of “current accounts,” which are often used by corrupt officials to fund personal or political expenditures. In addition, the IGOH has begun to conduct audits of several state-owned enterprises in order to eliminate “ghost” employees. The IGOH’s Financial Intelligence Unit, with assistance from the U.S. government, is actively investigating corruption by the previous regime. Despite these steps, corruption still remains endemic in the country.

Transparency in Government Procurement: Government procurement is still characterized by procedures that are inadequately transparent and corruption is common. Nevertheless, as international financial institutions have resumed their funding of procurement programs the situation has improved. Most notably, spending through discretionary ministerial accounts has been dramatically reduced to below 10 percents of budgetary credits, and the list of beneficiaries of government-backed programs for the private sector has been published.

Additional Issues

Nationalization/Expropriation: Some U.S. investors have outstanding disputes with the Government of Haiti concerning expropriated land. They are currently resolving those disputes within the local legal systems, and ask for occasional advice from the United States government.

Arbitral Awards: There is no evidence that the Government of Haiti has failed to act in good faith in recognizing arbitral awards in favor of U.S. citizens.

Extradition: The United States has an extradition treaty with Haiti (Extradition Treaty between Haiti and the United States of 1904), pursuant to which Haiti will extradite U.S. citizens under a Mutual Legal Assistance Treaty (MLAT), but will not extradite its own citizens.

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: 6,975,204

Per Capita GDP: \$2,800

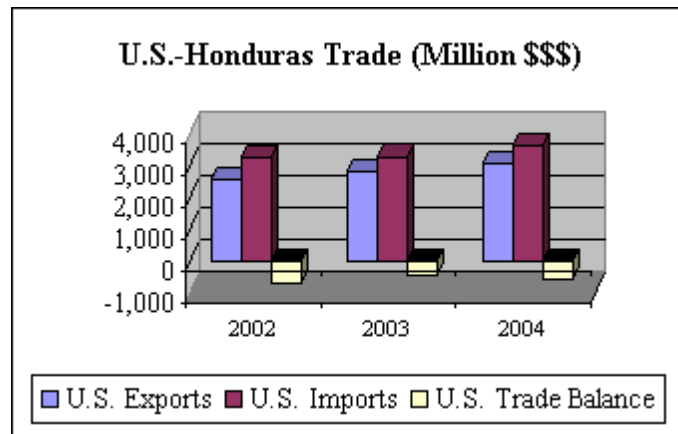
Department of Commerce 2004

Trade Statistics

U.S. Exports \$3,076,512,302

U.S. Imports \$3,641,067,296

U.S. Trade Balance -\$564,554,994



Economic Review: The Caribbean Basin Initiative has played a strongly positive role in the growth of the maquila industry in Honduras. Under the CBI, Honduran suppliers using U.S. inputs receive preferential customs treatment to enter U.S. markets. As a result, Honduras is now the third largest provider of textile and apparel products to the United States. This sector has grown into one of Honduras' most important industries, and last year accounted for greater earnings than the combined exports of Honduras' top eight export commodities (coffee, shrimp, bananas, gold, palm oil, melons, soap, and lobster). The Honduran textile industry is now counting on the CAFTA-DR to make the benefits from the CBTPA permanent and increase investment in the industry, and on the Container Security Initiative to foster speed-to-market advantages for Honduran manufacturers.

On June 13, 2005, the United States, through the Millennium Challenge Corporation, signed a five-year, \$215 million Compact with Honduras. The Compact will focus 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.

Commitment to WTO and FTAA: Honduras ratified the CAFTA-DR in March 2005. Honduran public and private sector officials predict that CAFTA-DR will further reduce trade barriers, promote economic development, encourage investment and provide greater transparency in Honduras. Honduras is a supporter of the FTAA process, and is implementing its WTO commitments.

Protection of Intellectual Property: Honduras passed constitutional amendments in 1999 that updated its copyright law and addressed patent and copyright compliance issues so as to implement Honduras' obligations under the TRIPS Agreement and Honduras was removed from the Special 301 "Watch List" in 2003 due to progress in the area of protection of intellectual property rights. However, Honduran authorities do not dedicate the personnel and resources necessary to wage a truly effective campaign against copyright or other IPR violations. While the current level of enforcement is inadequate, Honduras has committed

under CAFTA-DR to increase staffing of the IPR prosecutor's office and to make legal changes that will allow it to increase its enforcement efforts in the years to come. In connection with CAFTA-DR implementation, Honduras has taken the initiative to codify the legal procedures for IPR protection and investigations contained in CAFTA-DR.

Honduras has taken other steps this year to further strengthen its technical capacity and enforcement capabilities in IPR. Representatives from the Ministry of Commerce and Industry, together with the Public Ministry, attended a series of "train the trainer" courses in Washington, D.C., hosted by the U.S. Patent and Trademark Office (USPTO) in 2005. Upon returning to Honduras, participants scheduled a two-day IPR seminar on November 3-4, in which they trained 45 other government officials, including judges, police, and customs officials, based on what they had learned at the USPTO training.

Provision of Internationally Recognized Worker Rights: Honduran labor law protects the rights of association and collective bargaining. Collective bargaining is usually practiced in an enterprise where a union is organized. There are 472 registered national unions, which represent eight percent of workers in the formal economy; in the maquila sector, there are some 227 companies with 77 unions and 17 collective bargaining agreements.

The labor law prescribes a maximum eight-hour workday and 44-hour week. There is a requirement for at least one 24-hour rest period every week. The Labor Code provides for a paid vacation of 10 workdays after one year, and of 20 workdays after four years. The Constitution and Labor Code prohibit the employment of persons under the age of 16, except that 14 and 15-year olds may work with the written permission of parents and the Ministry of Labor, provided that they are still receiving schooling. All persons under 18 years of age are prohibited from night work, dangerous work, and full-time work.

CAFTA-DR provided impetus for additional improvements in the protection of labor rights in Honduras. In connection with CAFTA-DR implementation, the United States committed US\$19 million to improve labor rights in Central America, including Honduras, and the Dominican Republic. This commitment will be used to implement the recommendations of the region's trade and labor ministers in a 2005 White Paper on strengthening the protection of labor rights.

Recent enforcement efforts in the commercial city of San Pedro Sula demonstrate the government's strong political will to uphold the labor protection commitments made by Honduras under CAFTA-DR. The Honduran Ministry of Labor (MOL) has opened a regional office in San Pedro Sula, which will be staffed by 119 MOL officials, 70 of whom will be strategically situated in the industrial north to receive and process labor claims. This office will also deploy a mobile labor inspection team, the only one of its kind in Central America, using a vehicle donated by the U.S. Department of Labor. The units will resolve conflicts and provide broader and greater quality outreach for the MOL.

Commitments to Eliminate the Worst Forms of Child Labor: Child labor is a serious problem in Honduras and the United States remains committed to ensuring that government and private sector stakeholders work to eradicate the worst forms of child labor. The

Government of Honduras and the Ministry of Labor have demonstrated the political will necessary to implement and uphold their obligations to eliminate the worst forms of child labor, but progress has been slow. The government is participating in USDOL-funded ILO-IPEC projects to combat exploitative child labor.

Honduras ratified ILO Convention 182 on October 25, 2001. The Government has put in place laws and regulations to combat the worst forms of child labor and has made great strides, particularly in the textile manufacturing sector. The Government created a special commission that is working toward a more comprehensive policy for the elimination of the worst forms of child labor and signed a Memorandum of Understanding with the ILO-IPEC. Despite these efforts, while the formal export manufacturing sector has a relatively good record on child labor, the informal and agricultural sectors do not.

The Constitution establishes that minors under age 16, or students ages 16 and older, cannot work, unless authorities determine it is indispensable to the family's income and will not conflict with schooling. The Constitution also provides that children under 17 years old may work no more than six hours daily and 30 hours weekly. Under the 1996 Child and Adolescent Code, parents or a legal guardian can obtain special permission from the Ministry of Labor to allow children ages 14-15 to work, after the Ministry performs a home study demonstrating that the child both needs to work and will be working under non-hazardous conditions. The maximum work hours permitted for children is four per day for 14-15 year-olds, and six per day for 16-17 year-olds.

In practice, the vast majority of children who work do so without having obtained a permit, particularly those who work in the informal sector and in rural areas. The minimum age for employment is consistent with the age for completing educational requirements by law; however, in practice approximately 56 percent of children do not complete sixth grade, despite increased spending by the government on education and improvements to school access in rural areas.

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. Although the level of trafficking is not significant enough to merit its identification as a major drug transit country, Honduras has become an important transit point for narcotics destined for the United States. Having recognized this problem, Honduras cooperates with U.S. agencies to address this issue. A bilateral counter-narcotics maritime agreement was signed in March 2000 and entered into force in early 2001. The agreement provides for joint U.S.-Honduran counter-narcotics patrols, overflights, and information sharing. Corruption in law enforcement, judicial, and military entities plagues counter-narcotics efforts; however, a money laundering law passed in March 2002 has provided further assistance to U.S. and Honduran law enforcement.

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 of 2004, the MCC determined that Honduras was eligible to apply for Millenium Challenge Account assistance. In making that determination the MCC found that Honduras was performing above the median on the MCC's corruption indicator.

Transparency in Government Procurement: In 2001, Honduras enacted a new state contracting code. Under the law, foreign firms are entitled to national treatment for public bids, concessions, and government-contracted consulting services. In an effort to improve transparency and efficiency in government procurement, Honduras also adopted a procurement system managed by the United Nations Development Program (UNDP) for a limited number of major government purchases. Tenders for major purchases (including equipment, services, and medicines) are published internationally and posted on the Internet. A competitive bid solicitation process is carried out under UNDP auspices. While there have been complaints about the new system—particularly about the methodology for defining the terms of reference used in bid solicitations—most view the new system as faster and more transparent than previous Honduran government procurement regimes. Once CAFTA-DR enters into force, government procurement will be further improved, with strict regulations put in place to ensure open, transparent, competitive procurements of medium and small purchases, in addition to the major procurements described above.

Additional Issues

Nationalization/Expropriation: Over 160 property and investment disputes involving U.S. citizens are on file with the U.S. Embassy in Honduras, though only 20 to 30 cases remain active. The majority of cases involve land disputes that fall under the jurisdiction of the Honduran National Agrarian Institute. On July 12, 2001, a Bilateral Investment Treaty entered into force between the United States and Honduras, which provides for equal protection for U.S. investors under local law and permits expropriation only in cases that agree with international legal standards.

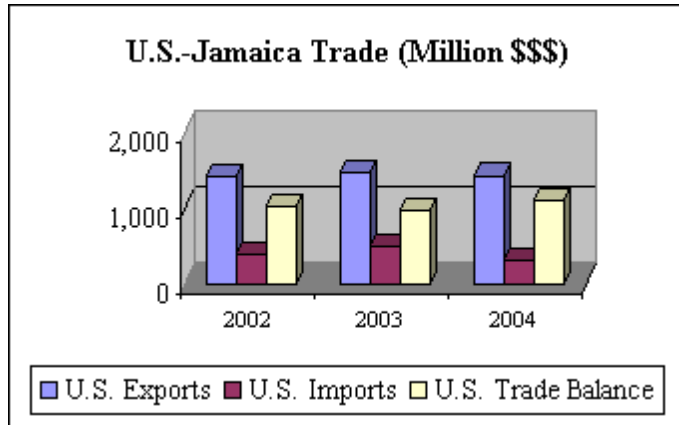
Jamaica

Population: 2,731,832
Per Capita GDP: \$4,100

Department of Commerce 2004

Trade Statistics

U.S. Exports	\$1,431,596,126
U.S. Imports	\$320,304,040
U.S. Trade Balance	\$1,111,292,086



Economic Review: The Jamaican economy recorded its sixth consecutive year of growth during 2004, with real GDP increasing by 1.2 percent. This result represents a slowing in momentum due to the impact of Hurricane Ivan, as output for the first six months of the year expanded by 2.7 percent. The total cost of damages caused by the hurricane was estimated at just under US\$600 million, with 63 percent representing damage to assets. The impact of the hurricane and rising oil prices combined to affect other areas of macroeconomic performance during the year. In particular, inflation was 13.7 percent, making 2004 the second consecutive year of double-digit inflation. Inflationary impulses stemmed from supply shocks, reflecting a shortage of locally-produced food following the hurricane, increased oil and grain prices, and higher utilities costs. The higher commodity prices combined with the increased importation of goods for reconstruction fueled deterioration in the balance of payments. However, Jamaica's net international reserves jumped by US\$700 million to US\$1.9 billion due to higher foreign direct investment in the mining, tourism and telecommunications sectors. The central government's operations also generated a reduced fiscal deficit of US\$480 million, US\$80 million below the result for last year. Despite the reduction in the deficit, debt and debt servicing continue to take a heavy toll on the economy.

The Trade Board is the agency responsible for administering the CBI programs in Jamaica. It has worked cooperatively with the United States and with other beneficiary countries in the administration of the programs.

Commitment to WTO and FTAA: Jamaica is in the process of implementing all of its WTO obligations on schedule. Jamaica's Patent Law must be updated to be in compliance under the TRIPS Agreement, but this has fallen from the legislative agenda due to a recent emphasis on toughening criminal law. As a member of CARICOM, Jamaica is a strong and active supporter of the FTAA process. Jamaica played a constructive role in advancing the FTAA process at the November 2005 Summit of the Americas in Mar del Plata.

Protection of Intellectual Property: Jamaica is a member of the World Intellectual Property Organization (WIPO) and is a signatory of the Bern Convention. Jamaica and the United States have an Intellectual Property Rights Agreement and a Bilateral Investment Treaty,

both of which provide assurances to protect intellectual property. Nonetheless, Jamaica remains on the Special 301 IPR Watch List, primarily because current patent law is not TRIPS-compliant. In 2004, the Government of Jamaica passed the Geographical Indications Act, which protects products that originate from certain localities, where quality or reputation arises from geographical origin.

Government-owned entities do not broadcast copyrighted material belonging to U.S. copyright-holders without their express consent. The Copyright Act of 1993, as amended, complies with the TRIPS Agreement and adheres to the principles of the Bern Convention, and covers works ranging from books and music to computer programs. The Jamaican Government began a serious crackdown against reportedly widespread computer-software piracy and unauthorized broadcast piracy by local cable television distributors in 2002, and has taken steps to reduce piracy of CDs and DVDs.

Provision of Internationally Recognized Worker Rights: Jamaica has an estimated labor force of approximately 1.2 million, with an estimated 20 percent engaged in the country's strong trade union movement. While both political parties arose out of the trade union movement, it appears that labor is considerably weaker now than has traditionally been the case, due to a sluggish economy, as well as the private sector strategy of hiring contract workers, which is not prohibited under current labor regulations. Worker rights in Jamaica are defined and protected under the Labor Relations and Industrial Disputes Act. Workers enjoy full rights of association, as well as the right to organize and bargain collectively. An independent Industrial Disputes Tribunal hears collective bargaining cases. Jamaican labor law neither authorizes nor prohibits strikes. They do occur.

The Jamaican Constitution does not specifically prohibit forced or bonded labor by either adults or children, but there are no reported incidents. The government sets the minimum wage in consultation with the National Minimum Wage Advisory Commission. Currently, the minimum wage is set at US\$40 for a 40-hour work week (US\$1.50 per hour for security guards), but most employers pay workers above this amount. Employers must, under the Labor Act, compensate workers at overtime rates for work over 40 hours per week or eight hours per day, and double time for public holidays. The Ministry of Labor's Industrial Safety Division sets and enforces industrial health and safety standards. Industrial accident rates remain low.

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 thirteen in any form of work, and restricts both the type of employment and hours of work permitted for children between the ages of thirteen and fifteen. 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 NGOs 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 2005 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 completed ratification of 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 US\$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. On October 26, 2005, the Jamaican Constabulary Force unveiled a new strategy to combat corruption within the police force. Transparency International’s Corruption Perception Index for Jamaica in 2005 was 3.6, indicating the need to continue to improve its efforts to combat corruption.

Transparency in Government Procurement: 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. Expropriation of land by the government may take place under the Land Acquisition Act, which provides for compensation on the basis of market value. In March 1997, a bilateral investment treaty between the United State and Jamaica entered into force. Some U.S. investors have outstanding disputes with the Government of Jamaica concerning expropriated land. They are currently resolving those disputes within the local legal systems, and ask for occasional advice from the U.S. government.

Market Access: Jamaica provides equitable and reasonable access to goods from the U.S. and other members of the WTO. The United States is Jamaica’s primary trading partner. Jamaica does not currently impose any performance requirements as a condition for investing in the country. However, investments that attract hard currency and expand employment

opportunities are favorably considered. There is no requirement that investors purchase from local sources or export a certain percentage of output. However, “Free Zone” type incentives require companies to export at least 85 percent of their output.

Arbitral Awards: If not resolved in the local courts, arbitration of investment disputes between Jamaican and nonresident investors may be referred to the ICSID, of which Jamaica is a member. ICSID awards are enforceable by the Jamaican courts. Jamaica enforces 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. In the past two years, no known cases in arbitration have involved U.S. firms.

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.

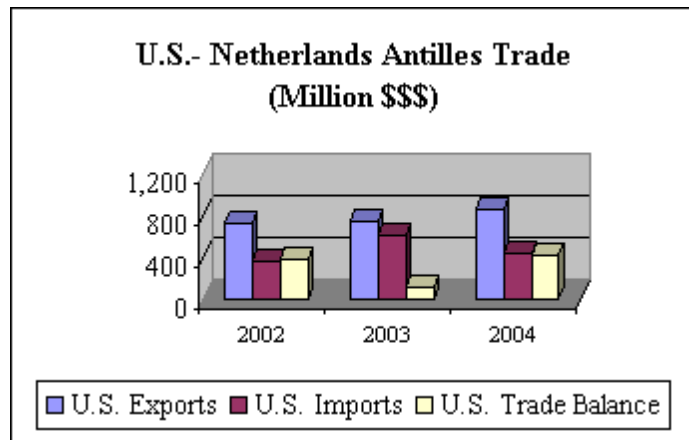
Netherlands Antilles

Population: 219,958

Per Capita GDP: \$11,400

*Department of Commerce 2004
Trade Statistics*

U.S. Exports	\$872,640,316
U.S. Imports	\$443,858,386
U.S. Trade Balance	\$428,781,930



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. The island of St. Maarten is especially dependent on tourism, receiving nearly 80 percent of the 2.4 million visitors to the Netherlands Antilles in 2004. 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. Almost all consumer and capital goods are imported, the United States 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 WTO and FTAA: 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. There have been cases in recent years where cable providers on Curacao (DirectTV Latin America) were forced to stop selling cable boxes due to lack of sufficient licenses.

Provision of Internationally Recognized Worker Rights: The Netherlands Antilles has a population of around 180,000 people. Unemployment is currently at 15.3 percent, with numbers for young adults much higher. There are many immigrant workers (legal and illegal) from Latin American and throughout the Caribbean. Labor unions are strong and active throughout the Antilles in all sectors. Laws protecting children and workers' rights are actively enforced.

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: 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, the government is close to ratifying a Tax Information Exchange treaty with the United States, which should further strengthen bilateral cooperation on financial investigations.

Nicaragua

Population: 5,465,100

Per Capita GDP: \$2,300

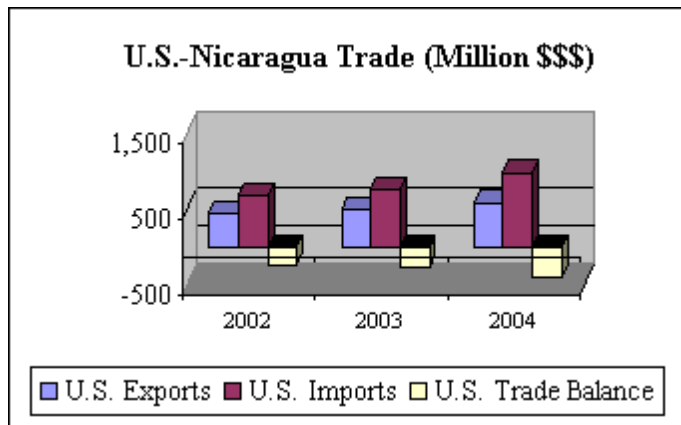
Department of Commerce 2004

Trade Statistics

U.S. Exports \$591,704,850

U.S. Imports \$990,471,296

U.S. Trade Balance -\$398,766,446



Economic Review: Nicaragua is the second poorest country in the Western Hemisphere, with per capita income below US\$2,500. After three years during which growth slowed considerably, in 2003, Nicaragua's economy began to show signs of a modest recovery with an increase in GDP of about 2.3 percent. In 2004, the Nicaraguan economy continued to grow and real GDP expanded by 5.1 percent. However, higher prices for oil and some industrial commodities caused inflation to increase from 6.48 percent in 2003 to 9.26 percent in 2004. In 2005, GDP is expected to show real growth of 4 percent, and the Central Bank expects an annual inflation rate of between 10 percent and 10.5 percent.

As part of its effort to improve economic conditions, in 2002 Nicaragua entered into a Poverty Reduction and Growth Facility (PRGF) agreement with the IMF. This three-year fiscal reform program required the Government of Nicaragua to take various steps including unpopular spending cuts and tax increases. Implementation of the fiscal program has given the government access to new loans and grants that will finance its continuing, though reduced, budget deficits. Fulfillment of this agreement during 2002 and 2003 also allowed the country to qualify for forgiveness of over US\$3 billion of its US\$6 billion foreign debt under the Heavily Indebted Poor Countries Initiative (HIPC), including some US\$100 million owed to the United States. Although the HIPC relief did not address the government's US\$1.7 billion in domestic debt, interest payments on which comprise over ten percent of Government of Nicaragua's budget, the government has also made significant economic progress by restructuring its domestic debt and thereby lowering its debt burden.

However, during 2004 Nicaragua failed to meet its structural reform goals, and in December of 2004 the Nicaraguan legislature approved a budget resulting in a higher-than-programmed budget deficit. In response, the IMF decided not to conduct the seventh progress review under the PRGF. After several months of negotiations on how to fund the higher spending in the 2005 budget passed by Congress, the Finance Minister secured agreement from the legislature and domestic interest groups on various taxes and other bills.

On July 14, 2005, the United States, through the Millennium Challenge Corporation (MCC), signed a five-year, \$175 million Compact with Nicaragua. The Millennium Challenge

Compact will fund projects in the regions of León and Chinandega aimed at reducing transportation costs and improving access to markets for rural communities; increasing wages and profits from farming and related enterprises in the region, and increasing investment by strengthening property rights. These projects will help to reduce poverty and encourage economic development in Nicaragua. The strength of the fiscal policy of the Government of Nicaragua was a factor considered by the MCC in making its decision to provide assistance.

Commitment to WTO and FTAA: Nicaragua is making good progress in meeting its WTO obligations. In 2002, the country completed a broad package of tariff reductions launched in 1997 and adopted the WTO customs valuation method.

Nicaragua has been a strong and active supporter of the FTAA process. In those negotiations, Nicaragua has served as Vice Chair of the Investment Negotiating Group and as Vice Chair of the Consultative Group on Smaller Economies. The Government of Nicaragua also hosted a Vice-Ministerial Trade Negotiations Committee meeting in September 2001.

The government of Enrique Bolanos has also been an active supporter of the CAFTA-DR negotiations and has continued a policy of expanding trade-liberalizing arrangements with Nicaragua's Central American neighbors, Mexico, Panama, and other Latin American and Caribbean countries. CAFTA-DR was ratified by the National Assembly on October 10, 2005. In March 2003, Nicaragua lifted a 35 percent "Patriotic tariff" against Honduran products, which had been imposed in the aftermath of a maritime border dispute. Tariffs remain high on corn, rice, and chicken parts among other items.

Protection of Intellectual Property: With the passage of a the new Trademark Law in April 2001, Nicaragua completed bringing into force a package of six modern intellectual property laws covering copyrights, patents, trademarks, semiconductor layout design, encryption program-carrying satellite signals, trade secrets and industrial designs. These laws establish criminal and civil penalties for infractions and provide a level of protection for intellectual property that exceeds Nicaragua's commitments under the TRIPS Agreement. In early 2002, Nicaragua acceded to the WIPO Copyright Treaty and the WIPO Performance and Phonograms Treaty. Commitments under both took effect in March 2003.

Enforcement of intellectual property is still weak, though improving. With U.S. assistance, the Government increased training for inspectors in 2002 and took steps to crack down on producers of knock-off versions of popular pharmaceuticals. There continue to be considerable sales of pirated sound recordings and videos. Theft of broadcast and satellite signals has largely ended, and formerly illicit cable operators have negotiated agreements with programmers. Protection and enforcement for intellectual property in Nicaragua is expected to improve further as Nicaragua implements CAFTA-DR.

Provision of Internationally Recognized Workers Rights: The Nicaraguan Constitution and the 1996 Labor Code establish the right of workers to organize unions. Under the Civil Service and Administrative Career Acts of 1990, all public and private sector workers—except those in the military and police—may form and join unions of their own choosing.

According to the Ministry of Labor, less than ten percent of the work force in the formal sector is unionized. The Nicaraguan Labor Code provides protected status to union leaders, requiring that companies obtain permission from the Ministry of Labor to fire union board members after having shown just cause. The Nicaraguan Labor Code allows employers to fire any employee without cause if they are given twice the normal severance pay. The ILO and labor unions consider this an impediment to the exercise of freedom of association and collective bargaining.

In 2003, the Government of Nicaragua invited the ILO to conduct a labor law study entitled, “Fundamental Principles and Rights at Work: A Labor Law Study.” The study found that the Nicaraguan Government gives effect through its laws to the core rights and principles identified in the ILO Declaration on Fundamental Principles and Rights at Work. In most cases, the protections afforded are constitutionally based, and are reinforced by the labor code and regulations. Nicaragua has carried out major revisions of its labor code over the last decade with ILO advice and assistance. The ILO study also identified some ways in which Nicaragua could improve its laws to enhance conformity with ILO conventions, and the Government passed the labor law reforms necessary to achieve that conformity. The Government of Nicaragua is now considering, in consultation with trade unions, various legislative and regulatory options to address other gaps identified by the ILO.

The Nicaraguan Constitution and Labor Code also provide for the right to bargain collectively and recognize the right to strike, after exhausting other methods of dispute resolution, including mediation by the Ministry of Labor. The government generally seeks to resolve labor conflicts in the public sector through informal negotiation rather than formal administrative or judicial processes. Organizing a legal strike is a lengthy process requiring approval from the Labor Ministry. As a result, illegal strikes are more common and workers who participate in them are at risk of losing their jobs. The Labor Code allows union federations and confederations to participate in sympathy strikes.

The Nicaraguan Constitution prohibits forced or bonded labor. There is little evidence of child labor in the formal sector of the economy, such as the maquilas and factories, but child labor is a serious problem in Nicaragua, and children can be found working as domestic laborers, in family enterprises, on farms, and in other parts of the informal economic sector. The Ministry of Labor has also reported that some children living in extreme poverty are forced to beg by their parents and that some were “rented” by their parents to organizers of child beggars.

The Government of Nicaragua has been working with the ILO International Program on the Elimination of Child Labor to address, prevent, and eliminate child labor—including the worst forms such as commercial exploitation. This issue, as well as child labor in the agriculture and coffee sectors, is the focus of numerous technical assistance projects funded by the U.S. Department of Labor.

The Nicaraguan Labor Code prohibits child labor under the age of 14 and requires parental permission for minors between 14 and 16 to work; a new law raises the penalty for businesses that violate this provision. Children between 14 and 18 years old are allowed to

work as long as the work hours do not interfere with their education. Employers must facilitate school attendance. The workday for these children is limited to six hours, and night, overtime and dangerous work is prohibited. As in most countries challenged with widespread poverty and lack of resources for enforcement, child labor rules are not fully complied with in the agricultural sector and the informal economy.

Government, business, and labor representatives renegotiate minimum wages every six months. These are set at different levels for different sectors of the economy. Most formal-sector workers earn well above the statutory minimum rates. Nicaragua's Constitution and Labor Code mandate a 48-hour workweek; overtime must be paid to those who work more than this.

The Labor Code provides for many benefits: It contains generous medical (including maternity) leave and vacation provisions, requires payment of up to five months salary upon termination, and payment of the equivalent of an extra month's salary at the end of the year.

The enforcement capacity of the Nicaraguan Ministry of Labor is limited due to lack of resources. In spite of this, the Ministry has been implementing an "Action Plan for the Institutional Strengthening of the Ministry," in order to improve the protection and enforcement of labor standards. In addition, the Government of Nicaragua is currently working with the U.S. Department of Labor to strengthen the enforcement capacity of the Labor Ministry, as part of a regional technical assistance program funded with a grant of US\$6.75 million with focus on increasing workers', and employers', knowledge of labor laws, strengthening labor inspections systems, and developing dispute resolution mechanisms. Among other actions, the Ministry of Labor is hiring large numbers of additional inspectors in order to increase its capacity to enforce the country's labor laws.

Commitments to Eliminate the Worst Forms of Child Labor: Nicaragua ratified ILO Convention 182 on Eradication of the Worst Forms of Child Labor in November 2000. Nicaraguan law prohibits children under 18 from work that endangers their health and safety, or any other employment that adversely affects normal childhood development or interferes with schooling. The penal code prohibits anyone from promoting or engaging in child prostitution or pornography. The Ministry of Labor has an office that responds to complaints of illegal employment of children and that conducts inspections. The government has been active in eliminating child labor in the formal sector but lacks the resources to address the problem significantly in the informal sector.

Nicaragua has signed a Memorandum of Understanding with ILO-IPEC and has been working with it on several projects funded by the U.S. Department of Labor to eliminate child labor. The government has published a national strategy to address child labor, which includes reforms to the Labor Code that would eliminate exceptions for child workers under the age of 14, clarify the list of hazardous jobs, and establish programs to return working children to school.

Counter-Narcotics Cooperation: The President has not found Nicaragua to be a major drug transit or major illicit drug producing country under the FRAA. Therefore, Nicaragua is not

subject to the certification requirements under the Act. Nevertheless, Nicaragua is an important transit area for drugs moving from South America to U.S. and European markets. It has been an important partner with the United States in efforts to stem the flow of drugs.

Implementation of the Inter-American Convention against Corruption: Nicaragua ratified the IACAC in May 1999. A February 2003 follow-up report by the OAS noted that Nicaragua was making significant progress in prosecuting cases of corruption of the previous administration and investigating allegations against the current government.

Transparency in Government Procurement: Nicaragua passed a law on government procurement in January 2000, which applies transparent, non-discriminatory, and competitive procedures in government purchasing. Procurement for the Ministry of Defense and National Police that could affect national security is exempted from these requirements. Most government procurement contracts must be announced in the country’s main newspapers and posted on the Internet. Foreign bidders on government contracts are guaranteed national treatment but must be represented locally and must register with the Ministry of Finance. Some U.S. companies have complained about inadequate notice for bid tenders. A computer-based system for government procurement is currently being designed, which would allow more accessibility and transparency in the procurement process.

Additional Issues

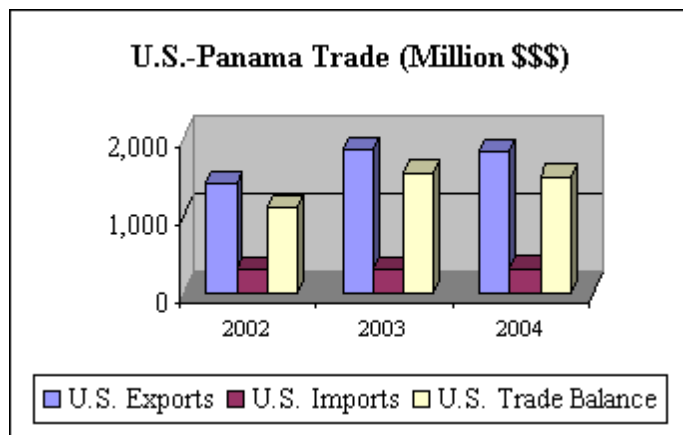
Nationalization/Expropriation: Thousands of individuals and companies, including many U.S. citizens, have filed claims for compensation for property confiscations that took place during the 1980s under the Sandinista government. Since 1995, the Nicaraguan government has made continuing progress in settling these claims through compensation or return of properties. As of July 2005, the Nicaraguan government had settled over 4,300 U.S. citizen claims. Seven-hundred eighty Embassy-registered U.S. claims remain outstanding. There have been no uncompensated expropriations of foreign investments in Nicaragua under the current government or under past administrations since 1990.

Panama

Population: 3,039,150
Per Capita GDP: \$6,900

*Department of Commerce 2004
Trade Statistics*

U.S. Exports	\$1,820,009,015
U.S. Imports	\$316,141,696
U.S. Trade Balance	\$1,503,867,319



Economic Review: Approximately 80 percent of Panama's economy is services-based, led by maritime transportation, banking, commerce, financial services, and tourism. Industry and agriculture represent about 14 percent and 6 percent, respectively, of Panama's economy. Panama maintains close trade and financial ties with the United States. Panama attracted major investments in the latter half of the 1990s through privatization efforts in the energy, telecommunications, and transportation sectors. Foreign direct investment fell dramatically from US\$1.2 billion in 1998 to only US\$99 million in 2002, due largely to the winding up of privatization projects, but has since rebounded to just over US\$1 billion in 2004.

Panama's GDP posted its strongest growth in six years in 2004, growing by 7.6 percent. The Ministry of Economy and Finance (MEF) expects GDP to grow by about 5 percent in 2005. The Torrijos Administration inherited a fiscal deficit equal to about 5 percent of GDP upon taking office in September 2004, which exceeded the 2 percent limit set by Panama's 2002 fiscal responsibility law. The government of Panama is working to bring its deficit to about 3.6 percent of GDP in 2005 through increased tax revenues and reduced growth in spending.

Panama's healthy GDP growth has yet to translate into widely shared prosperity, as some 40 percent of Panamanians remain in poverty (topping 80 percent in rural indigenous communities). The country also has the second-worst income distribution in Latin America, as the richest 20 percent hold about two-thirds of Panama's wealth, while the poorest 20 percent hold only about 1.5 percent of national wealth. Moreover, unemployment in Panama has remained at 12-16 percent in recent years. In November 2005, the government reported a drop in unemployment from 11.8 percent to 9.6 percent, attributed largely to growth in informal employment. Approximately 20-25 percent of the workforce is underemployed.

Panama's dollarized economy has typically enjoyed low rates of inflation (hovering around 1 percent per year). However, annual inflation reached 3.5 percent by late 2005—the highest rate the country has seen in 23 years—due to a rise in global oil prices.

Commitment to WTO and FTAA: Panama completed its accession to the WTO in 1997. However, frequent problems in the government's non-science-based use of sanitary and phytosanitary restrictions, typified by the Ministry of Agriculture's freeze on import permits for U.S. beef for much of 2005, ostensibly over concerns about a second case of "mad cow" disease found in the United States, have caused particular problems for U.S. exporters. Nevertheless, at 8 percent, Panama's average tariff rate is one of the lowest in Latin America, although it retains high tariffs on some agricultural products, including chicken, dairy products, potatoes and tomatoes, pork, and rice.

Panama is a strong and active 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. In the FTAA negotiations, Panama hosted the Administrative Secretariat of the FTAA and served as the site for FTAA negotiations from March 2001 to February 2003.

Panama has actively pursued bilateral free trade agreements in recent years, having signed FTAs with El Salvador (2002), Taiwan, (2003), and Singapore (2005). The United States and Panama have held eight rounds of FTA negotiations over the past two years. In

November 2005, Presidents Bush and Torrijos each expressed their desire to conclude an FTA as soon as possible. Panama has also sought an FTA with Chile and is in exploratory discussions for FTAs with Mexico, Mercosur, the Andean Community, and CARICOM.

Protection of Intellectual Property: Intellectual property protection has improved greatly since the mid-1990s when the country passed several new laws and began enforcing them vigorously. By virtue of acceding to the WTO as a developed country, Panama was obliged to have TRIPS-compliant legislation in force immediately upon its accession in 1997. Industry representatives and legal experts are in broad agreement that Panama has made progress in setting intellectual property rights standards above the minimum afforded under TRIPS.

Provision of Internationally Recognized Worker Rights: The law protects the right of private sector workers to organize and join unions, though unions must be registered by the government. About 13 percent of the workforce is organized. Most civil servants may join unions and bargain with their respective agencies. Workers employed by the Panama Canal Authority may join unions and bargain collectively but are prohibited from striking.

Collective bargaining is protected by law for private sector workers and is widely practiced. In the public sector, only a small proportion of civil servants may bargain collectively and strike. The minimum wage law does apply in export processing zones. The Government issued a decree in 1997 that restricts strikes and negotiations with workers who are not represented by a union; unions assert that this latter practice results in negotiations with employee groups that are dominated by employers.

The employment of children under age 14 is prohibited by law. Children under age fifteen may work only if they have completed primary school. Child labor is particularly problematic in the agricultural sector among indigenous populations. Education is compulsory through the equivalent of the ninth grade, but enforcement and compliance are uneven.

The Labor Code establishes minimum wages by regions and industries. Most urban workers employed in the formal sector are paid the legal minimum or more. It also establishes a standard workweek of forty-eight hours and provides for at least one 24-hour rest period weekly. The Ministry of Labor enforces workplace health and safety laws, though the emphasis is more on safety rather than long-term health. The Labor Code also prohibits forced or bonded labor by adults and children.

Commitments to Eliminate the Worst Forms of Child Labor: On October 31, 2000, Panama ratified ILO Convention 182. Panama has signed a Memorandum of Understanding with the ILO International Program for the Elimination of Child Labor and is working with the ILO on various programs aimed at phasing out exploitative child labor, including a country program funded by USDOL. Panama has developed a strong legal framework to combat the worst forms of child labor, including a prohibition on employment of minors under the age of 18 in hazardous labor, as well as prohibitions against child prostitution, sex tourism and trafficking. Panama has also established a special office within the Ministry of Labor to

oversee child labor issues. Some concerns exist with respect to employment of children by rural coffee and sugar plantations and in the informal sector of the urban economy. Institutional mechanisms to investigate child labor and provide prevention services are slowly being strengthened.

Counter-Narcotics Cooperation: The President has not identified Panama as a major drug transit or major illicit drug producing country under the provision of the FRAA. In addition, The United States and Panama have had a long and productive history of cooperation on counter-narcotics efforts.

Implementation of the Inter-American Convention Against Corruption: Panama is a party to the IACAC, but has not yet fully implemented or enforced several of the convention’s provisions. Allegations of official corruption have been featured in local media, often prompting libel actions against reporters and publishers, which have a chilling effect on media and reporting. Legal processes are in place to allow investigation of citizen complaints about alleged corruption, but few investigations have resulted in criminal charges. Documented delays in judicial resolution of high profile cases reinforce the belief that while individuals who engage in acts of petty corruption are often punished, high-ranking public officials act with impunity and have little interest in allowing public scrutiny of government expenditures.

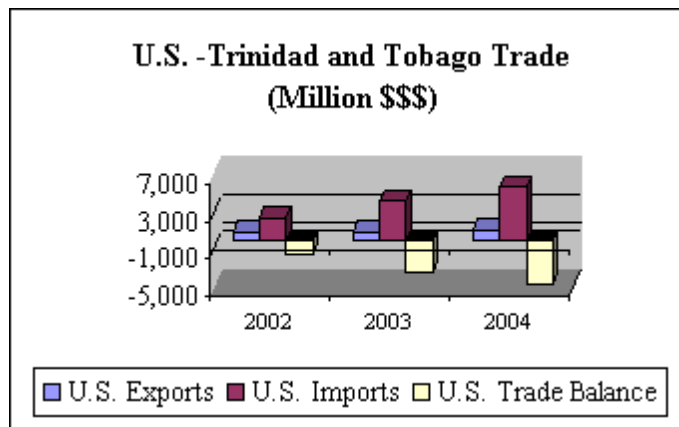
Transparency in Government Procurement: Procurement practices of government ministries and institutions vary widely. Lack of transparency, excessive delays, and bureaucratic machinations have caused problems for the United States and other bidders on important contracts in the past. Panama submitted an initial offer to accede to the WTO Government Procurement Agreement in 1997 and made a revised offer in early 1999. Accession negotiations had not been concluded as of late 2005.

Trinidad and Tobago

Population: 1,088,644
 Per Capita GDP: \$10,500

*Department of Commerce 2004
 Trade Statistics*

U.S. Exports	\$1,207,193,573
U.S. Imports	\$5,854,311,208
U.S. Trade Balance	-\$4,647,117,635



Economic Review: The Government of Trinidad and Tobago estimates that the economy will grow by 6.5 percent in 2005 (up from 6.2 percent in 2004), the twelfth consecutive year of positive growth. The energy sector continues to dominate the economy, contributing 40.5 percent to total GDP. The non-petroleum sector is expected to decline from 5.9 percent in

2004 to 4 percent in 2005. Growth in the services sector is projected at 3.5 percent during 2005, down from 6 percent last year, though strong growth is expected in certain subsectors due to enhanced activity in the telecommunications industry. The government's macroeconomic policies focus on Trinidad and Tobago becoming the business investment hub of the region. Long-term growth looks promising, as Trinidad and Tobago continues to develop its hydrocarbon, petrochemical and metals sectors, with significant reliance on exports. One of the government's major priorities is diversification of the economy in non-energy industries, such as yachting, film, music and entertainment, information and communications technology, in order to position Trinidad and Tobago for global competitiveness. In 2005, Trinidad and Tobago's foreign credit ratings were upgraded by international rating agencies Standard & Poor's (S&P) and Moody Investor's Services, although S&P reduced its outlook due to concerns over crime and corruption.

Between 2003 and 2004, Trinidad and Tobago succeeded in doubling its balance of payments surplus from US\$334 million or 3 percent of GDP to US\$734 million, 6.4 percent of GDP. This performance is mainly due to buoyant commodity prices and higher export volumes. U.S. exports to Trinidad and Tobago principally include machinery, transportation, equipment, drilling/oilfield, and telecommunication and manufactured goods, while chief imports from Trinidad are petroleum and petrochemical products. In 2004, Trinidad and Tobago imported 33.9 percent of its goods from the United States. By comparison, 69 percent of Trinidad and Tobago exports in 2004 went to the United States, a sharp increase over recent years due to increased volumes and prices of liquefied natural gas. The United States is Trinidad and Tobago's largest trading partner.

International reserves continue to grow, reaching US\$4.2 billion at the end of 2004, 29.1 percent higher than in 2003. The Government of Trinidad and Tobago expects that continued growth in the services sector, construction, manufacturing, finance, insurance and real estate will reduce unemployment from 9 percent to below 7 percent.

Commitment to WTO and FTAA: Trinidad and Tobago has been a member of the WTO since 1995 and is an active participant in the regional economic entity CARICOM. Within CARICOM, Trinidad and Tobago has been a strong proponent of moving ahead with plans to implement the CARICOM Single Market Economy (CSME). Trinidad and Tobago plans to join with Barbados and Jamaica in launching the CSME on January 1, 2006, with other countries joining later.

Trinidad and Tobago is a strong supporter of the FTAA process and Port of Spain has offered to host the permanent FTAA Secretariat at the conclusion of the negotiations. Port of Spain also hosted a Vice-Ministerial meeting and Trinidad and Tobago has served as both the Chair and the Vice-Chair of the Consultative Committee on Smaller Economies and the Vice-Chair of the Competition Policy negotiating group.

Protection of Intellectual Property: Trinidad and Tobago is a party to the TRIPS Agreement, and the United States and Trinidad and Tobago concluded a bilateral investment treaty with an IPR annex in 1994. The government has proposed a copyright law that would strengthen enforcement provisions, and allow Trinidad and Tobago to deposit instruments of accession

to the WIPO Internet conventions, of which Trinidad and Tobago is not yet a member. However, the government has yet to enact the legislation. Enforcement is a growing problem in the country. In particular, pirated optical disc products are readily available on the local market, with vendors and businesses openly advertising the fact that they sell pirated DVDs and CDs. Enforcement of piracy is not a priority of the police due to the rising violent crime rate. Police are also poorly trained in enforcement and conducting investigations associated with the protection of intellectual property rights.

Government-owned broadcast entities are not known to broadcast U.S. copyrighted material without the express consent of the copyright-holder. Most broadcasting in Trinidad and Tobago is not government controlled, however. Cable piracy is an issue in Trinidad and Tobago. Local cable company pirates feed from U.S. satellites without licensing agreements. Due to pressure from the U.S. firm Direct TV, which operates legally in Trinidad and Tobago, a public-private committee was recently formed to review the issue and make recommendations to the government. The committee has recently considered some controversial issues, including the possibility of adopting a compulsory licensing scheme similar to that found in the Bahamas.

Provision of Internationally Recognized Worker Rights: Labor relations are governed by the Industrial Relations Act (IRA), which 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 is organized in approximately 25 active unions. Most unions are independent of government or political party control, although the Sugar Workers' Union has historically been allied with the United National Congress (UNC).

A union also may bring a request for enforcement to the Industrial Court, which consists of government, business and labor representatives. 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 the Government protects these rights in practice. However, employees in "essential services," such as police and teachers, do not have the right to strike. These employees negotiate with the Government's Chief Personnel Officer to resolve labor disputes. The ILO has criticized the government's definition of "essential services" as too broad and has requested that Parliament amend the legislation.

The IRA prohibits retaliation against strikers and provides for grievance procedures through the Industrial Court. Most observers considered the court to be impartial.

The law does not specifically prohibit forced or compulsory labor, including by children. However, there were no reports that such practices occurred during the past year.

Trinidad and Tobago has a national minimum wage.. 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 Act establishes a 40-hour workweek, time and a half pay for the first four hours of overtime on a workday; double pay for the next four hours and triple pay thereafter. For holidays and days off, the Act provides for double pay for the first eight hours and triple pay thereafter. Daily rest periods and paid annual leave formed part of most employment agreements.

The Factories and Ordinance Bill 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. Complainants that have refused to comply with an order that would have placed them in danger are absolved from blame if it is determined upon inspection that hazardous conditions exist in the workplace.

Commitments to Eliminate the Worst Forms of Child Labor: The Government ratified ILO Convention 182 on the elimination of the worst forms of child labor in 2003. However, the Government still has not passed 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 Labour, which was tasked with developing a comprehensive national policy on child labor.

The minimum legal age for workers is 12 years. Children from 12 to 14 years of age may work only in family businesses. Children under the age of 18 may legally work only during daylight hours; with the exception of 16- to 18-year-olds, who may work at night in sugar factories. 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 mechanisms for receiving, investigating and resolving child labor complaints.

There is no organized exploitation of child labor. However, a 2002 UNICEF study estimated that 1.2 percent of children from 5 to 14 years of age were engaged in paid work, and that 0.3 percent were 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. However, it has not passed legislation to implement it.

Counter-Narcotics Cooperation: The President has not identified Trinidad and Tobago as a major drug transit or major illicit drug producing country under the provision of the FRAA. The Government of Trinidad and Tobago 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 of Trinidad and Tobago agencies. Although not a financial money laundering hub in the region, the Government of Trinidad and Tobago has implemented statutes to track suspicious transactions and seek

active money laundering investigations on narcotic smuggling targets. The Government is committed to stopping the illicit diversion of precursor chemicals within and through the host country, and actively cooperates with the United States on tracking suspicious importers and exporters of chemicals.

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 develop new rules requiring public disclosure of government officials' assets, and to promote the integrity of public officials and institutions. Some NGOs have deemed the Commission's staffing and technology to be inadequate to enforce anti-corruption legislation. Furthermore, some officials are reluctant to disclose their assets, claiming that such disclosures would make them and their families a target of an increasing trend toward kidnapping for ransom.

Transparency in Government Procurement: Government procurement practices are largely open and fair. The government and government-owned companies generally adhere to an open bidding process for procurement of products and services. Several U.S. companies have secured government service contracts over the past several years. The government is not a party to the WTO Government Procurement Code.

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.

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

Three 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 12, 2005. The full texts of these submissions are available for review at the Reading Room of the Office of the United States Trade Representative.

International Intellectual Property Alliance

The International Intellectual Property Alliance (IIPA), a private sector coalition that represents U.S. copyright based industries³ 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."

The IIPA acknowledged that "some positive economic impact" has occurred over the last two decades as a result of the CBERA program. At the same time, the organization maintained that it was unable to identify specific attributes connecting the strength of U.S. copyright-based industries to the implementation of CBERA.

According to the IIPA, "the most immediate 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 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: the unauthorized reception and retransmission of U.S. domestic satellite signals; end-user piracy affecting business software; piracy of sound recordings and music; commercial and photocopying piracy of books, and inadequate enforcement in the entertainment software industry that results in the

³ 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.

counterfeiting of cartridges, personal computer CD-ROMs, and multimedia products. The IIPA estimates trade losses amounting to \$40.3 million in 2004 due to copyright piracy in six CBERA countries: Costa Rica (\$11.0 million), the Dominican Republic (\$15.3 million), El Salvador (\$3.0 million), Guatemala (\$8.0 million), Honduras (\$2.0 million), and Nicaragua (\$1.0 million).

Masterfoods Interamerica, an affiliate of Mars Incorporated, submitted concerns over increased tariffs on rice in CARICOM countries. Masterfoods cited its strong support for the CBERA and CBTPA initiatives as mechanisms for improving the economic well being of the CARICOM nations and noted the 200 percent increase in exports to the U.S. since the programs began. However, in 2002 an external tariff of 25 percent was imposed on imported rice by CARICOM, leading to a decrease in rice products sales by Masterfoods of more than 80 percent over the past two years. This despite forecasted growth of rice consumption in the region and steady increases in Masterfoods rice product sales to CARICOM countries since the mid 1990s. Masterfoods requested assistance in reducing these tariff barriers in CARICOM countries and noted the harm to consumers from these restrictions.

The **California Table Grape Commission** submitted a request to explore means to reduce high tariff barriers for California table grapes in CBI countries. The CBI has helped increase California table grape exports to the Caribbean by 20 percent in 2005 and by 212 percent over the past five years. The Commission notes, however, that high tariffs, as much as 40 percent in some countries, hinder the potential for further market expansion and requests measures to reduce the tariffs. The Commission also expresses support for CAFTA-DR as a means to “level the playing field for California table grapes in a number of CBI countries.”

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
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
IPR	Intellectual Property Rights
MFN	Most Favored Nation
NTR	Normal Trade Relations
NAFTA	North American Free Trade Agreement
NGO	Non-governmental Organization
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, 2002-2004 and January-September 2004 and 2005 ¹

Country	Import Program	2002		2003		2004		2004 January-September		2005 January-September	
		Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total
Antigua Barbuda	CBERA	43	1.2	60	0.5	51	1.2	51	1.6	20	0.6
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	29	0.8	6	0.0	109	2.5	109	3.3	26	0.7
	NTR free	2,629	74.5	4,074	32.0	2,479	56.8	1,479	45.2	2,655	74.8
	Total	3,527	100.0	12,719	100.0	4,366	100.0	3,268	100.0	3,550	100.0
Aruba	CBERA	23	0.0	69	0.0	29	0.0	20	0.0	23	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	21,641	2.8	30,109	3.1	30,197	1.7	20,974	1.7	29,184	1.4
	Total	770,699	100.0	963,851	100.0	1,776,373	100.0	1,226,337	100.0	2,019,701	100.0
The Bahamas	CBERA	71,134	15.5	88,065	18.4	92,705	14.5	64,034	14.1	78,779	13.9
	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	149,279	32.6	170,249	35.5	227,490	35.7	155,045	34.1	183,467	32.3
	Total	458,102	100.0	479,383	100.0	637,331	100.0	454,060	100.0	568,598	100.0
Barbados	CBERA	12,210	35.5	6,961	16.0	3,512	9.5	2,472	9.1	2,757	11.5
	CBTPA	6	0.0	6	0.0	1	0.0	1	0.0	88	0.4
	GSP	815	2.4	804	1.8	814	2.2	555	2.1	616	2.6
	NTR free	16,066	46.8	24,104	55.4	29,432	79.8	21,945	81.0	18,591	77.8
	Total	34,357	100.0	43,500	100.0	36,872	100.0	27,087	100.0	23,889	100.0

Total and under Selected Program U.S. Imports, 2002-2004 and January-September 2004 and 2005

Continued

Country	Import Program	2002		2003		2004		2004		2005	
		Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total
Belize	CBERA	30,733	39.5	27,970	27.6	29,954	28.0	22,983	30.9	36,255	47.6
	CBTPA	12,101	15.6	13,613	13.4	14,523	13.6	10,397	14.0	10,948	14.4
	GSP	1,039	1.3	714	0.7	1,210	1.1	1,161	1.6	1,081	1.4
	NTR free	28,817	37.0	54,546	53.8	55,663	52.0	37,029	49.7	24,725	32.4
	Total	77,786	100.0	101,408	100.0	107,103	100.0	74,455	100.0	76,226	100.0
British Virgin Islands	CBERA	66	0.2	229	0.7	319	1.8	253	1.9	144	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	23,360	57.7	20,495	58.5	13,390	77.3	10,185	74.7	27,745	87.6
	Total	40,494	100.0	35,019	100.0	17,327	100.0	13,631	100.0	31,682	100.0
Costa Rica	CBERA	658,068	20.9	659,189	19.6	700,970	21.0	536,478	21.2	564,829	22.5
	CBTPA	478,011	15.2	418,510	12.4	375,643	11.3	276,267	10.9	266,003	10.6
	GSP	13,230	0.4	54,306	1.6	100,396	3.0	83,653	3.3	70,548	2.8
	NTR free	1,641,308	52.2	1,950,635	58.0	1,873,587	56.2	1,420,767	56.1	1,413,374	56.3
	Total	3,141,683	100.0	3,361,551	100.0	3,332,940	100.0	2,532,172	100.0	2,512,036	100.0
Dominica	CBERA	374	8.0	2,260	43.0	369	12.8	326	16.0	46	1.9
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	197	4.2	146	2.8	0	0.0	0	0.0	0	0.0
	NTR free	2,744	58.8	1,441	27.4	1,401	48.6	818	40.3	1,340	56.5
	Total	4,670	100.0	5,252	100.0	2,883	100.0	2,031	100.0	2,373	100.0

Total and under Selected Program U.S. Imports, 2002-2004 and January-September 2004 and 2005

Continued

Country	Import Program	2002		2003		2004		2004 January-September		2005 January-September	
		Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total
Dominican Republic	CBERA	895,256	21.5	844,716	19.0	832,103	18.4	618,733	18.5	626,976	18.3
	CBTPA	1,783,022	42.8	1,753,966	39.4	1,738,540	38.4	1,263,241	37.8	1,216,206	35.4
	GSP	16,395	0.4	75,063	1.7	96,040	2.1	69,935	2.1	110,081	3.2
	NTR free	663,288	15.9	996,687	22.4	1,193,704	26.4	898,424	26.9	954,923	27.8
	Total	4,168,624	100.0	4,455,080	100.0	4,528,420	100.0	3,341,399	100.0	3,430,908	100.0
El Salvador	CBERA	85,890	4.3	71,876	3.6	39,500	1.9	28,006	1.8	44,083	3.0
	CBTPA	1,058,247	53.4	1,113,267	55.1	1,086,343	52.9	785,880	51.4	859,315	57.9
	GSP	12,150	0.6	27,716	1.4	31,229	1.5	17,804	1.2	43,111	2.9
	NTR free	156,665	7.9	151,472	7.5	213,323	10.4	177,752	11.6	138,825	9.3
	Total	1,982,395	100.0	2,019,366	100.0	2,052,615	100.0	1,529,193	100.0	1,485,175	100.0
Grenada	CBERA	37	0.5	3	0.0	11	0.2	11	0.3	9	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	6,063	88.3	6,784	89.2	4,493	88.1	3,116	85.3	4,187	87.9
	Total	6,866	100.0	7,602	100.0	5,101	100.0	3,655	100.0	4,763	100.0
Guatemala	CBERA	343,756	12.3	312,329	10.6	286,435	9.1	222,207	9.4	268,165	10.8
	CBTPA	699,726	25.0	762,772	25.9	894,434	28.4	645,718	27.3	714,431	28.8
	GSP	24,866	0.9	46,289	1.6	68,253	2.2	46,247	2.0	48,229	1.9
	NTR free	564,654	20.2	603,351	20.5	634,714	20.1	500,819	21.2	567,944	22.9
	Total	2,799,835	100.0	2,945,269	100.0	3,154,578	100.0	2,363,922	100.0	2,479,076	100.0

Total and under Selected Program U.S. Imports, 2002-2004 and January-September 2004 and 2005

Continued

Country	Import Program	2002		2003		2004		2004 January-September		2005 January-September	
		Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total
Guyana	CBERA	13,771	11.9	9,127	7.7	13,982	11.4	7,655	8.3	1,181	1.3
	CBTPA	8,143	7.0	7,541	6.4	7,066	5.8	5,507	6.0	4,338	4.8
	GSP	452	0.4	1,793	1.5	2,297	1.9	1,487	1.6	5,079	5.6
	NTR free	65,868	57.0	78,877	66.7	93,499	76.2	72,907	78.9	77,976	86.3
	Total	115,578	100.0	118,281	100.0	122,667	100.0	92,420	100.0	90,308	100.0
Haiti	CBERA	16,477	6.5	11,567	3.5	10,478	2.8	9,183	3.4	12,716	3.8
	CBTPA	160,033	62.8	199,121	59.9	207,734	56.0	152,878	56.7	212,646	63.9
	GSP	1,130	0.4	3,092	0.9	1,541	0.4	1,329	0.5	1,559	0.5
	NTR free	15,013	5.9	16,723	5.0	18,086	4.9	14,017	5.2	11,822	3.5
	Total	255,016	100.0	332,344	100.0	370,666	100.0	269,605	100.0	333,021	100.0
Honduras	CBERA	218,662	6.7	222,799	6.7	183,001	5.0	138,258	5.1	160,701	5.8
	CBTPA	1,772,949	54.3	1,952,666	59.0	2,136,185	58.7	1,568,331	58.3	1,610,515	58.0
	GSP	20,184	0.6	33,154	1.0	37,703	1.0	29,860	1.1	29,814	1.1
	NTR free	501,928	15.4	447,451	13.5	573,593	15.8	432,515	16.1	452,650	16.3
	Total	3,264,037	100.0	3,311,550	100.0	3,641,067	100.0	2,689,765	100.0	2,778,539	100.0
Jamaica	CBERA	84,460	21.6	87,366	17.7	93,324	29.1	67,841	28.5	56,580	21.2
	CBTPA	109,868	28.1	91,621	18.5	73,384	22.9	56,822	23.9	41,055	15.4
	GSP	1,031	0.3	1,852	0.4	4,963	1.5	3,950	1.7	5,324	2.0
	NTR free	140,196	35.8	194,959	39.4	98,511	30.8	66,394	27.9	118,778	44.5
	Total	391,603	100.0	494,717	100.0	320,304	100.0	238,091	100.0	267,217	100.0

Total and under Selected Program U.S. Imports, 2002-2004 and January-September 2004 and 2005

Continued

Country	Import Program	2002		2003		2004		2004 January-September		2005 January-September	
		Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total
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	248	57.6	1,291	97.5	315	68.7	265	65.3	213	56.5
	Total	430	100.0	1,323	100.0	459	100.0	406	100.0	377	100.0
Netherlands Antilles	CBERA	3,076	0.9	2,733	0.4	5,242	1.2	3,211	1.0	5,844	0.8
	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	63,578	17.6	93,226	15.0	93,828	21.1	61,934	19.8	76,579	10.6
	Total	361,696	100.0	620,450	100.0	443,858	100.0	313,165	100.0	719,862	100.0
Nicaragua	CBERA	84,792	12.5	98,921	12.9	134,593	13.6	94,917	13.1	101,906	11.7
	CBTPA	127,743	18.8	149,247	19.4	195,759	19.8	140,065	19.4	179,953	20.7
	GSP	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	NTR free	151,087	22.2	150,840	19.6	185,516	18.7	140,995	19.5	141,404	16.3
	Total	679,165	100.0	769,316	100.0	990,471	100.0	723,060	100.0	868,199	100.0
Panama	CBERA	37,759	12.5	38,259	12.7	32,486	10.3	19,162	8.1	23,787	10.0
	CBTPA	3,878	1.3	3,542	1.2	340	0.1	269	0.1	254	0.1
	GSP	2,473	0.8	5,751	1.9	6,343	2.0	4,911	2.1	10,775	4.5
	NTR free	215,119	71.2	222,426	73.8	223,224	70.6	164,592	69.2	190,496	80.1
	Total	302,290	100.0	301,242	100.0	316,142	100.0	237,840	100.0	237,918	100.0

Total and under Selected Program U.S. Imports, 2002-2004 and January-September 2004 and 2005

Continued

Country	Import Program	2002		2003		2004		2004 January-September		2005 January-September	
		Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total
St. Kitts and Nevis	CBERA	27,305	56.2	25,713	57.7	29,663	71.1	23,396	74.4	19,751	53.6
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	350	0.7	439	1.0	800	1.9	477	1.5	1,217	3.3
	NTR free	17,472	35.9	16,098	36.1	9,810	23.5	6,464	20.5	14,499	39.4
	Total	48,629	100.0	44,588	100.0	41,701	100.0	31,459	100.0	36,825	100.0
St. Lucia	CBERA	7,980	41.7	5,288	40.8	5,308	37.0	4,032	36.0	4,700	17.3
	CBTPA	0	0.0	0	0.0	527	3.7	369	3.3	249	0.9
	GSP	314	1.6	405	3.1	687	4.8	426	3.8	690	2.5
	NTR free	5,609	29.3	3,568	27.5	4,997	34.8	3,984	35.6	3,288	12.1
	Total	19,148	100.0	12,967	100.0	14,347	100.0	11,196	100.0	27,158	100.0
St. Vincent and the Grenadines	CBERA	5,514	33.5	2,533	61.2	2,925	70.8	1,887	78.0	360	2.4
	CBTPA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
	GSP	0	0.0	5	0.1	4	0.1	4	0.2	29	0.2
	NTR free	10,576	64.2	1,422	34.4	1,016	24.6	420	17.4	14,429	95.6
	Total	16,475	100.0	4,136	100.0	4,130	100.0	2,419	100.0	15,097	100.0
Trinidad and Tobago	CBERA	325,713	13.4	431,016	10.0	499,894	8.5	334,209	8.0	543,015	9.9
	CBTPA	821,487	33.7	966,851	22.4	1,112,520	19.0	816,939	19.5	1,230,844	22.4
	GSP	2,866	0.1	1,698	0.0	2,717	0.0	1,896	0.0	3,189	0.1
	NTR free	1,042,357	42.8	2,637,307	61.0	3,966,091	67.7	2,784,575	66.4	3,371,918	61.4
	Total	2,437,257	100.0	4,321,727	100.0	5,854,311	100.0	4,194,676	100.0	5,487,970	100.0

Total and under Selected Program U.S. Imports, 2002-2004 and January-September 2004 and 2005

Continued

Country	Import Program	2002		2003		2004		2004		2005	
		Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total	Thousand \$	% of Total
TOTAL	CBERA	2,923,099	13.7	2,949,049	11.9	2,996,854	10.8	2,199,325	10.8	2,552,629	10.9
	CBTPA	7,035,213	32.9	7,432,723	30.0	7,842,999	28.2	5,722,684	28.1	6,346,844	27.0
	GSP	97,522	0.5	253,232	1.0	355,107	1.3	263,805	1.3	331,368	1.4
	NTR free	5,505,564	25.8	7,878,135	31.8	9,548,360	34.4	6,997,413	34.3	7,841,015	33.4
	Total	21,380,363	100.0	24,762,643	100.0	27,776,034	100.0	20,375,313	100.0	23,500,469	100.0

¹ General imports, customs value.

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