United States International Trade Commission

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

Twentieth Report 2009–10

Investigation No. 332-227
USITC Publication 4271
September 2011

U.S. International Trade Commission

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PREFACE

Section 215 of the Caribbean Basin Economic Recovery Act (CBERA), as amended (19 U.S.C. 2704), requires the U.S. International Trade Commission to provide biennial reports in odd-numbered years to the Congress and the President on the economic impact of the act on U.S. industries and consumers and on the economy of beneficiary Caribbean Basin countries. This report constitutes the Commission's report for 2011.

CBERA was originally enacted on August 5, 1983 (Public Law 98-67, 97 Stat. 384, 19 U.S.C. 2701 et seq.).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

This is the Commission's 20th report under CBERA and the 6th report since the 2000 amendments. While it covers the period 2009–10, it focuses mainly on developments in calendar year 2010. It should be noted that the current report covers fewer Caribbean Basin countries than earlier reports, as El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, and Costa Rica ceased to be designated CBERA beneficiary countries between 2006 and 2009. During that period the United States-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) entered into force with respect to those countries, and imports from those countries became eligible for U.S. duty-free or other preferential treatment under the free trade agreement.

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

ABSTRACT

This report is the 20th in a series of reports prepared by the U.S. International Trade Commission (Commission) under section 215 of the Caribbean Basin Economic Recovery Act (CBERA) of 1983 (19 U.S.C. 2704). The report assesses the economic impact of the CBERA program on U.S. industries and consumers and on the economy of the beneficiary countries. While this report covers the period 2009–10, it focuses mainly on developments in calendar year 2010.

CBERA authorizes the President to provide preferential treatment (duty-free or reduced-duty treatment) to most products that may be imported from CBERA beneficiary countries (currently numbering 18) into the United States. Some of these products can receive tariff preferences *only* under CBERA provisions; these goods are referred to as CBERA-exclusive imports. The Commission found that the overall effect of CBERA-exclusive imports on the U.S. economy generally and on U.S. industries and consumers continued to be negligible in 2010. The Commission did identify one U.S. industry—methanol—that might face significant negative effects due to competition from CBERA-exclusive imports. On the other hand, U.S. industries supplying garment pieces, yarn, and fabric to CBERA apparel producers benefit from enhancements to CBERA enacted in 2000. U.S. imports of the leading CBERA-exclusive items all produced small net welfare gains for U.S. consumers in 2010.

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

CBERA's impact on the economy of CBERA beneficiary countries varies by country. Special CBERA provisions for Haiti have had a strong, positive effect on export earnings and job creation for Haiti's apparel sector. CBERA also continues to benefit energy sector exports from Trinidad and Tobago and, to a lesser extent, Belize. On a smaller scale, CBERA has encouraged export-oriented manufacturing in niche areas, such as polystyrene in The Bahamas, television antennas and parts in St. Lucia, and electronics in St. Kitts and Nevis. Jamaica's fuel ethanol industry suffered from high prices and short supplies of imported inputs, along with sharply reduced U.S. demand for imported fuel ethanol during 2009–10. These changed market conditions limited CBERA's benefits to Jamaica in 2010.

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EXECUTIVE SUMMARY

The Caribbean Basin Economic Recovery Act (CBERA) was enacted in 1983 as part of the Caribbean Basin Initiative (CBI). CBERA was intended to encourage economic growth and development in the Caribbean Basin countries by promoting increased production and exports of nontraditional products. This report, the 20th in a series, assesses the actual and the probable future effect of CBERA on the U.S. economy generally, on U.S. industries and consumers, and on the economies of the Caribbean Basin beneficiary countries.[1] While the report covers the period 2009–10, it focuses mainly on developments in calendar year 2010.

Although the effects of CBERA on the U.S. economy were negligible and are likely to remain so, CBERA continues to have a positive impact on a number of Caribbean Basin countries. By one measure, Haiti has been the greatest beneficiary of CBERA trade preferences in recent years largely due to more flexible rules of origin for apparel. CBERA also has encouraged the development of niche products in several other countries.

Impact of CBERA on the United States in 2010

Overview

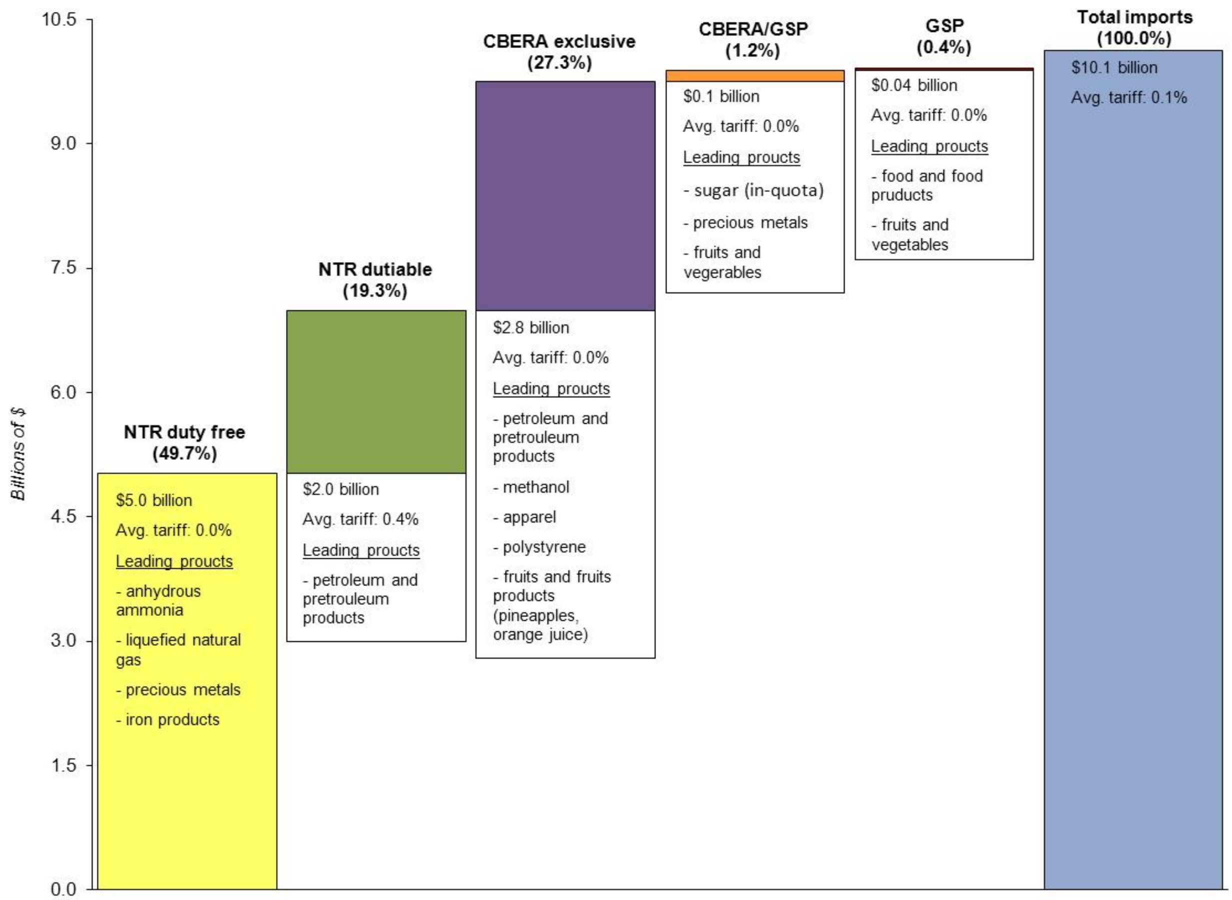
Effects of CBERA on United States were negligible. The overall effect of CBERA-exclusive imports (imports that could receive tariff preferences only under CBERA provisions) on the U.S. economy and U.S. consumers continued to be negligible in 2010. Total imports from CBERA countries represented a minor share (0.5 percent) of the total value of U.S. merchandise imports. CBERA-exclusive imports accounted for an even smaller share (0.15 percent) of the total value of U.S. imports.

The reduction in the number of CBERA beneficiary countries was a key factor driving changes in CBERA's impact on the U.S. economy during 2009–10 as well as the probable future effect of CBERA. The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) removed major sources of imports entered under the CBERA program and altered the composition of U.S. imports entered under CBERA provisions. The agreement entered into force for El Salvador, Guatemala, Honduras, and Nicaragua during 2006, for the Dominican Republic in 2007, and for Costa Rica on January 1, 2009. A bilateral U.S. free trade agreement (FTA) with Panama is awaiting approval by the U.S. Congress, but Panama's departure from CBERA would lead to only a small decline in total imports under CBERA.

Most U.S. imports under CBERA preferences could receive duty preferences only under CBERA. Of the $2.9 billion in U.S. imports that were entered under CBERA in 2010, imports valued at $2.8 billion could not have received tariff preferences under any other program. The remaining imports that were entered under CBERA could have been entered free of duty under the Generalized System of Preferences (GSP). U.S. imports

[1] Throughout this report, the term "CBERA" refers to CBERA as amended by the Caribbean Basin Trade Partnership Act (CBTPA), the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and 2008 (HOPE II) (jointly referred to in this report as the HOPE Acts), the Haitian Economic Lift Program (HELP) Act of 2010, and other legislation.

FIGURE ES.1 U.S. imports from CBERA beneficiary countries, by import program, 2010.



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

Note: "CBERA exclusive imports" are imports that could only receive preferential entry under CBERA. "CBERA/GSP imports" are imports that were entered under CBERA but were also eligible for duty-free entry under GSP. "Avg. tariff" is the ad valorem equivalent tariff. Other imports included in "total imports," but not in programs designated above, amounted to 2 percent of the total.

from CBERA countries, broken down according to the import programs under which they were entered, are shown in figure ES.1. These CBERA-exclusive imports accounted for 27.3 percent of the value of total U.S. imports from CBERA countries. The five leading items benefiting exclusively from CBERA in 2010 were light crude oil, methanol, knitted cotton T-shirts, knitted cotton tops, and polystyrene.

Effects on U.S. Consumers and Net Welfare Gains

Methanol and polystyrene provided the largest consumer surplus gains. Change in "consumer surplus" is a dollar measure of gains (or losses) to consumers resulting from lower (or higher) prices resulting from lower (or higher) duties. Methanol from Trinidad and Tobago imported under CBERA provided the largest single gain in consumer surplus (between $46.1 million and $47.0 million), followed by polystyrene from The Bahamas (between $54.2 million and $57.1 million).

Methanol, orange juice, and fuel ethanol provided the largest net welfare gains. "Net welfare gain" is the gain in consumer surplus minus the loss of tariff revenues that result from duty-free treatment under CBERA. U.S. imports of each of the leading CBERA-exclusive items for which adequate data were available produced net welfare gains in 2010. Methanol from Trinidad and Tobago yielded the largest net gain, valued at between $1.9 million and $2.7 million, followed by orange juice and fuel ethanol.

Effects on U.S. Producers

Methanol imports may have displaced U.S. production. The Commission's economic and industry analyses indicate that imports receiving CBERA preferences in 2010 in most cases had only minimal effects on competing U.S. industries, mainly because of low U.S. import market shares and/or low margins of preference. Initial analysis indicated that methanol is the only U.S. industry that may have experienced displacement of more than 5 percent of the value of U.S. production in 2010. The Commission estimates that between 5.4 percent and 10.7 percent of U.S. methanol production in 2010, valued at $10.5 million to $20.7 million, was displaced by CBERA imports. Further analysis indicates that an important factor in this displacement was the difference in natural gas prices between the United States and Trinidad and Tobago. Natural gas is the feedstock for methanol and, until recently, it was far less costly in Trinidad and Tobago (a major producer) than in the United States—causing U.S. industry production to fall and imports from Trinidad and Tobago to rise. The price gap has narrowed in the past year or two, however, as U.S. natural gas prices have declined.

CBERA and CAFTA-DR

Costa Rica was the last CAFTA-DR country to leave CBERA. CAFTA-DR entered into force for Costa Rica on January 1, 2009, at which time it ceased to be a designated beneficiary country under CBERA. As noted earlier, five CAFTA-DR countries—El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic—had left CBERA before 2009.

The departure of the CAFTA-DR countries from CBERA changed the composition of products entering the United States under the CBERA program. Apparel and agricultural imports, which had come mainly from CBERA countries that are now in CAFTA-DR, have become less important, while energy-related imports originating in the remaining CBERA countries (nearly all from Trinidad and Tobago) have become more important, accounting for 77 percent the value of U.S. imports under CBERA in 2010.

Textiles and Apparel

Apparel imports were down. U.S. imports of textile and apparel products (virtually all apparel) under CBERA were sharply lower in 2009 and 2010 as Costa Rica left CBERA. Imports of textiles and apparel under CBERA were valued at $609 million in 2008, $382 million in 2009, and $360 million in 2010. Imports of such products from Jamaica were particularly hard hit, falling 98 percent in 2009 and dropping to zero in 2010.

Haiti was the leading supplier of textiles and apparel imports under CBERA in 2009 and 2010. It accounted for nearly 99 percent of such imports in both years ($377 million in 2009 and $356 million in 2010).

Probable Future Effects

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

Overall CBERA-related investment during 2009–10 was low. The Commission found limited investment in the CBERA countries during 2009–10 for the production and export of CBERA-eligible products. The low level of investment reflects several factors that may discourage such investment in the Caribbean Basin region: (1) the 2008–09 global economic downturn, from which investment in the Caribbean Basin region was slow to recover; and (2) the fact that investment in many CBERA countries focuses as much or more on services such as tourism and financial services as on exporting CBERA-eligible goods.

Increased investment in Haitian apparel production will likely have minimal impact on U.S. consumers and producers. The Commission noted a significant upturn in investment in Haiti's export-oriented apparel sector. Nevertheless, Haiti is—and will likely remain—a small U.S. apparel supplier compared to globally competitive apparel producers in Central America and Asia. Many short- and long-term economic problems hurt Haiti's ability to significantly expand its apparel production. As a result, any increase in apparel imports from Haiti as a result of the HELP Act, which was enacted in 2010 to give Haiti improved access to the U.S. apparel market, is not likely to significantly affect U.S. producers or consumers.

Increased energy imports from Trinidad and Tobago are unlikely to affect the U.S. economy. Trinidad and Tobago was the leading supplier of imports—mainly energy products such as crude petroleum and methanol—under CBERA in 2010. Again, any increase in imports from Trinidad and Tobago under CBERA is not likely to significantly affect the U.S. economy, as Trinidad and Tobago is, and will likely remain, a small supplier of energy products to the United States.

Impact of CBERA on the Beneficiary Countries

Benefiting from CBERA trade preferences remains a challenge for most CBERA countries. Exporting CBERA-eligible goods is a challenge for many beneficiaries because of their supply-side constraints. These constraints include inadequate roads, ports, and telecommunications; shortages of skilled workers; high production costs; high energy and telecommunications costs; inadequate access to investment financing; low levels of innovation; and an underdeveloped private sector. The weak U.S. recovery from the 2008–09 global economic downturn undermined U.S. demand for imports during the current reporting period. Moreover, the economies of many CBERA countries have become more oriented to international trade in services, rendering CBERA trade preferences for exports of goods less relevant to their economic future.

Special CBERA provisions for Haiti have had a strong, positive effect on export earnings and job creation in Haiti's apparel sector. Apparel assembly is Haiti's largest industrial activity and the country's largest source of industrial jobs. CBERA, particularly as enhanced by CBTPA and the HOPE and HELP Acts, was an important factor promoting apparel production and exports in Haiti during 2009–10. Haiti's apparel assembly sector quickly recovered from the massive destruction caused by the January 2010 earthquake. CBERA preferences covered 66.1 percent of all U.S. imports from Haiti in 2010, with three apparel categories—knitted cotton T-shirts, knitted cotton tops, and knitted manmade fiber T-shirts—accounting for almost all (95.7 percent) of those imports.

CBERA continues to benefit energy sector exports by Trinidad and Tobago. Crude petroleum, methanol, and two categories of refined petroleum products made up most (98.0 percent) of U.S. imports under CBERA from Trinidad and Tobago in 2010. Because of significant positive spillover effects from the growth of Trinidad and Tobago's energy sector and downstream energy products, CBERA is widely viewed as a key element in the development and diversification of the country's economy.

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

Jamaica benefited less from CBERA during 2009–10 than in past years. Just 27.3 percent of total U.S. imports from Jamaica entered under CBERA in 2010, down from 45.4 percent in 2009. Jamaica continues to supply a relatively narrow range of imports under CBERA. Moreover, imports from Jamaica under CBERA of fuel ethanol and apparel—once important Jamaican exports—were down significantly in 2010. Jamaica's fuel ethanol industry suffered from high prices and limited supplies of imported inputs, along with significantly reduced U.S. demand for imported fuel ethanol during 2009–10. These changed market conditions meant that CBERA had only limited benefits for Jamaica in 2010.

Other Import and Export Information

- CBERA countries account for a very small share of U.S. merchandise trade. In 2010, total U.S. trade (exports plus imports) with CBERA countries was about 1 percent of total U.S. trade with the world. CBERA countries accounted for 1.7 percent of total U.S. exports and 0.5 percent of total U.S. imports in 2010.

- In 2010, total U.S. imports of goods from CBERA countries (with and without trade preferences) increased 7.5 percent from 2009. Of the $10.1 billion in total U.S. imports from CBERA countries in 2010, energy products accounted for 54.0 percent, agricultural products 5.3 percent, textiles and apparel products 5.2 percent, and other mining and manufacturing products 30.8 percent. Trinidad and Tobago, the Netherlands Antilles, and The Bahamas were the leading sources of imports, accounting for 82 percent of all U.S. imports from CBERA countries in 2010.

- In 2010, imports of goods benefiting from CBERA preferences increased 22.6 percent from 2009. Of the $2.9 billion in imports under CBERA in 2010, energy products accounted for 76.4 percent, agricultural products 5.4 percent, textiles and apparel (almost all apparel) products 12.4 percent, and other mining and manufacturing products 5.8 percent. Trinidad and Tobago, Haiti, The Bahamas, and Jamaica were the leading sources of imports, accounting for 95.2 percent of U.S. merchandise imports under CBERA in 2010.

- Imports of energy products under CBERA were valued at $2.2 billion in 2010; light crude oil and methanol accounted for 96.4 percent of such imports. Trinidad and

Tobago was the principal source of imports of energy products under CBERA, accounting for 97.5 percent of these imports.

- Imports of raw cane sugar, fresh or chilled yams, tuna loins, and fresh papayas accounted for 42.3 percent of all U.S. imports of agriculture products under CBERA in 2010. Jamaica, Belize, and Panama were the principal sources of imports of agricultural products under CBERA, accounting for 78.4 percent of these imports.

- U.S. merchandise exports to CBERA beneficiaries totaled $18.5 billion in 2010, a 27.6 percent increase from $14.5 billion in 2009. Panama, The Bahamas, and the Netherlands Antilles were the main CBERA-country markets for the United States in 2010. Energy products accounted for 36.2 percent of U.S. exports to the region, agricultural products 11.8 percent, textiles and apparel products 1.0 percent, and other mining and manufacturing products 41.2 percent. U.S. exports of textiles and apparel products to CBERA countries, mostly fabric and other inputs for producing apparel, have declined sharply in recent years. These exports fell because the countries that were once the largest apparel-producing CBERA countries, which use U.S. fabric and other U.S. apparel inputs, have moved to CAFTA-DR.

FREQUENTLY USED ABBREVIATIONS AND ACRONYMS

ATPA	Andean Trade Preference Act
BEA	Bureau of Economic Analysis, U.S. Department of Commerce
CAFTA-DR	Dominican Republic-Central America-United States Free Trade Agreement
CARICOM	Caribbean Community
CBERA	Caribbean Basin Economic Recovery Act
CBI	Caribbean Basin Initiative
CBTPA	Caribbean Basin Trade Partnership Act
c.i.f.	Cost, insurance and freight—value of goods delivered to the port of destination
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
EIA	U.S. Energy Information Agency
EIU	Economist Intelligence Unit
EU	European Union
FDI	foreign direct investment
FTA	free trade agreement
FTAA	Free Trade Area of the Americas
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GSP	Generalized System of Preferences
HELP Act	Haiti Economic Lift Program Act of 2010
HOPE Acts	HOPE I *and* HOPE II (see below)
HOPE I	Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006
HOPE II	Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008
HS	Harmonized System (global tariff schedule)
HTS	Harmonized Tariff Schedule (of the United States)
IADB	Inter-American Development Bank
IMF	International Monetary Fund
IPR	intellectual property rights
ITA	International Trade Administration, U.S. Department of Commere
LNG	liquefied natural gas
MFN	most-favored-nation
NAFTA	North American Free Trade Agreement
n.e.s.o.i.	not elsewhere specified or included
NTR	normal trade relations (same as MFN)
OTEXA	Office of Textiles and Apparel, U.S. Department of Commerce
SMEs	square meter equivalents
TRQ	tariff-rate quota
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
USITC	United States International Trade Commission
USTR	United States Trade Representative
WTO	World Trade Organization

DEFINITIONS OF FREQUENTLY USED TERMS

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

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

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

Original CBERA: The non-expiring provisions of CBERA.

CBERA beneficiary countries (or CBERA countries): Countries designated by the President as eligible for CBERA benefits. There were 18 CBERA beneficiary countries as of January 1, 2009: Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, the British Virgin Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, the Netherlands Antilles,[1] Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. See also the definition “former CBERA countries” below.

Former CBERA countries: Countries that were no longer eligible for CBERA benefits as of January 1, 2009, or earlier, because they had entered into a free trade agreement (CAFTA-DR) with the United States. Six Caribbean Basin countries stopped being CBERA beneficiary countries once their CAFTA-DR agreement entered into force. Those countries (and date of entry into force of CAFTA-DR) were El Salvador (March 1, 2006); Honduras and Nicaragua (April 1, 2006); Guatemala (July 1, 2006); the Dominican Republic (March 1, 2007); and Costa Rica (January 1, 2009).

CBTPA beneficiary countries (or CBTPA countries): CBERA countries designated by the President as eligible for CBTPA benefits, and found by USTR to satisfy customs-related requirements established in the CBTPA. In 2010, those countries were Barbados, Belize, Guyana, Haiti, Jamaica, Panama, St. Lucia, and Trinidad and Tobago. CBTPA benefits are currently scheduled to expire on September 30, 2020.

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

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

[1] The Netherlands Antilles, a semi-autonomous territory of the Netherlands comprising the islands of Curaçao, Sint Maartin (the Dutch part of the island of St. Martin), Bonaire, Saba, and Sint Eustatius, was dissolved on October 10, 2010. As of that date, Curaçao and Sint Maarten became autonomous territories of the Netherlands, and Bonaire, Saba, and St. Eustatius were placed under the direct administration of the Netherlands. Trade data were reported under the Netherlands Antilles through April 2011, after which breakouts for Curaçao and Sint Maarten were put in place. U.S. Department of State, “Background Note: Netherlands Antilles,” October 10, 2010; U.S. Census Bureau, Bureau of Economic Analysis. “News: U.S. International Trade in Goods and Services,” July 12, 2011. The successor states of the Netherlands Antilles have requested to receive benefits under the Caribbean Basin Economic Recovery Act. The United States is reviewing their request.

CHAPTER 1
Introduction

The Caribbean Basin Economic Recovery Act (CBERA)[1] was enacted in 1983 as part of the Caribbean Basin Initiative (CBI) to encourage economic growth and development in the Caribbean Basin countries by promoting increased production and exports of nontraditional products.[2] CBERA authorizes the President to proclaim preferential rates of duty on most products entering the United States from the region. The U.S. International Trade Commission (USITC or "the Commission") has issued reports on the impact of CBERA preferences on the U.S. economy since 1986.

This report fulfills the statutory requirement under CBERA that the Commission report biennially on CBERA's economic impact on U.S. industries, consumers, the U.S. economy in general, and the economies of the beneficiary countries.[3] This report, the 20th in the series, covers the period 2009–10 but focuses mainly on developments in calendar year 2010. Throughout this report, the term "CBERA" refers to CBERA as amended by the United States-Caribbean Basin Trade Partnership Act (CBTPA); the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and 2008 (HOPE II) (jointly referred to as the HOPE Acts); the Haiti Economic Lift Program Act of 2010 (HELP Act); and other legislation. To identify the non-expiring provisions of CBERA, the term "original CBERA" will be used.[4] Table 1.1 summarizes the major provisions of CBERA.

The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) entered into force during 2006, 2007, and 2009 for six CBERA/CBTPA beneficiaries: El Salvador (March 1, 2006), Honduras (April 1, 2006), Nicaragua (April 1, 2006), Guatemala (July 1, 2006), the Dominican Republic (March 1, 2007), and Costa Rica (January 1, 2009). At that time they ceased to be beneficiary countries under CBERA and CBTPA.[5] Unless otherwise noted, tables in this report referring to trade with CBERA countries do not include data for these six countries after they left CBERA.

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

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

[3] The reporting requirement is set forth in section 215(a) of CBERA (19 U.S.C. 2704(a)).

[4] Preferences provided in the CBTPA and the HOPE and HELP Acts have expiration dates, as detailed below, whereas preferences provided in other parts of CBERA, including provisions related to fuel ethanol, have no expiration date.

[5] Proclamations Nos. 7987 (February 28, 2006), 7996 (March 31, 2006), 8034 (June 30, 2006), 8111 (February 28, 2007), and 8331 (December 23, 2008).

TABLE 1.1 Summary of CBERA preferential provisions, year-end 2010

History	Enacted 8/5/83, preferential duty rates made effective 1/1/84: CBERA Expanded and made permanent 8/20/90: CBEREA[a] Enhanced 5/18/00: CBTPA;[b] CBTPA extended, 5/22/08 and 5/24/10[c] Modified 8/6/02: Trade Act of 2002[d] Enhanced for Haiti: HOPE Act 12/20/06,[e] HOPE II 5/22/08,[f] HELP Act 5/24/10[g]
Benefits	Duty-free entry and reduced-duty entry granted on a non-reciprocal, non-MFN basis
Exclusions under original CBERA[h]	Most textiles/apparel, leather, canned tuna, petroleum and derivatives, certain footwear, certain watches/parts; over-TRQ agricultural goods
Duration	President originally authorized to provide duty-free treatment through 9/30/95 CBEREA: repealed termination date for duty-free treatment for original CBERA authority CBTPA: until 9/30/20[i] HOPE and HELP Acts: until 9/30/20
Beneficiaries[j]	Beneficiaries in 2010: Antigua and Barbuda, Aruba, The Bahamas, Barbados,* Belize,* British Virgin Islands, Dominica, Grenada, Guyana,* Haiti,* Jamaica,* Montserrat, Netherlands Antilles,[k] Panama,* St. Kitts and Nevis, St. Lucia,* St. Vincent and the Grenadines, and Trinidad and Tobago*
Coverage (eligible provisions)	Approximately 5,700 HTS 8-digit tariff lines
Value of imports under the program	$2.893 billion
Significance in terms of U.S. trade:	
U.S. imports from the region as a share of total U.S. imports	0.5%
U.S. imports from beneficiaries that receive program preferences, as a share of total U.S. imports from beneficiary countries	28.6%

Source: Commission compilation.

[a]Caribbean Basin Economic Recovery Expansion Act of 1990.
[b]Caribbean Basin Trade Partnership Act, title II of the Trade and Development Act of 2000, effective October 2000. The measure gives certain preferential treatment to goods originally excluded from CBERA preferences.
[c]Pub. L. 110-234, § 15408, and Pub. L. 111-171, § 3.
[d]Pub. L. 107-210, § 3107.
[e]HOPE Act of 2006 (Pub. L. 109-432, § 5001 et seq.).
[f]HOPE Act of 2008 (Pub. L. 110-234, § 15401 et seq.).
[g]HELP Act of 2010 (Pub. L. 111-171).
[h]The CBTPA provides for the application of Mexico's NAFTA rates, where goods from CBTPA countries meet NAFTA rule-of-origin criteria, for most goods excluded from CBERA except for agricultural and textile/apparel products. Certain apparel and textile luggage made from U.S. inputs are eligible for duty-free entry. (See subchapter XX (20) of chapter 98 of the Harmonized Tariff Schedule (HTS). No other CBTPA benefits apply to excluded agricultural and textile/apparel products; that is, NAFTA parity is not accorded.)
[i]The CBTPA benefits expire on either September 30, 2020, or the date on which the Free Trade Area of the Americas or comparable agreement enters into force, whichever is earlier. When an FTA such as CAFTA-DR enters into effect for a country, that country loses its status as a CBTPA or CBERA beneficiary country, although for specific purposes they are given special status as former beneficiaries.
[j]An asterisk (*) indicates CBTPA beneficiary countries.
[k]The Netherlands Antilles was formally dissolved as a Dutch political entity on October 10, 2010. See the section on beneficiaries for more detail.

Organization of the Report

Chapter 1 summarizes the CBERA program, including amendments to the original CBERA by CBTPA, the Trade Act of 2002, the HOPE Acts of 2006 and 2008, and the HELP Act of 2010; briefly describes current and prospective Free Trade Agreements (FTAs) with former and present CBERA beneficiaries; and describes the analytical approach used in the report. Chapter 2 analyzes U.S. trade with CBERA beneficiaries through 2010. Chapter 3 assesses the impact of CBERA in 2010 on the U.S. economy generally, as well as on U.S. industries and consumers. Chapter 3 also examines the probable future effects of CBERA. Chapter 4 assesses the impact of CBERA on the economies of the beneficiary countries.

Appendix A reproduces the *Federal Register* notice by which the Commission solicited public comment on the CBERA program. Appendix B contains a summary of the positions of the interested parties who submitted written statements. Appendix C explains the economic model used to derive certain of the findings presented in chapter 3. Appendix D includes tables presenting the data underlying some of the analysis of trade trends in chapter 2. Appendix E contains a listing of leading U.S. imports benefiting exclusively from CBERA in 2009.

Summary of the CBERA Program

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

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

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

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

[8] Among other things, the 1990 act reduced duties on certain products previously excluded from such treatment. For a comprehensive description of the 1990 act, see USITC, *The Impact of CBERA: Sixth Report*, 1991, 1-1 to 1-5.

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

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

for Haiti. In May 2010, the HELP Act of 2010 extended the expiration date of the HOPE Acts from September 30, 2018, to September 30, 2020; extended the expiration date of CBTPA from September 30, 2010; to September 30, 2020, and further expanded benefits for Haiti.

An issue in the past has been operating CBERA without a waiver of U.S. obligations under Article I (nondiscrimination) of the General Agreement on Tariffs and Trade (GATT) from the World Trade Organization (WTO). For almost three and a half years, the United States operated CBERA without a waiver of these obligations after a previous waiver expired at the end of 2005. A renewal of the waiver was granted on May 27, 2009, effective through December 31, 2014.[11]

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

Beneficiaries

Eligible imports from 18 countries (collectively referred to in this report as "CBERA beneficiary countries" or "CBERA countries"[12]) received CBERA tariff preferences during 2010.[13] Four other countries—Anguilla, Cayman Islands, Suriname, and Turks and Caicos Islands—are potentially eligible for CBERA benefits. Suriname requested CBERA beneficiary status in December 2009, but a final determination has not yet been made.[14] Anguilla, Cayman Islands, and Turks and Caicos Islands have not requested that status.[15] The President can terminate beneficiary status or suspend or limit a country's CBERA benefits at any time as explained below.[16]

Eligibility for CBERA benefits is conditional: CBERA countries are required to afford internationally recognized worker rights under the definition used in the GSP program[17] and to provide effective protection of intellectual property rights (IPR), including copyrights for film and television material. The President may waive either condition if the President determines, and so reports to Congress, that designating a particular country

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[11] Decision of the WTO General Council of May 27, 2009 (WT/L/753).

[12] For additional information, see the list of Acronyms and Abbreviations in the front of this report.

[13] Those were Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, the Netherlands Antilles, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. See Harmonized Tariff Schedule (HTS) general note 7. El Salvador, Honduras, Nicaragua, and Guatemala moved from CBERA to CAFTA-DR during 2006, as did the Dominican Republic in 2007 and Costa Rica in 2009. Dates of the moves are given in the text. CAFTA-DR provisions are set out in HTS general note 29.

"The Netherlands Antilles dissolved on October 10, 2010. Curaçao and Sint Maarten (the Dutch two-fifths of the island of Saint Martin) became autonomous territories of the Kingdom of the Netherlands. Bonaire, Saba, and Sint Eustatius now fall under the direct administration of the Netherlands." U.S. Dept. of State, "Background Note: Netherlands Antilles," October 10, 2010. Trade data was reported under the Netherlands Antilles through April 2011, after which breakouts for Curaçao and Sint Maarten were put in place. U.S. Census Bureau, Bureau of Economic Analysis. "News: U.S. International Trade in Goods and Services, May 2011," CB11-125, BEA11-35, FT-900 (11-95) July 12, 2011. The successor states of the Netherlands Antilles have requested to receive benefits under the CBERA. The United States is reviewing their request.

[14] 75 Fed. Reg. 17198 (April 5, 2010).

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

[16] 19 U.S.C. 2702(e).

[17] 19 U.S.C. 2462.

as a beneficiary would be in the economic or security interest of the United States.[18] To date, the United States has withdrawn CBERA benefits from only one country on the basis of either type of violation, and benefits were subsequently restored.[19]

CBERA countries must be separately designated by the President for the enhanced benefits of CBTPA—they are not automatically eligible for CBTPA preferences. Eight CBERA countries were eligible for CBTPA preferences in 2010.[20] In considering a country's eligibility for preferences, the President is required by CBTPA to take into account certain criteria in addition to those normally required for CBERA eligibility. The CBTPA criteria include the extent to which the country has carried out its WTO commitments, participated in the Free Trade Area of the Americas (FTAA) negotiation process, protected IPR, provided internationally recognized workers' rights, implemented its commitments to eliminate the worst forms of child labor, cooperated with the United States on counternarcotics initiatives, implemented an international anticorruption convention, and applied transparent, nondiscriminatory, and competitive procedures in government procurement.[21]

Trade Benefits under CBERA

CBERA provides duty-free or reduced-duty treatment to qualifying imports from designated beneficiary countries.[22] For some products, duty-free entry under CBERA is subject to statutory conditions in addition to normal program rules. In addition to these basic preference-eligibility rules, certain conditions apply to CBERA duty-free entries of sugar, beef,[23] and ethyl alcohol.[24] Imports of sugar and beef, like those of some other agricultural products, remain subject to any applicable and generally imposed U.S. tariff-

[18] 19 U.S.C. 2702(b).

[19] Benefits were withdrawn on a limited number of products from Honduras based on IPR violations. See USTR, "USTR Barshefsky Announces Action to Address Honduran Failure to Protect Intellectual Property Rights," Nov. 4, 1997; 63 Fed. Reg. 16607–16608 (April 3, 1998); USTR, "Trade Preferences for Honduras Suspended," press release 98-36, Mar. 30, 1998; USTR, "Trade Preferences for Honduras Restored," July 1, 1998; and 63 Fed. Reg. 35633–35634 (June 30, 1998).

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

[21] 19 U.S.C. 2703(b)(5)(B).

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

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

[24] Ethyl alcohol produced from agricultural feedstock grown in a CBERA country is admitted free of duty; however, preferential treatment for ethyl alcohol dehydrated from non-CBERA agricultural feedstock is restricted to 60 million gallons or 7 percent of the U.S. domestic ethanol market, whichever is greater. An additional 35 million gallons can enter free of duty if it contains at least 30 percent ethyl alcohol produced from local feedstock, and an unlimited amount can enter free of duty if it contains at least 50 percent ethyl alcohol produced from local feedstock. See 19 U.S.C. 2703(a)(1) and section 423 of the Tax Reform Act of 1986, as amended by section 7 of the Steel Trade Liberalization Program Implementation Act of 1989 (19 U.S.C. 2703 nt; Pub. L. 99-514, as amended by Pub. L. 101-221). CAFTA-DR countries are counted as CBERA countries in determining the quantity of non-local-feedstock ethanol they can export to the United States free of duty. El Salvador and Costa Rica have preferential access levels that are subtracted from the total to determine what can be imported from other CBERA/CAFTA-DR countries. See U.S. note 3, subchapter I of chapter 99 of the HTS.

rate quotas (TRQs) and food-safety requirements.[25] Under the original CBERA, certain leather handbags, luggage, flat goods (such as wallets and portfolios), work gloves, and leather wearing apparel were eligible to enter at reduced rates of duty.[26] Not eligible for any preferential duty treatment under the original CBERA were cotton, wool, and man-made fiber textiles and apparel; certain footwear; canned tuna; petroleum and petroleum derivatives; and certain watches and parts.[27]

The CBTPA amended CBERA to authorize duty-free treatment during a transitional period described in the section on CBTPA for some products previously ineligible for CBERA preferences, most notably certain apparel. It also authorized treatment equivalent to that given Mexico under NAFTA for other products previously ineligible for duty-free treatment, including certain footwear; canned tuna; the above-mentioned handbags, luggage, flat goods, work gloves, and leather wearing apparel; petroleum and petroleum derivatives; and certain watches and watch parts.[28] Roughly 5,700 8-digit tariff lines or products are now covered by CBERA trade preferences, of which about 387 were added by CBTPA. The products that continue to be excluded by statute from receiving preferential treatment are textile and apparel articles not otherwise eligible for preferential treatment under CBTPA, certain footwear, and above-quota imports of certain agricultural products subject to TRQs.

Qualifying Rules

CBERA generally provides that eligible products must either be wholly grown, produced, or manufactured in a designated CBERA country or be "new or different" articles made from substantially transformed non-CBERA inputs in order to receive duty-free entry into the United States.[29] The cost or value of the local (CBERA region) materials, plus the direct cost of processing in one or more CBERA countries, must total at least 35 percent of the appraised customs value of the product at the time of entry. These rules of origin allow goods incorporating value from multiple CBERA countries to meet the requirement for "local-value-content" on an aggregated basis.[30] Also, inputs from Puerto

[25] These U.S. measures include TRQs on imports of sugar and beef, established pursuant to sections 401 and 404 of the Uruguay Round Agreements Act (URAA). These provisions replaced absolute quotas on imports of certain agricultural products imported under section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624), the Meat Import Act of 1979 (Pub. L. 88-482), and other authority. The URAA also amended CBERA by excluding from duty preferences any imports from beneficiary countries in quantities exceeding the new TRQs' global trigger levels or individual country allocations, i.e., within-quota imports qualify for duty-free treatment. Imports of agricultural products from beneficiary countries remain subject to sanitary and phytosanitary restrictions, such as those administered by the U.S. Animal and Plant Health Inspection Service.

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

[27] See 19 U.S.C. 2703(b)(1). For discussions of products originally excluded from CBERA and subsequent modifications to the list of excluded products, see USITC, *The Impact of CBERA: Ninth Report*, 1994, 2-9; and USITC, *The Impact of CBERA: 10th Report*, 1995, 3-4.

[28] 19 U.S.C. 2703(b)(3).

[29] Certain products do not qualify. These include products that undergo simple combining or packaging operations, dilution with water, or dilution with another substance that does not materially alter the characteristics of the article. See 19 U.S.C. 2703(a)(2). However, articles, other than textiles and apparel or petroleum and petroleum products, that are assembled or processed in CBERA countries wholly from U.S. components or materials also are eligible for duty-free entry under note 2 to subchapter II, chapter 98, of the HTS. Articles produced through operations such as enameling, simple assembly or finishing, and certain repairs or alterations may qualify for CBERA duty-free entry under changes made in 1990. For a more detailed discussion, see USITC, *The Impact of CBERA: Seventh Report*, 1992, 1-4.

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

Rico, the U.S. Virgin Islands, and former CBERA countries[31] may count in full toward the value threshold. As an advantage over the GSP program's 35 percent requirements, the CBERA local value content requirement can also be met when the CBERA content is 20 percent of the customs value and the remaining 15 percent is attributable to U.S.-made (excluding Puerto Rican) materials or components.[32] To encourage production sharing between Puerto Rico and CBERA countries, CBERA allows duty-free entry for articles produced in Puerto Rico that are "by any means advanced in value or improved in condition" in a CBERA country.[33]

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

CBERA and GSP

All CBERA countries except Aruba, The Bahamas, the Netherlands Antilles,[34] Antigua and Barbuda, Barbados, and Trinidad and Tobago are also GSP beneficiary countries.[35] CBERA and GSP are similar in many ways, and many products may enter the United States free of duty under either program at the choice of the importer.[36] Both programs offer increased access to the U.S. market. Like CBERA, GSP requires that eligible imports (1) be imported directly from beneficiaries into the customs territory of the United States, (2) meet the substantial transformation requirement for any foreign inputs,[37] and (3) contain a minimum of 35 percent local value content.

However, the programs differ in several ways that make U.S. importers of products from CBERA countries more likely to enter them under CBERA than under GSP. First, CBERA preferences apply to more tariff categories and products than the GSP program. CBERA extends duty-free or reduced-duty treatment to all tariff categories, except for certain categories excluded by statute (assuming that the imported good meets certain country of origin rules and other requirements). The GSP program, on the other hand, is more limited, applying only to products in tariff categories that are designated as eligible for duty-free treatment after a review process. For example, certain textile and apparel

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[31] The term "former beneficiary country" means a country that stopped being a beneficiary country under CBERA because the country became a party to an FTA with the United States. Pub. L. 109-53, § 402.

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

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

[34] The Netherlands Antilles was formally dissolved as a Dutch political entity on October 10, 2010. See the section on beneficiaries for more detail.

[35] The U.S. GSP program was established under title V of the Trade Act of 1974, Pub. L. 93-618, 88 Stat. 2066 et seq. The statute authorized the President to provide duty-free treatment to eligible articles from beneficiary developing countries for a 10-year period. The president's authority was extended for an additional 10 years under title V of the Trade and Tariff Act of 1984, Pub. L. 98-573, 98 Stat. 3018 et seq. The President's authority has expired and been renewed several times since then, as summarized later in this section. El Salvador, the Dominican Republic, Honduras, Guatemala, and Costa Rica lost GSP beneficiary status when they moved from CBERA to CAFTA-DR. See Pub. L. 109-53 § 201. Nicaragua, also a CAFTA-DR country, was not a GSP beneficiary during the time it was a CBERA beneficiary country.

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

[37] In the GSP program, a double substantial transformation standard is used. It involves transforming foreign material into a new or different product that, in turn, becomes the constituent material used to produce a second new or different article in the beneficiary country.

products are eligible for duty-free treatment under CBERA but not under GSP. Second, U.S. imports under CBERA are not subject to GSP competitive-need limits and country-income graduation requirements. Under GSP, products that achieve a specified level of market penetration in the United States (the competitive-need limit) may be excluded from GSP eligibility.[38] Products so restricted may continue to enter free of duty under CBERA. Moreover, a country may lose all of its GSP privileges once its per capita income grows beyond a specified amount,[39] but it would retain its CBERA eligibility, because there are no income limits in CBERA. Third, CBERA qualifying rules for individual products are more liberal than those of GSP. GSP requires that 35 percent of the value of the product be added in a single beneficiary country or in a specified association of eligible GSP countries,[40] whereas CBERA allows the value to come from any or all of the countries covered by CBERA (including former CBERA beneficiaries), as well as from limited U.S. content.

Fourth, the President's authority to provide duty-free and reduced-duty treatment to products covered by original CBERA is not time limited, whereas his authority to provide duty-free treatment under GSP is time limited and has in fact expired several times in recent years, with gaps between expiration and renewal of 1–15 months.[41] Most recently, duty-free entry under GSP expired on December 31, 2010,[42] and as this report went to press, had not been renewed.[43] Previous renewal legislation has permitted importers to apply for reimbursement of duties they have paid during the period between the lapse in authority and renewal. However, importers of goods from CBERA countries have always had the option of entering those goods under CBERA preferences rather than entering them under GSP in the hope of a retroactive extension of GSP benefits. As a result, there was a marked shift away from using GSP to CBERA, particularly in 1995 and 1996, and many Caribbean Basin suppliers continued to enter goods under CBERA even after GSP was reauthorized.[44]

Caribbean Basin Trade Partnership Act

The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted May 18, 2000, was a major enhancement of the CBERA program.[45] Additional modifications and clarifications were made in the Trade Act of 2002, enacted August 6, 2002.[46] CBTPA became effective on October 2, 2000, as a transitional measure through September 30, 2008, or until the entry into force of the FTAA or any comparable FTA between the United States and individual CBERA countries. As noted previously, CBTPA was extended to September 30, 2020, in May 2010.

CBTPA authorized duty-free treatment for imports of qualifying cotton, wool, and man-made fiber apparel classified in Harmonized System (HS) chapters 61 and 62 from

[38] A beneficiary developing country loses GSP benefits for an eligible product when U.S. imports of the product exceed the competitive-need limit, which is defined as either a specific annually adjusted value ($145 million in 2010) or 50 percent of the value of total U.S. imports of the product in the preceding calendar year (19 U.S.C. 2463(c)(2)).

[39] See 19 U.S.C. 2462(e). Trinidad and Tobago was graduated from GSP on January 1, 2010, because of its higher per capita income.

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

[41] See USITC, *The Impact of CBERA: 17th Report*, 2007, 1-8.

[42] Pub. L. 111-124.

[43] H.R. 2832, as amended, renewing GSP and Trade Adjustment Assistance, passed the Senate on September 22, 2011 after a previous version passed the House on September 7, 2011.

[44] See USITC, *The Impact of CBERA: 13th Report*, 1998, 22–23.

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

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

CBERA countries for the first time. Key apparel provisions are summarized in table 1.2. For the most part, these CBTPA apparel goods must be made wholly of U.S. or regional inputs and assembled in an eligible CBTPA country listed in chapter 98 of the HTS.[47] The CBTPA also extended preferential treatment to a number of other products previously excluded from CBERA, including petroleum and petroleum products, certain tuna, certain footwear, and certain watches and watch parts. The rates of duty for these are identical to those accorded to like goods of Mexico, under the same rules of origin applicable under NAFTA under HTS general note 12. CBTPA also provided duty-free treatment for textile luggage assembled from U.S. fabrics made of U.S. yarns.[48]

A substantial apparel industry developed in CBERA countries in the 1980s and 1990s, based on special U.S. production-sharing policies for CBERA countries that allowed virtually quota-free entry of apparel assembled in the region from U.S.-formed and -cut apparel components.[49] Such imports are dutiable only on the value added abroad. At their peak in 1997, apparel imports from CBERA countries accounted for 17.0 percent of U.S. imports of apparel. However, production sharing in current or former CBERA countries is no longer important because of the opportunities for duty-free entry of apparel under CBTPA, the HOPE and HELP Acts, and CAFTA-DR.[50]

HOPE and HELP Acts

Since 2006, three laws have added special provisions to CBERA to expand and enhance trade benefits for Haiti and to give Haitian apparel producers more flexibility in sourcing. In effect since March 20, 2007, the first law, the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE I),[51] established tariff provisions that differed significantly from those in the CBTPA (box 1.1). HOPE I granted duty-free treatment for a limited amount of apparel imported from Haiti if at least 50 percent of the value of inputs and/or costs of processing (e.g., assembling an entire garment or knitting it to shape) comes from Haiti, the United States, or any country that is an FTA partner with the United States or is a beneficiary of specified U.S. trade preference programs.[52] The percentage requirements for the value of inputs originating in the countries described above were then scheduled to increase in subsequent years reaching 60 percent or more through December 20, 2011.[53]

On May 22, 2008, Congress enacted another law related to Haiti, the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II).[54] HOPE II amended the special provisions for apparel and other textiles from Haiti in

[47] Barbados, Belize, Guyana, Haiti, Jamaica, Panama, Saint Lucia, and Trinidad and Tobago were eligible CBTPA beneficiary countries in 2010.

[48] See HTS 9820.11.21.

[49] See USITC, *The Impact of CBERA: 18th Report*, 2007, 1-12 to 1-13.

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

[51] Pub. L. 109-432, § 5001 et seq.

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

[53] To allow more flexibility in sourcing for Haitian apparel manufacturers, HOPE I also authorized duty-free treatment for three years for a specified quantity of woven apparel imports from Haiti made from fabrics produced anywhere in the world. It also included a single-transformation rule of origin for apparel articles entering under HTS 6212.10 (brassieres), which allows the components of these garments to be sourced from anywhere as long as the garments are both cut and sewn or otherwise assembled in Haiti. For more details see USITC. *The Impact of CBERA: 19th Report,* 2009.

[54] Pub. L. 110-234 § 15401 et seq.

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

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

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

[a]Includes articles ineligible for duty-free treatment under the 1983 CBERA (those of cotton, wool, and manmade fibers). The tariff provisions are set forth in subchapter XX of chapter 98 of the HTS.
[b]See U.S. House of Representatives, *Trade and Development Act of 2000: Conference Report to Accompany H.R. 434*, 106th Cong., 2d sess., H. Rept. 106-606, 77, which explains a provision of the African Growth and Opportunity Act (AGOA) that is substantially identical to this CBTPA provision.
[c]Since the implementation of CAFTA-DR beginning in 2006, the USITC has not provided any advice under the “commercial availability” provisions of the CBTPA. USITC staff notes that CAFTA-DR parties (treated here as “former CBTPA beneficiary countries”) accounted for around 95 percent of U.S. imports of textiles and apparel under the CBTPA.

BOX 1.1 Comparison of the rules of origin for apparel under CBTPA and the HOPE Acts of 2006 and 2008[a]

In general, apparel imported into the United States under CBTPA must be made from U.S. yarn that is made into fabric in either the United States or a beneficiary country. The approach of HOPE I is to allow inputs from beneficiary or nonbeneficiary countries, as long as a portion of the value-added content of the garment is from Haiti, the United States, or other beneficiary countries. The value-added requirement increases in subsequent years of the HOPE Acts. Both programs allow certain exceptions, as noted below. Amendments under HOPE II allow for coproduction arrangements between Haiti and the Dominican Republic and indirect shipment to the United States in addition to what is permitted under CBTPA.

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

Note: N/A=not applicable.

[a]The tariff provisions are set forth in subchapter XX of chapter 98 of the HTS.
[b]The use of U.S. thread is also required if the articles are cut and sewn or otherwise assembled in one or more CBTPA countries.
[c]As noted in the discussion of HOPE I below, the value-added requirement increases from 50 percent to 55 percent in year four of the Act, and then to 60 percent in year five of the Act. Beneficiary countries include the United States, Haiti, and any country with which the United States has an FTA or preferential trading arrangement.
[d]As long as the brassieres (as well as luggage, headwear, and certain sleepwear) are wholly assembled or knit-to-shape in Haiti.

section 213(b) of CBERA, including provisions specified by HOPE I. On September 30, 2008, President Bush issued a proclamation to implement the amended tariff treatment for apparel and textiles under HOPE II.[55] The amended tariff treatment under HOPE II was designed to address concerns raised about HOPE I, such as the limited duration of the legislation's benefits, which could deter investment, and HOPE I's complexity and ambiguity, which reportedly delayed and discouraged the use of the trade benefits.[56] HOPE II provided additional ways, under simplified rules, that Haitian apparel can qualify for duty-free treatment. It also authorized a new apparel-sector capacity building and monitoring program to benefit labor known as the Technical Assistance

[55] 73 Fed. Reg. 57475 (October 3, 2008).
[56] USITC, *Textiles and Apparel: Effects of Special Rules for Haiti*, 2008, 3-9–3-10.

Improvement and Compliance Needs Assessment and Remediation Program (TAICNAR program).[57]

The principal provisions in HOPE II relating to apparel and textile trade with Haiti are as follows:[58] (1) most apparel preferences provided for in HOPE I were extended for 10 years, until September 30, 2018; (2) the existing value-added rule [59]was retained until the original five-year expiration date, but the quantitative cap was changed to 1.25 percent of total U.S. apparel imports for the duration of the provision; (3) the cap for woven apparel in HOPE I was expanded from 50 million square meter equivalents (SMEs) to 70 million SMEs; (4) a new knit apparel cap of 70 million SMEs was created, subject to exclusions for certain men's/boys' T-shirts and sweatshirts; (5) an uncapped benefit for certain articles (brassieres, luggage, headwear, and certain sleepwear) was created for apparel wholly assembled or knit-to-shape in Haiti without regard to the source of the fabric; (6) an uncapped benefit was created for apparel wholly assembled or knit-to-shape in Haiti that meets a "3 for 1" earned import allowance (i.e., for every 3 SMEs of qualifying fabric[60] purchased for apparel production by producers in Haiti, a 1-SME credit was received that can be used in the manufacture of apparel using non-qualifying fabric; the latter may enter the United States free of duty and not be subject to quantitative limitations); (7) an uncapped benefit was created for apparel made from non-U.S. fabrics deemed to be in "short supply"; and (8) direct shipment from and co-production in the Dominican Republic was allowed.

On May 24, 2010, President Obama signed the HELP Act into law.[61] The principal aim of the HELP Act was to aid in Haiti's recovery from a major earthquake in January 2010[62] and to offer additional incentives to make it more cost-effective for U.S. companies to import apparel from Haiti.[63] The HELP legislation expanded existing programs under the HOPE Acts and established new preferences with unlimited duty-free treatment for certain knit apparel and certain home goods.[64] Expansion of the current programs became effective upon the President's signing of the legislation. However, the new preferences for knit apparel and certain home goods did not go into effect until

[57] See § 15403 of HOPE II.

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

[59] Fifty percent of the value of the finished product must be of U.S., Haitian, FTA, or preference program origin in years one through three and so forth as previously explained.

[60] Fabric qualifies if it is from the United States or from U.S. FTA partners or certain trade preference program beneficiary countries. These countries include FTA beneficiary countries, including Australia, Bahrain, CAFTA-DR and NAFTA countries, Oman, Peru, and Singapore; AGOA countries; ATPDEA countries; and CBTPA countries.

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

[62] Sandler, Travis, & Rosenberg, "Apparel Sector Expected to Play a Critical Role," *ST&R-TAP™ Advisor – Latest U.S. News*, January 28, 2010.

[63] The White House, "The United States Government's Haiti Earthquake Response," June 25, 2010. In February 2010, during a visit to the MAGIC marketplace textile and apparel trade event in Las Vegas, USTR Ron Kirk announced a "Plus One for Haiti Program." The initiative is designed to help post-earthquake recovery efforts in Haiti by encouraging U.S. brands and retailers to work toward sourcing 1 percent of their total apparel production from Haiti. The impact of the program to date reportedly has been limited because of additional administrative costs for U.S. apparel companies and because Haiti lacks the infrastructure needed to increase manufacturing output to meet such a goal. USTR, "USTR Announces Plus One for Haiti Program," February 10, 2010. U.S. apparel industry representative, e-mail message to USITC staff, February 16, 2011, and U.S. apparel industry representative, interview with USITC staff, March 2, 2011.

[64] USDOC, OTEXA, e-mail message to USITC staff, February 16, 2011.

November 1, 2010;[65] no U.S. imports had entered under two new classifications established by the HELP Act as of year-end 2010.[66]

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

U.S. FTA with Central America and the Dominican Republic

The United States completed negotiations for an FTA with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic during 2004.[67] President Bush signed legislation implementing the Dominican Republic-Central America-United States FTA (CAFTA-DR) on August 2, 2005.[68] CAFTA-DR entered into force for El Salvador, Honduras, Nicaragua, and Guatemala during 2006, the Dominican Republic in 2007, and Costa Rica in 2009; as mentioned earlier, under section 201 of the CAFTA-DR implementing legislation, these countries ceased to be CBERA beneficiaries. CAFTA-DR provides market access that is the same as or better than the access provided under CBERA.[69] It offers reciprocal access for U.S. products and services and is not subject to periodic renewal.[70] CAFTA-DR also provides for significant and permanent enhancements of product eligibility relative to CBTPA as it relates to textiles and apparel.

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

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

[67] The United States completed FTA negotiations with El Salvador, Guatemala, Honduras, and Nicaragua on December 17, 2003; with Costa Rica on January 25, 2004; and with the Dominican Republic on March 15, 2004. The U.S. FTA with the five Central American countries was signed on May 28, 2004, and the FTA with the Dominican Republic was signed on August 5, 2004, integrating that country into the FTA with the Central American countries. USTR, "U.S., Central American Nations to Sign Free Trade Agreement," May 13, 2004; USTR, "United States and Central America," May 28, 2004; and USTR, "CAFTA Policy Brief," February 2005. The Commission also issued a report in accordance with section 2104(f) of the Trade Act of 2002. USITC, *U.S- Central America-Dominican Republic Free Trade Agreement*, 2004.

[68] Pub. L. 109-53 (119 Stat. 462) (August 2, 2005).

[69] USTR, "Bilateral and Regional Negotiations," *2005 Trade Policy Agenda and 2004 Annual Report*, 172.

[70] USTR, "CAFTA Facts–CAFTA Benefits the American Family," May 2005.

U.S.-Panama FTA

The United States and Panama completed negotiations on an FTA on December 19, 2006, with the understanding that discussions would continue regarding labor provisions. The agreement was signed on June 28, 2007, and is awaiting U.S. Congressional approval.[71]

Analytical Approach

The core of the original CBERA is the duty-free treatment importers can claim when entering qualifying products of designated beneficiary countries (where goods are not specifically excluded from the program). Most products became eligible for duty-free treatment at the time countries were designated as beneficiaries.[72] Direct effects of such a one-time duty elimination can be expected to consist primarily of increased U.S. imports from beneficiary countries resulting from trade and resource diversion to take advantage of lower duties in the U.S. market. Specifically, diversions will include (1) a diversion of U.S. imports from non-beneficiary to beneficiary countries; (2) a diversion of beneficiary-country production away from domestic sales and non-U.S. foreign markets; and (3) a diversion of variable resources (such as labor and materials) away from production for domestic and non-U.S. foreign markets. In general, these direct effects are likely to occur within a short time (probably a year or two) after the duty elimination. It is therefore likely that these effects have been fully realized for the original CBERA program, which has been in effect since 1984, as well as for most provisions of CBTPA, implemented in October 2000, and for the minor changes added by the 2002 Trade Act. The direct, short-term effects of the duty-free treatment for canned tuna and footwear under CBTPA, which became effective at the beginning of 2008, may have been ongoing during 2009 and 2010.

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

The effects of CBERA on the U.S. economy, industries, and consumers are assessed through an analysis of (1) imports entered under each program and trends in U.S. consumption of those imports; (2) estimates of gains to U.S. consumers, losses to the U.S. Treasury resulting from reduced tariff revenues, and potential displacement in U.S. industries competing with the leading U.S. imports that benefited exclusively from the CBERA program in 2010,[73] as well as gains to U.S. industries that supply inputs to CBERA-country producers; and (3) an examination of trends in production and other

[71] Panama approved the agreement on July 11, 2007. USTR, "Panama TPA," (accessed August 11, 2011).

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

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

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

As in previous reports in this series, the effects of CBERA are analyzed by estimating the differences in benefits to U.S. consumers, U.S. tariff revenues, and U.S. industry production that would likely have occurred if the tariffs had been in place for beneficiary countries in 2010. Actual 2010 market conditions are compared with a hypothetical case in which NTR duties were imposed for the year. The effects of CBERA duty reductions for 2010 are estimated by using a standard economic approach for measuring the impact of a change in the prices of one or more goods. Specifically, a partial-equilibrium model is used to estimate gains to consumers, losses in tariff revenues, and industry displacement or gains.[74] Previous analyses in this series have shown that since CBERA has been in effect, U.S. consumers have benefited from lower prices and higher consumption, competing U.S. producers have had lower sales, and tariff revenues to the U.S. Treasury have been lower.

Generally, the net welfare effect is measured by adding three components: (1) the change in consumer surplus, (2) the change in tariff revenues to the U.S. Treasury resulting from the CBERA duty reduction, and (3) the change in producer surplus.[75] The model used in this analysis assumes that the supply of U.S. domestic production is perfectly elastic; that is, U.S. domestic prices do not fall in response to CBERA duty reductions. Decreases in U.S. producer surplus are therefore not captured in this analysis. The effects of CBERA duty reductions on most U.S. industries are expected to be small.

The analysis reports ranges of estimates for potential net welfare and industry displacement, which reflect a range of assumed substitutabilities between CBERA products and competing U.S. output. The upper estimates reflect the assumption of high substitution elasticities.[76] The lower estimates reflect the assumption of low substitution elasticities. Upper estimates are used to identify items that could be most affected by CBERA.

The analysis was conducted on the 20 leading product categories that benefited exclusively from CBERA tariff preferences in 2010 (see chapter 3).[77] Estimates of welfare and potential U.S. industry displacement and/or gains were made. Further analysis was done on industries for which the upper estimate of displacement was more

[74] A more detailed explanation of the approach can be found in appendix C.

[75] Consumer surplus is a dollar measure of the total net gain to U.S. consumers from lower prices. It is defined as the difference between the total value consumers receive from the consumption of a particular good and the total amount they pay for the good.

Producer surplus is a dollar measure of the total net loss to competing U.S. producers from increased competition with imports. It is defined as the return to entrepreneurs and owners of capital above what they would have earned in their next-best opportunities. See Walter Nicholson, *Microeconomic Theory*, 1989, for further discussion of consumer and producer surplus.

The welfare effects do not include short-run adjustment costs to the economy from reallocating resources among different industries.

[76] Commission industry analysts provided evaluations of the substitutability of CBERA products and competing U.S. products, which were translated into a range of substitution elasticities: 3 to 5 for high substitutability, 2 to 4 for medium, and 1 to 3 for low. Although there is no theoretical upper limit to elasticities of substitution, a substitution elasticity of 5 is consistent with the upper range of estimates in the economics literature. Estimates in the literature tend to be predominantly lower. See, for example, Shiells, Stern, and Deardorff, "Estimates of the Elasticities of Substitution," 1986, 497–519; Gallaway, McDaniel, and Rivera, "Short-Run and Long-Run Estimates of U.S. Armington Elasticities," 2003, 49–68.

[77] Commission industry analysts provided estimates of U.S. production and exports for the 20 leading items that benefited exclusively from CBERA, as well as evaluations of the substitutability of CBERA-exclusive imports and competing U.S. products.

than 5 percent of the value of U.S. production, the threshold traditionally used in this series for selecting industries for further analysis. One U.S. industry—methanol—met that criterion in 2010.

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

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

Data Sources

General economic and trade data come from official statistics of the U.S. Department of Commerce and from relevant information developed by country/regional and industry analysts of the Commission. Other primary sources of information include U.S. embassies in the CBERA countries and reports by other U.S. government departments and offices, including the U.S. Department of Commerce and the U.S. Department of State; reports by international nongovernmental organizations, including the Inter-American Development Bank, the International Monetary Fund, the Organization of American States, the United Nations (UN), the UN Economic Commission for Latin America and the Caribbean (ECLAC), and the World Bank; official government sources of the CBERA countries; and other published sources of information on CBERA-related investment, production, and exports. The report also incorporates written public comments received in response to the Commission's *Federal Register* notice regarding the investigation.[78]

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

CHAPTER 2
U.S. Trade with the CBERA Countries

This chapter covers trade with the countries that were designated CBERA beneficiary countries (CBERA countries) for all or part of 2006–10. Its principal purpose is to examine imports that entered under CBERA preferential tariff provisions (under CBERA) during 2009 and 2010, the two-year period since the previous report. The analysis concentrates primarily on 2010, although trends or changes with respect to other years are highlighted when appropriate.

Key Findings

The value of total U.S. imports from CBERA beneficiary countries (that is, both imports under CBERA and all other imports) fell to $9.4 billion in 2009 from $19.5 billion in 2008 and then rose to $10.1 billion in 2010. Costa Rica's loss of beneficiary-country status in 2009 accounted for $3.9 billion of the $10.1 drop from 2008 to 2009. The value of total U.S. imports from the 18 current CBERA beneficiaries (i.e., not counting Costa Rica) decreased $6.1 billion from 2008 to 2009, mainly due to decreases in the value of imports of petroleum and natural gas and their derivatives from Trinidad and Tobago, the Netherlands Antilles, and Aruba. In addition, the departure of Costa Rica from CBERA reduced imports of agricultural products under CBERA 83.9 percent, from $866.1 million in 2008 to $139.4 million in 2010.

Imports under CBERA alone amounted to $2.9 billion in 2010, compared to $4.7 billion in 2008 (when Costa Rica was still a CBERA beneficiary) and $2.4 billion in 2009. Energy products, supplied mainly by Trinidad and Tobago, accounted for 76.4 percent of imports under CBERA in 2010, compared to 58.6 percent in 2008. Trinidad and Tobago was the source of 97 percent of energy product imports under CBERA in 2010. Textiles and apparel, supplied mainly by Haiti, accounted for 12.4 percent of imports under CBERA in 2010, compared to 12.9 percent in 2008. Agricultural products accounted for 5.4 percent of imports under CBERA in 2010, down from 18.3 percent in 2008.

Approach

The approach used by the Commission in this chapter typically compares trade with CBERA beneficiary countries during the most recent year (2010) to trade in previous years. Because CAFTA-DR entered into force for Costa Rica on January 1, 2009, this chapter compares trade in 2008 (when there were 19 CBERA countries) with trade in 2010 (when there were 18 CBERA countries) to highlight the extent to which the nature of trade with CBERA countries has changed now that Costa Rica has joined CAFTA-DR and it is no longer a CBERA beneficiary. The chapter will also compare trade with the 18 current CBERA beneficiaries in 2008 with 2009 and 2010 to highlight changes in trade values not related to the departure of Costa Rica from CBERA. Trade data for the CAFTA-DR countries ("former CBERA countries") are included in this chapter and appear in the tables and figures, but only for the period when these countries were eligible for CBERA benefits before CAFTA-DR entered into force.[1]

Trade with CBERA Countries

Total U.S. trade (exports plus imports) with CBERA countries as a percentage of U.S. trade with the world was about 1 percent in 2009 and 2010, compared to 1.3 percent in 2008. In 2010, CBERA countries accounted for 1.7 percent of total U.S. exports and 0.5 percent of total U.S. imports (table 2.1 and figure 2.1). Compared to 2009, total U.S. trade with CBERA countries increased 19.7 percent, to $28.6 billion in 2010, but was still about 33.5 percent less than in 2008. The United States had a merchandise trade surplus with CBERA countries of $8.4 billion in 2010, an increase of $3.3 billion from the surplus in 2009.

In 2010, 42.5 percent of total trade (exports plus imports) with CBERA countries was in energy products,[2] while energy products accounted for 22.9 percent of U.S. total trade with the rest of the world. These figures reflect the high relative importance of energy products in trade between the United States and CBERA countries.

Total U.S. Imports

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

The value of total U.S. imports from CBERA[3] countries fell significantly in 2009 before increasing modestly in 2010. The large drop in 2009 can be mostly attributed to the exit of Costa Rica from CBERA; the U.S. recession and its effects on the demand for imports and on commodity prices; and the initial closure of an oil refinery in Aruba. The recovery of imports from CBERA countries in 2010 was strong for most countries and sectors as the U.S. recovery led to higher demand for imports, and most commodity prices rebounded. However, lower prices for and quantities of liquefied natural gas (LNG) from Trinidad and Tobago and the continued shutdown of the oil refinery in Aruba were largely responsible for the fact that the rate of increase in the value of total imports from CBERA countries significantly lagged the rate of increase in the value of U.S. imports from all countries.

U.S. imports from CBERA countries fell $10.1 billion from 2008 to 2009 (see table 2.2). The exit of Costa Rica from CBERA accounted for $3.9 billion of the decrease, while imports from the current CBERA beneficiaries fell $6.1 billion, a decrease of nearly 40 percent. The value of total U.S. imports from CBERA countries was $9.4 billion in 2009 and $10.1 billion in 2010, compared to $19.5 billion in 2008.

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[1] See the “Definitions of Frequently Used Terms” at the beginning of this report for the conventions used to describe CBERA country composition during 2006–08. CAFTA-DR is discussed in chap. 1 of this report.

[2] The share would be even higher if natural gas derivatives such as anhydrous ammonia and urea were counted as energy products.

[3] Total imports from CBERA countries include both preferential and non-preferential imports.

TABLE 2.1 U.S. trade with CBERA countries, 2006–10

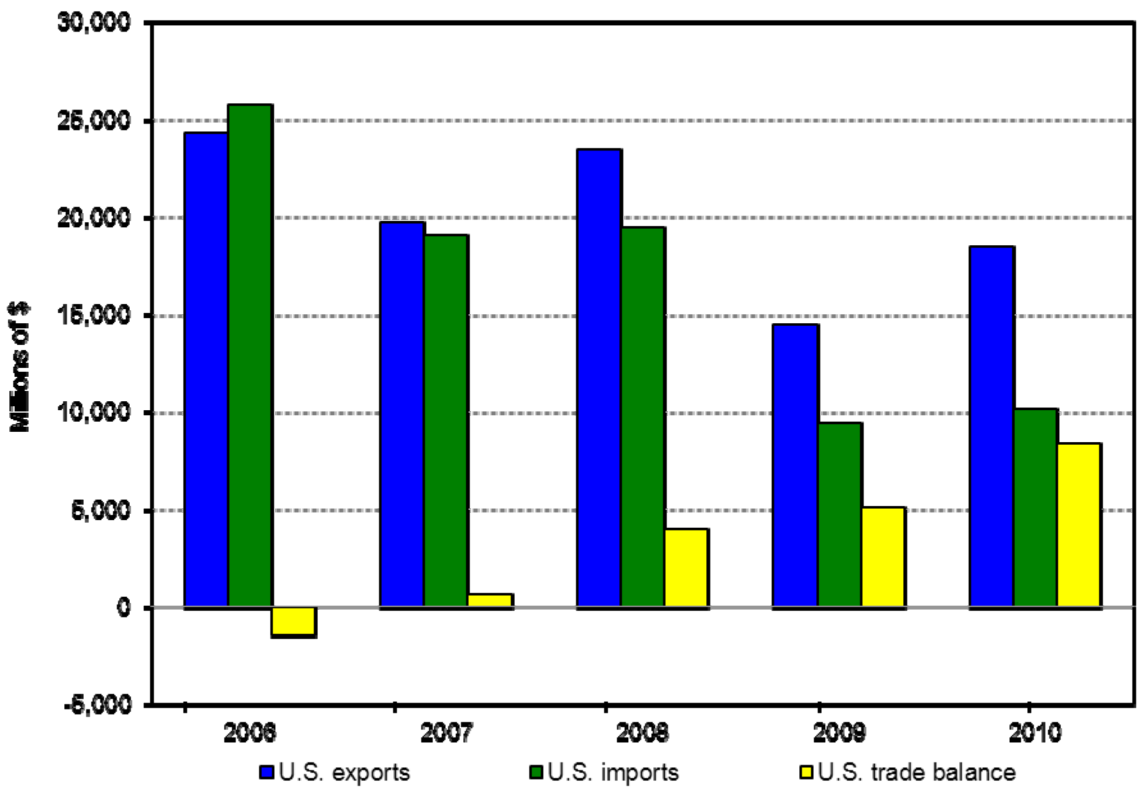
Year	U.S. exports[a]	Share of U.S. exports to the world	U.S. imports[b]	Share of U.S. imports from the world	U.S. trade balance
	Millions of $	Percent	Millions of $	Percent	Millions of $
2006	24,292.9	2.7	25,755.2	1.4	–1,462.4
2007	19,724.4	1.9	19,058.2	1.0	666.1
2008	23,496.7	2.0	19,485.5	0.9	4,011.2
2009	14,482.9	1.6	9,414.0	0.6	5,068.9
2010	18,482.9	1.7	10,120.9	0.5	8,361.9

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

Note: CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras and Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; for the Dominican Republic on March 1, 2007; and for Costa Rica on January 1, 2009. Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits.

[a]Domestic exports, f.a.s. basis.
[b]Imports for consumption, customs value.

FIGURE 2.1 U.S. trade with CBERA countries, 2006–10



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

TABLE 2.2 U.S. imports for consumption from select CBERA countries, by sources, 2006–10

Source	2006	2007	2008	2009	2010	Change 2009–10
	Millions of $					Percent
Current CBERA beneficiaries[a]						
Trinidad and Tobago	8,398.5	8,764.2	8,996.4	5,174.2	6,577.1	27.1
Netherlands Antilles	1,100.6	710.7	787.7	491.3	1,030.8	109.8
Bahamas	435.7	394.4	595.7	738.3	691.3	–6.4
Haiti	496.1	487.6	449.7	551.9	550.8	–0.2
Panama	337.6	361.4	373.7	296.0	376.1	27.0
Jamaica	470.9	685.4	704.2	454.0	306.9	–32.4
Guyana	125.0	122.9	145.8	168.6	302.2	79.2
Belize	146.4	86.7	157.1	106.8	120.4	27.1
All other	2,768.5	2,927.7	3,348.8	1,432.8	165.4	–88.5
Total	14,279.3	14,541.0	15,559.1	9,414.0	10,120.9	7.5
Former CBERA beneficiaries[b]						
Costa Rica	3,813.5	3,915.7	3,926.4	0.0	0.0	N/A
Dominican Republic	4,540.0	601.5	0.0	0.0	0.0	N/A
Guatemala	1,560.8	0.0	0.0	0.0	0.0	N/A
Honduras	903.3	0.0	0.0	0.0	0.0	N/A
Nicaragua	383.9	0.0	0.0	0.0	0.0	N/A
El Salvador	274.5	0.0	0.0	0.0	0.0	N/A
Total	11,476.0	4,517.2	3,926.4	0.0	0.0	N/A
Grand total	25,755.2	19,058.2	19,485.5	9,414.0	10,120.9	7.5
	Percent of total					Percentage points
Current CBERA beneficiaries[a]						
Trinidad and Tobago	32.6	46.0	46.2	55.0	65.0	10.0
Netherlands Antilles	4.3	3.7	4.0	5.2	10.2	5.0
Bahamas	1.7	2.1	3.1	7.8	6.8	–1.0
Haiti	1.9	2.6	2.3	5.9	5.4	–0.4
Panama	1.3	1.9	1.9	3.1	3.7	0.6
Jamaica	1.8	3.6	3.6	4.8	3.0	–1.8
Guyana	0.5	0.6	0.7	1.8	3.0	1.2
Belize	0.6	0.5	0.8	1.1	1.2	0.1
All other	10.7	15.4	17.2	15.2	1.6	–13.6
Total	55.4	76.3	79.8	100.0	100.0	0.0
Former CBERA beneficiaries[b]						
Costa Rica	14.8	20.5	20.2	0.0	0.0	0.0
Dominican Republic	17.6	3.2	0.0	0.0	0.0	0.0
Guatemala	6.1	0.0	0.0	0.0	0.0	0.0
Honduras	3.5	0.0	0.0	0.0	0.0	0.0
Nicaragua	1.5	0.0	0.0	0.0	0.0	0.0
El Salvador	1.1	0.0	0.0	0.0	0.0	0.0
Total	44.6	23.7	20.2	0.0	0.0	0.0
Grand total	100.0	100.0	100.0	100.0	100.0	0.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits. Table D.1 of appendix D is a longer version of this table that includes all 24 current and former CBERA beneficiaries.

[a]Countries that were CBERA beneficiaries as of December 31, 2010.
[b]Countries for which CAFTA-DR entered into force on or before January 1, 2009.

In 2010, the value of total U.S. imports from current CBERA beneficiaries increased 7.5 percent—less than the increase for U.S. imports from all countries, which was 22.6 percent. U.S. imports from CBERA countries were highly concentrated in energy products. Of the $10.1 billion in imports from CBERA countries in 2010, energy products accounted for 54.0 percent, agricultural products 5.3 percent, textiles and apparel 5.2 percent, and other mining and manufacturing products 30.8 percent (figure2.2).[4] In 2008, when there were 19 CBERA beneficiary countries, energy products accounted for 53.2 percent, agricultural products 9.3 percent, textiles and apparel 3.9 percent, and other mining and manufacturing products 29.4 percent.

Total U.S. Imports by Country

Trinidad and Tobago and the Netherlands Antilles were the leading CBERA country sources of imports, accounting for more than 75 percent of all U.S. imports from CBERA countries in 2010. Table 2.2 shows total U.S. imports from CBERA countries from 2006 to 2010. Countries are grouped into those that were CBERA beneficiaries for the entire period (current CBERA beneficiaries) and those that moved from CBERA to CAFTA-DR before the end of 2010 (former CBERA beneficiaries). The largest increases in the value of U.S. imports from CBERA countries from 2009 to 2010 were from Trinidad and Tobago, the Netherlands Antilles, and Guyana.

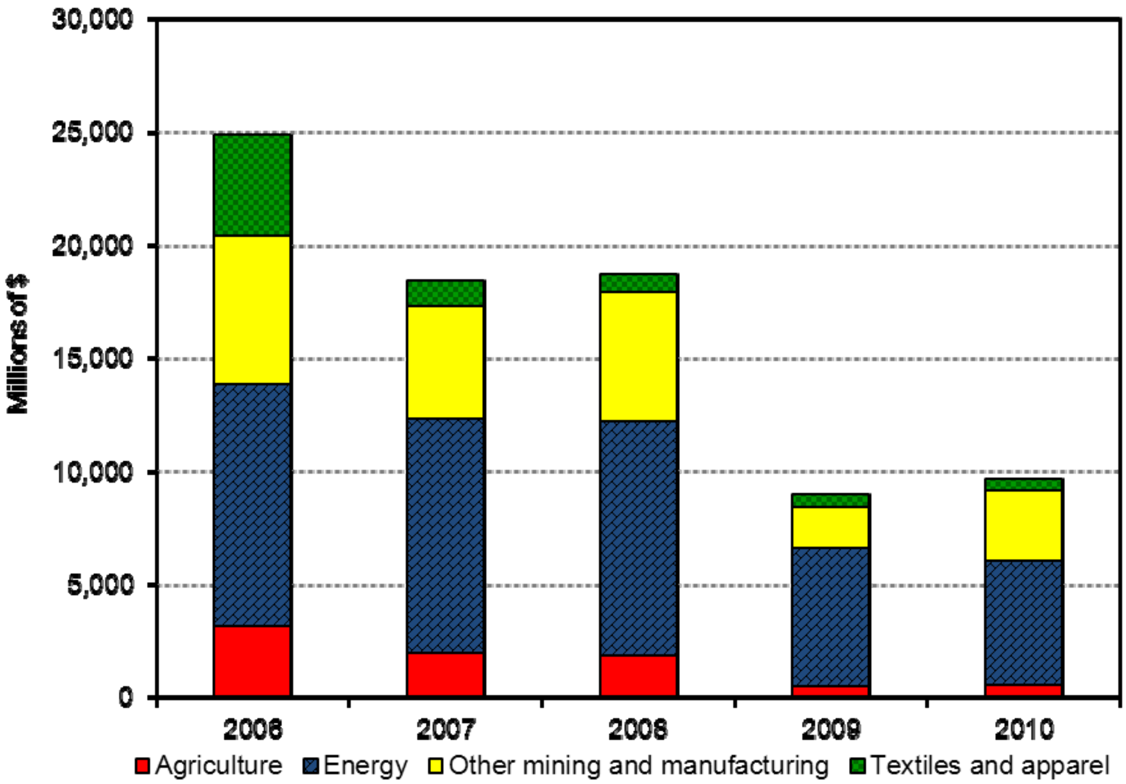
Trinidad and Tobago accounted for 65.0 percent of U.S. imports from CBERA countries in 2010. U.S. imports from Trinidad and Tobago consisted mostly of petroleum and natural gas and their derivatives. U.S. imports from Trinidad and Tobago fell 42.5 percent in 2009 to $5.2 billion, mainly because of large decreases in the value of imports of petroleum and natural gas and their derivatives and of iron and steel products. U.S. imports from Trinidad and Tobago rose 27.1 percent to $6.6 billion in 2010, mainly because of increases in the value of imports of anhydrous ammonia, crude oil, and methanol, and despite decreases in the value of imports of LNG and heavy fuel oil.

U.S. imports from the Netherlands Antilles accounted for 10.2 percent of U.S. imports from CBERA countries in 2010 and consisted principally of refined petroleum products. The value of the Netherlands Antilles imports fell nearly 40 percent in 2009, but more than doubled in 2010.

The Bahamas accounted for 6.8 percent of the value of U.S. imports from CBERA countries; about one-half of these imports consisted of refined petroleum products. U.S. imports from The Bahamas increased 23.9 percent in 2009 to $738 million and decreased 6.4 percent to $691 million in 2010, almost exclusively because of the changes in the value of imports of refined petroleum products.

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

FIGURE 2.2 U.S. imports from CBERA countries, by major product categories, 2006–10



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

Aruba was the second-largest source of U.S. imports from current CBERA beneficiaries over the period from 1999 through 2009. However, U.S. imports from Aruba decreased 58.9 percent in 2009 to $1.3 billion and 98.6 percent in 2010 to $18.5 million (see table D.1 in the appendix). The reason for this dramatic change was that almost all U.S. imports from Aruba consisted of refined petroleum products from a single refinery. That refinery was temporarily closed beginning in mid-2009, and there were no U.S. imports of refinery products from Aruba from that time through all of 2010. [5]

Product Composition and Leading Items

Since the departure of the CAFTA-DR countries from CBERA, the composition of U.S. imports from CBERA countries has changed dramatically. Agriculture and textiles and apparel, important sectors before the departure of the CAFTA-DR countries, accounted for little of the value of total U.S. imports from CBERA countries in 2009 and 2010. U.S. imports from CBERA countries were highly concentrated in energy products in 2009 and 2010, with most of the energy products originating in Trinidad and Tobago.

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

Table 2.3 shows the leading U.S. imports from CBERA countries by major product categories (HTS chapters). Mineral fuels (HTS chapter 27) accounted for almost one-half (44.8 percent) of U.S. imports from CBERA countries in 2010 and for more than one-half (56.4 percent) in 2009. The five leading categories of U.S. imports from CBERA countries in 2010—mineral fuels (HTS chapter 27), inorganic chemicals (HTS chapter 28), organic chemicals (HTS chapter 29), iron and steel (HTS chapter 72), and knitted apparel (HTS chapter 61)—accounted for 79.0 percent of U.S. imports from CBERA countries. In 2010, large increases in imports from CBERA countries of inorganic chemicals (HTS chapter 28), organic chemicals (HTS chapter 29), and iron and steel (HTS chapter 72) were partially offset by decreases in imports of mineral fuels (HTS chapter 27) and beverages, spirits, and vinegar (HTS chapter 22)—particularly ethanol (ethyl alcohol) (HTS 2207)—resulting in an overall increase in U.S. imports from CBERA countries.

Table 2.4 shows the 20 leading items on an HTS 8-digit basis, ranked by their 2010 import value. Eleven of those items have an NTR duty rate of free, as noted in table 2.4. Of the nine that are dutiable at NTR rates of duty, duties were paid on all, or substantially all, imports of four of the items. The remaining five were entered mainly under CBERA provisions.

As noted, changes in commodity prices contributed to large drops in the value of U.S. imports from CBERA countries in 2009, and for the recovery in the value of those imports in 2010. Table 2.5 shows changes in customs value, quantities, and unit values of major commodities imported from CBERA countries. There were decreases in unit values for all these products in 2009, ranging from 15.4 percent for ferrous products to 57.7 percent for anhydrous ammonia. There were increases in unit values, many of them substantial, for all of these products, except LNG, in 2010 (table 2.5).

In 2010, the value of U.S. imports of textiles and apparel[6] from CBERA countries increased about 1 percent over the 2009 level to $524.5 million, but was still down 30.4 percent from $753.1 million in 2008 and down 94.3 percent from $9.2 billion in 2006 (table 2.6). Since 2006, most of the decline in imports from the CBERA region resulted from the shift of six leading apparel-supplying countries to CAFTA-DR. Consequently, by 2010, CBERA countries accounted for less than 1 percent of the value of total U.S. textiles and apparel imports, compared to almost 10 percent in 2006.

U.S. imports from Haiti, the leading CBERA supplier of textiles and apparel since the CAFTA-DR countries left CBERA, totaled $518.0 million in 2010, up 0.8 percent from $513.7 million in 2009. The small increase can likely be attributed to the recovery of the U.S. economy and to U.S. legislation that expanded trade preferences for Haiti to restore and boost apparel manufacturing after a devastating earthquake in January 2010 (see

[6] Defined as products classified in HTS chapters 50–63. Apparel traditionally has accounted for nearly all imports in this sector from the CBERA countries, remaining at 99 percent of the total in 2010.

TABLE 2.3 Leading U.S. imports for consumption from CBERA countries, by major product category, 2006–10

HTS chapter	Description	2006	2007	2008	2009	2010
		Millions of $				
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	9,384.7	8,980.4	8,669.8	5,308.2	4,536.2
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	1,232.0	1,511.7	2,179.0	890.4	1,600.1
29	Organic chemicals	1,146.8	1,110.2	1,268.0	588.4	933.8
72	Iron and steel	417.6	435.2	529.5	245.2	494.1
61	Articles of apparel and clothing accessories, knitted or crocheted	2,772.0	750.3	555.2	415.9	425.0
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	623.0	202.2	165.9	188.1	373.1
31	Fertilizers	84.1	158.8	215.0	109.9	228.1
03	Fish and crustaceans, molluscs and other aquatic invertebrates	392.9	314.4	310.0	196.2	226.8
22	Beverages, spirits and vinegar[a]	393.6	423.4	605.9	323.0	106.4
39	Plastics and articles thereof	361.0	226.9	197.4	99.9	101.0
	All other	8,947.7	4,944.8	4,789.7	1,048.8	1,096.2
	Total	25,755.2	19,058.2	19,485.5	9,414.0	10,120.9
		Percent of total				
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	36.4	47.1	44.5	56.4	44.8
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	4.8	7.9	11.2	9.5	15.8
29	Organic chemicals	4.5	5.8	6.5	6.2	9.2
72	Iron and steel	1.6	2.3	2.7	2.6	4.9
61	Articles of apparel and clothing accessories, knitted or crocheted	10.8	3.9	2.8	4.4	4.2
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	2.4	1.1	0.9	2.0	3.7
31	Fertilizers	0.3	0.8	1.1	1.2	2.3
03	Fish and crustaceans, molluscs and other aquatic invertebrates	1.5	1.6	1.6	2.1	2.2
22	Beverages, spirits and vinegar[a]	1.5	2.2	3.1	3.4	1.1
39	Plastics and articles thereof	1.4	1.2	1.0	1.1	1.0
	All other	34.7	25.9	24.6	11.1	10.8
	Total	100.0	100.0	100.0	100.0	100.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, the Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits.

[a]Includes fuel ethanol.

TABLE 2.4 Leading U.S. imports for consumption from CBERA countries, 2006–10

HTS number	Description	2006	2007	2008	2009	2010	% change, 2009–10
		Millions of $					
2710.19.05[a]	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees a.p.i.	2,697	2,523	2,934	2,025	1,632	–19.4
2814.10.00[b]	Anhydrous ammonia	1,169	1,260	2,006	828	1,568	89.3
2709.00.20[c]	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees a.p.i. or more	1,747	1,309	904	817	1,318	61.3
2711.11.00[b]	Natural gas, liquefied	2,918	3,187	2,692	1,417	1,036	–26.9
2905.11.20[c]	Methanol (methyl alcohol), other than imported only for use in producing synthetic natural gas (sng) or for direct use as fuel	1,038	1,030	1,196	577	913	58.1
7203.10.00[b]	Ferrous products obtained by direct reduction of iron ore	39	332	493	244	490	100.5
7108.12.10[b]	Gold, nonmonetary, bullion and dore	66	39	51	125	267	114.6
6109.10.00[c]	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	705	198	173	199	214	7.7
6110.20.20[c]	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	712	152	152	177	154	–13.1
3102.10.00[b]	Urea, whether or not in aqueous solution	84	159	197	110	149	35.8
2710.11.45[a]	Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i. ,n/o 50% any single hydrocarbon	280	138	106	211	149	–29.2
2710.11.15[a]	Light oil motor fuel from petroleum oils and bituminous minerals (o/than crude) or preps. 70%+ by wt. from petroleum oils	59	202	40	94	96	2.4
3903.11.00[c]	Polystyrene, expandable, in primary forms	122	133	136	94	95	1.6
2710.11.25[a]	Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils	736	1,017	1,107	304	95	–68.6
2711.12.00[b]	Propane, liquefied	16	20	47	70	85	21.4
3102.80.00[b]	Mixtures of urea and ammonium nitrate in aqueous or ammoniacal solution	0	0	17	0	79	N/A
0306.13.00[b]	Shrimps and prawns, cooked in shell or uncooked, dried, salted or in brine, frozen	106	73	67	59	62	4.4
2606.00.00[b]	Aluminum ores and concentrates	82	119	140	84	61	–27.7
7112.91.00[b]	Gold waste and scrap, including metal clad with gold but excluding sweepings containing other precious metals	170	57	40	24	58	137.3
0306.11.00[b]	Rock lobster and other sea crawfish, cooked in shell or uncooked, dried, salted or in brine, frozen	86	59	61	45	56	23.3
	All other	12,924	7,052	6,928	1,910	1,544	–19.2
	Total	25,755	19,058	19,486	9,414	10,121	7.5

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits. The abbreviation, "n.e.s.o.i." stands for "not elsewhere specified or included."

[a]NTR duties paid on most imports in 2010.
[b]Item is NTR duty free.
[c]Imported mainly under CBERA provisions in 2010.

TABLE 2.5 U.S. imports of major commodities from CBERA countries, changes in customs value, quantity, and unit values, 2008–09 and 2009–10 (percent)

	2008–2009	2009–2010
Heavy fuel oil (HTS 2710.19.05) from all CBERA countries[a]		
Customs value	–31.0	–19.4
Quantity	10.4	–38.8
Unit value	–37.5	31.6
Anhydrous ammonia (HTS 2814.10.00) from Trinidad and Tobago[b]		
Customs value	–58.7	89.3
Quantity	–2.4	19.8
Unit value	–57.7	58.1
Light crude oil (2709.00.20) from Trinidad and Tobago under CBERA		
Customs value	–6.1	58.6
Quantity	49.2	20.6
Unit value	–37.0	31.5
LNG (HTS 2711.11.00) from Trinidad and Tobago[b]		
Customs value	–47.4	–26.9
Quantity	–6.7	–17.1
Unit value	–43.6	–11.8
Methanol (HTS 2905.11.20) from Trinidad and Tobago under CBERA		
Customs value	–51.7	56.7
Quantity	–5.7	9.4
Unit value	–48.9	43.3
Ferrous products (HTS 7203.11.20) from Trinidad and Tobago[b]		
Customs value	–50.5	100.5
Quantity	–41.4	57.7
Unit value	–15.4	27.2
Polystyrene (HTS 3903.11.00) from The Bahamas under CBERA		
Customs value	–30.7	1.6
Quantity	–12.5	–2.4
Unit value	–20.8	4.1

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

[a]Includes imports dutiable at NTR rates and duty-free under CBERA. In 2010, 98.1 percent of heavy fuel oil imports from CBERA countries were dutiable.

[b]Item is NTR duty free.

TABLE 2.6 U.S. imports for consumption of textiles and apparel[a] from CBERA countries, 2006–10 (millions of $)

Country	2006	2007	2008	2009	2010
Current CBERA beneficiaries[b]					
Haiti	451.7	452.8	412.8	513.7	518.0
Guyana	4.7	4.6	4.3	4.6	4.0
Panama	2.6	2.0	1.8	1.5	1.0
All other	69.5	48.4	19.8	2.0	1.4
Total	528.5	507.8	438.7	521.8	524.5
Former CBERA beneficiaries[c]					
Costa Rica	474.7	430.4	314.4	0.0	0.0
Dominican Republic	1,623.7	1,140.4	0.0	0.0	0.0
Honduras	2,534.0	0.0	0.0	0.0	0.0
Guatemala	1,680.8	0.0	0.0	0.0	0.0
El Salvador	1,432.9	0.0	0.0	0.0	0.0
Nicaragua	880.0	0.0	0.0	0.0	0.0
Total	8,626.2	1,570.8	314.4	0.0	0.0
Grand total	9,154.7	2,078.5	753.1	521.8	524.5

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

Note: Because of rounding, figures may not add to totals shown. Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits.

[a]U.S. textile and apparel imports and exports in this table are classified in HTS chapters 50–63.
[b]Countries that were CBERA beneficiaries as of December 31, 2010.
[c]Countries for which CAFTA-DR entered into force on or before January 1, 2009.

section on HOPE and HELP Acts).[7] The USTR also has credited growth in Haiti's apparel industry in 2010 and a small increase in U.S. imports of apparel from Haiti to the launching of the "Plus 1 for Haiti" program in early 2010 that encourages American brands and retailers to source one percent of their total apparel purchase from Haiti.[8] Without these various preferences programs, it is possible that U.S.-Haiti apparel trade would likely have declined significantly in 2010.[9]

Total U.S. Imports Classified by Import Program

The departure of Costa Rica from CBERA and the temporary closure of the oil refinery in Aruba were largely responsible for the shifts in the distribution of U.S. imports among the main import programs in 2009 and 2010. Increases in the prices of most NTR duty-free commodities in 2010 also contributed to the shifts in 2010. Table 2.7 shows U.S. imports from CBERA countries by import program. The share of U.S. NTR duty-free imports from CBERA countries and imports under CBERA (excluding CBTPA) fell significantly in 2009, while the shares of dutiable imports and imports under CBTPA rose. Costa Rica had higher than average shares of NTR duty-free imports and imports under CBERA (excluding CBTPA). Aruba was the source of 62.5 percent of dutiable

[7] Barrie, "Haiti: Korea's Sae-A Invests $70m in Garment Park," January 12, 2011.
[8] USTR, "Weekly Trade Spotlight: Plus 1 for Haiti," June 30, 2011.
[9] Without trade preferences granted by the HOPE and HELP Acts, industry sources assert that apparel produced in Haiti would not be able to compete with other suppliers, particularly those in Asia.

TABLE 2.7 U.S. imports for consumption from CBERA countries, by import program, 2006–10

Program	2006	2007	2008	2009	2010
	Millions of $				
NTR					
Dutiable	5,214	4,224	4,906	2,814	1,957
Duty-free	9,848	8,972	9,498	3,993	5,027
CBERA (excluding CBTPA)	3,955	2,834	3,024	1,078	1,221
CBTPA	5,961	2,662	1,702	1,281	1,671
GSP	382	154	129	45	36
Other (including U.S. Virgin Is)	395	212	227	203	209
Total	25,755	19,058	19,486	9,414	10,121
	Percent of total				
NTR					
Dutiable	20.2	22.2	25.2	29.9	19.3
Duty-free	38.2	47.1	48.7	42.4	49.7
CBERA (excluding CBTPA)	15.4	14.9	15.5	11.5	12.1
CBTPA	23.1	14.0	8.7	13.6	16.5
GSP	1.5	0.8	0.7	0.5	0.4
Other (including U.S. Virgin Is)	1.5	1.1	1.2	2.2	2.1
Total	100.0	100.0	100.0	100.0	100.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits.

imports from current CBERA beneficiaries in 2008, 41.7 percent in 2009, and a negligible share in 2010.

In 2010, NTR duty-free imports from CBERA countries accounted for 49.7 percent of total imports from CBERA countries, compared to 42.4 percent in 2009 and 48.7 percent in 2008. Imports that entered under CBERA (excluding CBTPA) increased to 12.1 percent of total imports from CBERA countries in 2010 from 11.5 percent in 2009; however, when compared to 2008, imports under CBERA (excluding CBTPA) in 2010 were lower by $1.8 billion, largely due to the movement of Costa Rica to CAFTA-DR.

The share of imports under CBTPA increased from 8.7 percent of total imports from CBERA countries in 2008 to 16.5 percent in 2010. The value of U.S. imports under CBTPA decreased 24.7 percent in 2009 before rebounding 30.5 percent in 2010 to $1.7 billion. Trinidad and Tobago and Haiti accounted for almost all imports under CBTPA in 2009 and 2010. Mineral fuels and apparel similarly accounted for almost all such imports. Within CBERA countries, Trinidad and Tobago is the overwhelming source of mineral fuels, and Haiti is the overwhelming source of apparel.

The shutdown of the oil refinery in Aruba was mainly responsible for the fall in dutiable imports from CBERA countries in 2009 and 2010. NTR dutiable imports from CBERA countries decreased 30.5 percent to $2.0 billion, or 19.3 percent of total imports from CBERA countries, in part due to a decrease in the value of imports of dutiable refined petroleum products (HTS 2710) of 33.5 percent to $1.8 billion in 2010. Refined petroleum products accounted for 96.7 percent of U.S. imports from Aruba in 2008 and 94.3 percent in 2009. There were no U.S. imports of refined petroleum products from Aruba in 2010.

U.S. Imports under CBERA

U.S. imports under CBERA fell significantly in 2009, but rebounded in line with U.S. imports from all countries in 2010. The large drop in 2009 can, in large part, be attributed to the exit of Costa Rica from CBERA and the U.S. recession, which depressed commodity prices and import demand. The increase in U.S. imports under CBERA in 2010 can be attributed mainly to economic recovery in the United States and the resulting rise in the demand for imports, as well as higher commodity prices. Total U.S. imports under CBERA for the 18 current beneficiaries fell 32.1 percent to $2.6 billion in 2009, a considerably larger drop than the decrease in U.S. imports from all countries in 2009 (25.9 percent). Total U.S. imports under CBERA preferences rose 22.6 percent to $2.9 billion in 2010, in part from an increase in the value of imports of light crude oil and methanol from Trinidad and Tobago. In 2010, U.S. imports from Trinidad and Tobago accounted for 76.3 percent of total U.S. imports under CBERA preferences.

U.S. Imports by Country under CBERA

Table 2.8 shows total U.S. imports under CBERA by country from 2006 to 2010. Trinidad and Tobago and Haiti were the principal sources of imports under CBERA, accounting for 88.8 percent of all U.S. imports under CBERA in 2010. As noted earlier, with the departure of the CAFTA-DR countries, the ratio of textile and apparel and agricultural products to total U.S. imports under CBERA has dropped significantly, and the already high relative importance of energy products in U.S. imports under CBERA has strengthened. In 2010, the share of energy products in total U.S. imports under CBERA was the highest it has ever been. Trinidad and Tobago accounted for almost all the U.S. imports of energy products under CBERA.

Product Composition and Leading Imports

In figure 2.3, changes in imports under CBERA are indicated in terms of four major product categories. Of the $2.9 billion in imports under CBERA in 2010, energy products accounted for 76.7 percent, textiles and apparel (almost all apparel) 12.4 percent, other mining and manufacturing 5.8 percent, and agricultural products 5.1 percent. The composition of imports under CBERA in 2010 was considerably different from that for 2008, when Costa Rica was still a CBERA beneficiary. Agricultural products accounted for 18.1 percent of imports under CBERA in 2008, while energy products accounted for 58.8 percent. As previously discussed, this shift in the composition of imports under CBERA towards energy products and away from the other three categories was mainly due to Costa Rica's accession to CAFTA-DR. The four major product categories are discussed in more detail in the relevant sections below.[10]

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

TABLE 2.8 U.S. imports for consumption under CBERA, by source, 2006–10

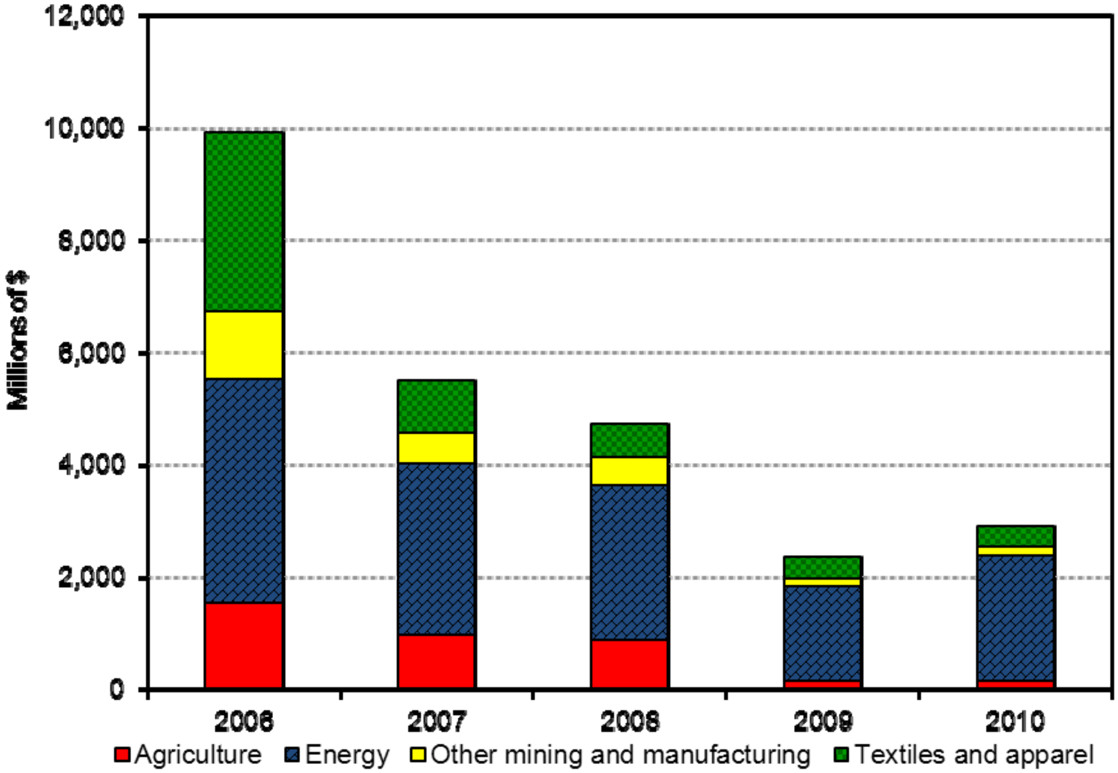
Source	2006	2007	2008	2009	2010	Change 2009–10
	Millions of $					Percent
Current CBERA beneficiaries[a]						
Trinidad and Tobago	3,677.7	2,832.3	2,365.4	1,533.8	2,205.8	43.8
Haiti	379.3	430.4	405.1	388.9	364.1	–6.4
Bahamas	125.1	137.4	141.0	96.5	99.0	2.5
Jamaica	245.8	235.9	319.6	212.4	83.9	–60.5
Belize	72.2	54.5	129.5	66.0	61.7	–6.5
Panama	33.8	31.2	46.5	20.6	28.4	38.0
St. Kitts and Nevis	24.8	16.2	14.1	8.9	20.5	129.5
Guyana	5.1	10.1	20.6	14.4	10.6	–26.3
St. Lucia	7.1	8.6	11.1	10.9	9.2	–15.9
Barbados	4.8	7.1	6.9	4.6	7.2	57.1
All other	2.9	4.3	13.2	1.6	2.2	39.1
Total	4,578.5	3,768.0	3,473.0	2,358.6	2,892.7	22.6
Former CBERA beneficiaries[b]						
Costa Rica	1,382.1	1,417.9	1,252.8	0.0	0.0	N/A
Dominican Republic	2,481.0	310.1	0.0	0.0	0.0	N/A
Guatemala	652.8	0.0	0.0	0.0	0.0	N/A
Honduras	555.9	0.0	0.0	0.0	0.0	N/A
El Salvador	154.1	0.0	0.0	0.0	0.0	N/A
Nicaragua	111.0	0.0	0.0	0.0	0.0	N/A
Total	5,337.0	1,728.0	1,252.8	0.0	0.0	N/A
Grand total	9,915.5	5,496.0	4,725.7	2,358.6	2,892.7	22.6
	Percent of total					Percentage points
Current CBERA beneficiaries[a]						
Trinidad and Tobago	37.1	51.5	50.1	65.0	76.3	11.2
Haiti	3.8	7.8	8.6	16.5	12.6	–3.9
Bahamas	1.3	2.5	3.0	4.1	3.4	–0.7
Jamaica	2.5	4.3	6.8	9.0	2.9	–6.1
Belize	0.7	1.0	2.7	2.8	2.1	–0.7
Panama	0.3	0.6	1.0	0.9	1.0	0.1
St. Kitts and Nevis	0.2	0.3	0.3	0.4	0.7	0.3
Guyana	0.1	0.2	0.4	0.6	0.4	–0.2
St. Lucia	0.1	0.2	0.2	0.5	0.3	–0.1
Barbados	([c])	0.1	0.1	0.2	0.3	0.1
All other	([c])	0.1	0.3	0.1	0.1	([c])
Total	46.2	68.6	73.5	100.0	100.0	0.0
Former CBERA beneficiaries[b]						
Costa Rica	13.9	25.8	26.5	0.0	0.0	0.0
Dominican Republic	25.0	5.6	0.0	0.0	0.0	0.0
Guatemala	6.6	0.0	0.0	0.0	0.0	0.0
Honduras	5.6	0.0	0.0	0.0	0.0	0.0
El Salvador	1.6	0.0	0.0	0.0	0.0	0.0
Nicaragua	1.1	0.0	0.0	0.0	0.0	0.0
Total	53.8	31.4	26.5	0.0	0.0	0.0
Grand total	100.0	100.0	100.0	100.0	100.0	0.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits. Table D.4 of appendix D is a longer version of this table which includes all 24 current and former CBERA beneficiaries.

[a]Countries that were CBERA beneficiaries as of December 31, 2010.
[b]Countries for which CAFTA-DR entered into force on or before January 1, 2009.
[c]Absolute value less than 0.05 percent.

FIGURE 2.3 U.S. imports under CBERA, by major product categories, 2006–10



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

Mineral Fuels and Other Energy Products

The value of U.S. imports of energy products under CBERA was $1.7 billion in 2009 and $2.2 billion in 2010, compared to $2.8 billion in 2008 (table 2.9). In 2010, U.S. imports of energy products under CBERA increased 30.3 percent, rebounding from a 38.6 percent decrease in 2009.[11] Imports of light crude oil (HTS 2709.00.20) and methanol (HTS 2905.11.20) accounted for over 76 percent of all U.S. imports of energy products under CBERA in 2010. As noted, Trinidad and Tobago was the principal source of energy products under CBERA, accounting for more than 97 percent of these products.

U.S. imports of energy products under CBERA from Trinidad and Tobago increased 43.8 percent from $1.5 billion in 2009 to $2.2 billion in 2010 after falling 35.4 percent in 2009. Light crude oil accounted for 56.3 percent of all imports of energy products under CBERA from Trinidad and Tobago.

Methanol accounted for 40.1 percent of all imports of energy products under CBERA from Trinidad and Tobago. Belize, accounting for only 3.0 percent of all light crude oil imports under CBERA in 2010, has been the only other source for U.S. imports of light crude oil under CBERA since 2007.

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

TABLE 2.9 Energy: Leading U.S. imports for consumption under CBERA, by product and source, 2006–10 (millions of $)

Product Category (HTS code)	Source	2006	2007	2008	2009	2010
Petroleum oils and oils from bituminous minerals, crude (HTS 2709.00.20)	Trinidad and Tobago	1,678.3	1,299.3	813.3	764.0	1,211.6
	Belize	15.5	10.2	90.7	36.2	37.8
	All other CBERA beneficiaries	76.5	0.0	0.0	0.0	0.0
Methanol (methyl alcohol) (HTS 2905.11.20)	Trinidad and Tobago	1,029.7	1,004.2	1,175.2	567.7	889.8
	All other CBERA beneficiaries	([a])	0.0	0.0	0.0	0.0
Refined petroleum products (HTS 2710)	Trinidad and Tobago	894.2	410.0	178.9	99.3	59.5
	All other CBERA beneficiaries	9.3	0.0	6.3	0.2	0.0
Fuel ethanol (HTS 2207.10.60 and 2207.20.00)	Jamaica	164.6	161.9	253.5	156.8	10.3
	Trinidad and Tobago	37.0	83.8	160.4	72.9	0.0
	All other CBERA beneficiaries	87.6	82.7	89.1	0.0	0.0
	Subtotal	3,992.8	3,052.1	2,767.4	1,697.1	2,209.1
	All other energy products	5.2	7.7	9.0	6.4	9.8
	Total	3,998.0	3,059.8	2,776.5	1,703.4	2,218.8

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits.

[a]Less than $50,000.

Ethanol

Fuel ethanol at one point accounted for a significant portion of U.S. imports of energy products under CBERA. Imports of fuel ethanol have fallen from 18.1 percent of U.S. imports of energy products under CBERA in 2008 to 0.5 percent of U.S. imports of energy products under CBERA in 2010.

U.S. imports of fuel ethanol (HTS 2207.10.60 and 2207.20.00) under CBERA decreased over 97 percent from 2008 to 2010, falling from $503.1 million in 2008 to $229.7 million in 2009 and $10.3 million in 2010. There have been no U.S. imports of fuel ethanol from CBERA countries since March 2010. This drastic plunge was caused by developments in the global sugar market and the domestic Brazilian ethanol market that resulted in lower exports of ethanol from Brazil. A poor sugarcane harvest in India in 2008/2009 drove up world sugar prices, contributing to a diversion of sugarcane consumption in Brazil from ethanol production to sugar production. Expanding domestic demand for both hydrous and anhydrous ethanol in Brazil also contributed to the drop in ethanol available for export. Increasing production costs in Brazil were caused by debt, rising sugarcane costs, and the appreciation of the real. Moderating corn prices in the United States and increased capacity utilization by U.S. corn ethanol producers resulted in lower production costs and prices in the United States. These market conditions virtually shut off the supply of hydrous ethanol from Brazil that is used as a feedstock by CBERA dehydrators. There are currently no economically viable alternative sources of feedstocks for CBERA dehydrators.

The United States provides an excise tax credit of 45 cents per gallon to U.S. companies that produce gasoline-ethanol blends using either domestically produced or imported ethanol.[12] The NTR ad valorem tariff rates for ethanol are 1.9 percent (denatured) and 2.5 percent (undenatured). There is an additional duty of 54 cents per gallon on imports of fuel ethanol entered nonpreferentially.[13] Section 7 of the Steel Trade Liberalization Program Implementation Act of 1989 allows CBERA and CAFTA-DR countries, as well as U.S. insular possessions, to process (dehydrate) ethanol from non-indigenous feedstocks without being subject to the 35 percent value-added rule of origin under CBERA and CAFTA-DR. The resulting anhydrous ethanol is considered to be a product of the beneficiary country and may be imported into the United States free of duty under CBERA and CAFTA-DR provisions.[14] U.S. imports of fuel ethanol under this program are subject to a quota of 7 percent of U.S. consumption; U.S. consumption was 12.5 billion gallons from October 2009 to September 2010, which resulted in a quota of 875.4 million gallons for 2011. Imports of fuel ethanol from CBERA and CAFTA-DR countries have never exceeded the quota.

There were no major U.S. policy changes in 2009–10 that affected ethanol imports from CBERA countries.

Textile and Apparel Products[15]

In 2010, the value of U.S. imports of textile and apparel goods entering under CBERA (primarily CBTPA) totaled $360 million, down 6 percent from $382.4 million in 2009, and down dramatically from $3.2 billion in 2006 (table 2.10). The sharp decline in the value of textile and apparel trade from the CBERA region during 2006–09 reflected, in large part, the shift of six principal suppliers of textiles and apparel from CBERA to CAFTA-DR[16] and the downturn in the U.S. economy during 2008–09.

After CAFTA-DR entered into force, Haiti emerged as the principal supplier of textiles and apparel to the United States from the CBERA region. Apparel manufacturing is the single largest sector in the Haitian economy,[17] and the United States is Haiti's largest market. In 2010, Haiti accounted for nearly all U.S. imports of apparel from CBERA countries. During 2006–10, U.S. imports of textiles and apparel from Haiti under CBERA increased 11 percent, totaling $353 million in 2010. Production for export from Haiti tends to be concentrated in only a few products; knitted cotton T-shirts (HTS 6109.10.00) and knitted cotton tops (HTS 6110.20.20) accounted for more than one-half and one-third, respectively, of U.S. imports of apparel from Haiti in 2010. In the same year,

[12] The credit was 51 cents per gallon during 2008. Pub. L. 110-234, § 15331.

[13] This additional duty must be renewed periodically. It is currently set to expire on January 1, 2012. Pub. L. 111–312, § 708(d). See HTS heading 9901.00.50.

[14] Pub. L. 101-221, § 7(a). The original legislation applied to CBERA beneficiaries and U.S. insular possessions. The subsequent DR-CAFTA FTA separated the beneficiaries, but the program was extended under the DR-CAFTA FTA.

[15] Defined as products classified in HTS chapters 50–63.

[16] As noted earlier, CAFTA-DR entered in force for these countries on a rolling basis: El Salvador, Honduras, Nicaragua, and Guatemala in 2006; the Dominican Republic in 2007; and Costa Rica in 2009.

[17] Sandler, Travis, & Rosenberg, "Haiti Suffers Devastating Earthquake," January 14, 2010, 1.

TABLE 2.10 Textiles and apparel: Leading U.S. imports for consumption under CBERA, by product and source, 2006–10 (millions of $)

Product category (HTS code)	Source	2006	2007	2008	2009	2010
T-shirts, singlets, tank tops and similar garments of cotton, knitted or crocheted (HTS 6109.10.00)	Haiti	159.6	148.9	154.7	194.4	203.6
	Former CBERA	425.2	28.9	7.4	0.0	0.0
	All other CBERA beneficiaries	22.5	17.9	6.9	([a])	0.0
Sweaters, pullovers, sweatshirts, vests and similar articles of cotton, knitted or crocheted (HTS 6110.20.20)	Haiti	83.6	132.8	144.3	151.8	125.1
	Former CBERA	307.6	6.2	0.9	0.0	0.0
	All other CBERA beneficiaries	1.8	0.8	0.6	0.3	0.1
T-shirts, singlets, tank tops and similar garments, of textile materials n.e.s.o.i., knitted or crocheted (HTS 6109.90.10)	Haiti	67.8	60.1	17.4	15.7	19.7
	Former CBERA	59.0	4.4	4.8	0.0	0.0
	All other CBERA beneficiaries	0.7	0.1	([a])	0.3	0.1
	Subtotal	1,127.8	400.1	337.0	362.5	348.6
	All other textiles and apparel products	2,059.8	527.0	272.3	19.9	11.4
	Total	3,187.6	927.1	609.3	382.4	360.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

[a]Less than $50,000.

Guyana replaced Jamaica[18] as a distant second leading CBERA supplier of textiles and apparel to the United States; U.S. imports from Guyana under CBERA totaled $3.7 million. The top apparel goods imported from Guyana included knitted cotton and man-made fiber tops, as well as T-shirts of man-made fibers.

Table 2.11 shows U.S. imports of textiles and apparel from CBERA countries by duty treatment. Most U.S. imports of textiles and apparel from the CBERA region continued to enter under trade preference programs in 2010; less than 1 percent of U.S. imports of textiles and apparel from the region were dutiable at NTR rates. Imports that entered free of duty under CBTPA totaled $359.5 million and accounted for the majority, over two-thirds, of U.S. imports of textiles and apparel goods from CBERA countries. U.S. imports of apparel in 2010 under the HOPE Acts[19] rose to $159.8 million (table 2.11) from

[18] The Jamaican government acknowledges a decline in Jamaica's apparel industry but notes that Jamaica has sought to develop a domestic apparel industry to service the haute couture market. Embassy of Jamaica, written submission to the USITC, June 28, 2011.

[19] HOPE I, Pub. L. 109-432, § 5001 et seq.; HOPE II , Pub. L. 110-234, § 15401 et seq. Provisions of the HOPE Acts were both expanded and extended to September 30, 2020, by the HELP Act of 2010, Pub.L.111-171.

TABLE 2.11 Textiles and apparel: U.S. general imports from CBERA countries, by duty treatment 2010

	Haiti[a]	Guyana	All other	Total
	Millions of $			
Duty-free imports				
CBTPA				
Apparel cut and assembled from U.S. fabric[b]	1.2	0.1	0.0	1.2
Certain apparel of "regional knit fabrics"[c]	351.4	3.6	0.0	355.0
All other	3.3	0.0	0.0	3.3
Subtotal	355.9	3.6	0.0	359.5
HOPE Acts	159.8	–	–	159.8
Total	515.7	3.7	0.0	519.4
Dutiable imports				
Non-preferential imports				
At NTR duty rates	1.9	0.3	2.4	4.6
Total	1.9	0.3	2.4	4.6
Grand total	517.6	4.0	2.4	524.0

Source: Compiled from official statistics of the U.S. Department of Commerce, found at http://otexa.ita.doc.gov.

Note: Because of rounding, figures may not add to totals shown (except as noted in footnotes a, b, and c). Data in this table (U.S. general imports) are not comparable to data in table 2.10 (U.S. imports for consumption).

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

$137.9 million in 2009[20] and represented 30 percent of total U.S. duty-free imports of apparel from Haiti.

Other Mining and Manufacturing Products

U.S. imports of other mining and manufacturing products under CBERA preferences were $139.4 million in 2009 and $160.7 million in 2010, compared to $482.3 million in 2008 (table 2.12). The large drop in U.S. imports of other mining and manufacturing products under CBERA in 2009 can be attributed mostly to Costa Rica's exit from CBERA, although the U.S. recession, which depressed most commodity prices[21] and the demand for imports, was also a factor. In 2010, the value of the four leading U.S. imports of other mining and manufacturing products accounted for 82.0 percent of total U.S. imports of these products under CBERA: the rest of this subsection will discuss trends in the imports of these four products under CBERA.

In 2010, U.S. imports under CBERA of expandable polystyrene in primary forms (HTS 3903.11.00) accounted for 59.4 percent of total U.S. imports of other mining and manufacturing products under CBERA; among CBERA countries, The Bahamas was the only source of U.S. imports of this product. U.S. imports of expandable polystyrene in primary form increased 1.6 percent in 2010 to $95.4 million, after a 30.7 percent decline in 2009. The decrease in these imports in 2009 to $93.9 million involved declines in unit value, which fell 20.9 percent, and volume, which fell 12.5 percent.

[20] Data on trade under the HOPE acts are from USDOC, OTEXA, "U.S. Imports under Trade Preference Programs," June 15, 2011.
[21] The price of gold was a notable exception.

TABLE 2.12 Other mining and manufacturing: Leading U.S. imports for consumption under CBERA, by product and source, 2006–10 (millions of $)

Product Category (HTS code)	Source	2006	2007	2008	2009	2010
Polystyrene, expandable, in primary forms (HTS 3903.11.00)	Bahamas	121.5	133.2	135.5	93.9	95.4
	All other CBERA beneficiaries	0.0	0.0	0.0	0.0	0.0
Gold, nonmonetary, unwrought n.e.s.o.i. (other than gold bullion and dore) (HTS 7108.12.50)	Jamaica	0.0	0.0	0.1	8.0	15.8
	Panama	0.0	0.7	3.4	0.7	1.6
	All other CBERA beneficiaries	0.5	([a])	23.4	0.0	0.1
Transmission apparatus for television, n.e.s.o.i. (HTS 8525.50.30)	St. Kitts and Nevis	0.0	([a])	0.0	0.0	11.0
	All other CBERA beneficiaries	0.0	([a])	0.1	0.0	0.0
Television antennas and antenna reflectors, and parts suitable for use therewith (HTS 8529.10.20)	St. Lucia	2.8	4.8	7.6	9.3	7.9
	St. Kitts and Nevis	0.0	0.8	([a])	0.0	0.0
	All other CBERA beneficiaries	([a])	([a])	0.0	0.0	0.0
	Subtotal	124.8	139.5	170.1	111.9	131.8
	All other mining and manufacturing products	1,079.3	419.3	312.2	27.5	28.9
	Total	1,204.1	558.8	482.3	139.4	160.7

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

[a]Less than $50,000.

The next leading product in this category, in terms of value, was certain nonmonetary gold in unwrought forms other than bullion or dore, e.g., grains and nuggets (HTS 7108.12.50); U.S. imports of these goods under CBERA more than doubled to $17.5 million in 2010, and Jamaica and Panama were the leading sources. The increase in value of such gold imports in 2010 resulted from both higher gold prices and a jump of 79.6 percent in volume.

In 2010, U.S. imports under CBERA of transmission apparatus for television (HTS 8525.50.30) increased to $11.0 million; among CBERA countries, St. Kitts and Nevis was the only source of transmission apparatus for television in 2010. At the same time, imports of antennas and parts of antenna reflectors (HTS 8529.10.20) decreased 15.0 percent to $7.9 million in 2010; St. Lucia was the main source of this product from CBERA countries over the past five years and the only source in 2010.

Agricultural Products

The value of U.S. imports of agricultural products under CBERA was $139.4 million in 2009 and $156.6 million in

2010, compared to $866.1 million in 2008 (table 2.13). The $726.7 million decrease in agricultural products from 2008 to 2009 can be mostly attributed to the exit of Costa Rica from CBERA in 2009; Costa Rica was a major source of U.S. imports of agricultural

TABLE 2.13 Agriculture: Leading U.S. imports for consumption under CBERA, by product and source, 2006–10 (millions of $)

Product Category (HTS code)	Source	2006	2007	2008	2009	2010
Cane sugar, raw, in solid form, not containing added flavoring or coloring matter (HTS1701.11.10)	Panama	7.5	6.3	15.9	3.7	10.9
	Jamaica	0.0	0.0	0.0	0.0	10.1
	All other CBERA beneficiaries	132.8	24.8	6.4	7.5	4.6
Fresh or chilled yams, whether or not sliced or in the form of pellets (HTS 0714.90.20)	Jamaica	10.1	12.1	15.6	15.6	14.1
	Panama	0.9	0.5	0.5	0.4	0.3
	All other CBERA beneficiaries	8.1	10.6	13.8	0.0	0.0
Tunas, skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each (HTS 1604.14.40)	Trinidad and Tobago	16.6	14.1	12.9	12.9	10.4
	All other CBERA beneficiaries	0.0	0.0	0.0	0.0	0.0
Papayas (papaws), fresh (HTS 0807.20.00)	Belize	15.6	13.4	10.9	9.5	10.4
	Jamaica	2.3	1.8	2.0	1.6	1.4
	All other CBERA beneficiaries	0.6	0.3	1.1	0.4	0.2
	Subtotal	194.5	83.9	79.1	51.6	62.4
	All other agriculture products	1,335.1	872.7	787.0	87.8	94.2
	Total	1,529.6	956.6	866.1	139.4	156.6

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

products under CBERA. In 2010, 78.4 percent of U.S. imports of agricultural products under CBERA from current CBERA beneficiaries came from Jamaica, Belize, and Panama.

In 2010, the value of the top four agricultural product imports—raw cane sugar, fresh or chilled yams, tuna loins, and fresh papayas—under CBERA accounted for 42.3 percent of total agricultural products imports under CBERA. The leading product in this category was raw cane sugar (HTS 1701.11.10). U.S. imports of this good under CBERA rose 126.9 percent to $25.6 million in 2010, mostly from an increase in the volume of imports from Panama and Jamaica. Cane sugar accounted for 16.3 percent of total agricultural product imports under CBERA. Besides Jamaica and Panama, Guyana was the only other source for imports of cane sugar under CBERA in 2010.

For the other three top products in this group, U.S. imports under CBERA either fell or grew only modestly. The value of U.S. imports of fresh or chilled yams (HTS 0714.90.20) decreased 9.4 percent to $14.4 million in 2010. Jamaica and Panama were the only sources of imports of fresh or chilled yams under CBERA in 2010. U.S. imports of tuna loins under CBERA from Trinidad and Tobago, the only source of imports of tuna loins under CBERA, dropped 19.4 percent to $10.4 million in 2010. Imports of fresh papayas (HTS 0807.20.00) under CBERA, mostly from Belize, increased 5.5 percent to $12.1 million.

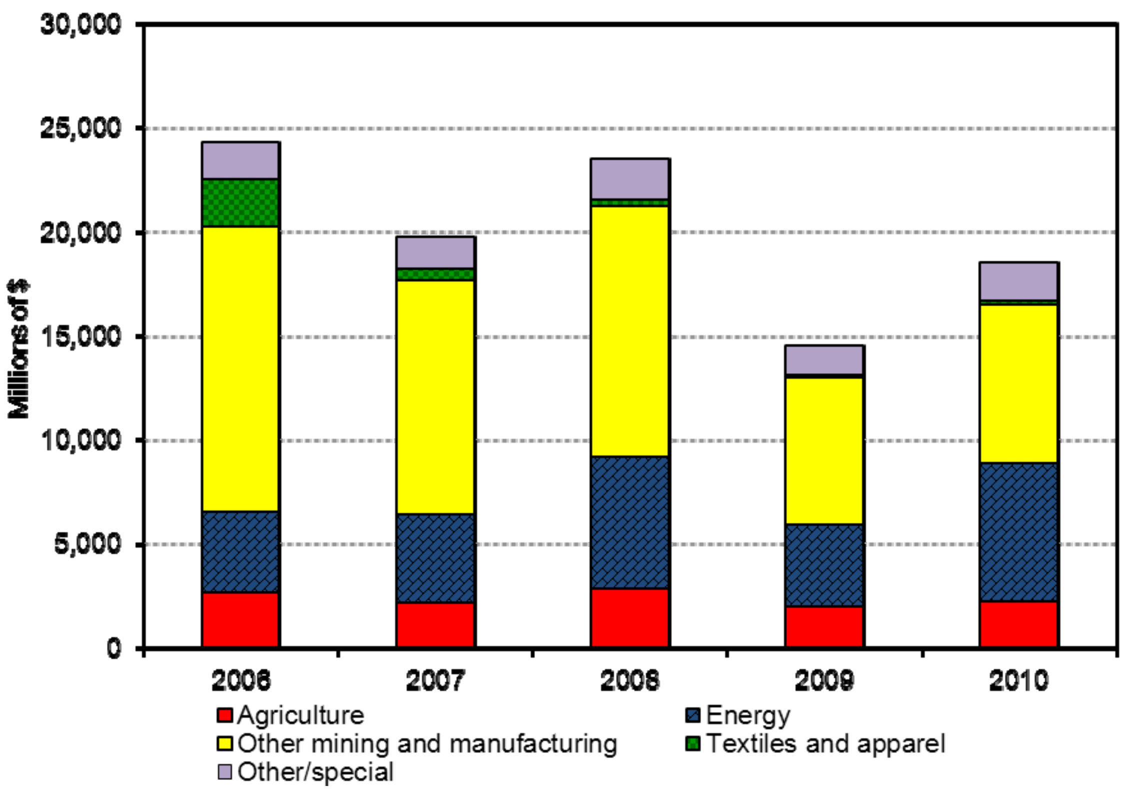
Total U.S. Exports

The value of total U.S. exports to CBERA beneficiary countries fell significantly in 2009 before rebounding in 2010. Most of the large drop in 2009 can be attributed to two factors: the movement of Costa Rica to CAFTA-DR, and the U.S. recession and its effects on commodity prices. For most CBERA countries and sectors, the value of U.S. exports recovered strongly as commodity prices rebounded with the upturn in the U.S. economy.

Total U.S. exports to CBERA beneficiary countries were $14.5 billion in 2009 and $18.5 billion in 2010, compared to $23.5 billion in 2008 (figure 2.4). In 2010, U.S. exports to CBERA countries were 1.7 percent of all U.S. exports, up slightly from 1.6 percent for current CBERA beneficiary countries in 2009. In 2008, CBERA countries accounted for 2.0 percent of U.S. exports.[22]

In 2010, the value of U.S. exports to CBERA countries grew 27.6 percent—more than total global U.S. exports, which grew 19.8 percent. Of the $18.5 billion in exports to CBERA countries in 2010, energy products (mostly refined petroleum products) accounted for 36.1 percent, agricultural products 11.8 percent, textile and apparel 1.0 percent, and other mining and manufacturing 41.2 percent.

FIGURE 2.4 U.S. exports to CBERA countries, by major product categories, 2006–10



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

[22] Current CBERA beneficiaries accounted for 1.6 percent of U.S. exports in 2008.

U.S. Exports by Country

Table 2.14 shows total U.S. exports to CBERA countries from 2006 to 2010. Panama, The Bahamas, the Netherlands Antilles, Trinidad and Tobago, and Jamaica were the leading CBERA country destinations for U.S. exports, accounting for more than 80 percent of all U.S. exports to CBERA countries in 2010. The largest dollar value increases in U.S. exports to CBERA countries in 2010 were to Panama, The Bahamas, and the Netherlands Antilles. U.S. exports to Panama increased 40.5 percent to $5.7 billion, mainly due to an increase in exports of refined petroleum products (HS 2710) and aircraft (HS 8800.00). The 31.5 percent increase in U.S. exports to The Bahamas to $3.2 billion was mainly due to increased exports of refined petroleum products. U.S. exports to the Netherlands Antilles increased 39.0 percent to $2.7 billion, primarily due to increased exports of refined petroleum products and precious (gold or platinum-group metal) jewelry (HS 7113.19). By contrast, U.S. exports to Trinidad and Tobago decreased 4.4 percent to $1.8 billion, mostly due to lower exports of parts for boring or sinking machinery (HS 8431.43).

Product Composition and Leading Exports

Table 2.15 shows the leading U.S. exports to CBERA countries by major product category, while table 2.16 shows exports by individual product. In 2010, the largest product categories of U.S. exports to CBERA countries were mineral fuels (HS chapter 27), non-electrical machinery (HS chapter 84), electrical machinery (HS chapter 85), cereals (HS chapter 10), and precious stones and metals (HS chapter 71). Collectively, these product categories accounted for 55.1 percent of the value of all U.S. exports to CBERA countries in 2010. Mineral fuels accounted for 35.9 percent of U.S. exports to CBERA countries in 2010, up from 26.8 percent in 2009.

Exports of mineral fuels (HS chapter 27) increased $2.8 billion, or 71.0 percent, to $6.6 billion in 2010. This increase is due mainly to the increase in both quantity and unit value of exports of fuel oil (HS 2710.19), which increased in value 70.3 percent to $5.8 billion, and light oils (HS 2710.11), which increased in value 84.6 percent to $731.9 million (table 2.16). Exports of non-electrical machinery (HS chapter 84) decreased 1.2 percent to $1.5 billion. Electrical machinery exports (HS chapter 85) increased 9.9 percent to $958.2 million. Exports of cereals (HS chapter 10) decreased 0.5 percent to $533.7 million.

U.S. exports of textiles and apparel (consisting primarily of yarns, fabrics, and cut garment parts for use in producing apparel for export to the United States) to the CBERA region increased 23.4 percent from $151.1 million in 2009 to $186.4 million in 2010 (table 2.17), but were still far below the $2.3 billion total in 2006, when the CAFTA-DR countries were still CBERA beneficiaries. The decline in exports of textiles and apparel from $316.2 million in 2008 to $151.1 million in 2009 can be mostly attributed to the movement of Costa Rica to CAFTA-DR.

TABLE 2.14 U.S. exports to select CBERA countries, by source, 2006–10

Market	2006	2007	2008	2009	2010	Change 2009–10
	Millions of $					Percent
Current CBERA beneficiaries[a]						
Panama	2,523.6	3,492.4	4,614.6	4,063.2	5,708.1	40.5
Bahamas	2,224.5	2,422.8	2,697.0	2,403.3	3,160.3	31.5
Netherlands Antilles	1,324.4	1,897.0	2,728.6	1,927.1	2,678.0	39.0
Trinidad and Tobago	1,511.6	1,679.1	2,146.0	1,874.8	1,791.7	–4.4
Jamaica	1,944.4	2,236.7	2,557.4	1,366.6	1,552.5	13.6
Haiti	772.9	696.2	921.7	774.2	1,183.0	52.8
Aruba	481.9	492.5	629.2	404.5	497.1	22.9
St. Lucia	142.9	155.3	232.2	125.3	388.9	210.5
Barbados	402.2	418.3	454.6	367.4	353.9	–3.7
Guyana	171.6	178.9	281.1	255.2	280.3	9.8
All other	945.9	956.7	1,186.5	921.3	889.0	–3.5
Total	12,445.8	14,626.0	18,448.9	14,482.9	18,482.9	27.6
Former CBERA beneficiaries[b]						
Costa Rica	3,877.1	4,224.3	5,047.8	0.0	0.0	N/A
Dominican Republic	5,033.1	874.1	0.0	0.0	0.0	N/A
Guatemala	1,627.3	0.0	0.0	0.0	0.0	N/A
Honduras	831.5	0.0	0.0	0.0	0.0	N/A
El Salvador	308.6	0.0	0.0	0.0	0.0	N/A
Nicaragua	169.4	0.0	0.0	0.0	0.0	N/A
Total	11,847.1	5,098.3	5,047.8	0.0	0.0	N/A
Grand total	24,292.9	19,724.4	23,496.7	14,482.9	18,482.9	27.6
	Percent of total					Percentage points
Current CBERA beneficiaries[a]						
Panama	10.4	17.7	19.6	28.1	30.9	2.8
Bahamas	9.2	12.3	11.5	16.6	17.1	0.5
Netherlands Antilles	5.5	9.6	11.6	13.3	14.5	1.2
Trinidad and Tobago	6.2	8.5	9.1	12.9	9.7	–3.3
Jamaica	8.0	11.3	10.9	9.4	8.4	–1.0
Haiti	3.2	3.5	3.9	5.3	6.4	1.1
Aruba	2.0	2.5	2.7	2.8	2.7	–0.1
St. Lucia	0.6	0.8	1.0	0.9	2.1	1.2
Barbados	1.7	2.1	1.9	2.5	1.9	–0.6
Guyana	0.7	0.9	1.2	1.8	1.5	–0.2
All other	3.9	4.9	5.0	6.4	4.8	–1.6
Total	51.2	74.2	78.5	100.0	100.0	0.0
Former CBERA beneficiaries[b]						
Costa Rica	16.0	21.4	21.5	0.0	0.0	0.0
Dominican Republic	20.7	4.4	0.0	0.0	0.0	0.0
Guatemala	6.7	0.0	0.0	0.0	0.0	0.0
Honduras	3.4	0.0	0.0	0.0	0.0	0.0
El Salvador	1.3	0.0	0.0	0.0	0.0	0.0
Nicaragua	0.7	0.0	0.0	0.0	0.0	0.0
Total	48.8	25.8	21.5	0.0	0.0	0.0
Grand total	100.0	100.0	100.0	100.0	100.0	0.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits. Table D.5 of appendix D is a longer version of this table that includes all 24 current and former CBERA beneficiaries.

[a]Countries that were CBERA beneficiaries as of December 31, 2010.
[b]Countries for which CAFTA-DR entered into force on or before January 1, 2009.

TABLE 2.15 Leading U.S. exports to CBERA countries, by major product categories, 2006–10

HS chapter	Description	2006	2007	2008	2009	2010
		Millions of $				
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	3,842.3	4,208.8	6,315.0	3,881.7	6,638.0
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	2,455.2	2,144.6	2,417.0	1,547.5	1,528.7
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	2,973.0	2,186.4	2,219.5	872.2	958.2
10	Cereals	941.9	745.9	1,076.4	536.3	533.7
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	866.4	681.7	620.6	509.0	533.2
88	Aircraft, spacecraft, and parts thereof	428.3	355.9	514.1	410.3	516.7
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	809.8	705.4	728.1	385.4	484.6
39	Plastics and articles thereof	1,073.7	722.4	749.7	316.6	355.3
73	Articles of iron or steel	361.0	324.9	380.5	290.9	309.6
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	709.4	564.2	533.1	265.1	292.8
	All other	9,832.0	7,084.1	7,942.6	5,468.0	6,332.0
	Total	24,292.9	19,724.4	23,496.7	14,482.9	18,482.9
		Percent of total				
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	15.8	21.3	26.9	26.8	35.9
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	10.1	10.9	10.3	10.7	8.3
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	12.2	11.1	9.4	6.0	5.2
10	Cereals	3.9	3.8	4.6	3.7	2.9
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	3.6	3.5	2.6	3.5	2.9
88	Aircraft, spacecraft, and parts thereof	1.8	1.8	2.2	2.8	2.8
87	Vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	3.3	3.6	3.1	2.7	2.6
39	Plastics and articles thereof	4.4	3.7	3.2	2.2	1.9
73	Articles of iron or steel	1.5	1.6	1.6	2.0	1.7
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2.9	2.9	2.3	1.8	1.6
	All other	40.5	35.9	33.8	37.8	34.3
	Total	100.0	100.0	100.0	100.0	100.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits.

TABLE 2.16 Leading U.S. exports to CBERA countries, 2006–10 (millions of $)

HS number	Description	2006	2007	2008	2009	2010
2710.19	Petroleum oils & oils (not light) from bituminous minerals or preps n.e.s.o.i. 70%+ by wt. from petroleum oils or bitum. min.	3,281.1	3,611.7	5,454.5	3,428.9	5,841.1
2710.11	Light oils and preparations from petroleum oils & oils from bituminous min. or preps 70%+ by wt. from petro. oils or bitum. min.	430.5	533.4	748.6	396.4	731.9
8800.00	Aircraft, spacecraft, and parts thereof[a]	0.0	0.0	0.0	380.9	497.6
7113.19	Jewelry and parts thereof, of precious metal other than silver	394.7	320.7	315.0	252.7	284.9
1006.30	Rice, semi-milled or wholly milled, whether or not polished or glazed	148.7	135.1	219.2	173.2	183.3
7116.20	Articles of precious or semiprecious stones (natural, synthetic or reconstructed)	256.0	218.0	201.7	185.9	159.6
1005.90	Corn (maize), other than seed corn	380.6	280.1	352.4	145.0	154.9
8517.12	Telephones for cellular networks or for other wireless networks	0.0	184.3	170.1	127.6	147.7
0207.14	Chicken cuts and edible offal (including livers) frozen	67.4	73.7	95.1	102.2	136.1
1001.90	Wheat (other than durum wheat), and meslin	283.5	209.9	366.7	178.8	135.6
2304.00	Soybean oilcake and other solid residues resulting from the extraction of soy bean oil, whether or not ground or in the form of pellets	186.0	108.9	149.5	111.2	124.4
7308.90	Structures and parts of structures n.e.s.o.i., of iron or steel	73.5	59.4	66.4	70.3	100.6
2106.90	Food preparations n.e.s.o.i.	109.3	94.3	99.8	89.9	100.4
3303.00	Perfumes and toilet waters	57.1	78.2	104.4	81.1	96.7
8703.23	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 1,500 cc but not over 3,000 cc	261.0	159.5	144.6	68.4	95.3
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, etc., over 6 mm (.236 in.) thick	119.0	77.3	76.2	70.5	88.5
8431.43	Parts for boring or sinking machinery, n.e.s.o.i.	143.1	189.8	216.6	195.0	84.9
8502.13	Generating sets with compression-ignition internal combustion piston (diesel or semi-diesel) engines, of an output exceeding 375 kva	19.7	9.7	12.2	7.1	60.5
2902.50	Styrene (vinylbenzene; phenylethylene)	75.4	87.2	93.9	43.4	59.5
2933.39	Heterocyclic compounds containing an unfused pyridine ring (whether or not hydrogenated) in the structure, n.e.s.o.i.	10.0	7.2	8.7	48.8	58.0
	All other	17,996.5	13,285.9	14,601.2	8,325.7	9,341.5
	Total	24,292.9	19,724.4	23,496.7	14,482.9	18,482.9

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

[a] Civilian aircraft and part were classified under a variety of 10-digit categories from 2006–2008.

TABLE 2.17 U.S. textile and apparel[a] sector exports to CBERA beneficiary countries, 2006–10

Item	2006	2007	2008	2009	2010
			Millions of $		
Apparel	820.3	194.2	89.2	32.5	44.4
Textiles	1,455.0	362.1	227.1	118.6	142.0
Total sector	2,275.3	556.4	316.2	151.1	186.4
			% of sector total		
Apparel	36.1	34.9	28.2	21.5	23.8
Textiles	63.9	65.1	71.8	78.5	76.2

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits. Because of rounding, figures may not add to totals or percentages shown.

[a]U.S. apparel exports are classified in HTS chapters 61–62. U.S. textile exports are classified in HTS chapters 50-60 and 63.

U.S. exports of cut garment pieces, yarns, and fabrics to Haiti, now the largest CBERA market for these goods, rose by 58.8 percent, from $30.4 million in 2009 to $48.3 million in 2010. This increase may be attributed to the recovery of the U.S. economy and a resulting increase in U.S. consumer demand for imported apparel goods, as well as the HOPE and HELP Acts, which expanded U.S. trade preferences for apparel imported from Haiti. Most U.S. exports of cut garment pieces, yarns, and fabrics to other CBERA countries are not used to produce apparel for export to the United States, since there are virtually no U.S. imports of textiles and apparel from other CBERA countries—Haiti accounted for 99 percent of U.S. imports of textiles and apparel from CBERA countries in 2010.

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

This chapter addresses the impact of the CBERA preference program on the economy of the United States in 2009 and 2010, with special attention to developments in 2010. It also examines CBERA's probable future effects. An impact analysis identifies the products most affected by CBERA preferences in 2010, focusing on products that can enter free of duty only under CBERA preferences. The main basis for the analysis of probable future effects is information on CBERA-related investment in the beneficiary countries. Most of this information on investment has been collected from U.S. embassies in the countries of the region.

Key Findings

The overall impact of CBERA-exclusive imports[1] on the U.S. economy and on U.S. industries and consumers continued to be negligible in 2010. The five leading CBERA-exclusive imports in 2010 were light crude oil, methanol, knitted cotton T-shirts, knitted cotton tops, and polystyrene. Methanol provided the largest single gain in consumer surplus and the largest net welfare gain.[2] Methanol is the only U.S. industry for which CBERA-exclusive imports may have displaced more than 5 percent of the value of U.S. production in 2010. A large difference in the price of natural gas, the feedstock for methanol, between the United States and Trinidad and Tobago has been the main contributor to the decline in U.S. industry production and the increase in imports from Trinidad and Tobago in recent years. However, the price gap has narrowed more recently as U.S. natural gas prices have declined, and some U.S. methanol production facilities have been reactivated.

In assessing the probable future effect of CBERA, the Commission analyzed 2009–10 investment trends in the CBERA countries for the near-term production and export of CBERA-eligible products. This analysis indicates that 2009–10 investment is not likely to result in U.S. imports that will have a measurable economic impact on U.S. consumers and producers, as CBERA countries generally are, and are likely to remain, small suppliers relative to the U.S. market. CBERA had its greatest effects on the U.S. economy in the past, shortly after the program's implementation in 1984 and shortly after implementation of each of the major enhancements to CBERA. Moreover, investment in CBERA countries during 2009–10 was low, and it focused primarily on service sectors rather than on the production of CBERA-eligible goods for export to the United States.

Impact of CBERA on the United States in 2010

CBERA had a minimal effect on the overall U.S. economy in 2010. This is not surprising, since it has had a minimal effect since its implementation in 1984. During each year from 1984 through 2000, the value of U.S. imports entered under CBERA

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

[2] Consumer surplus and net welfare effects are defined in the Analytical Approach section in chapter 1.

remained less than 0.04 percent of U.S. gross domestic product (GDP). Starting in 2001, CBERA country producers took advantage of expanded opportunities under CBTPA, and imports under CBERA increased considerably. However, even at their peak (2002–05), imports under CBERA came to only 0.10 percent of U.S. GDP. In 2010, Imports under CBERA fell to 0.02 percent of GDP, reflecting the exit of the six CAFTA-DR countries from CBERA from 2006 to 2009. As pointed out in chapter 2, the total value of U.S. imports from CBERA countries remained small in 2010, amounting to 0.5 percent of total U.S. imports. The impact of CBERA on U.S. industries and consumers was also minimal in 2010, as it has been in recent years.

CBTPA increased the number of products benefiting from CBERA. In addition, it sharply increased the value of imports benefiting from CBERA, especially imports of apparel and of petroleum and petroleum products. However, the value of the CBERA program to beneficiary countries and its potential to affect the U.S. economy, consumers, and industries has declined since implementation because the margin of preference for many of the region's products eroded as NTR duty rates fell (to free in some instances) under U.S. Uruguay Round commitments. In addition, the advantages of preferential access to the U.S. market have been diluted as more countries have received preferential access under other programs or FTAs, and as apparel quotas under the Agreement on Textiles and Clothing (ATC) ended in 2005.[3]

To evaluate the impact of CBERA, the Commission found it appropriate to consider solely the portion of U.S. imports that can receive preferential treatment *only* under CBERA. Because many CBERA-eligible products are also eligible for duty-free entry under GSP, they were excluded from the analysis.[4] In addition, some products that are eligible for CBERA duty-free treatment contain U.S.-made components. The U.S. value of such products is included in the customs value of imports, but is exempt from duties if imported under production-sharing arrangements (HTS heading 9802.00.80); therefore, it does not constitute value that benefits exclusively from CBERA.[5] Because El Salvador, Honduras, Nicaragua, Guatemala, the Dominican Republic, and Costa Rica lost CBERA eligibility upon acceding to CAFTA-DR from 2006 to 2009, data are included for these countries only for the period for which they were still CBERA beneficiaries. None of the CAFTA-DR countries have been CBERA beneficiaries during the period covered by this year's report.

The following section defines products that benefit exclusively from CBERA; presents quantitative estimates of the impact of CBERA on U.S. consumers, the U.S. Treasury, and U.S. industries whose goods compete with CBERA imports; and describes the U.S.

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[3] For most intents and purposes, CBERA countries were not subject to apparel quotas. See USITC, *The Impact of CBERA: 17th Report*, 2005, chap. 3, for more detail on the erosion of the margin of preference.

[4] Because tariff preferences under the original CBERA legislation are permanent, products from CBERA beneficiary countries that are also eligible for GSP can continue to enter the United States free of duty, even when GSP preferences have lapsed, making investment in such products more attractive than would be the case in the absence of CBERA. Investment that depends solely on GSP for duty-free preferences is often viewed as riskier because of the uncertainties surrounding the periodic renewals of GSP and because certain products from particular countries may exceed competitive-need limits and may therefore lose GSP eligibility, as was discussed in the CBERA and GSP section in chap. 1. Quantifying these effects is, however, beyond the scope of this study.

[5] Many apparel articles that became eligible for CBERA duty-free entry as a result of CBTPA have contained U.S.-cut parts that are not dutiable under production-sharing arrangements (HTS heading 9802.00.80). The value of U.S.-cut parts incorporated in such articles, therefore, does not benefit exclusively from CBERA. Imports of only two apparel articles were reported as containing U.S. content under production-sharing arrangements in 2010—HTS 6108.11.00 and HTS 6109.10.00.

imports that benefited exclusively from CBERA in 2010 and had the largest potential impact on competing U.S. industries.

Products That Benefited Exclusively from CBERA in 2010

For purposes of this analysis, the Commission defined U.S. imports of products benefiting exclusively from CBERA as those that enter under either CBERA duty-free or CBERA reduced-duty provisions and are not eligible to enter free of duty under NTR rates or under other programs, such as GSP.[6] Consistent with this definition, GSP-eligible items that are imported from CBERA countries under CBERA preferences are considered to benefit exclusively from CBERA only if they originated in a country that is not currently a designated GSP beneficiary or if imports of the item from a certain country exceeded GSP competitive-need limits.[7]

From the time CBERA was first implemented in 1984, the share of U.S. imports from CBERA countries benefiting exclusively from CBERA (the "exclusively benefiting share") has varied because of changes in product coverage, changes in country coverage under CBERA and GSP, and large swings in the prices of some goods (mostly energy-related products). Before the first full year that CBTPA was in effect (2001), the exclusively benefiting share was typically under 10 percent and frequently well under 10 percent. Much of the variation resulted from a loss of GSP eligibility for particular products from particular countries because imports of such products from those countries exceeded GSP competitive-need limits, or a loss of GSP eligibility for all GSP-eligible products because of the temporary expiration of the GSP program.[8] The exclusively benefiting share fell toward the end of that period as several major products formerly entering under CBERA provisions became free of duty under NTR provisions as a result of U.S. actions pursuant to its Uruguay Round obligations.

For a time, CBTPA substantially expanded the share of U.S. imports from CBERA countries benefiting exclusively from CBERA. Starting in 2001, the first full year that

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

[7] In 2010, all of the CBERA countries were designated GSP-beneficiary countries except Antigua and Barbuda, Aruba, The Bahamas, Barbados, the Netherlands Antilles, and Trinidad and Tobago. Trinidad and Tobago lost its GSP-beneficiary status effective January 1, 2010.

A beneficiary developing country loses GSP benefits for an eligible product when U.S. imports of the product exceed either a specific annually adjusted value or 50 percent of the value of total U.S. imports of the product in the preceding calendar year—the competitive-need limit (sec. 503(c)(2) of the Trade Act of 1974, as amended). CBERA has no competitive-need limits. Thus, eligible products that are excluded from duty-free entry under GSP because their competitive-need limits have been exceeded can still receive duty-free entry under CBERA.

As noted in the previous section, statistics reported for the customs value of U.S. imports generally include the U.S. value of items imported under production-sharing provisions (HTS heading 9802.00.80). Such U.S. value is generally free of duty. As such, it is excluded from the value of imports that benefited exclusively from CBERA in 2010. In addition, items that are free of duty under NTR rates are sometimes erroneously recorded as entering under CBERA provisions. Such items have been excluded from the total value of imports benefiting exclusively from CBERA in table 3.1 in 2006–10.

[8] The "exclusively benefiting" shares were markedly higher in 1995 and 1996, mainly because of the lapse in the GSP program from August 1, 1995, through September 30, 1996, and subsequent increased use of CBERA provisions to ensure duty-free entry. See USITC, *The Impact of CBERA: 12th Report*, 1997, 35–36, for further explanation of the assumptions and analysis used to deal with the lapse in GSP. Because of the assumptions about GSP made in the 1995 and 1996 CBERA reports, the findings derived from the analysis in those reports are not strictly comparable to the findings in later reports in this series or in reports published before the 1995 report, despite the similar analytical approach used.

TABLE 3.1 Total imports from CBERA beneficiaries, imports entered under CBERA provisions, and imports that benefited exclusively from CBERA provisions, 2006–10

Item	2006	2007	2008	2009	2010
Total imports from CBERA beneficiaries:					
Value (millions of $[a])	25,755	19,058	19,486	9,414	10,121
Imports entered under CBERA provisions:[b]					
Value (millions of $[a])	9,915	5,496	4,726	2,359	2,893
Percent of total	38.5	28.8	24.3	25.1	28.6
Imports that benefited exclusively from CBERA provisions:					
Value (millions of $[a])	8,175	4,862	4,120	2,240	2,766
Percent of total	31.7	25.5	21.1	23.8	27.3

Source: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

[a]Customs value.
[b]Includes articles entered free of duty or at reduced duties under CBERA provisions.

CBTPA was in effect, the exclusively benefiting share rose significantly. It increased again in 2002 before stabilizing around 30–32 percent during 2002–06, as CBERA-country textile and apparel producers adjusted production patterns and petroleum importers took greater advantage of CBERA provisions (table 3.1). However, as countries began to leave CBERA for CAFTA-DR in 2006, the exclusively benefiting share fell to 25.5 percent in 2007 and to a low of 21.1 percent in 2008. While the exclusively benefiting share rose to 27.3 percent in 2010, this was largely because the oil refinery in Aruba (not a CBTPA beneficiary) was shut down throughout 2010, sharply reducing the denominator (total imports from CBERA countries) in the exclusive share computation without reducing the numerator (exclusively benefiting imports).[9]

The value of U.S. imports that benefited exclusively from CBERA increased from $2.2 billion in 2009 to $2.8 billion in 2010, or by 23.5 percent (table 3.1). Such imports accounted for 27.3 percent of total U.S. imports from CBERA countries in 2010, compared with 23.8 percent in 2009.

The 20 leading items that benefited exclusively from CBERA in 2010 are listed in table 3.2. The most notable change was in the value of imports of light crude oil (HTS 2709.00.20), which rose $449 million (56.1 percent) from 2009 to 2010.[10] Other notable value changes occurred with respect to methanol (HTS 2905.11.20) from Trinidad and Tobago, up $322 million (56.7 percent), and fuel ethanol (HTS 2207.10.60), down $193 million (–94.9 percent).

[9] Aruba is normally a major exporter of refined petroleum products to the United States, but since it is not a CBTPA beneficiary country, U.S. imports of such products are subject to NTR duties.
[10] The leading imports benefiting exclusively from CBERA in 2009 are reported in table E.1.

TABLE 3.2 Value of leading imports that benefited exclusively from CBERA, 2010 (thousands of $)

HTS number	Description	Customs value	C.i.f. value
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	1,249,473	1,274,318
2905.11.20[a]	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	889,812	973,635
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	203,551	207,956
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	125,128	127,779
3903.11.00[b]	Polystyrene, expandable, in primary forms	95,378	97,841
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	31,560	32,005
2710.11.45	Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon	27,394	28,255
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	19,774	20,146
8525.50.30	Transmission apparatus for television, n.e.s.o.i.	10,952	11,295
1604.14.40	Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each	10,428	11,083
2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	10,284	10,906
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	8,081	10,655
8529.10.20	Television antennas and antenna reflectors, and parts suitable for use therewith	7,405	7,985
2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	6,670	7,000
2933.61.00[a]	Melamine	6,119	6,363
2207.10.30[c]	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for beverage purposes	5,519	5,945
2009.19.00	Orange juice, not frozen, of a Brix value exceeding 20, unfermented	5,580	5,732
2202.10.00[a]	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	4,711	5,438
2106.90.99[a]	Food preparations not elsewhere specified or included, not canned or frozen	4,730	4,838
9405.10.80[a]	Chandeliers and other electric ceiling or wall lighting fixtures (o/than used for public spaces), not of base metal	2,701	2,961

Source: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

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

[a]Includes only imports from Trinidad and Tobago. Item is GSP-eligible, but Trinidad and Tobago was not a designated GSP beneficiary in 2010, so this item was eligible for duty-free entry only under CBERA. Prior to January 1, 2010, when Trinidad and Tobago was graduated from GSP, imports of this item from Trinidad and Tobago exceeded the competitive-need limit and thus were eligible for duty-free entry only under CBERA

[b]Includes only imports from The Bahamas. Item is GSP-eligible, but The Bahamas was not a designated GSP beneficiary in 2010, so this item was eligible for duty-free entry only under CBERA.

[c]Includes only imports from Barbados. Item is GSP-eligible, but Barbados was not a designated GSP beneficiary in 2010, so this item was eligible for duty-free entry only under CBERA.

Ten products were added to this list in 2010,[11] replacing 10 others from the 2008 list.[12] Most of the products dropped from the list in 2010 came predominantly from Costa Rica, which ceased to be a CBERA beneficiary on January 1, 2009. There were various reasons for adding new goods to the list in 2010. Some were products from Trinidad and Tobago that had previously been eligible for duty-free entry under GSP but no longer enjoyed GSP eligibility after Trinidad and Tobago graduated from GSP at the beginning of 2010. Others were products that were not exported to the United States before 2009 or 2010. Still others moved up in the rankings to fill spaces left by the departing products from Costa Rica (this was true for almost all of the new products to some extent).

CAFTA-DR countries were the main source of imports under CBERA in past years, and the departure of these countries from CBERA has removed products that came from these countries from the list of products benefiting exclusively from CBERA. As a result, only one leading import that had been listed as CBERA-exclusive in each previous CBERA report for the years 1984–2009 continued to rank among the 20 leading U.S. imports in 2010—fresh or dried pineapples in crates (HTS 0804.30.40). In addition, since 2001, light crude oil, methanol from Trinidad and Tobago, knitted cotton T-shirts (HTS 6109.10.00), knitted cotton tops (HTS 6110.20.20), heavy fuel oil (HTS 2710.19.05), and man-made fiber T-shirts (HTS 6109.90.10) have continued to rank among the leading 20 CBERA-exclusive imports.

Welfare and Displacement Effects of CBERA on U.S. Industries and Consumers in 2010

The analytical approach for estimating the welfare and displacement effects of CBERA is described in the introduction to this report (chapter 1) and is discussed in more detail in appendix C. This chapter reports a range of estimates, reflecting those made assuming higher substitution elasticities (upper estimate) and those made assuming lower substitution elasticities (lower estimate).

The analysis was conducted on the 20 leading items that benefited exclusively from CBERA (table 3.2).[13] Estimates of welfare effects and potential effects on U.S. industry were calculated. Estimates of potential U.S. industry displacement effects were small, with only one industry—methanol—having an upper estimate of displacement of more than 5.0 percent, the cutoff traditionally used in this series for selecting industries for further analysis. A number of U.S. producers benefited from CBERA preferences because they supplied inputs to apparel assembled in CBERA countries. U.S. producers supplying cut apparel parts are included in the welfare and industry effects analysis;

[11] The 10 products are classified under HTS numbers (country of origin included if imports benefiting exclusively from CBERA are restricted to those from a specific country) 2710.11.45, 8525.50.30, 1604.14.40, 8529.10.20, 2933.61.00 from Trinidad and Tobago, 2207.10.30 from Barbados, 2009.19.00, 2202.10.00 from Trinidad and Tobago, 2106.90.99 from Trinidad and Tobago, and 9405.10.80 from Trinidad and Tobago. See table 3.2 for descriptions.

[12] The 10 products are classified under HTS numbers (country of origin included if imports benefiting exclusively from CBERA are restricted to those from a specific country) 2710.11.25, 6203.42.40, 0714.10.20 from Costa Rica, 6115.95.90, 2008.99.13 from Costa Rica, 2207.20.00, 0714.10.10 from Costa Rica, 6107.11.00, 6203.43.40, and 0202.30.50. See USITC, *The Impact of CBERA: 19th Report*, 2009, table 3.2, for descriptions.

[13] USITC industry analysts provided estimates of U.S. production and exports for the 20 leading items that benefited exclusively from CBERA, as well as evaluations of the substitutability of CBERA-exclusive imports and competing U.S. products.

however, those supplying fabric and yarn are not explicitly analyzed because of data limitations.[14]

Items Analyzed

Although a large number of products are eligible for duty-free or reduced-duty entry under CBERA, a relatively small group of products accounts for most of the imports that benefit exclusively from CBERA. As noted previously, table 3.2 presents the 20 leading CBERA-exclusive items in 2010. They are ranked on the basis of their c.i.f. (customs value plus insurance and freight charges) import values that benefited exclusively from CBERA.[15] Those products represented 98.6 percent of the $2.8 billion in imports that benefited exclusively from CBERA during 2010.[16] The five leading CBERA-exclusive imports in 2010, which represented 92.7 percent of all exclusively benefiting imports, were (1) light crude oil, (2) methanol from Trinidad and Tobago, (3) knitted cotton T-shirts, (4) knitted cotton tops, and (5) polystyrene from The Bahamas.[17] Methanol and light crude oil ranked first and second, respectively, in 2008.

For any particular item, the size of the U.S. market share accounted for by CBERA-exclusive imports was a major factor in determining the estimated impact on competing domestic producers.[18] (This market share is the ratio of the value of CBERA-exclusive imports to total apparent U.S. consumption of that product.) Market shares for these 20 items varied considerably in 2010 (table 3.3). For instance, the market share of CBERA-exclusive imports of methanol was approximately 61 percent, whereas the market share of CBERA-exclusive imports of many of the products, such as the petroleum products, was less than 1.0 percent.

Estimated Effects on U.S. Consumers and Producers

Tables 3.4 and 3.5 present the estimated impact of CBERA tariff preferences on the U.S. economy in 2010.[19] Estimates of the gains in consumer surplus and the losses in tariff revenue, as well as measures of the potential displacement of U.S. production, are presented and discussed below.

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[14] To estimate the impact of CBERA on U.S. textile producers, it would be necessary to separate imports of apparel made with U.S. fabric and yarn from imports made from regional fabric. Data necessary to allow this distinction to be made are not available.

[15] In the analysis, U.S. market expenditure shares were used to compute estimates of welfare and domestic production displacement effects. U.S. expenditures on imports necessarily include freight and insurance charges and duties, when applicable. Therefore, where indicated in the text and supporting tables, the analysis used c.i.f. values for duty-free items and landed, duty-paid values for reduced-duty items benefiting exclusively from CBERA and for the remaining imports. Technically, landed, duty-paid values are equal to c.i.f. values for items entering free of duty. Because no duty is assessed on the U.S. value of imports entered under the production-sharing provisions of HTS heading 9802.00.80, that value is excluded from the value benefiting exclusively from CBERA shown in table 3.2. To compute the market expenditure shares reported in table 3.3 and used in the analysis, the U.S. value was included.

[16] The import values reported in tables 3.2 and 3.3 do not include imports under each HTS provision on which full duties were paid. Even though all these products were eligible for CBERA tariff preferences, full duties were paid on a certain portion of imports under most HTS provisions for a variety of reasons, such as failure to claim preferences, insufficient documentation, or failure to meet CBTPA requirements.

[17] Leading CBERA suppliers are shown in tables 2.9–2.13.

[18] Other factors include the ad valorem equivalent tariff rate; the degree of substitutability among beneficiary imports, nonbeneficiary imports, and domestic production; and the overall demand elasticity for the product category.

[19] The methodology is described in appendix C.

TABLE 3.3 Value of leading imports that benefited exclusively from CBERA, apparent U.S. consumption, and CBERA-exclusive market share, 2010

HTS number	Description	Imports from CBERA countries (c.i.f. value) A[a]	Apparent U.S. consumption B[b]	Market share (A/B)
		Thousands of $		Percent
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	1,274,318	213,263,795	0.60
2905.11.20	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	973,635	1,590,556	61.21
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	207,956	([c])	([c])
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	127,779	([c])	([c])
3903.11.00	Polystyrene, expandable, in primary forms	97,841	727,628	13.45
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	32,005	102,559,406	0.03
2710.11.45	Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon	28,255	7,894,390	0.36
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	20,146	([c])	([c])
8525.50.30	Transmission apparatus for television, n.e.s.o.i.	11,295	([c])	([c])
1604.14.40	Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each	11,083	312,660	3.54
2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	10,906	23,725,502	0.05
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	10,655	622,312	1.71
8529.10.20	Television antennas and antenna reflectors, and parts suitable for use therewith	7,985	([c])	([c])
2207.10.30	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for beverage purposes	7,979	([c])	([c])
2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	7,000	802,821	1.55
2933.61.00	Melamine	6,363	184,047	3.46
2009.19.00	Orange juice, not frozen, of a Brix value exceeding 20, unfermented	5,732	-	-
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	5,450	25,862,497	0.02
2106.90.99	Food preparations not elsewhere specified or included, not canned or frozen	4,846	1,535,702	0.32
9405.10.80	Chandeliers and other electric ceiling or wall lighting fixtures (o/than used for public spaces), not of base metal	2,961	1,043,471	0.28

Source: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

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

[a]Includes value of U.S. components incorporated in imports entered under HTS heading 9802.00.80.
[b]Apparent U.S. consumption is defined as U.S. production plus total imports (landed, duty-paid basis) minus exports.
[c]U.S. production and/or export data are not available.
[d]Apparent consumption for HTS 2009.11.00 and 2009.19.00 was aggregated into one category and reported under HTS 2009.11.00.

Effects on U.S. consumers

In 2010, methanol from Trinidad and Tobago provided the largest gain in consumer surplus ($46.1–$47.0 million) resulting exclusively from CBERA tariff preferences (table 3.4). Without CBERA, the price U.S. consumers would have paid for imports of such methanol from CBERA countries would have been as much as 5 percent higher (the ad valorem equivalent duty rate, adjusted for freight and insurance charges). Polystyrene from The Bahamas provided the second-largest gain in consumer surplus ($5.4–$5.7 million). Without CBERA, the import price of polystyrene from CBERA countries would have been as much as 6 percent higher. In general, the CBERA-exclusive items providing the largest gains in consumer surplus also have either the highest NTR tariff rates or the largest volumes of imports from CBERA countries, or both.

CBERA preferences also reduced U.S. tariff revenues, offsetting much of the gain in consumer surplus. For example, for orange juice (HTS 2009.11.00 and HTS 2009.19.00), reduced tariff revenues offset 57–72 percent of the gain in consumer surplus; for fuel ethanol, the offset was 60–78 percent. For many of the other items listed in table 3.4, especially those with low NTR duty rates, lower tariff revenues offset nearly all of the gain in consumer surplus.

Overall, the estimated net welfare effects of CBERA were small. The gain in consumer surplus (column A of table 3.4) was greater than the corresponding decline in tariff revenue (column B) for all of the products analyzed for which data were available. Of the resulting net welfare gains, the largest for 2010 were for methanol from Trinidad and Tobago ($1.9–$2.7 million) and orange juice ($0.6–$0.8 million). Fuel ethanol yielded the largest net welfare gain in 2008.[20]

Effects on U.S. producers

Estimates of the potential effects of CBERA on domestic production are shown in table 3.5.[21] Estimates of the potential displacement of domestic production were small for most of the individual sectors.[22] The analysis indicates that the largest potential displacement effects were for methanol (5.4–10.7 percent displaced, valued at $10.5–$20.7 million); and polystyrene (1.4–2.6 percent displaced, valued at $8.2–$15.8 million). The estimated displacement share for other products experiencing net displacement was around 1.0 percent or less, even in the upper range of estimates.

[20] See USITC, *The Impact of CBERA: 19th Report*, 2009, 3-9, table 3.4.

[21] CBERA requires the Commission to assess the effect of CBERA on the “domestic industries which produce articles that are like, or directly competitive with, articles being imported into the United States from beneficiary countries.” Defining these industries is not always clear cut, especially in the apparel sector. Resources used in the apparel sector, such as sewing machines, fabric cutters, and operators of these machines, can for the most part be easily reallocated from one type of apparel to another. This is due both to the nature of the machinery and operators and to frequent changes in consumer fashion preferences, which require flexibility. For analytical purposes, industries have been defined in terms of estimated production of particular types of apparel, but the number of apparel “industries” is actually much smaller than this analysis implies.

[22] U.S. market share, ad valorem equivalent tariff rate, and elasticity of substitution between beneficiary imports and competing U.S. production are the main factors that affect the estimated displacement of U.S. domestic shipments. In general, the larger the CBERA share of the U.S. market, ad valorem equivalent tariff rate, and substitution elasticity, the larger the displacement of domestic shipments.

TABLE 3.4 Estimated welfare effects on the U.S. of leading imports that benefited exclusively from CBERA, 2010 (thousands of $)

HTS number	Description	Gain in consumer surplus (A)		Loss in tariff revenue (B)		Net welfare effect (A – B)	
		Upper estimate	Lower estimate	Upper estimate	Lower estimate	Upper estimate	Lower estimate
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	1,246	1,248	1,243	1,246	3	2
2905.11.20	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	46,101	46,979	43,417	45,101	2,683	1,877
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	([a])	([a])	([a])	([a])	([a])	([a])
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	([a])	([a])	([a])	([a])	([a])	([a])
3903.11.00	Polystyrene, expandable, in primary forms	5,419	5,707	4,720	5,250	699	457
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	31	32	31	31	([b])	([b])
2710.11.45	Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon	27	27	27	27	([b])	([b])
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	([a])	([a])	([a])	([a])	([a])	([a])
8525.50.30	Transmission apparatus for television, n.e.s.o.i.	([a])	([a])	([a])	([a])	([a])	([a])
1604.14.40	Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each	31	31	31	31	([b])	([b])
2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	1,879	2,348	1,135	1,843	744	506
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	96	97	94	96	1	([b])
8529.10.20	Television antennas and antenna reflectors, and parts suitable for use therewith	([a])	([a])	([a])	([a])	([a])	([a])
2207.10.30	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for beverage purposes	([a])	([a])	([a])	([a])	([a])	([a])
2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	1,829	2,218	1,034	1,593	795	625
2933.61.00	Melamine	198	204	182	194	15	10
2009.19.00	Orange juice, not frozen, of a Brix value exceeding 20, unfermented	([c])	([c])	([c])	([c])	([c])	([c])
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	5	5	5	5	([b])	([b])
2106.90.99	Food preparations not elsewhere specified or included, not canned or frozen	277	294	253	285	24	9
9405.10.80	Chandeliers and other electric ceiling or wall lighting fixtures (o/than used for public spaces), not of base metal	97	100	88	95	8	5

Source: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

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

[a]Welfare and displacement effects were not calculated because of the unavailability of U.S. production and/or export data.
[b]Less than $500.
[c]Analysis for HTS 2009.11.00 and 2009.19.00 is combined under HTS 2009.11.00.

TABLE 3.5 Estimated effects on the production of U.S. industries of leading imports that benefited exclusively from CBERA, 2010

HTS number	Description	U.S. production	Reduction in U.S. production: Value, Upper estimate	Value, Lower estimate	Share, Upper estimate	Share, Lower estimate
		Thousands of $			Percent	
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	98,079,150	2,370	1,228	([a])	([a])
2905.11.20	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	193,200	20,664	10,453	10.70	5.41
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	([b])	([b])	([b])	([b])	([b])
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	([b])	([b])	([b])	([b])	([b])
3903.11.00	Polystyrene, expandable, in primary forms	600,000	15,793	8,168	2.63	1.36
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	78,728,669	86	44	([a])	([a])
2710.11.45	Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon	3,311,077	38	20	([a])	([a])
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	([b])	([b])	([b])	([b])	([b])
8525.50.30	Transmission apparatus for television, n.e.s.o.i.	([b])	([b])	([b])	([b])	([b])
1604.14.40	Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each	65,000	30	17	0.05	0.03
2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	24,288,000	7,958	2,739	0.03	0.01
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	60,000	21	6	0.04	0.01
8529.10.20	Television antennas and antenna reflectors, and parts suitable for use therewith	([b])	([b])	([b])	([b])	([b])
2207.10.30	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for beverage purposes	([b])	([b])	([b])	([b])	([b])
2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	640,000	6,482	3,347	1.01	0.52
2933.61.00	Melamine	180,000	649	338	0.36	0.19
2009.19.00	Orange juice, not frozen, of a Brix value exceeding 20, unfermented	([c])	([c])	([c])	([c])	([c])
2202.10.00	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	25,000,000	21	12	([a])	([a])
2106.90.99	Food preparations not elsewhere specified or included, not canned or frozen	10,000	4	1	0.04	0.01
9405.10.80	Chandeliers and other electric ceiling or wall lighting fixtures (o/than used for public spaces), not of base metal	640,000	230	115	0.04	0.02

Source: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

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

[a]Absolute value less than 0.005 percent.
[b]Welfare and displacement effects were not calculated because of the unavailability of U.S. production and/or export data.
[c]Analysis for HTS 2009.11.00 and 2009.19.00 is combined under HTS 2009.11.00.

In addition, the U.S. textile industry benefits from CBERA by supplying yarn and fabric directly to beneficiary country apparel producers, as well as to the U.S. producers of exported cut fabric parts.[23]

Overall, the above estimates suggest that the impact of CBERA in 2010 on the U.S. economy, industries, and consumers was minimal, mainly because of the very small portion of U.S. imports that come from CBERA countries. Only one of the items that benefit exclusively from CBERA (methanol) had any significant potential displacement impact on U.S. production. On the other hand, some U.S. producers benefit from CBERA preferences, most notably producers of yarn, fabric, thread, and cut apparel parts.

Highlights of U.S. Industries Most Affected by CBERA

Industries having estimated production displacement of 5 percent or more, based on upper estimates, were chosen for further analysis. In 2010, as mentioned above, only one product that benefited exclusively from CBERA met this criterion—methanol from Trinidad and Tobago.

Methanol

U.S. imports of methanol under HTS 2905.11.20 (methanol other than for use in producing synthetic natural gas or for direct use as a fuel) in 2010 were dutiable at the NTR rate of 5.5 percent ad valorem or were eligible for duty-free or reduced-duty treatment under a number of preferential programs and FTAs, including CBERA.[24] U.S. imports of methanol under HTS 2905.11.10 (methanol for use in producing synthetic natural gas or for direct use as a fuel) were subject to an NTR duty rate of free.

The value of U.S. imports of methanol under HTS 2905.11.20 has been volatile over the last few years. After reaching record levels in 2008, in large part due to historically high prices, the value of total U.S. methanol imports in fell 58.9 percent in 2009, due in large part to the global recession. The value of U.S. imports of methanol from Trinidad and Tobago fell 51.7 percent in 2009, largely due to a 48.9 percent decrease in unit values; volume fell only 5.5 percent. In 2010, the value of U.S. imports of methanol under HTS 2905.11.20 from all sources increased 61.7 percent to $1.30 billion in 2010 as unit values recovered to levels generally observed in 2006–07. The 58.1 percent ($335.6 million) increase in the value of imports from Trinidad and Tobago accounted for 67.6 percent of the increase ($496.8 million) in the value of imports of methanol from all sources in 2010. Trinidad and Tobago became the primary source of methanol imports under HTS

[23] In principle, it is possible for a U.S. industry or firms within an industry to experience a positive net effect as a result of CBERA preferences. The positive net effect could occur for firms that produce cut apparel parts that are assembled in beneficiary countries. These firms experience a negative effect (displacement) from competition with imports from beneficiary countries and a positive effect from their exports of apparel parts to the beneficiary countries. There were no industries for which estimates were made that experienced a positive net effect in 2010. Estimates of the impact of CBERA on U.S. textile producers are not possible because of data limitations.

[24] Imports entered under HTS 2905.11.20 were eligible for duty-free treatment under GSP (from all designated beneficiary developing countries except Venezuela in 2010—Trinidad and Tobago was not a designated beneficiary developing country in 2010), ATPA, CBERA, CAFTA-DR, NAFTA, and free trade agreements with Australia, Bahrain, Chile, Israel, Jordan, Morocco, Oman, and Peru, and were eligible for reduced-duty treatment under the FTA with Singapore.

2905.11.20 in 1998 and has continued to expand its share of the value of U.S. imports, reaching 71.1 percent in 2009 before declining slightly to 70.1 percent in 2010.[25]

Natural gas is the primary input used to produce methanol, which in turn is primarily used as a feedstock to manufacture a number of chemicals. Current major uses of methanol in the United States include formaldehyde and acetic acid production. Formaldehyde resins are used in the production of plywood, particle board, paints, and adhesives. Acetic acid is an input for other intermediate chemicals which go into plastic bottles, paints, adhesives, and synthetic fibers. Smaller quantities of methanol are used to manufacture dimethyl terephthalate, methyl methacrylate, methylene chloride, solvents, and windshield washer fluid.[26]

U.S. demand for methanol peaked at 8.76 million metric tons (mt) in 2000 before beginning a gradual decline to an estimated 5.67 million mt in 2010. Nonetheless, it has been projected to increase by 0.7 percent per year during 2008–13.[27] Throughout the 1990s, U.S. methanol demand followed the increasing production of MTBE,[28] an octane enhancer in fuels. In 1999, concerns about groundwater contamination convinced California and other states to phase out MTBE in fuel, leading to the decline in methanol demand.[29] Although TAME,[30] one of the fuel additive replacements for MTBE, can also be produced from methanol, the use of methanol to produce TAME was insufficient to fully offset the MTBE-related decline in methanol demand.[31]

U.S. production of methanol peaked at 5.98 million mt in 1997 and declined rapidly afterward.[32] Production was estimated at 0.80 million mt in 2010.[33] The number of operating U.S. plants followed a similar trend, falling from 17 in the late 1990s to 4 in 2005 and remaining constant through 2010.[34] Until recently, relatively high North American prices for natural gas made it unprofitable for many U.S. producers to remain operating. In 2010, all U.S. production of methanol was for captive consumption.[35]

The global recession of 2008–09 drove down prices for natural gas, and recent discoveries of natural gas in North America kept the local price of that commodity low even after the U.S. economy started recovering from the recession. The lower relative price of natural gas in North America has enabled some idled methanol plants to be reopened; however, no new methanol facilities are currently being built in North America.[36] In 2011, Methanex, the world's largest methanol producer, restarted a shuttered facility in Medicine Hat, Alberta, Canada. The plant, with a capacity of 470,000 mt per year, will allow Methanex to serve all of its Canadian customers' needs and still

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[25] USITC DataWeb.

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

[27] Ibid.

[28] Methyl tert-butyl ether.

[29] California Energy Commission, "Energy Commission MTBE Study," 1998; USDOE, EIA, "Status and Impact of State MTBE Bans," March 27, 2003).

[30] Tert-amyl methyl ether.

[31] All U.S. TAME production is estimated to have ended in 2010 as ethanol has replaced TAME as a fuel oxygenator. Chemical Economics Handbook, *Methanol Marketing Research Report*, July 2011; USDOE, EIA, "MTBE, Oxygenates, and Motor Gasoline."

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

[33] Guillermo Saade, SRI Consulting/IHS, telephone interview by Commission staff, June 28, 2011.

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

[35] Ibid. and Guillermo; Saade, SRI Consulting/IHS, telephone interview by Commission staff, June 28, 2011.

[36] Guillermo Saade, SRI Consulting/IHS, telephone interview by Commission staff, June 28, 2011.

have some methanol left for export, probably to the United States.[37] The Medicine Hat plant had been idle for 10 years.

Pandora Methanol, run by a former Methanex employee and funded by Switzerland-based Janus Methanol, bought an idled methanol/ammonia facility in Beaumont, TX, from Eastman Chemical in 2011. Pandora Methanol intends to get the 850,000 mt/year plant, which had been idle since 2004, fully operational in 2011 and to start shipping methanol for the merchant market in either late 2011 or early 2012. [38] Even with the Beaumont plant returning to service, the U.S. market will be dependent upon imports to satisfy approximately 75 percent of demand.[39]

Countries with significant natural gas resources have transformed the geographic composition of this industry over the last two decades by investing in new, large-scale production facilities to leverage their access to cheap natural gas, the main input for most methanol production processes. These countries not only get to retain the extra value added but are also able to save on logistical costs as shipping methanol is cheaper and easier than shipping natural gas. New mega-facilities with capacities of 1-5 million mt in Trinidad and Tobago and the Middle East have shifted the bulk of production from the developed economies of Europe and North America to these developing areas.[40] In general, these producers are supplying the merchant market rather than captively consuming the methanol.

U.S. natural gas prices in 2005 that were more than five times the price in Trinidad and Tobago proved too much for U.S. producers to overcome. [41] Even Methanex shuttered its North American plant that year because of the relatively high cost of natural gas in North America.[42] In 2009, however, this natural gas price gap narrowed to a price premium of only approximately 18 percent in North America,[43] spurring the reopening of production facilities in Canada and the United States. Other producers with access to natural gas at costs comparable to that of Trinidad and Tobago (e.g., Bolivia, the countries bordering the Persian Gulf, and Russia) also supply the U.S. market with methanol at prices at least competitive with those of domestic producers.[44]

Three companies, through full or partial ownership, accounted for approximately 30 percent of global methanol capacity in 2008. Methanex has an international network of methanol production facilities with significant capacities: 3.8 million mt per year in Chile, 2.5 million mt per year in Trinidad and Tobago, 2.4 million mt per year in New Zealand, 1.3 million mt per year at a new plant in Egypt that made its first methanol shipments in April 2011, and 0.5 million mt per year in Canada at the recently reopened Medicine Hat plant.[45] In addition to Methanex, one other company produces methanol in Trinidad and Tobago: Methanol Holdings (Trinidad) Ltd., which has five methanol plants in Trinidad and Tobago with a total capacity of over 4 million mt.[46] The Methanex and

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[37] Kelley, "Year of the Restart," March 28, 2011, 32.

[38] Ibid. and Guillermo Saade, SRI Consulting/IHS, telephone interview by Commission staff, June 28, 2011.

[39] Guillermo Saade, SRI Consulting/IHS, telephone interview by Commission staff, June 28, 2011.

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

[41] American Chemistry Council, *Natural Gas Costs Around the World*, 2005.

[42] Methanex, "Our Company: Methanex in Canada," March 8, 2011.

[43] Based on official statistics from the Department of Energy.

[44] American Chemistry Council, *Natural Gas Costs Around the World*, 2005.

[45] Methanex, "Our Company: Locations," March 8, 2011; "Methanex Reports First Quarter Results," April 27, 2011.

[46] Methanol Holdings (Trinidad), Ltd., Web site, http://www.ttmethanol.com/web/index.htm (accessed June 30, 2011).

Methanol Holdings plants in Trinidad and Tobago represented 10 percent of global capacity in 2008. The Saudi Basic Industries Corporation (SABIC) accounts for 6.3 million mt of Saudi Arabia's total methanol capacity of 7.3 million mt per year.[47]

Other Persian Gulf states, Russia, and China also have some large-scale producers, and most countries have numerous smaller producers.[48] Given the price-competitiveness of Trinidad and Tobago, the 5.5 percent duty rate savings provided by CBERA has minimal impact on methanol plant location decisions.

Probable Future Effects of CBERA

Based on an analysis of CBERA-related[49] investment activity in the Caribbean Basin region and an assessment of the impact that investment might have on future imports under the program, the future effects of CBERA on the U.S. economy are likely to continue to be minimal for U.S. industries and consumers and the U.S. economy as a whole. The effect is likely to be minimal with respect to most products because the CBERA countries are—and are likely to remain in the near term—relatively small global producers, small exporters, and small suppliers of U.S. imports. Overall investment in CBERA countries during 2009–10 was low and declining, and focused primarily on service sectors rather than on the production of CBERA-eligible goods for export to the United States. The only significant export-oriented CBERA-related investments during 2009–10 identified by the Commission were several large investments in Haiti's apparel sector and an investment in pineapple production in Panama.

This section begins with a discussion of the approach used for the analysis, followed by a summary of investment activities and trends in the CBERA region and a description of CBERA-related investments in selected CBERA countries during 2009–10. This section focuses on investment directed at the production of exports that qualify for CBERA preferences, and it describes CBERA-related investments with a focus on the effects these investments may have on U.S. imports in the near term. Data sources are provided below.

Analytical Framework and Data Sources

Previous reports in this series have found that most of the effects of CBERA on the U.S. economy and consumers of the one-time elimination of import duties under CBERA occurred within two years of the program's implementation in 1984. Other one-time effects on the U.S. economy and consumers likely occurred within two years after each of the major expansions of CBERA, as described in chapter 1 of this report. Remaining effects have occurred over time as a result of increased export-oriented investment in the region in response to the cutting of U.S. tariffs for certain CBERA-eligible products. Consequently, the analysis in this section uses recent CBERA-related investment[50] as a barometer of future trade flows under the program. That is, this analysis considers whether new or increased recent investment in certain CBERA-eligible sectors could lead to increased exports to the United States, which could have future effects on the U.S.

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

[48] Ibid.

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

[50] This analysis focuses on investment in CBERA countries (CBERA beneficiaries as of January 1, 2010) regardless of the source of the investment so long as the investment is for the production of CBERA-eligible goods for export to the United States.

economy and consumers. This section generally addresses changes in investment in the CBERA countries that have occurred since 2008, the last reporting year for this series of reports.[51]

The Commission used a number of sources for the analysis in this section. With the assistance of U.S. embassies in the Caribbean Basin region, the Commission conducted its biennial Caribbean Basin investment survey during June–July 2011. Data collected and provided by U.S. embassies in response to the Commission's biennial investment survey served as a primary source of information for this analysis, along with public comments received in response to the Commission's *Federal Register* notice.[52] Additional data and other information on investment were obtained from various sources published by U.S. and foreign government agencies; international organizations, including the Economic Commission for Latin America and the Caribbean (ECLAC), the United Nations Conference on Trade and Development (UNCTAD), the World Bank; and other cited publications.

Summary of Investment Activities and Trends

Worldwide foreign direct investment (FDI) in CBERA countries declined significantly during 2009–10 following record high FDI in the region in 2008. Haiti and Panama, however, were notable exceptions to the general trend. Haiti experienced a surge of investment in its export-oriented apparel sector as well as investment directed toward post-earthquake reconstruction, and Panama continued to experience strong investor interest in all sectors of its economy.

In 2010, worldwide FDI flows into Latin America and the Caribbean totaled $94.9 billion—a 12.7 percent decline from the record high of $108.7 billion in 2008 (table 3.6).[53] FDI flows into Latin America and the Caribbean generally mirrored global economic growth trends; investment in the region declined by about 40 percent during the 2008–09 global economic downturn, but by 2010 recovered to almost 90 percent of the 2008 level in line with the resumption of global economic growth (figure 3.1).

Unlike FDI in most South and Central American countries, FDI in the CBERA countries did not immediately recover from the 2008–09 global economic downturn.[54] During the downturn worldwide FDI in the CBERA countries declined by almost 50 percent, from $9.5 billion in 2008 to $5.1 billion in 2009. However, investment in CBERA countries continued to fall—down to $4.4 billion in 2010—despite the 2009–10 global economic recovery. As a result, FDI in CBERA countries in 2010 was less than half the 2008 level (table 3.6 and figure 3.1).[55]

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[51] See USITC, *The Impact of the Caribbean Basin Economic Recovery Act, Nineteenth Report*, 2008.

[52] A copy of the notice appears in appendix A of this report.

[53] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean 2010*, 2011, 38, table I.2. Data exclude Mexico; data also exclude the British Virgin Islands, as it is primarily an international financial center.

[54] For a broader discussion of the impact of the 2008–09 global economic downturn on developing countries, see UN, *World Economic Situation and Prospects 2011*, 2011, 1–2.

[55] A discussed in chap. 1, CAFTA-DR entered into force for Costa Rica in 2009, and Costa Rica ceased to be a CBERA beneficiary at that time. For purposes of comparison, Costa Rica was not included in the 2008 investment data.

TABLE 3.6 Worldwide net foreign direct investment flows into CBERA countries, 2006–10 (millions of $)

Host region/economy	2006	2007	2008	2009	2010
Latin America and the Caribbean[a]	55,208	84,649	108,657	65,170	94,908
CBERA countries[b]:	7,537	6,138	9,503	5,080	4,416
Antigua and Barbuda	361	341	176	121	108
Aruba	568	-95	195	80	NA
Bahamas	1,159	746	839	664	499
Barbados	245	338	267	160	NA
Belize	109	143	180	112	100
Dominica	29	48	57	42	31
Grenada	96	167	148	104	90
Guyana	102	110	179	222	198
Haiti	160	75	34	37	150
Jamaica	882	867	1,437	541	NA
Montserrat	4	7	13	3	2
Netherlands Antilles	–22	234	266	117	NA
Panama	2,498	1,777	2,402	1,773	2,362
St. Kitts and Nevis	115	141	184	136	128
St. Lucia	238	277	166	152	104
St. Vincent and the Grenadines	110	132	159	107	93
Trinidad and Tobago	883	830	2,801	709	549

Source: Data (except for Aruba and Netherlands Antilles) are from ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2010*, 38, table I.2 and 80, table I.A-2. Data for Aruba are from UNCTAD, "Country Fact Sheet: Aruba," *World Investment Report 2010,* 2010. Data for Netherlands Antilles are also from UNCTAD, "Country Fact Sheet: Netherlands Antilles," *World Investment Report 2010,* 2010. Aggregated data for CBERA countries were calculated as a sum of the country data shown in table. Sources do not report data for British Virgin Islands, as it is largely an international financial center.

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

[a]Excludes Mexico.
[b]CBERA beneficiaries as of January 1, 2010.

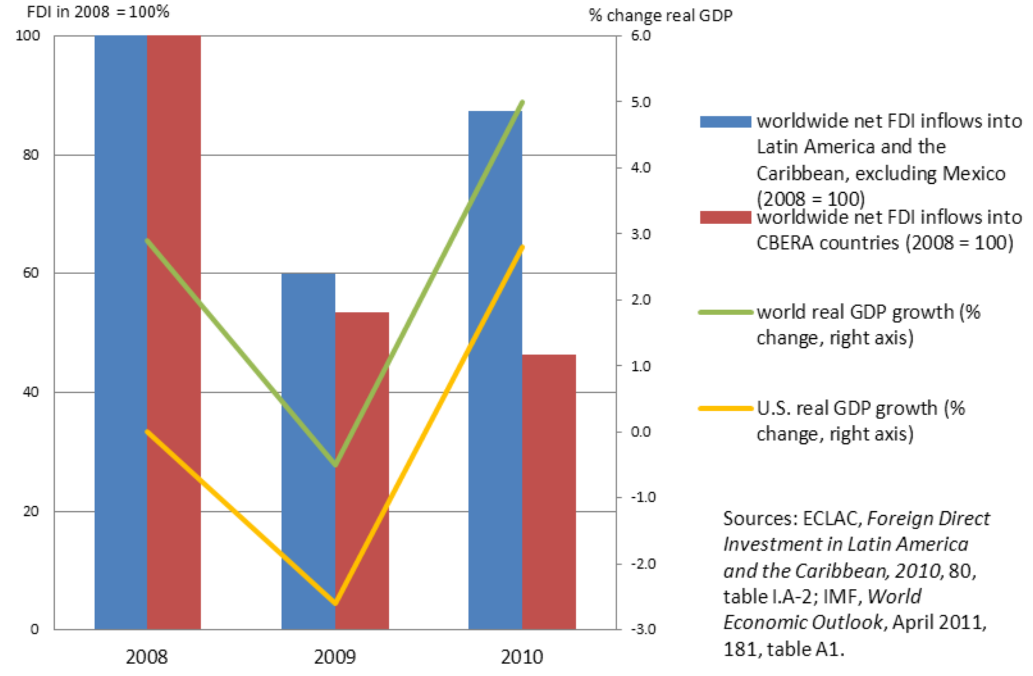

Figure 3.1 Worldwide FDI flows into Latin America and the Caribbean, 2008–10: investment in CBERA countries lags, despite global upturn

Factors Driving the Decline in FDI in CBERA Countries

As exporters of a limited number of goods and services to a few markets, CBERA countries are highly vulnerable to external economic factors that can adversely affect their economies. In particular, they are heavily dependent on the U.S. economy, as the United States is the most important market for Caribbean exports[56] and is the leading source of FDI in the Caribbean region.[57] The U.S. economic downturn and weak recovery were key factors behind the 2009–10 decline in worldwide FDI in CBERA countries.[58] With much of the export-oriented FDI in the Caribbean countries generally focused on low-cost assembly operations to produce goods for export mainly to the United States, it is not surprising that FDI in manufacturing and production for export in CBERA

[56] According to ECLAC, the United States has remained the main export destination for the Caribbean Community (CARICOM) countries, accounting for more than 40 percent of CARICOM exports, for the past 20 years. ECLAC, *Caribbean Trade and Integration*, 2010, 18–19. Aruba, the Netherlands Antilles, and Panama are the only CBERA countries that are not members of CARICOM; the British Virgin Islands is a CARICOM associate member. CARICOM Secretariat, "Members and Associate Members," http://caricom.org/jsp/community/member_states.jsp?menu=community (accessed July 29, 2011).

[57] The United States remains the leading investor in the Latin America and Caribbean region, accounting for 17 percent of FDI in the region in 2010, followed by the Netherlands (13 percent), and China (9 percent). For a more detailed analysis of the importance of U.S. FDI in Caribbean Basin countries, see ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2010*, 2011, 9.

[58] For additional information on the impact of the global and the U.S. economic downturns on the Caribbean Basin countries, see ECLAC, *Latin America and the Caribbean in the World Economy, 2009–2010*, 2010, 119–120.

countries was curtailed by the U.S. economic downturn. The economic downturn also led to a decline in tourist visits to the Caribbean and in FDI in the tourism sector.[59]

The CBERA countries were also largely bypassed by increased Chinese FDI in Latin America and the Caribbean during 2009–10, although recent events suggest that this trend may soon change. China ranked as the world's second-largest economy and the largest exporter of goods in 2010,[60] and was the fifth-largest investor in the world in 2009.[61] While the United States remained the leading investor in Latin America and the Caribbean in 2010,[62] ECLAC reported that Chinese investment in the region "gained significant momentum in 2010."[63] Confirmed Chinese investments in the region grew from $7.3 billion during 1990–2009 to $15.3 billion in 2010, with an additional $22.7 billion announced for 2011 onwards.[64] However, that Chinese FDI focused mainly on the extraction of natural resources (primarily hydrocarbons and iron and ore mining) in Brazil, Argentina, and Peru, as well as on manufacturing export platforms in Mexico.[65] Apart from a few examples—a Chinese enterprise announced plans to acquire a stake in an alumina plant in Trinidad and Tobago in 2010,[66] and a Chinese entity reportedly recently has considered expanding its investment in Guyana's mining and wood products sectors[67]—there was limited Chinese FDI in the CBERA countries during 2009–10. None was reported in the production of CBERA-eligible exports.[68] Since 2011, however, China has shown greater interest in investing in the Caribbean region.[69]

Constraints to FDI

The decline in FDI in the region is not the only investment problem facing CBERA countries. Sources also report that Caribbean Basin countries may not be using the FDI they receive as effectively as possible to diversify their exports and improve their global competitiveness. ECLAC recently reported that investment in Caribbean Basin countries "has for the most part failed to develop new types of products or services," and as a result

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[59] Although not eligible for CBERA trade preferences, tourism is an important source of foreign exchange earnings for many Caribbean Basin countries. The United States is the leading source of tourist visitors to the Caribbean region, accounting for about half of all tourist arrivals in the Caribbean since 2007, more than double the number from Europe and almost five times more than arrivals from Canada. Caribbean Tourism Organization, *Caribbean Tourism: State of the Industry*, 2011. The U.S. economic downturn resulted in fewer U.S. tourists visiting the Caribbean region and significantly lower FDI in the Caribbean tourism sector. Many investments in the tourist infrastructure have been frozen, according to ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2010*, 2011, 40.

[60] OECD, "OECD.StatExtracts: International Trade Exports, Frequently Requested Data," data extracted July 18, 2011; World Bank, "China Overview."

[61] The most recent year for which data were available. UNCTAD, *World Investment Report 2010*, 2010, 6.

[62] The United States provided 17 percent of global FDI in Latin America and the Caribbean in 2010, followed by the Netherlands (13 percent), China (9 percent), and Canada, Spain, and the United Kingdom (each with 4 percent). ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2010*, 2011, 53.

[63] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2010*, 2011, 17.

[64] Ibid., 17–18.

[65] Ibid., 18–19.

[66] "China's Growing Investment in the Caribbean," *Business Journal*, June 28, 2011; *Trinidad and Tobago Guardian*, "Jamaica to Sell Bauxite, Alumina Stake," July 20, 2010.

[67] *Caribbean Update*, "Guyana: China May Invest $1 Billion," March 2011, 9.

[68] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2010*, 2011, 18.

[69] At a September 2011 China-Caribbean Economic Cooperation Forum in Trinidad and Tobago, the China Development Bank pledged to make loans totaling $1 billon (6 billion Trinidad and Tobago dollars) to Caribbean countries to support their economic development. Chinese officials also promised measures to increase Caribbean exports to China and to increase Caribbean tourism earnings. Bagoo, "$6 Billion for Region."

"has reinforced specialization in resource based activities including mining, agriculture and tourism."[70] According to ECLAC, the FDI incentives implemented by most countries in the region tend to focus "on the use of tax incentives to attract maximum FDI, rather than on policies for attracting FDI into new dynamic sectors." Examples of such policies include measures to improve the business climate by increasing macroeconomic stability, building a skilled workforce, and improving the economic infrastructure.[71]

A recent UN report[72] found that small island developing states such as CBERA countries face a number of challenges that impede their ability to effectively attract and benefit from FDI. These challenges include:

- **Small domestic markets.** Their small domestic markets make it difficult for small island economies to achieve economies of scale. As a result, Caribbean industries tend to have higher unit costs of production relative to industries in larger economies, which may reduce the financial viability of potential investment projects.[73] Small domestic markets also reduce incentives to invest in production for the local market, reinforcing these countries' dependence on international trade.[74]

- **Dependence on imported inputs and exposure to exogenous shocks.** Their small size means that countries in this group generally rely on imports of raw materials and intermediate products to expand production and exports, which may deter some investment projects. This heavy dependence on imports, "added to the limited room for economic and export diversification . . . exposes [small island developing states] to high risks of exogenous shocks" such as global commodity price increases or a decline in the availability of international financing.[75]

- **Vulnerability to natural disasters.** Like other small island economies in the world, many CBERA countries are vulnerable to recurring natural disasters, such as hurricanes, earthquakes, and volcanic activity, that increase risks to property and life and exacerbate the volatility of economic activity.[76] Such vulnerabilities may discourage investors and pose setbacks to existing investments.

Investment in Selected CBERA Countries and Future Effects of CBERA

In general, and as summarized below, increases in investment in the production and export of CBERA-eligible products in the near term are not likely to have a significant economic impact on U.S. consumers and producers.[77] This section provides detailed descriptions of CBERA-related investment activities identified by the Commission in selected CBERA countries, as well as the likely future effects of any increase in imports under CBERA on U.S. consumers and producers as a result of that investment. The descriptions emphasize investments to produce CBERA-eligible exports.

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[70] ECLAC, *Caribbean Trade and Integration*, 2010, 44.
[71] Ibid.; ECLAC, *Latin America and the Caribbean in the World Economy, 2009–2010*, 2010, 141.
[72] UN, *World Investment Report, 2010*, 2010.
[73] Embassy of Jamaica, written submission to the USITC, June 28, 2011, 9.
[74] UN, *World Investment Report, 2010*, 2010, 69–70.
[75] Ibid., 70.
[76] Ibid., 69–70. In addition, rising sea levels threaten land areas and adversely affect infrastructure, property, and economic activities such as agricultural production and tourism. Simpson et al., *Quantification and Magnitude of Losses*, 2010, 108–18.
[77] The Commission's assessment of the current effects of CBERA on U.S. consumers and producers is presented earlier in this chapter.

The Bahamas

The future effects of any increase in imports under CBERA from The Bahamas on the U.S. economy are likely to be minimal largely because The Bahamas is, and is likely to remain in the near term, a very small supplier to the U.S. market. FDI in The Bahamas has largely been directed into the country's tourism and financial services sectors.[78] FDI in The Bahamas was $499 million in 2010, down from $839 million in 2008 (table 3.6). Little of that investment was reported to have been directed toward the production of CBERA-eligible goods.[79]

Belize

The future effects of any increase in imports under CBERA from Belize on the U.S. economy are likely to be minimal. Belize is generally a very small supplier to the U.S. market, though it is an important supplier of certain fruits and processed-fruit products; nevertheless, any increase in imports of those products from Belize most likely would affect other foreign suppliers rather than U.S. producers.

Most FDI in Belize is directed toward the country's services sector. FDI in Belize declined from $180 million in 2008 to $100 million in 2010 (table 3.6). Of the 2010 investment, $82 million went into the services sector and $13 million to the natural resources and agricultural sector; no FDI was recorded in the manufacturing sector.[80] However, sources reported that in 2010 Belize received technical assistance from Taiwanese entities to expand its production and exports of fresh papayas to the U.S. market, although no investments were identified.[81]

Guyana

The future effects of any increase in imports under CBERA from Guyana on the U.S. economy are likely to be minimal because Guyana is, and is likely to remain, a very small supplier to the U.S. market despite a recent increase in CBERA-related investment. Total FDI in Guyana rose from $179 million in 2008 to a record-high $198 million in 2010 (table 3.6). As discussed above, Guyana is one of the few CBERA countries that has benefited from Chinese FDI, which has focused on the mining and wood products sectors. The government of Guyana reported that FDI activities in Guyana during 2009 included 13 projects in agriculture (4 of which were for exporting to the U.S. market), 7 in telecommunications (4 involving call centers or cellular or text message processing for the U.S. market), 10 in light manufacturing (2 for exporting apparel to the U.S. market), 8 in wood products (5 for exporting to the U.S. market), 13 in mining (9 for exporting to the U.S. or other global markets), 6 in tourism, and 15 in other services.[82] The

[78] U.S. Department of State, U.S. Embassy, Nassau, "The Bahamas 2011 Investment Climate Statement," February 4, 2011.

[79] U.S. Department of State, U.S. Embassy, Nassau, "Bahamas: USITC Biennial CBI Survey," August 11, 2009.

[80] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2010, 81, table I.A-3.

[81] Western Belize Happenings, "Belize Papaya an Export Crop to the USA and Growing," October 7, 2010; Belize Ag Report, "Papaya Exportation, Pilot Project for Small Farmers by the Taiwan Technical Mission in Belize," September–October 2010, 12.

[82] Guyana Office for Investment (GoInvest), "Successful Companies in Guyana: Investment Generation and Facilitation."

Commission identified one CBERA-related project in Guyana during 2010 involving an investment to expand production and exports to the United States of wood products.[83]

Haiti[84]

The future effects of any increase in imports under CBERA from Haiti are likely to be minimal because almost all U.S. imports under CBERA from Haiti are apparel, and Haiti is likely to remain a relatively small supplier of apparel due to the overall long-term deterioration of its economy, continued global competition from low-cost apparel suppliers in Asia, and poor physical infrastructure even before the devastating January 2010 earthquake.[85] According to one source, global competition in the apparel sector means that "the challenges facing a relative 'newcomer' to the global apparel trade, such as Haiti, are daunting."[86]

Investors have long encountered many challenges in Haiti, including unreliable electricity supply, high utility rates, and a dwindling supply of available industrial space due to Haiti's rapidly growing urban population.[87] FDI in Haiti nevertheless nearly quadrupled at the end of the decade, rising from less than $40 million in 2008 and 2009 to $150 million in 2010. This increase was largely the result of significant investments in telecommunications and other infrastructure projects associated with rebuilding and recovery from the January 2010 earthquake.[88] The earthquake damaged several apparel facilities,[89] although many managed to quickly resume their operations. In fact, Haiti's exports of certain apparel articles, such as cotton and man-made fiber T-shirts, actually increased in 2010 over 2009 (table D.6).[90] In June 2010, a joint U.S., Haitian, and charitable organization initiative announced plans to establish a textile center to train Haitian workers to make sheets, T-shirts, and other apparel items; the Haiti Apparel Center opened for business in August 2010.[91] In late 2010, the International Finance Corporation (IFC) recommended that Haiti establish an industrial park in the north of the country, at Cap-Haïtien, to encourage investment and industrial development in areas other than the capital city of Port-au-Prince in the south.[92] Work commenced on one such industrial park in early 2011, and a Korean apparel firm has committed to becoming the park's first tenant.[93]

[83] U.S. Department of State, U.S. Embassy, Georgetown, "Guyana: USITC Biennial Caribbean Investment Survey Response (Georgetown 000448)," August 9, 2011.

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

[85] U.S. Department of State, Bureau of Economic, Energy and Business Affairs, "Haiti: 2009 Investment Climate Statement," February 2009.

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

[87] Ibid., 46–48.

[88] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2010, 8.

[89] Katz, "Can Low-paying Garment Industry Save Haiti?" February 21, 2010; *Fibre2fashion.com*, "Earthquake Deals Lethal Blow to Apparel Exports," March 25, 2010.

[90] *Fibre2fashion.com*, "Haitian Apparel Sector Wakes Up for Resurrection," February 15, 2010; *Fibre2fashion.com*, "Hanesbrands Resumes Its Contract Sewing Operations," January 25, 2010.

[91] Tamara Lush, "US-Backed Textile Training Centre Opens in Haiti," August 11, 2010; USAID and CHF International, "Haiti Apparel Center," January 2011.

[92] IFC, "IFC Advises Haiti," September 21, 2010. The IFC, a component of the World Bank group, finances private sector investment in developing countries.

[93] U.S. Embassy, Port-au-Prince, "New U.S. Reconstruction Projects," December 16, 2010, press release 2010/103; U.S. Embassy, Port-au-Prince, "Programs and Events: North Industrial Park Signing Ceremony," January 11, 2011.

Jamaica[94]

The future effects of any increase in imports under CBERA from Jamaica on the U.S. economy are likely to be minimal as well. Jamaica is a small U.S. supplier of most products, and recent investment trends indicate that Jamaica is not likely to significantly increase its production of CBERA-eligible exports of most products in the near term. FDI in Jamaica plunged from $1.4 billion in 2008 to $541 million in 2009[95] (table 3.6), with the United States the source of most of that investment.[96] FDI has largely targeted Jamaica's tourism sector, the bauxite and alumina processing sector, and the fuels sector.[97] Part of the 2008–09 investment decline was due to the completion of several major projects in Jamaica's fuel ethanol sector.

Despite the relatively high level of FDI in recent years, some sources questioned if Jamaica "has the absorptive capacity to translate FDI into growth and employment."[98] A recent UNCTAD report observed that "there is only limited evidence of indigenous technology development and technology transfers from FDI to local firms" in Jamaica, and noted "particular concern regarding the ability of Jamaica to assimilate and benefit from major projects in the tourism sector."[99] CBERA-related investments identified by the Commission during 2009–10 included one facility expanding ethanol production (the completion of a project begun prior to 2009)[100] and several projects to expand processed and fresh food production.[101]

Panama

The future effects of any increase in imports under CBERA from Panama on the U.S. economy will probably be minimal because Panama is likely to remain a services-based economy and a small supplier of imports under CBERA. CBERA-related investments identified by the Commission during 2009–10 included one investment to expand pineapple production.[102]

Panama, which has positioned itself as a regional financial and trade hub,[103] ranked as the largest FDI recipient in the Caribbean and Central American region in 2010. It was by far the leading recipient of worldwide FDI inflows among CBERA beneficiaries in 2010 (table 3.6);[104] it was the destination of more than half of all FDI in CBERA countries in 2010, and of more than one-third of all CBERA investment in 2009. The bulk of investment in Panama during 2009–10 was in the services sector, with significant investments in real estate and construction, telecommunications, and tourism; this

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[94] For additional information on Jamaica, see the economic profile of Jamaica in chap. 4 of this report.

[95] The most recent year for which data were reported by ECLAC. According to data provided to the USITC by the Jamaican government, FDI totaled $1.1 billion in 2009; data for 2010 were not provided. Government of Jamaica, written submission to the USITC, June 28, 2011.

[96] Government of Jamaica, written submission to the USITC, June 28, 2011.

[97] UNCTAD, *Best Practices in Investment for Development*, 2011, 40.

[98] Wehby, "Making Most of Foreign Direct Investment," June 21, 2000.

[99] UNCTAD, *Best Practices in Investment for Development*, 2011, 40.

[100] The fuel ethanol plant reportedly was in full production for 6 months before operations were suspended due to global market conditions. Jamaica Broilers Group, *Annual Report 2010*, 2010, 34.

[101] U.S. Department of State, U.S. Embassy, Kingston, "Jamaica: USITC Biennial Caribbean Basin Investment Survey," July 21, 2011.

[102] U.S. Department of State, U.S. Embassy, Panama City, "Panama: USITC Caribbean Basin Investment Survey Panama Results," July 18, 2011.

[103] "A Singapore for Central America?" *The Economist*, July 14, 2011.

[104] Panama ranked as the 7th top destination for FDI among all Latin American and Caribbean countries. ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2010*, 2011, 80, table I.A-2.

continues a long-standing trend of investment in Panama reported in prior studies in this series.[105]

Trinidad and Tobago[106]

The future effects of any increase in imports under CBERA from Trinidad and Tobago on the U.S. economy are likely to be minimal, with the possible exception of methanol, as discussed earlier in this chapter. The bulk of FDI in Trinidad and Tobago is in the natural resources sectors of the economy, such as hydrocarbons and mining.[107] However, FDI in Trinidad and Tobago declined from $2.8 billion in 2008 to $549 million in 2010, in part as the result of the completion of a large banking acquisition and the winding down of several large energy sector investments.[108] In recent years the United States has supplied more than half of all FDI in Trinidad and Tobago.[109]

Eastern Caribbean Countries

The future effects of any increase in imports under CBERA from the eastern Caribbean countries—Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines—on the U.S. economy are likely to be minimal. The Commission identified no significant CBERA-related investments in the eastern Caribbean countries during 2009–10. FDI in the eastern Caribbean countries is relatively low compared with FDI in other Caribbean Basin countries, but it represents a larger proportion (more than 10 percent) of the eastern Caribbean countries' GDP and is an important source of financing for these small island economies.[110] FDI in the eastern Caribbean countries decreased from $903 million in 2008 to $557 million in 2010 (table 3.6); as a result, financing became hard to obtain and economic activity contracted.[111] Investment in the region tends to be focused on tourism, real estate, and financial and other services.[112]

[105] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2010, 82, table I.A-3; USITC, *The Impact of CBERA: Nineteenth Report*, 2009, 3-20.

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

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

[108] For further information, see USITC, *The Impact of CBERA: Nineteenth Report*, 2009, 3-21.

[109] Government of Trinidad and Tobago, written submission to the USITC, June 30, 2011.

[110] ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2010*, 2011, 40 and 41, figure I.7.

[111] *NationNews.com*, "OECS Economies Contract," January 21, 2011.

[112] Financial Standards Foundation, "Country Brief: Saint Kitts and Nevis," September 15, 2010; "Country Brief: Saint Lucia," September 21, 2010; "Country Brief: Saint Vincent and the Grenadines," September 27, 2010.

CHAPTER 4
Impact of CBERA on the Beneficiary Countries

This chapter assesses the economic impact of CBERA on the beneficiary countries during 2009–10. The first section describes some of the economic and non-economic factors that influence the impact of CBERA trade preferences on the beneficiary countries. The second section assesses the economic impact of CBERA on the beneficiary countries in meeting the goals of the Caribbean Basin Initiative (CBI)—encouraging economic growth and development by promoting investment in nontraditional sectors, and expanding the production and export of nontraditional products.[1] The final section evaluates the impact of CBERA through economic profiles for the countries that were the leading suppliers of imports under CBERA during the two-year period 2009–10: Trinidad and Tobago, Haiti, and Jamaica.[2]

Key Findings

The Commission's key findings on the impact of CBERA on the beneficiary countries during 2009–10 have not changed significantly from the findings of previous reports in this series, and are consistent with prevailing assessments reflected in other recent economic studies and in assessments made by the CBERA beneficiaries themselves. CBERA preferential trade benefits continue to have small positive effects on Caribbean exports and on the Caribbean economies. However, those effects have largely been concentrated in a few countries (the larger economies of the region) and focused on a few products. The region's weak recovery from the 2008–09 global economic downturn also undoubtedly contributed to the small impact of CBERA during the current reporting period. Despite the limited use some CBERA countries have made of the program, sources in several countries reported that CBERA is nevertheless important both as an incentive for trade and investment and as a signal of continued U.S. engagement with the Caribbean Basin region. Many sources have suggested ways in which the CBERA program could be made more effective.

Factors That Lessen the Utilization and Impact of CBERA

In recent years, the overall CBERA utilization rate (imports entered under CBERA as a share of total U.S. imports from current CBERA beneficiaries) has declined, falling from 32.1 percent in 2006 to 22.3 percent in 2008. It only partially recovered in 2010, when it rose to 28.6 percent in 2010 (table D.7).

Utilization rates for individual CBERA countries varied widely. Haiti, aided by additional benefits afforded under the HOPE and HELP Acts, used CBERA benefits most

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

[2] Trinidad and Tobago, Haiti, and The Bahamas (in that order) were the principal sources of imports under CBERA in 2010, while Trinidad and Tobago, Haiti, and Jamaica were the leading sources of imports in 2009. For the two-year period, imports under CBERA from Jamaica were greater than those from The Bahamas.

intensively; more than 90 percent of imports from Haiti entered under CBERA in 2009. While this figure fell to about two-thirds (66.1 percent) in 2010, this decline was due to the severe drop in CBERA-eligible imports from Haiti following the January 2010 earthquake. More than half of imports from St. Lucia and Belize entered under CBERA, while more than one-third of imports from St. Kitts and Nevis and Trinidad and Tobago entered under CBERA in 2010. On the other hand, despite Panama's ranking as the sixth-largest CBERA supplier, less than 10 percent of U.S. imports entered under the program. Overall, the utilization rate for more than half of CBERA countries was less than 10 percent.

Many economic forces contribute to low CBERA utilization rates. Chapter 3 of this report describes some of the challenges CBERA countries face in diversifying and increasing their exports. Investment in these countries directed at the production of exports is hobbled by many factors, including their small domestic markets, their dependence on imported inputs, and their vulnerability to natural disasters.[3] In addition, CBERA countries face many supply-side constraints such as poor physical infrastructure, including inadequate roads, ports, and telecommunications; shortages of skilled workers; high wage rates; high energy and telecommunications costs; inadequate access to investment financing; low levels of innovation; an underdeveloped private sector; and weak public institutions.[4] These supply-side constraints are reported to contribute significantly to the low utilization of CBERA trade benefits.[5] A recent study by ECLAC found that export diversification in Caribbean Basin countries "is mostly constrained by supply side factors and not a lack of market access" under programs such as CBERA.[6]

In earlier reports in this series the Commission has documented some of the economic and non-economic factors that may determine the extent to which countries utilize CBERA trade benefits and that may influence the economic impact CBERA trade preferences have on the beneficiary countries. These factors include the supply-side constraints described above, the low global competitiveness of the Caribbean Basin countries,[7] and generally lower global tariffs and the enhanced access to the U.S. market offered to other U.S. trading partners under free trade agreements and other trading arrangements that have eroded the margins of preference offered under CBERA.[8] Other factors frequently cited as contributing to low utilization of CBERA are the costs that exporters face in complying with CBERA administrative procedures and rules of origin, as well as the restrictive nature of the rules of origin themselves.[9] Moreover, the fact that

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[3] See "Summary of Investment Activities and Trends" in chap. 3 for additional information.

[4] ECLAC, *Caribbean Trade and Integration*, 2010, 44.

[5] WTO and IDB, *Implementing Aid for Trade in Latin America and the Caribbean, 2008–2009*, n.d., 39. This source further states that some countries, such as Trinidad and Tobago, achieved much higher utilization rates through exports of petroleum-based products, while other countries were unable to achieve any significant minimal market penetration for their products.

[6] ECLAC, *Caribbean Trade and Integration*, 2010, 43–44.

[7] The low international competitiveness of Caribbean Basin countries has been attributed to such factors as the high costs of doing business, high labor costs, poor infrastructure (roads, telecommunications, and electricity), and high transportation costs in the region. ECLAC, *Caribbean Trade and Integration*, 2010, 43–44. The CBERA countries generally ranked in the bottom half of the 2010–11 global competitiveness index. Barbados and Panama ranked 43rd and 53rd, respectively, out of 139 countries, while Trinidad and Tobago ranked 84th, Jamaica 95th, and Guyana 110th. World Bank, *The Global Competitiveness Report, 2010–2011*, 2010, 15, table 4. Other CBERA countries were not ranked.

[8] CAIC, written submission to the USITC, June 27, 2011, 8; CARICOM, written submission to the USITC, June 28, 2011, 11 and 16–17; USITC, *Caribbean Region: Review of Economic Growth and Development*, 2008, 3-7 to 3-8; USITC, *The Impact of CBERA: Nineteenth Report*, 2009, 4-3 to 4-4. See also Jones, Hornbeck, and Villareal, "Trade Preferences," 2010, 11.

[9] Jones, Hornbeck, and Villareal, "Trade Preferences," 2010, 11. For additional information on concerns expressed about the complicated CBERA rules of origin, see CAIC, written submission to the

the economies of many CBERA countries have become more oriented to international trade in services, rather than goods, also indicates that CBERA trade preferences for exports of goods may be less relevant for some Caribbean Basin economies.[10] Recently, benefits from CBERA were further muted by the region's weak recovery from the 2008–09 global economic downturn, in large part a result of the slow economic recovery of the United States—the main trading partner of most CBERA countries.[11]

Impact of CBERA

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

Like other recent economic studies on the effects of preferential trade agreements on the economies of the countries of the Caribbean Basin region, this series of reports has generally found that CBERA has had small positive effects on Caribbean exports.[13] However, to the extent that they exist, those effects largely have been concentrated in a few countries and focused on a few products. The countries with the highest CBERA utilization rates[14]—Haiti, St. Lucia, Belize, St. Kitts and Nevis, Trinidad and Tobago, and Jamaica—offer examples of how the economic impact of CBERA has been felt throughout the region:

- ***Haiti:*** With about two-thirds of U.S. imports entered under CBERA in 2010, Haiti remains the greatest beneficiary (in terms of its utilization rate) of CBERA trade preferences in recent years. This is largely as a result of more liberal rules of origin for apparel and other textile articles; these rules are available only to

USITC, June 27, 2011, 6; CARICOM, written submission to the USITC, June 28, 2011, 14. For information on concerns reported to the Commission by Caribbean exporters about the challenges and costs associated with U.S. sanitary and phytosanitary measures, food safety measures, and transportation and security regulations, see CARICOM, written submission to the USITC, June 28, 2011, 15–16; Embassy of Jamaica, written submission to the USITC, June 28, 2011, 9–10; Embassy of Trinidad and Tobago, written submission to the USITC, June 30, 2011, 4; U.S. Department of State, U.S. Embassy Jamaica, "Jamaica: USITC Biennial Caribbean Basin Investment Survey," July 21, 2011.

[10] CAIC, written submission to the USITC, June 27, 2011, 6–7; CARICOM, written submission to the USITC, June 28, 2011, 12–13; Government of St. Vincent and the Grenadines, written submission to the USITC, June 28, 2011, 8.

[11] The impact of the 2008–09 global economic downturn is discussed in more detail in the section "Summary of Investment Activities and Trends" in chap. 3.

[12] U.S. Department of Commerce, ITA, *Guide to the Caribbean Basin Initiative*, 2000, 1–2.

[13] The Commission's fifteenth report undertook an econometric analysis of the original CBERA preference program. Results suggested that CBERA may have had an overall impact on income growth in the region, but that effect was small, and significant only when combined with trade and foreign exchange reforms on the part of the beneficiary countries themselves. The analysis confirmed that another preferential program that focused on apparel (the production-sharing program) did spur growth and investment in CBERA countries. For further information, see USITC, *The Impact of CBERA, 15th Report,* 2002. See also Hornbeck, *U.S .Trade Policy and the Caribbean*, 2007; Dean, "Is Trade Preference Erosion Bad for Development?" 2006; World Bank, *A Time to Choose,* 2005.

[14] The CBERA utilization rate is defined in this report as U.S. imports for consumption under CBERA divided by total U.S. imports for consumption. See table D.7 for additional information. It is important to note that some countries had very high CBERA utilization rates based on small values of exports to the United States (for example, St. Lucia, Belize, and St. Kitts and Nevis).

Haiti as a result of the HOPE and HELP Acts.[15] Haiti was the second-largest supplier of U.S imports (almost all apparel) under CBERA in 2010. Apparel assembly—sewing clothing and other articles made of imported yarn and fabric—is Haiti's leading manufacturing activity and largest export industry. The top two imports from Haiti under CBERA, knitted cotton T-shirts (HTS 6109.10.00) and knitted cotton tops (6110.20.20), accounted for about 90 percent of all imports under CBERA from Haiti in 2010 (table D.6). Overall imports from Haiti under CBERA have declined steadily since 2008, but imports trends of specific articles vary—imports of knitted cotton T-shirts were almost one-third higher in 2010 than in 2008, while imports of knitted cotton tops in 2010 were about 13 percent lower than in 2008. Imports of these two apparel articles from Haiti benefited exclusively from CBERA in 2010 and could not have entered the United States duty free under any other provision.[16]

Even before the January 12, 2010, earthquake, Haiti's economic growth had long been stalled by investor concerns over security, lack of access to credit, and limited physical infrastructure, as the Commission reported in its previous report on CBERA.[17] The earthquake, the largest natural disaster in Haiti's history, caused more than $11 billion in damage and reconstruction costs.[18] Apparel manufacturers quickly made efforts to resume production after the quake,[19] and apparel sector production reportedly neared pre-earthquake levels by August 2010.[20] Additional information on Haiti is provided in the country profile at the end of this chapter.

- ***St. Lucia:*** With more than half of total U.S. imports entered under CBERA in both 2009 and 2010, St. Lucia had the second-highest CBERA utilization rate in both years. St. Lucia is an example of a small Caribbean country that has successfully used CBERA to develop a light manufacturing-based exporting niche and to add diversification to its economy, which is at present largely based on services (primarily tourism, banking, and petroleum storage and transshipment[21]). More than 85 percent of imports under CBERA from St. Lucia in 2010 were television antennas and parts (HTS 8529.10.20); St. Lucia was the only CBERA supplier of these products, and they could not have entered the United States duty free under any other provision. One St. Lucia-based manufacturer acts as an independent contractor for a U.S. company that supplies parts to U.S. cable television companies. A firm representative stated that the location in St. Lucia allows it to benefit "from its proximity to the U.S. and the fact that it is in the same time zone as many of the cable companies which it supplies."[22]

- ***Belize:*** More than half of U.S. imports under CBERA from Belize in 2010 were crude petroleum (HTS 2709.00.20). The petroleum sector is the country's leading

[15] The HOPE and HELP Acts are described in chap. 1 of this report.
[16] Products that benefited exclusively from CBERA are discussed in chap. 3 of this report.
[17] USITC, *The Impact of CBERA, Nineteenth Report*, 2009, 4-15 to 4-16.
[18] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," July 8, 2010.
[19] Barrie, "Haiti: Palm Apparel Planning to Restart Production," February 10, 2010.
[20] Castano, "Sourcing: Haiti Textile Makers Rebuild Despite Aid Shortage," August 10, 2010.
[21] Financial Standards Forum, "Country Brief: Saint Lucia," September 21, 2010, 4.
[22] CAIC, written submission to the USITC, June 27, 2011, 5; see also CARICOM, Office of Trade Negotiation, "Trade GEMS Interview," n.d.

contributor to export earnings.[23] However, CBERA has encouraged diversification in Belize's agricultural sector, and most of the remaining leading imports under CBERA from Belize were fruits and fruit extracts, including both frozen and fresh orange juice (HTS 2009.11.00 and 2009.19.00), fresh papayas (HTS 0807.20.00), and essential oils derived from grapefruit and oranges (HTS 3301.19.10 and 3301.12.00, respectively) (table D.6). Belize had the third-highest CBERA utilization rate in 2010. However, the share of total U.S. imports from Belize entered under CBERA fell from 82 percent in 2008 to 51 percent in 2010, due largely to a drop of about one-third in the value of crude petroleum imports (due largely to lower global oil prices) and a drop of about one-fourth in the value of frozen orange juice imports. Belize was the fifth-largest supplier of imports under CBERA in 2010.

- ***St. Kitts and Nevis:*** With the fourth-highest CBERA utilization rate of 40.5 percent, St. Kitts and Nevis has used CBERA to establish a successful exporting niche for electronic products. More than half of U.S. imports under CBERA from St. Kitts and Nevis in 2010 were transmission apparatus for televisions (HTS 8525.50.30) (table D.6); St. Kitts and Nevis was the only CBERA supplier of these products, and they could not have entered the United States duty free under any other provision. According to one industry association report, CBERA trade preferences have helped to encourage the establishment of eight light manufacturing and electronics assembly facilities in St. Kitts and Nevis geared for exports to the U.S. market.[24] These manufacturing facilities are reported to contribute to the country's socioeconomic wellbeing, as the plant workforce is predominantly female heads of households. The plants also are said to create positive spillover effects in other sectors of the economy by creating jobs in such areas as landscaping, security, courier services, cleaning services, and customs brokerage services. In addition, manufacturing jobs were reported to provide a steady income stream throughout the year that helps balance seasonal employment in tourism[25] and is important for diversifying an economy that generally lacks exploitable natural resources.[26]

- ***Trinidad and Tobago:*** As the leading supplier of imports under CBERA in 2010, Trinidad and Tobago accounted for more than three-fourths of the value of all U.S. imports under CBERA in 2010. Energy products, including crude petroleum (HTS 2709.00.20) and methanol (HTS 2905.11.20), made up over 95 percent of those imports (table D.6). Trinidad and Tobago supplied nearly all (almost 97 percent) of the crude oil entered under CBERA in 2010, and supplied all the methanol entered under the program that year. Trinidad and Tobago was also the sole supplier of heavy fuel oil (HTS 2710.19.05), light oils (HTS 2710.11.45), tuna (HTS 1604.14.40), and melamine (HTS 2933.61.00) imported under CBERA; these products could not have entered the United States duty free under any other provision. Production of melamine—a resin used to make kitchen and tableware, flooring laminates, wall adhesives, and a variety of other

[23] Belize Chamber of Commerce and Industry, "Belize Trade & Investment Zone: Goods," 2011.
[24] CAIC, written submission to the USITC, June 27, 2011, 4–5; Jaro Electronics, written submission to the USITC, June 26, 2011.
[25] Ibid.
[26] Financial Standards Forum, "Country Brief: Saint Kitts and Nevis," September 15, 2010, 14.

applications—began in May 2010; melamine is a downstream product of Trinidad and Tobago's methanol and ammonia industries.[27]

As a U.S. supplier of many goods that are ineligible for CBERA benefits, such as anhydrous ammonia and liquefied natural gas,[28] Trinidad and Tobago ranked fifth for its CBERA utilization rate in 2010. However, the share of total U.S. imports from Trinidad and Tobago entered under CBERA rose from 26 percent in 2008 to 33 percent in 2010; this increase was aided to some extent by Trinidad and Tobago's loss of GSP eligibility, which meant that a larger share of products entered the United States duty free under CBERA (rather than under GSP) in 2010 than in previous years. For example, in 2010 Trinidad and Tobago was the leading supplier of sweetened or flavored waters (HTS 2202.10.00) and certain food preparations (HTS 2106.90.99) imported under CBERA. Although these products were GSP-eligible, Trinidad and Tobago was not a designated GSP beneficiary in 2010; as a result, these products of Trinidad and Tobago were eligible for duty-free entry only under CBERA.[29] Additional information on Trinidad and Tobago is provided in the country profile at the end of this chapter.

- ***Jamaica:*** As the fourth-largest supplier of imports under CBERA in 2010, Jamaica continues to benefit from the incentives to diversify its exports offered by CBERA.[30] However, CBERA-eligible exports make up a small part of Jamaica's economy, which is largely based on alumina and bauxite exports, services (chiefly tourism), and remittances from Jamaicans living abroad. Imports under CBERA from Jamaica fell sharply, from $319.6 million in 2008 to $83.9 million in 2010, due to a steep drop in U.S. imports of fuel ethanol (HTS 2207.10.60).[31] Ethanol was the leading U.S. import under CBERA from Jamaica in 2008, with imports valued at $253.5 million, almost 80 percent of the total in that year; in 2010, however, ethanol was only the third-largest import under CBERA from Jamaica, with imports valued at just $10.3 million—about 12 percent of imports in that year (table D.6). Ethanol was the only product benefiting exclusively from CBERA for which Jamaica was a significant supplier.[32] With the decline in U.S. ethanol imports, Jamaica's CBERA utilization rate fell from about 45 percent in 2008 to just 27 percent in 2010. Additional information on Jamaica appears in the country profile at the end of this chapter.

[27] Methanol Holdings (Trinidad) Limited, "First Melamine Production in Trinidad and Tobago," n.d.

[28] In 2010, U.S. imports of anhydrous ammonia (HTS 2814.10.00) and liquefied natural gas (HTS 2711.11.00) from Trinidad and Tobago totaled $1.6 billion and $1.0 billion, respectively. USITC, DataWeb.

[29] As discussed in chap. 1, Trinidad and Tobago was no longer eligible for benefits under the U.S. GSP program effective January 1, 2010. Nevertheless, eligible products of Trinidad and Tobago could still be entered duty free under CBERA.

[30] Embassy of Jamaica, written submission to the USITC, July 28, 2011, 9.

[31] As discussed in the "Jamaica" section in chap. 3, high prices and limited supplies of hydrous alcohol feedstock in Brazil, higher U.S. domestic ethanol production, and lower U.S. demand for imported ethanol combined to drive down U.S. imports of ethanol from Jamaica. See also Caribbean Basin Ethanol Producers Association, written submission to the USITC, June 22, 2011.

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

Views on CBERA Utilization

This section summarizes public views on why countries have not been able to fully use CBERA trade preferences. It is based on written submissions the Commission received for this investigation and on a review of recent economic literature. A summary of all of the written submissions received in connection with investigation is provided in Appendix B.

A submission from the Caribbean Community (CARICOM) stated that while CBERA trade preferences "continue to generate benefits for the beneficiary countries, . . . there is more room for CARICOM beneficiaries to take advantages of the CBI preferences."[33] According to one recent report, CBERA "still remains an important opportunity for the region . . . however, in its present form, it does not take into account the new realities of the region."[34] Several submissions noted that trade in services accounts for the bulk (60–90 percent) of economic output in many Caribbean Basin countries, making it a major source of employment and foreign exchange for those nations. These submissions stated that the lack of provisions for trade in services in CBERA effectively overlooks the important contribution the services sector makes to Caribbean Basin economies.[35] Other reasons reported for the limited use of CBERA included its burdensome administrative procedures, complex rules of origin, and limited product coverage.[36] CARICOM said that the United States should make the CBTPA enhancements to CBERA permanent rather than allow them to expire in September 2020.[37] Another submission urged the United States to expand CBTPA product coverage.[38]

Several submissions also offered suggestions for U.S. and Caribbean policy measures that would enhance export diversification in the Caribbean Basin region. These suggestions included helping Caribbean Basin countries better take advantage of CBERA by upgrading the countries' physical infrastructure; providing training for Caribbean exporters, especially small enterprises, to help them better understand U.S. sanitary and phytosanitary requirements and other U.S. technical regulations and standards; and giving technical assistance to statistical agencies in the Caribbean Basin region so they can better track the economic impact of CBERA.[39]

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[33] CARICOM, written submission to the USITC, June 28, 2011, 11–12.

[34] Kowlessar and Munro-Knight, "Bringing CBI into the 21st Century," 2010, 5–6.

[35] CAIC, written submission to the USITC, June 27, 2011, 6–7; CARICOM, written submission to the USITC, June 28, 2011, 12–13; Embassy of St. Vincent and the Grenadines, written submission to the USITC, June 28, 2011, 8; Embassy of Trinidad and Tobago, written submission to the USITC, June 30, 2011, 4.

[36] Hornbeck, "U.S. Trade Policy and the Caribbean," June 22, 2010, 17; Jones, Hornbeck, and Villareal, "Trade Preferences," September 24, 2010, 11; Kowlessar and Munro-Knight, "Bringing CBI into the 21st Century," 2010, 5–6.

[37] CARICOM, written submission to the USITC, June 28, 2011, 14.

[38] Embassy of St. Vincent and the Grenadines, written submission to the USITC, June 28, 2011, 8.

[39] CAIC, written submission to the USITC, June 27, 2011, 7; CARICOM, written submission to the Commission, June 28, 2011, 15–16; Embassy of Jamaica, written submission to the USITC, June 28, 2011, 10; Kowlessar and Munro-Knight, "Bringing CBI into the 21st Century," 2010, 5–6.

HAITI
Economic Profile

Overview

With a per capita GDP of $657 in 2010 (table 4.1), Haiti remains one of the poorest countries in the world and the only country in the Western Hemisphere classified by the World Bank as a low-income economy.[40] Haiti ranked 145th of 169 countries on the 2010 United Nations' Human Development Index, a composite index combining life expectancy, educational attainment, and income.[41] Haiti recorded average annual economic growth of 2.3 percent during 2005–09. Nevertheless, Haiti fell behind other low-income developing countries because of poor economic policies, environmental deterioration, under-capitalization, a weak national savings rate, migration of skilled labor, a shortage of good land, and political instability.[42] With 10.2 million people in 2010, Haiti has the highest population of any CBERA country.[43] Haiti has also been classified as a food deficit country because it can produce less than half of the food needed to feed its population; this is partly due to the country's vulnerability to severe weather and other natural disasters that can extensively damage agricultural production and infrastructure.[44]

Haiti's economy grew 2.9 percent in 2009 as it recovered from the destruction of the 2008 hurricane season. Adding to its economic problems, the country was struck by a 7.3-magnitude earthquake on January 12, 2010, leading to a 5.1 percent economic contraction that year (table 4.1). With an epicenter near the capital, Port-au-Prince, the earthquake caused severe damage to major Haitian cities; caused many deaths and displaced a large number of the remaining population;[45] and destroyed much of the political, economic, and administrative center of the country, where approximately 65 percent of GDP and 85 percent of government revenues were produced.[46] Total damage from the earthquake was estimated at $7.9 billion, with economic losses (such as lost production, higher production costs, and lost wages) at an additional estimated $3.6 billion. The earthquake also badly damaged the deepwater port in Haiti's capital, Port-au-Prince, a major shipping conduit; destroyed houses, roads, bridges, and other physical assets; and impeded the delivery of public services.[47]

Haiti's current account deficit increased from $763 million in 2008 to over $1.1 billion in 2010, although the country's external debt decreased almost 74 percent from $1.9 billion in 2008 to $500 million in 2010 (table 4.1). The steep reduction in external debt was driven by multilateral debt relief Haiti received in June 2009 under the joint IMF/World

[40] The World Bank classifies countries with a per capita gross national income of $1,005 or less as "low-income economies." World Bank, "Country and Lending Group," n.d.

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

[42] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," December 7, 2010.

[43] EIU, *Haiti: Country Report*, May 2011.

[44] USAID, "Country Profile: Haiti," October 2010.

[45] Estimates provided by the Government of Haiti. USAID, "Haiti: Earthquake," February 25, 2010.

[46] World Bank, "One Year Later: World Bank Group Support for Haiti's Recovery," January 2011.

[47] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," July 8, 2010.

TABLE 4.1 Haiti: Selected economic indicators, 2008–10

	2008	2009	2010
GDP (nominal, US $ bn)	6.5	6.6	6.7
Real GDP growth (%)	0.8	2.9	–5.1
Population (mn)	9.9	10.0	10.2
GDP per capita ($)	657	660	657
Inflation (%)	5.7	0	15.5
Goods exports (US $ mn)	490	551	530
Goods imports (US $ mn)	2,108	2,032	2,778
Trade balance (US $ mn)	–1,618	–1,481	–2,248
Current account balance (US $ mn)	–762.6	–626.6	–1,101.7
Foreign-exchange reserves, (US $mn)	541	789	1,107
Total external debt (US $ bn)	1.9	1.4	0.5
Public debt (% GDP)	NA	NA	NA
Foreign direct investment (US $ mn)	34	37	150

Sources: EIU, Haiti: Country Report, May 2011; ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2010, table I.2, 38 and table I.A-2, 80.

Note: NA = Not available.

Note: Due to the current conditions of Haiti's economy and ongoing recovery from the January 2010 earthquake, data on Haiti's merchandise exports and imports have not been updated since 2008; the 2010 data presented here are projections provided by the sources cited.

Bank Heavily Indebted Poor Countries initiative[48] and the Multilateral Debt Relief Initiatives,[49] as well as 100 percent debt relief from bilateral aid donors in the Paris Club.[50] Other international lenders also forgave Haiti's debts and/or offered additional assistance through grants and funding after the January 2010 earthquake.[51] Remittances from Haitians abroad, estimated at about $1.2 billion annually, remain an important source of income that provides an economic lifeline for many Haitian families.[52]

The manufacturing sector accounted for only about 8 percent of Haiti's economy in 2010 (figure 4.1). While it consists mainly of apparel production (Haiti's leading source of manufacturing jobs), it also includes handicrafts, electronics assembly, tobacco products, beverages, and chemicals. Services fueled the majority of Haiti's economy in 2010, with the hotel, restaurant, and wholesale/retail trade sector accounting for 29 percent of the economy and the financial and business services sector accounting for 12 percent. Agriculture, an important source of employment in Haiti, and mining accounted for about 24 percent of Haiti's GDP; construction, electricity, transportation, and other services made up the rest.[53]

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[48] World Bank, "Haiti Gets US$1.2 Billion of Debt Relief," June 30, 2009, news release no. 2009/451/LAC.

[49] IMF, "Factsheet: The Multilateral Debt Relief Initiative," March 31, 2011.

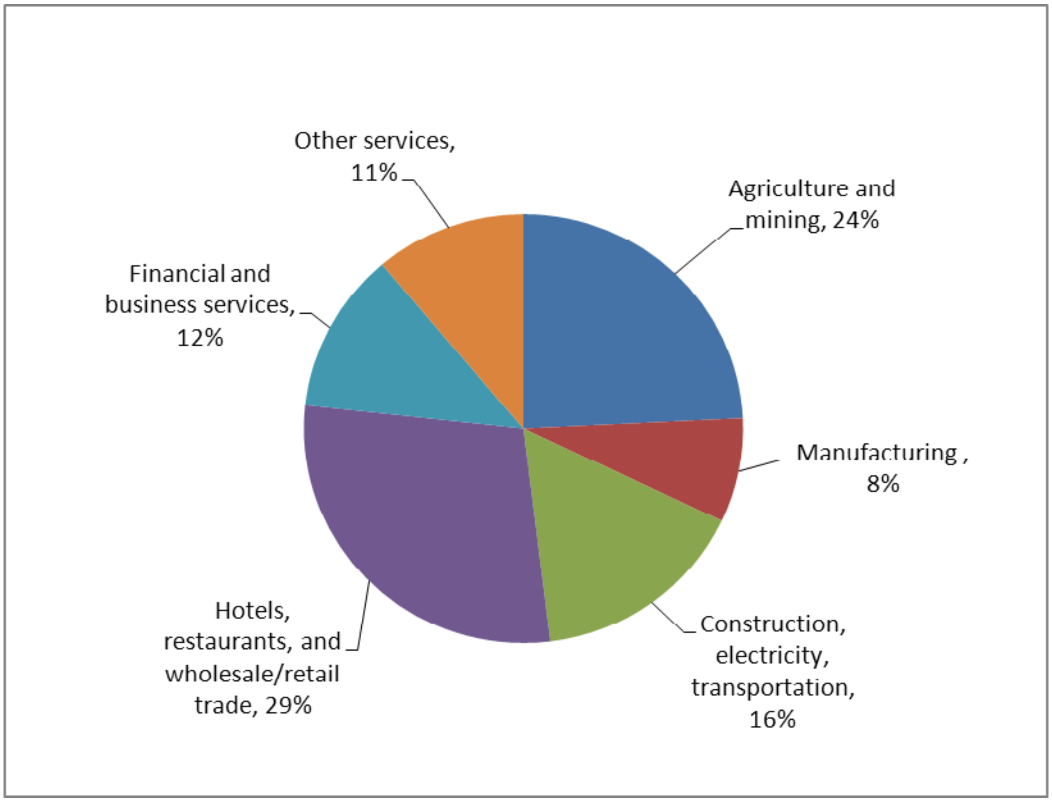
[50] The Paris Club is an informal group of official (sovereign government) creditors whose role is to find coordinated and sustainable solutions to the payment difficulties experienced by debtor countries. For additional information, see the Club de Paris/Paris Club website, http://www.clubdeparis.org/en/.

[51] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," December 7, 2010.

[52] Ibid.

[53] EIU, *Haiti: Country Report*, May 2011; U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," December 7, 2010.

FIGURE 4.1 Haiti: GDP, 2010 ($6.7 billion)



Source: ECLAC, *Statistical Yearbook, 2010*, 2010.

Trade Profile

Haiti's estimated merchandise exports to the world increased from $490 million in 2008 to $530 million in 2010, largely because of higher exports of apparel articles, as discussed in more detail below. Other important Haitian exports included essential oils, mangoes, and cacao. Haiti's merchandise imports from the world totaled an estimated $2.8 billion in 2010, principally consisting of fuels and lubricants, food, manufactured goods, machinery, and transportation equipment.[54]

The United States is Haiti's largest single trade partner. In 2010, the United States supplied more than one-third (36.2 percent) of Haiti's imports (table 4.2), valued at $1.2 billion.[55] Leading U.S. exports to Haiti in 2010 were agricultural and food products (mainly rice), medical and pharmaceutical supplies, and telecommunications equipment;

[54] Due to the current conditions of Haiti's economy and ongoing recovery from the January 2010 earthquake, data on Haiti's merchandise exports and imports have not been updated since 2008; the 2010 data presented here are projections provided by the following sources: IMF, *Haiti*, August 2009, 110; and EIU, *Haiti: Country Report*, May 2011, 6.

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

TABLE 4.2 Haiti: Main trade partners, 2010 (percent)

Leading markets for exports and share		Leading sources of imports and share	
United States	81.6	United States	36.2
European Union (27 countries)	4.9	Dominican Republic	21.7
Canada	4.0	Netherlands Antilles	7.9
Mexico	2.2	European Union (27 countries)	7.6

Source: IMF, Direction of Trade Statistics Database.

many of these went to Haiti as some form of aid to help with recovery from the January 2010 earthquake.[56] The United States also is the leading market for Haiti's exports, accounting for 81.6 percent of total Haitian exports (table 4.2), valued at $550.8 million in 2010.[57] Apparel articles, especially T-shirts, sweaters, and tops, and mangoes were among the leading U.S. imports from Haiti.[58]

Investment Profile

Haiti has a foreign investment regime that is generally nondiscriminatory and open to foreign investors. Nonetheless, even before the January 2010 earthquake, sources described a number of factors that hindered foreign investors such as political violence, corruption, lack of access to credit, and limitations of the country's limited physical infrastructure.[59] According to the World Bank, Haiti ranked 162nd of 183 countries in overall ease of doing business, which was the lowest score for CBERA countries. Haiti also ranked at or near the bottom among CBERA countries in several other indices,including ease of starting a business, dealing with construction permits, ease of getting credit, protecting investors, ease of trading across borders, and ease of closing a business. For ease of paying taxes, Haiti ranked 97th of 183 countries—the 9th-highest score among CBERA countries. Haiti had the 6th-highest score among CBERA countries for ease of registering property, where it ranked 128th of 183 countries. Haiti's best score was for enforcing contracts, with a ranking of 91st of 183 countries—the 3rd-highest score among CBERA countries in this category.[60]

CBERA provides strong incentives for investment in Haiti's apparel assembly sector, particularly as a result of the enhancements provided by CBTPA, the HOPE Acts, and the HELP Act. However, investment remains constrained by factors such as the lack of physical space for new investment or expansion of existing investment; the high cost of importing and exporting goods to Haiti due to poor port facilities and logistics infrastructure; and low U.S. import demand due to current economic conditions in the United States.[61]

[56] USITC, DataWeb (accessed July 29. 2011).
[57] U.S. bilateral trade data were obtained from official statistics of the U.S. Department of Commerce.
[58] USITC, DataWeb (accessed July 29, 2011).
[59] U.S. Department of State, Bureau of Economic, Energy and Business Affairs, "Haiti: 2009 Investment Climate Statement," February 2009; U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Haiti," December 7, 2010.
[60] World Bank, *Doing Business 2011*, 2010, 167. Not all of the CBERA countries were included in the World Bank rankings.
[61] U.S. Department of State, "USITC Biennial Caribbean Investment Survey," August 8, 2011.

Impact of CBERA

Haiti was the second -largest supplier of imports under CBERA in 2009 and 2010. However, imports from Haiti under CBERA fell from $405.1 million in 2008 to $364.1 million in 2010 (table 2.7). The share of imports under CBERA from Haiti relative to total U.S. imports from Haiti (utilization rate) declined from 90.1 percent in 2008 to 66.1 percent in 2010 (figure 4.2 and table D.7).[62] Three apparel articles—knitted cotton T-shirts, knitted cotton tops, and knitted manmade fiber T-shirts—accounted for virtually all (95.7 percent) of the imports from Haiti under CBERA in 2010 (table D.6).

The HOPE Acts and the HELP Act are the key factors behind the growth of Haiti's apparel industry and the increase in U.S. apparel imports from Haiti.[63] By extending preferential treatment for apparel and textiles from Haiti for 10 years and simplifying the rules of origin, HOPE II was estimated to have created at least 7,000 jobs.[64] The January 2010 earthquake had a temporary dampening effect on Haiti's apparel production, but extensive foreign aid and investment allowed the sector to recover quickly. As a result, Haiti's 2010 apparel production reportedly exceeded 2009 output.[65] One pre-earthquake assessment reported that with the HOPE Acts, Haiti's apparel industry was positioned for future growth and that the "overall prospects for Haiti's [apparel] industry are quite good."[66] That report cautioned, however, that the scheduled expiration of the trade preferences[67] underscored the need for Haiti to improve its global competitiveness and to become better integrated into global value chains.[68]

[62] The 66.1 percent utilization figure given above may understate Haiti's actual utilization. For example, table 2.11 shows that imports from Haiti with a significantly higher value of $515.7 million that entered the United States free of duty under CBTPA and the HOPE Acts, based on data from the U.S. Department of Commerce, Office of Textiles and Apparel (OTEXA). The OTEXA data include certain apparel and textile imports from Haiti that qualified for duty-free entry under the HOPE Acts, but were not entered under CBERA. Using OTEXA data, Haiti's utilization rates are 90.7 percent for 2008 and 93.6 percent for 2010.

[63] The HOPE Acts and the HELP Act are described in chap. 1. U.S. Department of State, "USITC Biennial Caribbean Investment Survey," August 8, 2011.

[64] U.S. Department of State, "USITC Biennial Caribbean Investment Survey," August 8, 2011.

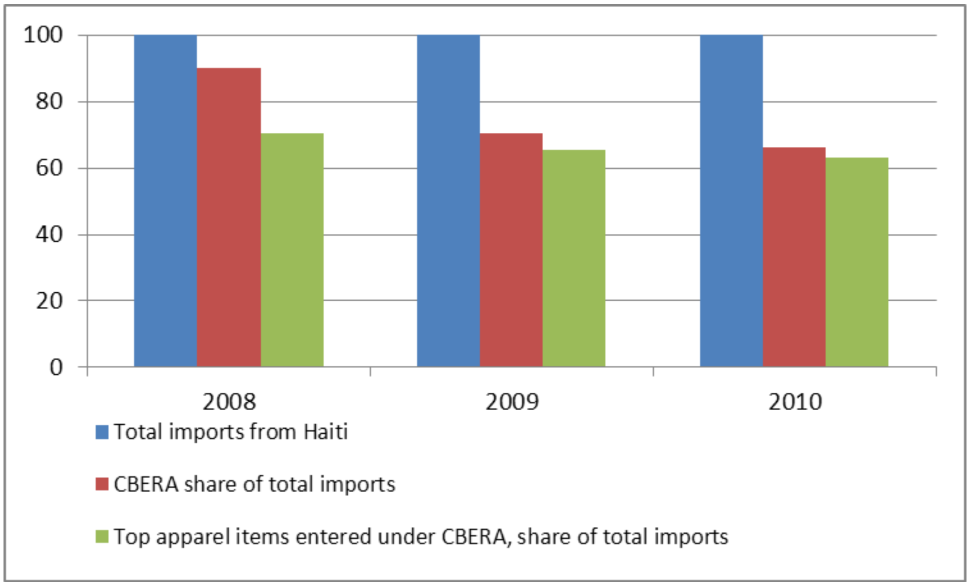
[65] As discussed in chap. 3, a center for training Haitian textile workers opened in August 2010; in early 2011 an industrial park was established in northern Haiti and a South Korean apparel manufacturer committed to become the park's first tenant. Tamara Lush, "US-Backed Textile Training Centre Opens in Haiti," August 11, 2010; USAID and CHF International, "Haiti Apparel Center," January 2011; "S. Korean Clothing Firm Invests in North Industrial Park," January 12, 2011.

[66] Nathan Associates, *Bringing HOPE to Haiti's Apparel Industry*, 2009, 63.

[67] CBERA trade benefits have no scheduled expiration date, but preferences under CBTPA, the HOPE Acts, and the HELP Act are scheduled to expire in 2020. Additional information on the trade preferences under these programs is provided in chap.1.

[68] Nathan Associates, *Bringing HOPE to Haiti's Apparel Industry*, 2009, 63.

FIGURE 4.2 Haiti: Total U.S. imports and imports under CBERA, 2008–10



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

Note: In this figure, top apparel items include only three leading apparel imports from Haiti under CBERA in 2010: knitted cotton T-shirts (HTS 6109.10.00), knitted cotton tops (HTS 6110.20.20), and knitted man-made fiber T-shirts (HTS 6109.90.10).

JAMAICA
Economic Profile

Overview

Jamaica's GDP of almost $14 billion made it the third-largest CBERA economy in 2010, behind Panama and Trinidad and Tobago (table 4.3). Jamaica's economic growth is driven primarily by tourism and exports of bauxite and alumina.[69] In 2009 and 2010, earnings from merchandise exports (primarily from alumina and bauxite) were Jamaica's third-largest source of foreign exchange, behind earnings from tourism and remittances from Jamaicans abroad.[70]

The Jamaican economy contracted by 1.2 percent in 2010, the country's third consecutive year of economic downturn (table 4.3). Both the tourism and mining sectors performed weakly during 2008–09 as a result of lower global demand, lower global commodity prices, and lower remittances from Jamaicans abroad due to the 2008–09 global economic downturn.[71] A recession-driven drop in imports helped push Jamaica's current account deficit down from $2.8 billion in 2008 to $1.0 billion in 2010, although the country's total external debt rose from $10.3 billion in 2008 to $12.6 billion in 2010 (table 4.3). A recent IMF assessment reported that Jamaica's "anemic growth . . . and recurring bouts of financial instability are rooted in part in an elevated public debt."[72]

With a steady population of 2.7 million people over the last 3 years, Jamaica remains the third most populous CBERA country after Haiti and Panama. The World Bank classifies Jamaica as an upper-middle-income country, reporting a 2010 gross national income per capita of $4,750.[73] In 2010, Jamaica's labor force was estimated at 1.3 million, with an unemployment rate of 12.4 percent.[74] Agriculture and wholesale/retail services each accounted for about 19 percent of Jamaica's labor force in 2010, followed by government services (about 9 percent of the labor force), manufacturing, hotels/restaurants, and transportation/storage/communications (each about 7 percent).[75]

The structure of Jamaica's economy has not changed significantly in recent years.[76] Services industries account for the majority of Jamaica's domestic economic output (figure 4.3). Within the services industries, the single largest sector is the tourism-related hotel-restaurant-wholesale/retail trade category, which accounted for almost one-fourth of Jamaica's GDP in 2009. Bauxite/alumina is Jamaica's largest exporting sector, but

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

[70] EIU, *Jamaica: Country Report*, July 2011, 7.

[71] IMF, *Jamaica: 2009 Article IV Consultation*, 2010, 4.

[72] Ibid.

[73] World Bank, "Jamaica," (accessed August 2, 2011).

[74] CIA, "Jamaica," *The World Factbook: Jamaica*, July 5, 2011; EIU, *Jamaica: Country Report*, July 2011, 13.

[75] Calculated by USITC staff based on data from Statistical Institute of Jamaica, "Labor Force by Industry Group," 2011.

[76] For the Commission's prior description of Jamaica's economic structure, see USITC, *The Impact of the Caribbean Basin Economic Recovery Act, Nineteenth Report*, 2009, 4-18 to 4-27.

TABLE 4.3 Jamaica: Selected economic indicators, 2008–10

	2008	2009	2010
GDP (nominal, US $ bn)	13.9	12.3	13.8
Real GDP growth (%)	–0.9	–3.1	–1.2
Population (mn)	2.7	2.7	2.7
GDP per capita ($)	4,921	4,790	4,754
Inflation (%)	16.9	10.2	11.8
Goods exports (US $ bn)	2.7	1.4	1.4
Goods imports (US $ bn)	7.5	4.5	4.6
Trade balance (US $ bn)	–4.8	–3.1	–3.2
Exchange rate (J$: US $1)	80.22	89.33	85.60
Tourism (US $ bn)	2.0	1.9	2.0
Remittances (net US $ bn)	1.7	1.5	1.6
Current account balance (US $ bn)	–2.8	–1.1	–1.0
Total international reserves (US $ bn)	1.8	2.1	2.5
Total external debt (US $ bn)	10.3	10.8	12.6
Public debt (% GDP)	116	130	126
Foreign direct investment (US $ mn)	1,437	541	NA

Sources: EIU, *Jamaica: Country Report*, July 2011; ECLAC, *Foreign Direct Investment in Latin America and the Caribbean, 2010*, 2011, table I.2, 38, and table I.A-2, 80; Bank of Jamaica, *Remittance Report*, May 2011, 9.

Note: NA = Not available.

The Jamaican tourism sector saw weak growth rates due to lackluster demand from the United States and the United Kingdom, which are major sources of tourism in Jamaica, and delayed investment in new hotels and tourism infrastructure as a result of the 2008–09 global economic downturn. Both the number of international tourist arrivals and receipts from tourists increased again in 2010.[77] Total remittance inflows to Jamaica also fell as a result of the 2008–09 global economic downturn, but with the global economic recovery, remittances were on track to return to pre-downturn levels in 2010.[78]

Jamaica's bauxite/alumina sector began its recovery from the global economic downturn in early 2010[79] after three of its four bauxite/alumina plants had suspended operations in 2009.[80] One of those three plants reopened in June 2010, helping Jamaica increase output and exports in the sector as international conditions improved and demand for bauxite and alumina increased during the year.[81]

[77] Bank of Jamaica, *2010 Annual Report*, 2010, 2; UNWTO, *UNWTO Tourism Highlights*, 2011, 8.

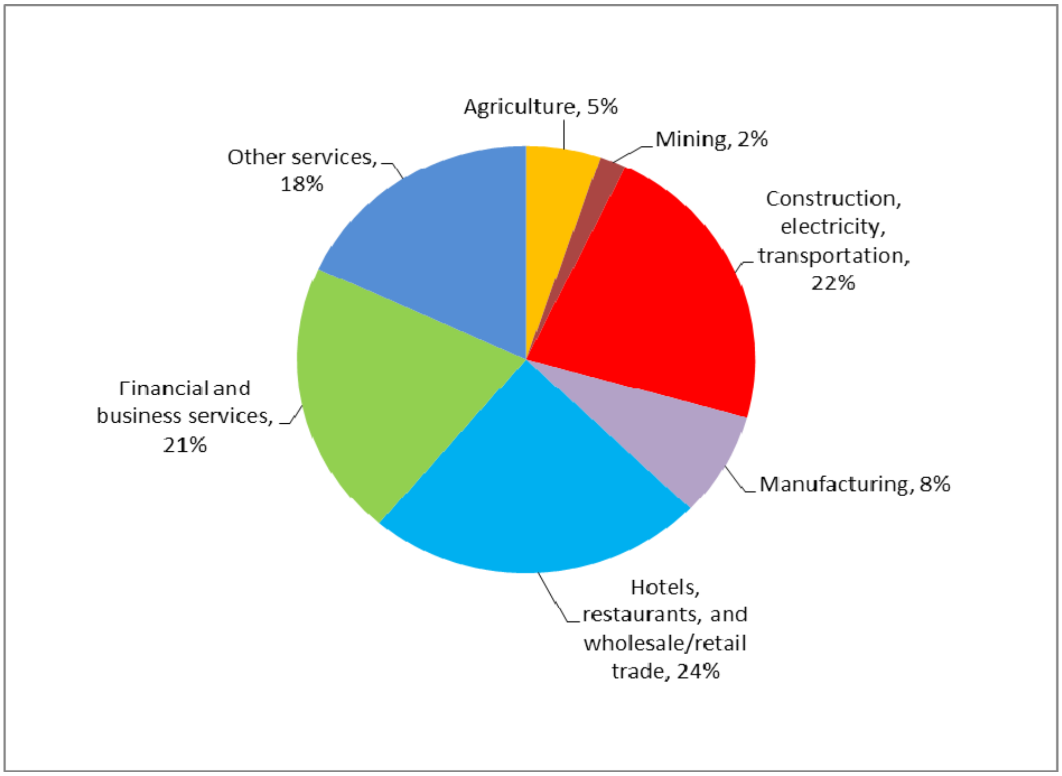
[78] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Jamaica," April 6, 2011.

[79] EIU, *Jamaica: Country Report*, July 2011, 7.

[80] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Jamaica," April 6, 2011.

[81] Bank of Jamaica, *2010 Annual Report*, 2010, 2.

FIGURE 4.3 Jamaica: GDP, 2009 ($12.3 billion)



Source: ECLAC, *Statistical Yearbook, 2010*, 2010.

Note: Most recent data available

Trade Profile

Jamaica's total merchandise exports declined from $2.7 billion in 2008 to $1.4 billion in 2010. This decrease was due to steep declines in shipments of Jamaica's key commodities. Two Jamaican ethanol dehydration plants closed in March 2010, leading fuel ethanol exports to fall from $389 million in 2008 to $30 million in 2010;[82] depressed global demand caused alumina and bauxite exports to fall from $1.2 billion in 2008 to less than $540 million in 2010.[83] Jamaica's leading merchandise exports to the world in 2010 were all traditional products—alumina, with exports valued at $402 million, followed by bauxite, valued at $128 million, and sugar, valued at $44 million.[84] Other leading merchandise exports by Jamaica during 2010 included traditional products such as citrus fruits, cocoa, coffee, pimento, and gypsum, as well as nontraditional products including yams and beverages.[85]

[82] U.S. Department of State, U.S. Embassy Kingston, "Jamaica: USITC Biennial Caribbean Basin Investment Survey," July 21, 2011. As discussed in chap. 3, high prices and limited supplies of hydrous alcohol feedstock in Brazil, along with increased U.S. domestic ethanol production, significantly reduced U.S. demand for imported ethanol during the period.

[83] Calculated by USITC staff from data by Statistical Institute of Jamaica, "Economic Statistics," 2011. See also *Jamaica Observer*, "Alumina export volumes drop 18% to lowest in decades," January 26, 2011.

[84] EIU, *Jamaica: Country Report*, July 2011, 16.

[85] Statistical Institute of Jamaica, "Economic Statistics," 2011; Jamaica Promotions Corporation (JAMPRO), Trade & Invest Jamaica, "Nontraditional Export Industries," 2010.

Jamaica's merchandise imports from the world fell from $7.5 billion in 2008 to $4.6 billion in 2010.[86] This drop reflected the country's economic contraction and decline in demand for imports of mineral fuels, machinery and transportation equipment, and manufactured goods.[87] The reduction in imports shrank Jamaica's merchandise trade deficit from $4.8 billion in 2008 to $3.2 billion in 2010 (table 4.3).

The United States is Jamaica's single largest trade partner. In 2010, the United States supplied one-third (33.4 percent) of Jamaica's imports (table 4.4), valued at $1.6 billion.[88] Leading U.S. exports to Jamaica in 2010 included refined petroleum products, donated articles, and agricultural products such as corn, wheat, soybeans.[89] The United States was also the leading market for Jamaica's exports in 2010, accounting for about one-fourth (24.6 percent) of total Jamaican exports (table 4.4), valued at $306.9 million.[90] Leading U.S. imports from Jamaica included aluminum ores and concentrates, beer, aluminum oxide, and heavy fuel oil.[91]

U.S. imports from Jamaica under CBERA plunged from $319.6 million in 2008 to $83.9 million in 2010 (table 2.7). Imports under CBERA accounted for 26.2 percent of total U.S. imports from Jamaica in 2010, and leading imports under CBERA from Jamaica that year were certain nonmonetary gold (HTS 7108.12.50), fresh or chilled yams (HTS 0714.90.20), fuel ethanol (HTS 2207.10.60), and raw cane sugar (HTS 1707.11.10). Jamaica was the top supplier under CBERA of yams, a nontraditional product of Jamaica; imports of yams under CBERA from Jamaica were valued at $14.1 million in 2010, and Jamaica supplied almost all (97.7 percent) of the total. Jamaica was the only supplier of fuel ethanol under CBERA in 2010, but such imports fell from $253.5 million in 2008 to $10.3 million in 2010 (table D.6). The drop in fuel ethanol imports accounted for most of the large decline in total imports under CBERA from Jamaica between 2008 and 2010. Jamaica also was the leading supplier under CBERA of sauces and preparations (HTS 2103.90); in 2010 it accounted for 75.4 percent of such imports valued at $6.5 million in 2010 (table 2.9).

TABLE 4.4 Jamaica: Main trade partners, 2010 (percent)

Leading markets for exports and share		Leading sources of imports and share	
United States	24.6	United States	33.4
Canada	11.4	Venezuela	15.4
Norway	6.8	Trinidad and Tobago	14.9
United Kingdom	4.8	China	4.8

Sources: EIU, *Jamaica: Country Report*, July 2011; IMF, Direction of Trade Statistics Database.

[86] EIU, *Jamaica: Country Report*, July 2011, 13.
[87] Statistical Institute of Jamaica, "Economic Statistics," 2011.
[88] U.S. bilateral trade data were obtained from official statistics of the U.S. Department of Commerce.
[89] USITC, DataWeb (accessed July 29, 2011).
[90] U.S. bilateral trade data were obtained from official statistics of the U.S. Department of Commerce.
[91] USITC, DataWeb (accessed July 29, 2011).

Investment Profile[92]

The Jamaican government encourages foreign investment to further its economic development, and especially seeks investors from North America, Europe, and the Caribbean.[93] Jamaica has no legal impediments to foreign investment and applies the principle of national treatment to foreign investors.[94] Nevertheless, sources report that many factors in Jamaica detract from the foreign investment climate, such as red tape and bureaucratic hurdles, a legal system that can take years or decades to resolve cases, and a large public debt that hinders Jamaica's ability to obtain financing for projects to improve the country's infrastructure.[95]

According to the World Bank, Jamaica ranked 81st of 183 countries overall in having a regulatory environment conducive to doing business, behind such Caribbean neighbors as St. Lucia, Panama, St. Vincent and the Grenadines, and The Bahamas, but ahead of St. Kitts and Nevis, Grenada, and Trinidad and Tobago. Jamaica ranked 128th of 183 countries in having a regulatory regime that makes it faster, easier, or less cumbersome to enforce contracts, the eighth-highest score among the CBERA countries that were ranked. The report noted that Jamaica continued to excel in the ease of starting a business, where it ranked 18th of 183 countries overall, and the ease of closing a business, with a rank of 24th of 183 countries; these were the highest rankings among CBERA countries in both categories. Jamaica ranked 9th among CBERA countries, with an overall rank of 47nd of 183 countries, for ease of dealing with construction permits. While Jamaica saw improvements in many of the categories, it continued to rank poorly with respect to having a regulatory regime that makes it easy to prepare, file, and pay taxes; Jamaica ranked 174st of 183 countries in this category in 2010—the lowest ranking among CBERA countries.[96]

Jamaica ranked 95th of 139 countries in 2010 in terms of global competitiveness, lagging behind other large CBERA economies, including Barbados (ranked 43rd), Panama (53rd), and Trinidad and Tobago (ranked 84th), but ahead of Guyana (ranked 110th). Jamaica ranked particularly low with respect to the business costs of crime and violence (ranked 136th of 139 countries), ease of access to loans (ranked 128th of 139 countries), and venture capital availability (ranked 125th of 139 countries).[97]

Impact of CBERA

Total U.S. imports from Jamaica declined from $704.2 million in 2008 to $306.9 million in 2010, reflecting the 2008–09 global economic downturn and slow recovery. Imports under CBERA from Jamaica declined by more than two-thirds—from $319.6 million in 2008 to $83.9 million in 2010—driven largely by a steep decline in U.S. fuel ethanol imports, as noted earlier. The share of imports under CBERA from Jamaica relative to

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

[93] U.S. Department of State, Bureau of Economic, Energy, and Business Affairs, "2011 Investment Climate Statement: Jamaica," March 2011.

[94] U.S. Department of State, Bureau of Economic, Energy, and Business Affairs, "2011 Investment Climate Statement: Jamaica," March 2011.

[95] U.S. Department of State, "2011 Investment Climate Statement: Jamaica," February 28, 2011.

[96] World Bank, *Doing Business 2011*, 2010, 171. Not all of the CBERA countries were included in the World Bank rankings.

[97] World Economic Forum, *The Global Competitiveness Report, 2010–2011*, 2010, 15, table 4 and 194–95.

total U.S. imports from Jamaica declined from 45.4 percent in 2008 to 27.3 percent in 2010 (figure 4.4 and table D.7).

Jamaica continues to supply a relatively narrow range of imports under CBERA. Traditional products—alumina, bauxite, and sugar—accounted for most of the value of U.S. imports from Jamaica in 2010. Fresh yams, a nontraditional Jamaican export, were the second leading import under CBERA from Jamaica, but imports of yams have not significantly increased in recent years; indeed, imports of yams under CBERA declined in 2010 relative to 2008 (table D.6).

Despite Jamaica's previous success in producing and exporting fuel ethanol, another nontraditional export that benefits exclusively from CBERA, recent changes in global market conditions suggest that factors outside of Jamaica's control ultimately will determine the long-term viability of Jamaica's fuel ethanol industry.[98] These factors have affected many fuel ethanol-producing countries besides Jamaica; indeed, Jamaica was the only supplier of fuel ethanol to the United States under CBERA in 2010.[99] Fuel ethanol imported under CBERA fell from accounting for more than one-third (36.0 percent) of total U.S. imports from Jamaica in 2008 to just 3.4 percent of total U.S. imports from Jamaica in 2010 (figure 4.4).

In one significant change from prior reports in this series, Jamaica was not a source of significant apparel imports under CBERA in 2010. Apparel articles were once important nontraditional Jamaican exports that benefited exclusively from CBERA.[100] However, the last foreign-invested apparel operation in Jamaica closed in 2008.[101] The drop in Jamaican apparel production and exports, as discussed in chapter 2, reflected both the shift of apparel production from the remaining CBERA countries (except Haiti) to CAFTA-DR countries and the greater global competitiveness of Asian apparel producers.

With export-focused apparel production no longer a viable option and the future of export-oriented fuel ethanol production uncertain, Jamaica undoubtedly will face challenges in using CBERA as a vehicle for diversifying its exports and boosting economic growth. Jamaican government officials reported that "Jamaica has not been able to fully utilize the CBERA due to continuing economic challenges," adding that utilization of CBERA has been impeded by high production costs stemming from high energy and security costs, the difficulties of establishing economies of scale, and frequent natural disasters.[102] They stated further that "CBERA remains important to Jamaica's trade with the United States" and that CBERA "has proven to be an important factor to

[98] CARICOM, written submission to the USITC, July 28, 2011, 22; Caribbean Ethanol Producers Association, written submission to the USITC, June 22, 2011. Factors underlying changes in global market conditions affecting fuel ethanol are discussed in the section on "Ethanol" in chap. 2 of this report.

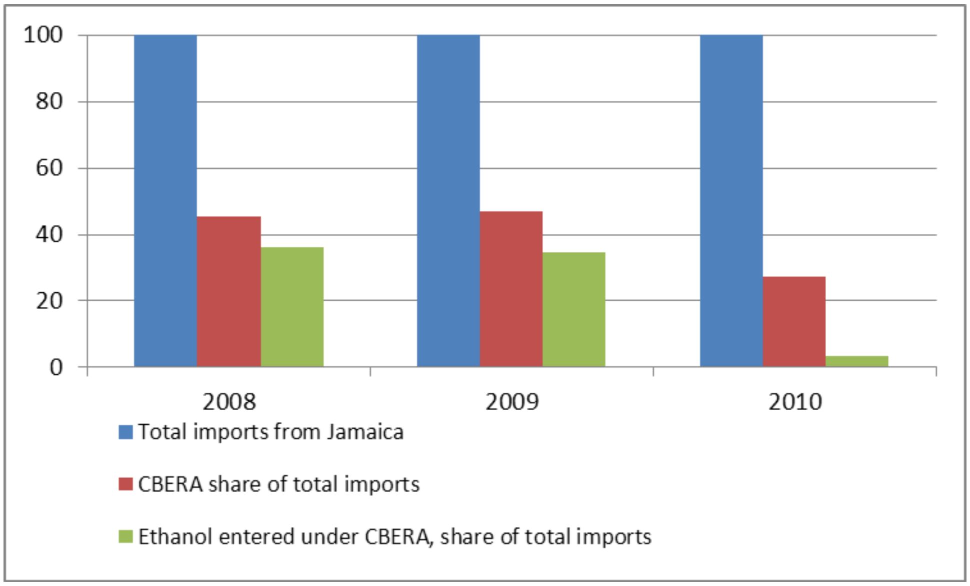
[99] Jamaica ranked as the second largest U.S. global supplier of fuel ethanol after Brazil in 2008 and 2009, but fell to fourth place in 2010 as a result of high prices and limited supplies of hydrous alcohol feedstock in Brazil, along with higher U.S. domestic ethanol production and significantly reduced U.S. demand for imported fuel ethanol. Caribbean Basin Ethanol Producers Association, written submission to the USITC, June 22, 2011; USITC, DataWeb (accessed July 29, 2011). See also *The Gleaner*, "Petrojam Suspends Ethanol Production," April 16, 2010.

[100] For example, knitted cotton T-shirts were the third-largest import from Jamaica under CBERA in 2008; women's or girls' knitted cotton briefs and men's or boys' knitted cotton underpants ranked fifth and sixth. See USITC, *The Impact of the Caribbean Basin Economic Recovery Act, Nineteenth Report*, table E.6.

[101] Jockey International was reported to be the last foreign-invested apparel firm operating in Jamaica in 2008 when it closed its Jamaican sewing plant that year. "Jockey Announces Plant Closure," May 30, 2008; Dionne Ross, "Within the Embers of the Garment," July 4, 2008.

[102] Embassy of Jamaica, written submission to the USITC, June 28, 2011, 9.

FIGURE 4.4 Jamaica: Total U.S. imports and imports under CBERA, 2008–10



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

promote investor confidence and the development of long-term business relationships."[103] To expand the production of CBERA-eligible exports, they recommended regular bilateral engagements with the United States on trade and investment issues and more U.S. help in building capacity for trade.[104] Sources contacted during this investigation generally acknowledged that the greatest impediments to taking advantage of CBERA in Jamaica relate more to the challenges of investing and doing business in Jamaica than to specific CBERA provisions or problems obtaining access to the U.S. market; some sources contacted nevertheless expressed the concern that U.S. sanitary and phytosanitary regulations and U.S. transportation security regulations might impede some Jamaican exports.[105] Jamaican officials contacted during this investigation highlighted the importance of aid to build Jamaica's trade capacity and integrate Jamaica into the global economy.[106]

[103] Ibid.
[104] Ibid., 11.
[105] U.S. Department of State, "Jamaica: USITC Biennial Caribbean Basin Investment Survey," July 21, 2011.
[106] Ibid.

TRINIDAD AND TOBAGO
Economic Profile

Overview

Trinidad and Tobago ranked as the largest CBERA economy in 2010, and its GDP of $27.7 billion gave it the highest GDP per capita in the region (table 4.5). Trinidad and Tobago is the leading Caribbean producer of oil and natural gas, and its economy is primarily based on these natural resources. With abundant supplies of fossil fuel, Trinidad and Tobago is the leading oil producer in the Caribbean and is one of the largest exporters of liquefied natural gas (LNG) in the world.[107] In addition, Trinidad and Tobago is also the world's largest exporter of ammonia[108] and methanol.[109] Its energy sector earnings have also allowed Trinidad and Tobago to become a major Caribbean financial center.[110] Trinidad and Tobago also has a well-developed manufacturing sector that supplies manufactured goods, notably food products and beverages, to other Caribbean countries.[111]

Trinidad and Tobago had experienced 15 years of continuous economic expansion before 2009, with an average annual growth rate of 3.4 percent, but 2009–10 has proven more challenging. The Trinidadian economy contracted in 2009 as a result of the 2008–09 global economic downturn, lower commodity prices (particularly for crude oil, ammonia, urea, and methanol),[112] and reduced demand from important North American and Caribbean markets. Higher commodity prices in 2010 helped to slow the economic contraction.[113]

Despite the country's large energy resources, the government of Trinidad and Tobago has sought to diversify the economy and reduce its reliance on the energy sector by stimulating nonenergy-related economic activities such as yachting; fish and fish processing; music, film, and entertainment; food and beverages; and printing and packaging.[114] The government is also working to bolster tourism, which is an important

[107] U.S. Energy Information Agency (EIA), "Trinidad and Tobago: Analysis," March 2011.

[108] China is the world's largest ammonia producer. Chemical Industry News & Intelligence, "Ammonia Uses and Market Data," November 2010.

[109] Black, "Methanex Trinidad: Five Years of Success," *The Trinidad Guardian*, May 11, 2011; Renwick, "$100 in Methanol, Please, *Trinidad Express Newspapers*, October 12, 2010; Government of Australia, Department of Foreign Affairs and Trade, "Trinidad and Tobago Country Brief," 2010.

[110] Embassy of Trinidad and Tobago, written submission to the USITC, June 30, 2011; Government of Australia, Department of Foreign Affairs and Trade, "Trinidad and Tobago Country Brief," 2010.

[111] EIU, *Trinidad and Tobago: Country Profile 2008*, 2008, 21.

[112] The Central Bank of Trinidad and Tobago reported that crude oil prices reached US$68.20 per barrel during the third quarter of 2009, compared with US$118.3 per barrel for the third quarter of 2008, and that the value of petrochemical exports was also much lower during the first nine months of 2009 as the prices of ammonia, urea, and methanol declined by 40–46 percent. Central Bank of Trinidad and Tobago, *Annual Economic Survey 2009*, 2010, 56.

[113] The Central Bank of Trinidad and Tobago reported that crude oil prices averaged US$77.50 per barrel for the first nine months of 2010, compared with $56.90 per barrel for the corresponding months of 2009. Central Bank of Trinidad and Tobago, *Annual Economic Survey 2010*, 2011, 54.

[114] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 3, 2011; CIA, "Trinidad and Tobago," *The World Factbook*, July 5, 2011.

TABLE 4.5 Trinidad and Tobago: Selected economic indicators, 2008–10

	2008	2009	2010
GDP (nominal, US $ bn)	24.2	25.2	27.7
Real GDP growth (%)	3.5	-3.5	-0.6
Population (mn)	1.3	1.3	1.3
GDP per capita ($)	14,370	13,767	13,627
Inflation (%)	14.5	1.3	13.4
Goods exports (US $ bn)	18.7	9.2	12.7
Goods imports (US $ bn)	9.6	7.0	8.2
Trade balance (US $ bn)	9.1	2.4	4.5
Exchange rate (TT$: US $1)	6.30	6.37	6.41
Current account balance (US $ bn)	8.5	1.6	3.9
Total international reserves (US $ bn)	9.4	9.2	9.7
Total external debt (US $ bn)	3.9	3.9	4.3
Public debt (% GDP)	26	26	30
Foreign direct investment (US $ mn)	2,801	709	549

Sources: EIU, *Trinidad and Tobago: Country Report*, June 2011; ECLAC, *Foreign Direct Investment in Latin America and the Caribbean*, 2010, table I.2, 38 and table I.A-2, 80.

component of the economy, along with remittances from citizens living and working abroad. However, Trinidad and Tobago relies less on tourism and remittances than many other Caribbean countries because of the large role played by the energy sector. In addition to its abundant resources, Trinidad and Tobago has the advantage of being located largely outside the Caribbean hurricane belt and therefore is often spared the shocks from severe storms that hit many Caribbean countries and cause damage to property.[115]

Trinidad and Tobago's domestic economic output is largely dominated by the energy sector and the production of petroleum, natural gas, and petrochemicals (methanol, ammonia, urea, and melamine)[116] (figure 4.5). The energy sector accounted for more than 40 percent of Trinidad and Tobago's GDP and 80 percent of export earnings in 2010, but it directly employs only about 5 percent of the labor force.[117]

Trinidad and Tobago's non-energy sector accounted for just over one-half of the domestic economy in 2010 (figure 4.5), although the energy-related activities drive some non-energy activities, such as construction and financial services. The share of manufacturing has increased from about 5 percent of GDP in 2008 to 8 percent of GDP in 2010.[118]

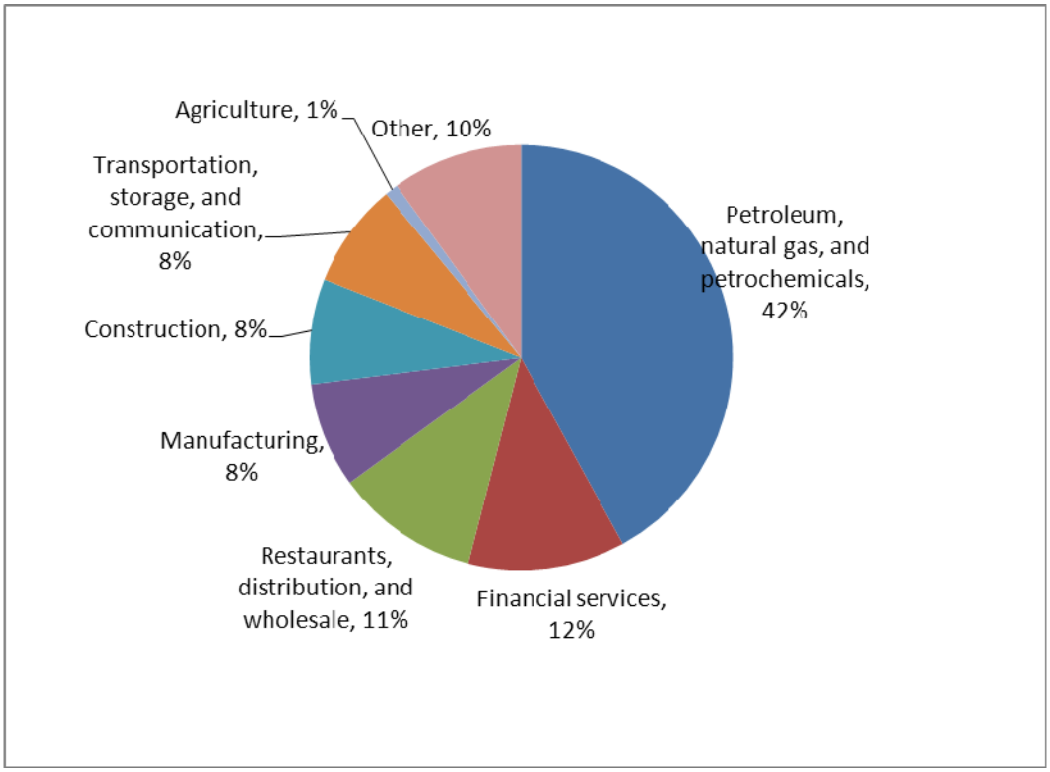
[115] EIU, *Trinidad and Tobago: Country Report*, June 2011; U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 3, 2011; CIA, "Trinidad and Tobago," *The World Factbook*, July 5, 2011.

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

[117] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 3, 2011.

[118] EIU, *Trinidad and Tobago: Country Report*, June 2011; and U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 3, 2011.

FIGURE 4.5 Trinidad and Tobago: GDP, 2010 ($27.7 billion)



Source: U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Noe: rinidad and Tobago," June 3, 2011.

Trade Profile

Energy sector products, including crude oil, refined petroleum, LNG and natural gas liquids, and petrochemicals, account for the majority of Trinidad and Tobago's exports, making the country vulnerable to price swings in these commodities.[119] Merchandise exports from Trinidad and Tobago to the world decreased from $18.7 billion in 2008 to $9.2 billion in 2009 largely due to lower global energy commodity prices,[120] rather than to lower volumes of shipments of energy products.[121] Similarly, Trinidad and Tobago's merchandise exports to the world rose to $12.7 billion in 2010, largely because of the increase in the value of energy sector exports that year owing to higher world crude oil prices although higher volumes of shipments of LNG were also a factor. However, non-energy sector exports declined during 2009 and 2010, reflecting the slow recovery of Trinidad and Tobago's main trading partners from the 2008–09 global economic downturn.[122]

[119] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2010*, 2011, 9.

[120] EIU, *Trinidad and Tobago: Country Report*, June 2011, 13.

[121] "The value of energy sector exports in the first nine months of 2009 was estimated at US$6.3 billion, around half of their value in the year earlier period. This was mainly on account of the large drop in international petroleum prices as there was little change in export volumes." Central Bank of Trinidad and Tobago, *Annual Economic Survey 2009*, 2010, 56.

[122] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2010*, 2011, 54.

The value of Trinidad and Tobago's merchandise imports from the world also reflected the effects of the 2008–09 global economic downturn. Imports decreased from $9.6 billion in 2008 to $7.0 billion in 2009[123] as a result of the country's lower demand for refined petroleum products and capital goods in the wake of the downturn. Imports then rose to $8.2 billion in 2010, reflecting the beginning of Trinidad and Tobago's economic recovery and higher imports (in terms of both volume and value) of the country's leading imports.[124]

The United States is Trinidad and Tobago's largest single trade partner. In 2010, the United States supplied 29.2 percent of Trinidad and Tobago's imports (table 4.6), valued at $1.8 billion.[125] Leading U.S. exports to Trinidad and Tobago in 2010 included refined petroleum products, nonelectrical and electrical machinery, and agricultural goods.[126] The United States also is the leading market for Trinidad and Tobago's exports, accounting for 46.8 percent of total Trinidadian exports (table 4.6), valued at $6.6 billion in 2010.[127] Leading U.S. imports from Trinidad and Tobago included petroleum and petroleum products, anhydrous ammonia, LNG, and methanol.[128]

U.S. imports from Trinidad and Tobago under CBERA were valued at $2.2 billion in 2010. Most imports under CBERA from Trinidad and Tobago (98.0 percent) were in four categories of mineral fuels and other energy products—crude petroleum (HTS 2709.00), methanol (HTS 2905.11), and two types of refined petroleum products (HTS 2710.19 and HTS 2710.11) (table 2.9). Imports of crude petroleum under CBERA from Trinidad and Tobago were valued at $1.2 billion in 2010, accounting for 97.0 percent of total crude petroleum imports under CBERA for the year. Trinidad and Tobago was the sole supplier of both methanol and refined petroleum products under CBERA in 2010, with imports valued at $889.8 million and $59.5 million, respectively (table 2.8). Trinidad and Tobago was also the sole supplier of tuna, skipjack, and bonito (HTS 1604.14) to the United States under CBERA in 2010, with imports valued at $10.4 million.

TABLE 4.6 Trinidad and Tobago: Main trade partners, 2010 (percent)

Leading markets for exports and share		Leading sources of imports and share	
United States	46.8	United States	29.2
Spain	6.5	Brazil	8.2
Jamaica	5.4	Colombia	7.3
Canada	3.3	China	4.4

Source: EIU, *Trinidad and Tobago: Country Report*, June 2011.

[123] EIU, *Trinidad and Tobago: Country Report*, June 2011, 13.
[124] Central Bank of Trinidad and Tobago, *Annual Economic Survey 2010*, 2011, 102, table A.26.
[125] U.S. bilateral trade data were obtained from official statistics of the U.S. Department of Commerce.
[126] USITC, DataWeb (accessed July 29, 2011).
[127] U.S. bilateral trade data were obtained from official statistics of the U.S. Department of Commerce.
[128] USITC, DataWeb (accessed July 29, 2011).

Investment Profile[129]

Sources generally describe Trinidad and Tobago as being open to foreign direct investment (FDI) and as having few if any legal restrictions or disincentives to investment. Trinidad and Tobago was the second-largest CBERA recipient of FDI, after Panama, in 2009 and 2010. Much of the FDI in Trinidad and Tobago is directed at the country's energy and petrochemicals sectors.[130]

However, Trinidad and Tobago generally ranked below or on par with other CBERA countries according to World Bank measures of the ease of doing business. Overall, Trinidad and Tobago ranked 97th of 183 countries for having a regulatory environment conducive to the operation of business—the 10th-highest overall score for CBERA countries. Trinidad and Tobago also ranked 10th among CBERA countries (ranking 74th of 183 countries) for the ease of starting a business, but ranked last (183rd) among all countries for ease of closing a business. Two categories where Trinidad and Tobago excelled were protecting investors, with a rank of 20th of 183 countries, and ease of getting credit, where it ranked 32nd of 183 countries. (The latter score most likely reflects the country's status as a regional financial center, an industry that has been built on Trinidad and Tobago's large energy export earnings.) For these two categories, Trinidad and Tobago earned the highest overall ranking for CBERA countries.[131]

Sources reported that crime and theft, poor work ethic, corruption, and an inefficient government bureaucracy were among the most serious problems in doing business in Trinidad and Tobago. In particular, Trinidad and Tobago ranked worse than other countries with respect to the business costs of crime and violence (131st of 139 countries) and capacity for innovation (138th of 139 countries). On the other hand, Trinidad and Tobago ranked highest among other CBERA countries for strength of investor protection (20th of 136 countries) and country credit rating (43rd of 138 countries).[132]

Impact of CBERA

Total U.S. imports from Trinidad and Tobago declined from $9.0 billion in 2008 to $6.6 billion in 2010, reflecting the slow U.S. recovery from the 2008–09 global economic downturn and low global prices for many of Trinidad and Tobago's leading export commodities. However, the share of imports entered under CBERA from Trinidad and Tobago relative to total imports (utilization rate) from Trinidad and Tobago rose from 26.3 percent in 2008 to 33.5 percent in 2010 (figure 4.6 and table D.7). Energy products[133] continue to account for most (98.0 percent in 2010) of the imports under CBERA from Trinidad and Tobago. Trinidad and Tobago accounted for 97.0 percent of crude petroleum imports under CBERA in 2010 (Belize was the only other supplier), all of the methanol, and all of the refined petroleum products.

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

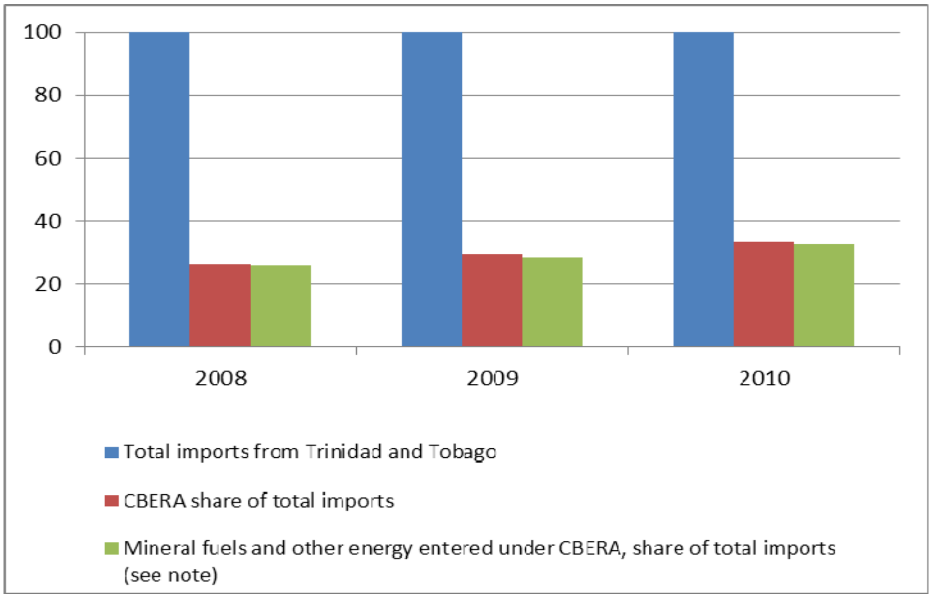
[130] U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Trinidad and Tobago," June 3, 2011.

[131] World Bank, *Doing Business 2011*, 2010, 200. Not all of the CBERA countries were included in the World Bank rankings.

[132] World Economic Forum, *Global Competitiveness Report 2010–2011*, 2010, 326–327.

[133] Includes HTS chapter 27, HTS 2207.10.60 and 2207.20.00 (fuel ethanol) and HTS 2905.11.20 (methanol).

FIGURE 4.6 Trinidad and Tobago: Total U.S. imports and imports under CBERA, 2008–10



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

Note: In this figure, mineral fuels and other energy includes crude petroleum (HTS 2709.00), methanol (HTS 2705.11), two categories of refined petroleum products (HTS 2710.19 and HTS 2710.11), and ethyl alcohol (HTS 2207.10).

CBERA continued to benefit primarily Trinidad and Tobago's energy sector and its downstream products during 2009–10. According to the country's embassy, as a result of the significant positive spillover effects of the development of Trinidad and Tobago's energy sector, CBERA "has been a critical medium-term instrument for the economic development and export diversification of the Trinidad and Tobago economy. It has served to expand trade . . . thus promoting the growth of free enterprise and economic opportunity."[134] CBERA also provided unique benefits to Trinidad and Tobago because, beginning in 2010, Trinidad and Tobago was no longer a designated GSP beneficiary; since then, products of Trinidad and Tobago that had been eligible for duty-free entry under either program were eligible for duty-free entry only under CBERA.[135]

[134] Embassy of Trinidad and Tobago, written submission to the USITC, June 30, 2011.
[135] As discussed in chap. 1, Trinidad and Tobago was no longer eligible for benefits under the U.S. GSP program effective January 1, 2010. Nevertheless, eligible products of Trinidad and Tobago could still be entered duty free under CBERA.

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APPENDIX A
Federal Register Notice

China other than finished heat sinks, provided for in subheadings 7604.21, 7604.29, and 7608.20 of the Harmonized Tariff Schedule of the United States, that the U.S. Department of Commerce ("Commerce") has determined are subsidized and sold in the United States at less than fair value ("LTFV").[2] The Commission further determined that an industry in the United States is not materially injured or threatened with material injury, or that the establishment of an industry in the United States is not materially retarded, by reason of imports of finished heat sinks from China.[3 4]

Background

The Commission instituted these investigations effective March 31, 2010, following receipt of a petition filed with the Commission and Commerce by Aluminum Extrusions Fair Trade Committee and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union. The final phase of the investigations was scheduled by the Commission following notification of a preliminary determinations by Commerce that imports of certain aluminum extrusions from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and dumped within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the **Federal Register** on December 22, 2010 (75 FR 80527). The hearing was held in Washington, DC, on March 29, 2011, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its determinations in these investigations to the Secretary of Commerce on May 13, 2011. The views of the Commission are contained in USITC Publication 4229 (May 2011), entitled *Certain Aluminum Extrusions from China: Investigation Nos. 701–TA–475 and 731–TA–1177 (Final).*

By order of the Commission.

Issued: May 13, 2011.

James R. Holbein,

Acting Secretary to the Commission.

[FR Doc. 2011–12276 Filed 5–18–11; 8:45 am]

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[2] All six Commissioners voted in the affirmative.

[3] Because they do not find that finished heat sinks are a separate domestic like product, Vice Chairman Irving A. Williamson and Commissioner Charlotte R. Lane do not join in this determination.

[4] Finished heat sinks are fabricated heat sinks, sold to electronics manufacturers, the design and production of which are organized around meeting certain specified thermal performance requirements and which have been fully, albeit not necessarily individually, tested to comply with such requirements.

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–385 (Third Review)]

Granular Polytetrafluoroethylene Resin From Italy; Correction of Notice of Scheduling

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: In a notice published in the **Federal Register** May 12, 2011 (76 FR 27663), the Commission published a notice of scheduling of an expedited five-year review on an antidumping duty order on granular polytetrafluoroethylene resin from Italy.

CORRECTION: The Commission hereby corrects the investigation number to Inv. No. 731–TA–385 (Third Review), and footnote 2 that replaces IDENTIFY with E.I. DuPont de Nemours & Co.

DATES: *Effective Date:* May 13, 2011.

FOR FURTHER INFORMATION CONTACT: Stefania Pozzi Porter (202–205–3177; *Stefania.PozziPorter@usitc.gov*), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: May 13, 2011.

James R. Holbein,

Acting Secretary to the Commission.

[FR Doc. 2011–12277 Filed 5–18–11; 8:45 am]

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INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–227]

Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries; Notice of public hearing and opportunity to submit comments in connection with the 20th report on the economic impact of the Caribbean Basin Economic Recovery Act (CBERA).

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: Section 215 of the CBERA (19 U.S.C. 2704) requires the Commission to report biennially to the Congress and the President by September 30 of each reporting year on the economic impact of the Act on U.S. industries and U.S. consumers and on the economy of the beneficiary countries. This series of biennial reports was instituted as investigation No. 332–227, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries.* The Commission has scheduled a public hearing for its 2011 CBERA report, covering trade during calendar years 2009 and 2010, for June 21, 2011.

DATES:

June 8, 2011: Deadline for filing requests to appear at the public hearing.

June 14, 2011: Deadline for filing pre-hearing briefs and statements.

June 21, 2011: Public hearing.

June 28, 2011: Deadline for filing post-hearing briefs and statements and all other written submissions.

September 30, 2011: Transmittal of Commission report to Congress and the President.

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

FOR FURTHER INFORMATION CONTACT: Walker Pollard (202–205–3228 or *walker.pollard@usitc.gov*), or James Stamps (202–205–3227 or *james.stamps@usitc.gov*) Country and Regional Analysis Division, Office of Economics, U.S. International Trade

Commission, Washington, DC 20436. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202–205–3091 or *william.gearhart@usitc.gov*). The media should contact Peg O'Laughlin, Public Affairs Officer (202–205–1819 or *margaret.olaughlin@usitc.gov*). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202–205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

Background: Section 215(a)(1) of the Caribbean Basin Economic Recovery Act (CBERA) (19 U.S.C. 2704(a)(1)) requires that the Commission submit biennial reports to the Congress and the President regarding the economic impact of the Act on U.S. industries and consumers, and on the economy of the beneficiary countries. Section 215(b)(1) requires that the reports include, but not be limited to, an assessment regarding:

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

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

Notice of institution of the investigation was published in the **Federal Register** of May 14, 1986 (51 FR 17678). The 20th report, covering calendar years 2009 and 2010, is to be submitted by September 30, 2011.

Public Hearing: A public hearing in connection with this investigation will be held at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC, beginning at 9:30 a.m. on June 21, 2011. Requests to appear at the public hearing should be filed with the Secretary, no later than 5:15 p.m., June 8, 2011. All pre-hearing briefs and statements should be filed not later than 5:15 p.m., June 14, 2011; and all post-hearing briefs and statements should be filed not later than 5:15 p.m., June 28, 2011. All requests to appear and pre- and post-hearing briefs and statements should be filed in accordance with the requirements in the "Written Submissions" section below. In the event that, as of the close of business on June 8, 2011, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant may call the Office of the Secretary (202–205–2000) after June 8, 2011, for information concerning whether the hearing will be held.

Written Submissions: In lieu of or in addition to participating in the hearing, interested parties are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., June 28, 2011. All written submissions must conform with the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 C.F.R. 201.8). Section 201.8 requires that a signed original (or a copy so designated) and fourteen (14) copies of each document be filed. In the event that confidential treatment of a document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, *http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf).*

Persons with questions regarding electronic filing should contact the Office of the Secretary (202–205–2000).

Any submissions that contain confidential business information (CBI) must also conform with the requirements of section 201.6 of the *Commission's Rules of Practice and Procedure* (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

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

The report will be made available to the public on the Commission's Web site.

By order of the Commission.

Issued: May 13, 2011.

James R. Holbein,

Acting Secretary to the Commission.

[FR Doc. 2011–12260 Filed 5–18–11; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF LABOR

Office of the Secretary

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Records of Tests and Examinations of Mine Personnel Hoisting Equipment

ACTION: Notice.

SUMMARY: The Department of Labor (DOL) is submitting the Mine and Safety Health Administration (MSHA) sponsored information collection request (ICR) titled, "Records of Tests and Examinations of Mine Personnel Hoisting Equipment," to the Office of Management and Budget (OMB) for review and approval for continued use in accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104–13, 44 U.S.C. chapter 35).

DATES: Submit comments on or before June 20, 2011.

ADDRESSES: A copy of this ICR with applicable supporting documentation; including a description of the likely respondents, proposed frequency of response, and estimated total burden may be obtained from the RegInfo.gov Web site, *http://www.reginfo.gov/public/do/PRAMain,* on the day following publication of this notice or by contacting Michel Smyth by telephone at 202–693–4129 (this is not a toll-free number) or sending an e-mail to *DOL_PRA_PUBLIC@dol.gov.*

Submit comments about this request to the Office of Information and Regulatory Affairs, Attn: OMB Desk Officer for the Department of Labor, Mine and Safety Health Administration (MSHA) Office of Management and Budget, Room 10235, Washington, DC 20503, *Telephone:* 202–395–6929/*Fax:* 202–395–6881 (these are not toll-free numbers), *e-mail: OIRA_submission@omb.eop.gov.*

FOR FURTHER INFORMATION CONTACT: Contact Michel Smyth by telephone at 202–693–4129 (this is not a toll-free number) or by e-mail at *DOL_PRA_PUBLIC@dol.gov.*

SUPPLEMENTARY INFORMATION: MSHA regulations make it mandatory for

APPENDIX B
Summaries of Positions of Interested Parties

Summaries of Positions of Interested Parties

The Commission invited interested parties to file written submissions, which are summarized by party below.[1]

Government of Jamaica[2]

The written submission by the Embassy of Jamaica provided background information on the Jamaican economy, the country's development program, and trade relations with the United States. The submission stated that CBERA "remains important" to Jamaica's trade with the United States.[3] The government of Jamaica noted that permanent preferential access to the United States market has been important in promoting investor confidence and long-term business relationships in the country. The submission noted recent consultations with the U.S. Department of Agriculture on agricultural trade issues and also expressed concern that new U.S. Transportation Security Administration regulations for cargo are "likely to have serious implications" for Jamaican exporters.[4] The submission concluded with calls for more regular opportunities for bilateral engagement between CARICOM and the United States on trade and investment issues, greater U.S. support for industry capacity building, and U.S. efforts to ensure that preferences extended by CBERA are not eroded.[5]

Government of St. Vincent and the Grenadines[6]

The government of St. Vincent and the Grenadines in its written submission expressed its belief that the country has not significantly benefited from CBERA in its current formulation and is inhibited from realizing the full benefits offered to CARICOM members. The submission noted that while the United States is the country's leading import partner, it is only its 10th-largest export partner, causing a "significant" trade imbalance.[7] It identified principal constraints as stringent rules of origin, sanitary and phytosanitary requirements, and other nontariff barriers that disqualify products from entry or are cost-prohibitive for local manufacturers, as well as "onerous" pre-export requirements.[8] The government advanced a series of proposals for consideration, including making all CBERA benefits permanent; expanding products covered under the CBTPA to include sugar, peanuts, cotton, textile and fabric products, and other goods; making rules of origin more flexible; expanding the CBERA program to include trade in services; providing financial and technical assistance to address nontariff barriers and help develop infrastructure and human resources; and signing a treaty to remedy double taxation.[9]

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[1] In many instances, this appendix reflects only the principal points made by the particular party. The views summarized are those of the submitting parties and not of the Commission. Commission staff did not undertake to confirm the accuracy of, or otherwise correct, the information described. For the full text of written submissions, see entries associated with investigation no. 332-227 at the Commission's Electronic Docket Information System (https://edis.usitc.gov/edis3-internal/app).

[2] Embassy of Jamaica, written submission to the USITC, June 30, 2011.

[3] Ibid., 9.

[4] Ibid., 10.

[5] Ibid., 10-11.

[6] Embassy of St. Vincent and the Grenadines, written submission to the USITC, June 29, 2011.

[7] Ibid., 3.

[8] Ibid., 2.

[9] Ibid., 8.

Government of the Republic of Trinidad and Tobago[10]

The government of the Republic of Trinidad and Tobago, the largest economy in the English-speaking Caribbean, stated in its written submission that it has been a major beneficiary of the Caribbean Basin Initiative. The submission provided background on recent economic developments in the country and its trade relations with the United States. The submission concluded with a forward-looking section highlighting areas of consideration for the United States, including the renewal and "locking-in" of CBI preferences, greater flexibility in regard to rules of origin, broader eligible categories to include more agricultural products and services, the extension of the CBI to all CARICOM countries, and a revised Trade and Investment Framework Agreement.[11]

Caribbean Community[12]

The Secretariat of the Caribbean Community (CARICOM), a regional body composed of 15 member states and 5 associate members, offered a written submission which detailed its member countries' trade relations with the United States in the context of the region's economic development agenda. Writing that CARICOM member states and the United States "are inextricably linked through geography, economics, and people," the organization welcomed the Haitian Economic Lift Program (HELP) Act, whose aim was to facilitate Haiti's economic recovery following the January 2010 earthquake by extending the CBTPA and HOPE Acts to September 2020.[13] Following a summary of the Caribbean Basin Initiative and regional trade performance with the United States, CARICOM noted that equal or better preferential treatment to non-CBI countries oftentimes negates the program's intended advantages. The organization cited as an example the fact that the 3 most exported products from CARICOM to the United States also enjoyed tariff-free treatment from other non-CBI states in the hemisphere, including Canada, the Dominican Republic, and Chile.[14] CARICOM proposed several ways in which CARICOM-U.S. trade relations might be enhanced: the incorporation of services under CBERA, expansion of CBTPA to all CARICOM countries, making CBTPA preferences permanent, and allowing more flexibility on rules of origin.[15] CARICOM also expressed its concern over alleged rum subsidies by the U.S. Virgin Islands.[16] Finally, the organization proposed that the United States provide technical assistance in the establishment of a more efficient statistics information system to better facilitate reporting requirements.[17]

Caribbean Association of Industry and Commerce, Inc.[18]

The written submission from the Caribbean Association of Industry and Commerce, Inc. (CAIC) highlighted company-specific case studies by country, detailing how the CBI has positively impacted regional economic development as well as pointing to areas of concern. The association noted potential areas for consideration in the review of the CBI,

[10] Embassy of the Republic of Trinidad and Tobago, written submission to the USITC, July 1, 2011.
[11] Ibid., 3–4.
[12] Caribbean Community Secretariat (CARICOM), written submission to the USITC, June 28, 2011.
[13] Ibid., 2.
[14] Ibid., 10.
[15] Ibid., 12–14.
[16] Ibid., 14
[17] Ibid., 16.
[18] Caribbean Association of Industry and Commerce (CAIC), written submission to the USITC, June 27, 2011.

including the incorporation of services under a revised CBERA, more flexible rules of origin, the promotion of renewable and other alternative energy industries in the CBI region, and the possibility of producing more technologically advanced goods under duty-free protections.[19] The association also expressed its concern that the signing of bilateral FTAs by the United States "continues to erode" CBERA preferences.[20]

Caribbean Basin Ethanol Producers Association[21]

The Caribbean Basin Ethanol Producers Association expressed its belief that the region's ethanol industry would most likely "cease to exist" if the United States made unilateral tariff concessions to Brazil, which would negate trade benefits realized under CBERA and CAFTA. The association, which represents eight facilities with a combined capacity of approximately 670 million gallons, stated that its plants operated at only 10 percent capacity in 2010, given the high prices and limited supplies of hydrous alcohol feedstock in Brazil, low fuel ethanol prices in the United States, the uncompetitive Brazilian exchange rate, and uncertainty over the future of the tariff on Brazilian ethanol exports.[22]

Kajola Kristada, Jaro Electronics, Lutron Liamuiga Ltd. & API Harowe Servo Controls[23]

Four U.S.-owned manufacturing companies based in St. Kitts and Nevis submitted a joint statement to the Commission expressing full support for the "continuation of the CBI arrangement with the U.S., [sic] under a widened scope."[24] The companies stated that the CBI has "tremendously" benefited the economic growth and diversification of exports of St. Kitts and Nevis. [25] Writing that the CBI supports employment in the country, the companies highlighted the high levels of female employment at their facilities and the resulting positive socioeconomic implications. The companies expressed their desire that reviews of the CBI include considerations of the broadening of preferential treatment to incorporate trade in services and knowledge-based and technology-driven investments.[26]

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[19] Ibid., 2, 6.
[20] Ibid., 2.
[21] Caribbean Basin Ethanol Producers Association, written submission to the USITC, June 28, 2011.
[22] Ibid., 1.
[23] Kajola Kristada, Jaro Electronics, Lutron Liamuiga Ltd., and API Haowe Servo Controls, written submission to the USITC, June 27, 2011.
[24] Ibid., 3.
[25] Ibid., 1.
[26] Ibid., 3.

APPENDIX C
Technical Notes to Chapter 3

Technical Notes to Chapter 3

This section presents the methodology used to estimate the impact of CBERA on the U.S. economy in 2010. The economic effects of CBERA duty reductions[1] were evaluated with a comparative static analysis. Since CBERA tariff preferences were already in effect in 2010, the impact of the program was measured by comparing the market conditions currently present (duty-free or reduced-duty entry for eligible products entered under CBERA provisions) with those that might have existed under full tariffs (i.e., no CBERA tariff preferences). Thus, the analysis provides an estimate of what the potential costs and benefits to the U.S. economy would have been if CBERA had not been in place during 2010. However, the material on welfare and displacement effects in the section titled "Analytical Approach" in the Introduction and in this appendix discusses the impact of CBERA in terms of duty reductions, rather than the "removal" of duty eliminations already in place.[2] The effects of a duty reduction and a duty imposition are symmetrical and lead to results that are equivalent in magnitude but opposite in sign.[3] Thus, the discussion is framed with respect to the implementation of duty reductions simply for clarity.

A partial equilibrium framework was used to model three different markets in the United States, namely, the markets for CBERA products, competing non-CBERA (foreign) products, and competing domestic products. These three markets are depicted in panels a, b, and c of figure C.1. In the model, imports from CBERA beneficiaries, imports from non-CBERA countries, and competing domestic output are assumed to be imperfect substitutes for each other, and each is characterized by a separate market where different equilibrium prices exist.

The CBERA and non-CBERA import demand curves, D_c and D_n, and the demand curve for domestic output, D_d, are all assumed to be downward sloping with a constant elasticity of demand.[4] It is assumed that the CBERA import supply curve to the U.S. market, the non-CBERA import supply curve, and the domestic industry supply curve, S_c, S_n, and S_d, are all horizontal, that is, perfectly elastic. The assumption of perfectly elastic supply curves greatly simplifies computation although it leads to an upward bias in the estimates of the welfare and domestic displacement effects on the U.S. economy.[5]

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[1] Although the term *duty reduction* is used, the methodology employed in the analysis for this report applies equally to a duty elimination (which is a duty reduction in the full amount of the duty).

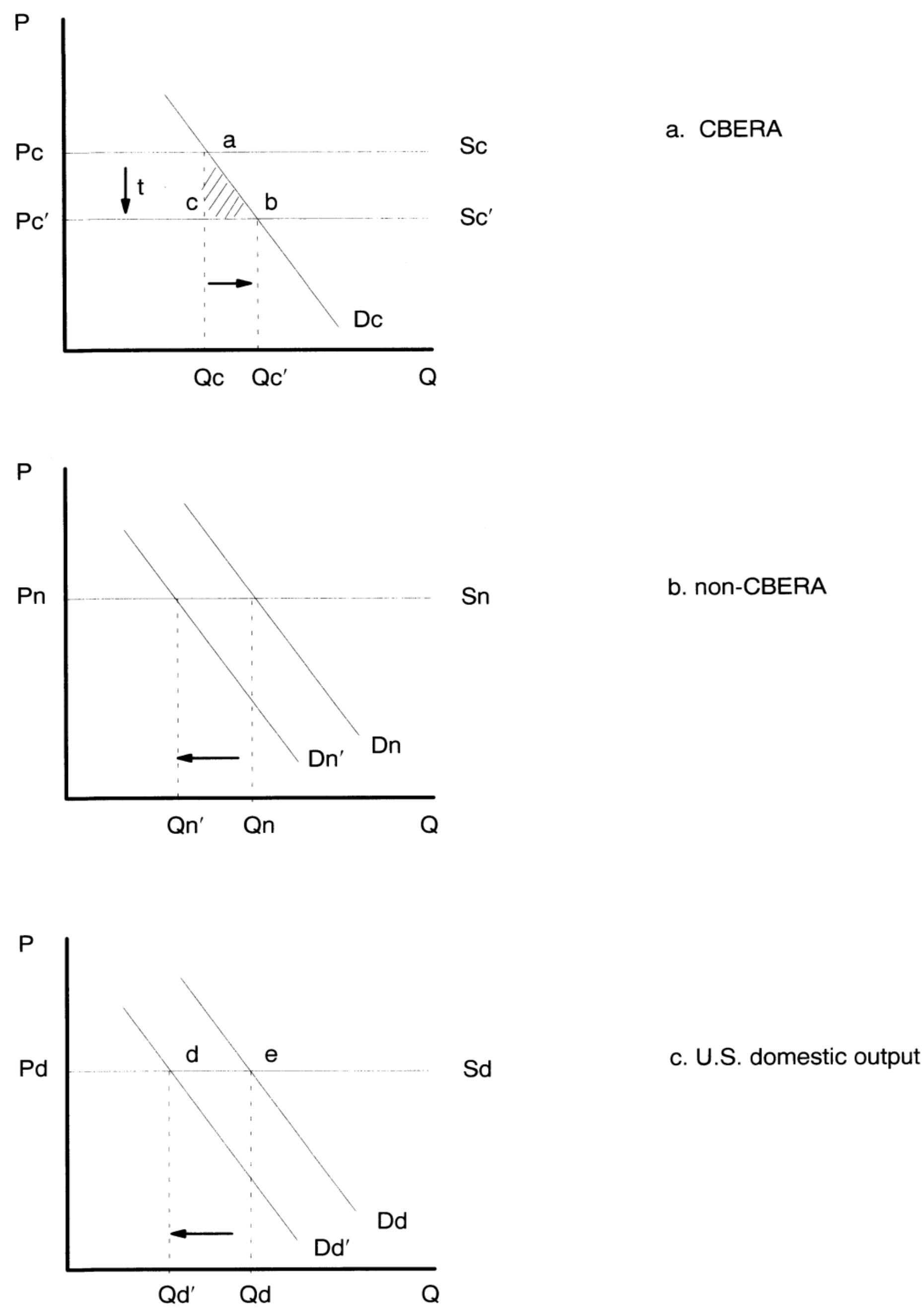
[2] Most comparative static analyses are used to evaluate the effects of an event that has not already happened— such as a proposed tariff elimination. This comparative analysis evaluates the effects of an event that has already happened—CBERA duty elimination has been in effect since 1984. The method described in this section can be used in either situation.

[3] This is technically true only if income effects are negligible. Given the small U.S. expenditure on goods from CBERA countries, income effects are likely to be negligible for the products under consideration. See R. Willig, "Consumer's Surplus Without Apology," *American Economic Review*, 66 (1976), 589-597.

[4] The subscripts c, n, and d refer to CBERA imports, non-CBERA imports, and U.S. domestic output, respectively.

[5] Since CBERA imports account for a very small share of U.S. domestic consumption in most sectors, even the upper range estimates were very small. Assuming upward-sloping supply curves would have resulted in even lower estimates.

Figure C-1
Partial equilibrium analysis of the effects of CBERA duty provisions on U.S. imports



The change from full tariffs to duty-free treatment for CBERA imports causes the import supply curve, S_c, in panel a to shift down to S'_c by the amount of the ad valorem tariff, t. Thus, the equilibrium price in the U.S. market for CBERA imports decreases from P_c to P'_c, whereas the quantity imported increases from Q_c to Q'_c. The relationship between the price with the tariff (P_c) and the tariff-free price (P'_c) is $P_c = P'_c(1+t)$.

The decrease in the price of CBERA imports leads to a decrease in demand for similar goods from other countries and domestic U.S. producers. Thus, the demand curves for both non-CBERA imports and domestic output, D_n and D_d, shift back to D'_n and D'_d, respectively. Since the supply curves in both of these markets are assumed to be perfectly elastic, the equilibrium prices do not change. The equilibrium quantity supplied in each market decreases from Q_n and Q_d to Q'_n and Q'_d, respectively.

The impact of CBERA on the U.S. economy was measured by examining the welfare effects of the tariff reduction in the market for CBERA imports and the domestic displacement effects of a decrease in demand in the competing U.S. market. The displacement of non-CBERA country imports because of CBERA tariff preferences was not estimated because the focus of the analysis was on the direct effects of CBERA provisions on the United States.

The decrease in the tariff for CBERA imports leads to an increase in consumer surplus for these products. This is measured by the trapezoid $P_c abP'_c$ in panel a. There is also an accompanying decrease in the tariff revenue collected from CBERA imports. This is measured by the area of the rectangle $P_c acP'_c$ in panel a.

The net welfare effect of CBERA is equal to the increase in consumer surplus plus the decrease in tariff revenue—the trapezoid $P_c abP'_c$ minus the rectangle $P_c acP'_C$ in panel a, that is, triangle abc.[6] The dollar amount by which CBERA imports displace U.S. output is measured by the rectangle $Q'_d deQ_d$ in panel c.

Given the above assumptions and the additional assumption of constant elasticity demand curves, the markets for the three goods are described by the following three equations:

(1) $$(Q_c / Q'_c) = (P_c / P'_c)^{\varepsilon_{cc}}$$

(2) $$(Q_n / Q'_n) = (P_c / P'_c)^{\varepsilon_{nc}}$$

(3) $$(Q_d / Q'_d) = (P_c / P'_c)^{\varepsilon_{dc}}$$

Given that $P_c = P'_c(1+t)$, these can be restated as

(1) $$(Q_c / Q'_c) = (1+t)^{\varepsilon_{cc}}$$

[6] Welfare effects typically include a measure of the change in producer surplus. The change in producer surplus for CBERA producers was not considered in this analysis because the focus of the analysis was on the direct effects of CBERA provisions on the United States.

(2) $$\left(Q_n / Q_n'\right) = \left(1+t\right)^{\varepsilon_{nc}}$$

(3) $$\left(Q_d / Q_d'\right) = \left(1+t\right)^{\varepsilon_{dc}}$$

where ε_{ij} is the uncompensated elasticity of demand for good *i* with respect to price *j*. The values for the elasticities ε_{cc}, ε_{nc}, and ε_{dc} are derived from the following relations:

(4) $$\varepsilon_{cc} = V_c\eta - V_n\sigma_{cn} - V_d\sigma_{cd}$$

(5) $$\varepsilon_{nc} = V_c\left(\sigma_{nc} + \eta\right)$$

(6) $$\varepsilon_{dc} = V_c\left(\sigma_{dc} + \eta\right)$$

where the V_i's are market shares for CBERA imports, non-CBERA imports, and domestic output, respectively, η is the aggregate demand elasticity, and the σ_{ij}'s are the elasticities of substitution between the i th and j th products.[7] Estimates of the aggregate demand elasticities were taken from the literature.[8] Ranges of potential net welfare and industry displacement estimates are reported. The reported ranges reflect a range of assumed substitutabilities between CBERA products and competing U.S. output. The upper range estimates reflect the assumption of high substitution elasticities. The lower range estimates reflect the assumption of low substitution elasticities.[9]

Since the implementation of CBTPA in October 2000, apparel assembled in CBERA countries from U.S.-made fabric and components has come to dominate the list of leading imports benefiting exclusively from CBERA. U.S. producers of such fabric and components benefit from CBERA duty preferences. Where the U.S. value of components can be identified (for example, the U.S. value of components assembled abroad under HTS heading 9802.00.80 is recorded and data are readily available), it is possible to estimate the effect of CBERA tariff preferences on U.S. producers of the components. In the case of cut apparel parts used in the assembly of apparel in CBERA countries, the U.S.-produced cut parts are recorded as apparel production in the United States and the effect of CBERA tariff preferences can be added to the (negative) displacement effects for that industry.

Given equations $(1)'$ through $(4)'$, one can derive the following equations for calculating the changes in consumer surplus, tariff revenue, and domestic output:

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[7] Equations (4) through (6) are derived from P.R.G. Layard and A.A. Walters, *Microeconomic Theory* (New York: McGraw-Hill, 1978).

[8] The aggregate elasticities were taken from sources referenced in USITC, *Potential Impact on the U.S. Economy and Selected Industries of the North American Free-Trade Agreement*, USITC publication 2596, January 1993.

[9] Commission industry analysts provided evaluations of the substitutability of CBERA products and competing U.S. products, which were translated into a range of substitution elasticities—3 to 5 for high substitutability, 2 to 4 for medium, and 1 to 3 for low. Although there is no theoretical upper limit to elasticities of substitution, a substitution elasticity of 5 is consistent with the upper range of estimates in the economics literature. Estimates in the literature tend to be predominantly lower. See, for example, M. Gallaway, C. McDaniel, and S. Rivera, "Short-Run and Long-Run Estimates of U.S. Armington Elasticities." *North American Journal of Economics and Finance* 14 (2003), 49–68.

Consumer surplus (where k is a constant)

area of

trapezoid $P_c abP_c' = \int_{P_c'}^{P_c} kP_c^{\varepsilon_{cc}} dP_c$

$= [1/(1+\varepsilon_{cc})][(1+t)^{(1+\varepsilon_{cc})} - 1]P_c'Q_c'$ if $\varepsilon_{cc} \neq -1$

$k\ln(1+t)$ if $\varepsilon_{cc} = -1$

Tariff revenue from U.S. imports from CBERA partners

area of

rectangle $P_c acP_c' = (P_c - P_c')Q_c$

$= P_c'tQ_c$ given $P_c = P_c'(1+t)$

$= tP_c'Q_c'(1+t)^{\varepsilon_{cc}}$ given $Q_c = Q_c'(1+t)^{\varepsilon_{cc}}$

Domestic output

area of

rectangle $Q_d' deQ_d = P_d(Q_d - Q_d')$

$= P_d Q_d'[(1+t)^{\varepsilon_{dc}} - 1]$

The change in the value of U.S. cut apparel parts $= uP_c'Q_c'[(1+t')^{\varepsilon_{cc}} - 1]$, where u is the ratio of the value of U.S. cut apparel parts to total imports under CBERA, and t is the ad valorem equivalent of duties paid on imports under HTS 9802.00.80 under CBERA. t is opposite in sign to the displacement effect shown above. The net effect of CBERA tariff preferences on domestic output is estimated as

$P_d Q_d'[(1+t)^{\varepsilon_{dc}} - 1] + uP_c'Q_c'[(1+t')^{\varepsilon_{cc}} - 1]$.

APPENDIX D
Statistical Tables

TABLE D.1 U.S. imports for consumption from CBERA countries, by source, 2006–10

Source	2006	2007	2008	2009	2010	Change, 2009–10
	Millions of $					Percent
Current CBERA beneficiaries[a]						
Trinidad and Tobago	8,398.5	8,764.2	8,996.4	5,174.2	6,577.1	27.1
Netherlands Antilles	1,100.6	710.7	787.7	491.3	1,030.8	109.8
Bahamas	435.7	394.4	595.7	738.3	691.3	–6.4
Haiti	496.1	487.6	449.7	551.9	550.8	–0.2
Panama	337.6	361.4	373.7	296.0	376.1	27.0
Jamaica	470.9	685.4	704.2	454.0	306.9	–32.4
Guyana	125.0	122.9	145.8	168.6	302.2	79.2
Belize	146.4	86.7	157.1	106.8	120.4	12.8
St. Kitts and Nevis	50.0	53.6	54.3	48.4	50.6	4.5
Barbados	33.0	37.8	40.8	32.6	42.5	30.4
British Virgin Islands	26.3	43.2	10.8	6.0	19.0	215.4
Aruba	2,605.7	2,747.4	3,185.5	1,308.7	18.5	–98.6
St. Lucia	37.3	25.3	41.6	17.5	17.8	1.6
Grenada	4.5	8.2	7.3	5.7	7.6	32.3
Antigua	5.8	8.7	5.0	9.3	5.5	–41.1
St. Vincent and the Grenadines	2.0	1.2	1.0	1.1	1.8	64.4
Dominica	3.1	1.8	2.3	2.5	1.6	–36.5
Montserrat	0.8	0.5	0.3	0.9	0.5	–40.8
Total	14,279.3	14,541.0	15,559.1	9,414.0	10,120.9	7.5
Former CBERA beneficiaries[b]						
Costa Rica	3,813.5	3,915.7	3,926.4	0.0	0.0	N/A
Dominican Republic	4,540.0	601.5	0.0	0.0	0.0	N/A
Guatemala	1,560.8	0.0	0.0	0.0	0.0	N/A
Honduras	903.3	0.0	0.0	0.0	0.0	N/A
Nicaragua	383.9	0.0	0.0	0.0	0.0	N/A
El Salvador	274.5	0.0	0.0	0.0	0.0	N/A
Total	11,476.0	4,517.2	3,926.4	0.0	0.0	N/A
Grand total	25,755.2	19,058.2	19,485.5	9,414.0	10,120.9	7.5

See footnotes at end of table.

TABLE D.1 U.S. imports for consumption from CBERA countries, by source, 2006–10—*Continued*

Source	2006	2007	2008	2009	2010	Change, 2009–10
	Percent of total					Percentage points
Current CBERA beneficiaries[a]						
Trinidad and Tobago	32.6	46.0	46.2	55.0	65.0	10.0
Netherlands Antilles	4.3	3.7	4.0	5.2	10.2	5.0
Bahamas	1.7	2.1	3.1	7.8	6.8	–1.0
Haiti	1.9	2.6	2.3	5.9	5.4	–0.4
Panama	1.3	1.9	1.9	3.1	3.7	0.6
Jamaica	1.8	3.6	3.6	4.8	3.0	–1.8
Guyana	0.5	0.6	0.7	1.8	3.0	1.2
Belize	0.6	0.5	0.8	1.1	1.2	0.1
St. Kitts and Nevis	0.2	0.3	0.3	0.5	0.5	0.0
Barbados	0.1	0.2	0.2	0.3	0.4	0.1
British Virgin Islands	0.1	0.2	0.1	0.1	0.2	0.1
Aruba	10.1	14.4	16.3	13.9	0.2	–13.7
St. Lucia	0.1	0.1	0.2	0.2	0.2	0.0
Grenada	([c])	([c])	([c])	0.1	0.1	0.0
Antigua	([c])	([c])	([c])	0.1	0.1	0.0
St. Vincent and the Grenadines	([c])	([c])	([c])	([c])	([c])	0.0
Dominica	([c])	([c])	([c])	([c])	([c])	0.0
Montserrat	([c])	([c])	([c])	([c])	([c])	0.0
Total	55.4	76.3	79.8	100.0	100.0	0.0
Former CBERA beneficiaries[b]						
Costa Rica	14.8	20.5	20.2	0.0	0.0	0.0
Dominican Republic	17.6	3.2	0.0	0.0	0.0	0.0
Guatemala	6.1	0.0	0.0	0.0	0.0	0.0
Honduras	3.5	0.0	0.0	0.0	0.0	0.0
Nicaragua	1.5	0.0	0.0	0.0	0.0	0.0
El Salvador	1.1	0.0	0.0	0.0	0.0	0.0
Total	44.6	23.7	20.2	0.0	0.0	0.0
Grand total	100.0	100.0	100.0	100.0	100.0	0.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits.

[a]Countries that were CBERA beneficiaries as of December 31, 2010.
[b]Countries for which CAFTA-DR entered into force on or before January 1, 2009.
[c]Absolute value less than 0.05.

TABLE D.2 U.S. imports for consumption under CBERA, by source, 2006–10

Source	2006	2007	2008	2009	2010	Change, 2009–10
	Millions of $					Percent
Current CBERA beneficiaries[a]						
Trinidad and Tobago	3,677.7	2,832.3	2,365.4	1,533.8	2,205.8	43.8
Haiti	379.3	430.4	405.1	388.9	364.1	–6.4
Bahamas	125.1	137.4	141.0	96.5	99.0	2.5
Jamaica	245.8	235.9	319.6	212.4	83.9	–60.5
Belize	72.2	54.5	129.5	66.0	61.7	–6.5
Panama	33.8	31.2	46.5	20.6	28.4	38.0
St. Kitts and Nevis	24.8	16.2	14.1	8.9	20.5	129.5
Guyana	5.1	10.1	20.6	14.4	10.6	–26.3
St. Lucia	7.1	8.6	11.1	10.9	9.2	–15.9
Barbados	4.8	7.1	6.9	4.6	7.2	57.1
Netherlands Antilles	2.2	3.6	11.9	0.9	1.2	37.6
Aruba	0.2	0.3	0.2	0.2	0.6	269.6
Grenada	0.1	([b])	0.1	0.1	0.1	92.4
St. Vincent and the Grenadines	0.2	0.2	0.2	0.1	0.1	5.9
British Virgin Islands	0.2	0.1	0.4	0.0	0.1	235.4
Dominica	0.1	0.0	0.2	0.1	0.1	–53.9
Antigua and Barbuda	([b])	0.1	0.1	0.2	0.0	–91.0
Montserrat	0.0	0.0	0.0	0.0	0.0	N/A
Total	4,578.5	3,768.0	3,473.0	2,358.6	2,892.7	22.6
Former CBERA beneficiaries[c]						
Costa Rica	1,382.1	1,417.9	1,252.8	0.0	0.0	N/A
Dominican Republic	2,481.0	310.1	0.0	0.0	0.0	N/A
Guatemala	652.8	0.0	0.0	0.0	0.0	N/A
Honduras	555.9	0.0	0.0	0.0	0.0	N/A
El Salvador	154.1	0.0	0.0	0.0	0.0	N/A
Nicaragua	111.0	0.0	0.0	0.0	0.0	N/A
Total	5,337.0	1,728.0	1,252.8	0.0	0.0	N/A
Grand total	9,915.5	5,496.0	4,725.7	2,358.6	2,892.7	22.6

See footnotes at end of table.

TABLE D.2 U.S. imports for consumption under CBERA, by source, 2006–10—*Continued*

Source	2006	2007	2008	2009	2010	Change, 2009–10
	Percent of total					Percentage points
Current CBERA beneficiaries[a]						
Trinidad and Tobago	37.1	51.5	50.1	65.0	76.3	11.2
Haiti	3.8	7.8	8.6	16.5	12.6	–3.9
Bahamas	1.3	2.5	3.0	4.1	3.4	–0.7
Jamaica	2.5	4.3	6.8	9.0	2.9	–6.1
Belize	0.7	1.0	2.7	2.8	2.1	–0.7
Panama	0.3	0.6	1.0	0.9	1.0	0.1
St. Kitts and Nevis	0.2	0.3	0.3	0.4	0.7	0.3
Guyana	0.1	0.2	0.4	0.6	0.4	–0.2
St. Lucia	0.1	0.2	0.2	0.5	0.3	–0.1
Barbados	([d])	0.1	0.1	0.2	0.3	0.1
Netherlands Antilles	([d])	0.1	0.3	([d])	([d])	([d])
Aruba	([d])	([d])	([d])	([d])	([d])	([d])
Grenada Is	([d])	([d])	([d])	([d])	([d])	([d])
St. Vincent and the Grenadines	([d])	([d])	([d])	([d])	([d])	([d])
British Virgin Islands	([d])	([d])	([d])	([d])	([d])	([d])
Dominica	([d])	([d])	([d])	([d])	([d])	([d])
Antigua and Barbuda	([d])	([d])	([d])	([d])	([d])	([d])
Montserrat	0.0	0.0	0.0	0.0	0.0	0.0
Total	46.2	68.6	73.5	100.0	100.0	0.0
Former CBERA beneficiaries[c]						
Costa Rica	13.9	25.8	26.5	0.0	0.0	0.0
Dominican Republic	25.0	5.6	0.0	0.0	0.0	0.0
Guatemala	6.6	0.0	0.0	0.0	0.0	0.0
Honduras	5.6	0.0	0.0	0.0	0.0	0.0
El Salvador	1.6	0.0	0.0	0.0	0.0	0.0
Nicaragua	1.1	0.0	0.0	0.0	0.0	0.0
Total	53.8	31.4	26.5	0.0	0.0	0.0
Grand total	100.0	100.0	100.0	100.0	100.0	0.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits.

[a]Countries that were CBERA beneficiaries as of December 31, 2010.
[b]Less than $50,000.
[c]Countries for which CAFTA-DR entered into force on or before January 1, 2009.
[d]Absolute value less than 0.05.

TABLE D.3 Leading U.S. imports for consumption under CBERA, by HTS chapter, 2006–10

HTS chapter	Description	2006	2007	2008	2009	2010
		Millions of $				
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	2,673.9	1,719.6	1,089.5	899.9	1,309.1
29	Organic chemicals	1,030.8	1,005.5	1,175.3	567.8	896.1
61	Articles of apparel and clothing accessories, knitted or crocheted	1,984.8	647.6	489.3	371.1	356.0
39	Plastics and articles thereof	200.7	173.8	167.8	95.5	97.8
22	Beverages, spirits and vinegar[a]	306.8	347.9	524.0	246.4	33.4
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	317.7	103.6	71.5	20.2	31.2
08	Edible fruit and nuts; peel of citrus fruit or melons	616.1	477.4	471.1	31.1	29.1
17	Sugar and sugar confectionery	175.2	66.3	34.7	12.3	28.5
20	Preparations of vegetables, fruit, nuts, or other parts of plants	113.9	138.9	109.1	26.7	19.7
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	279.2	57.0	53.9	9.8	19.4
	All other	2,216.3	758.3	539.5	77.9	72.5
	Total	9,915.5	5,496.0	4,725.7	2,358.6	2,892.7
		Percent of total				
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	27.0	31.3	23.1	38.2	45.3
29	Organic chemicals	10.4	18.3	24.9	24.1	31.0
61	Articles of apparel and clothing accessories, knitted or crocheted	20.0	11.8	10.4	15.7	12.3
39	Plastics and articles thereof	2.0	3.2	3.6	4.0	3.4
22	Beverages, spirits and vinegar[a]	3.1	6.3	11.1	10.4	1.2
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	3.2	1.9	1.5	0.9	1.1
08	Edible fruit and nuts; peel of citrus fruit or melons	6.2	8.7	10.0	1.3	1.0
17	Sugar and sugar confectionery	1.8	1.2	0.7	0.5	1.0
20	Preparations of vegetables, fruit, nuts, or other parts of plants	1.1	2.5	2.3	1.1	0.7
71	Natural or cultured pearls, precious or semiprecious stones, precious metals; precious metal clad metals, articles thereof; imitation jewelry; coin	2.8	1.0	1.1	0.4	0.7
	All other	22.4	13.8	11.4	3.3	2.5
	Total	100.0	100.0	100.0	100.0	100.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits.

[a]Includes fuel ethanol.

TABLE D.4 Leading U.S. imports for consumption under CBERA, 2006–10

HTS number	Description	2006	2007	2008	2009	2010	% change, 2009–10
		Millions of $					
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	1,693.8	1,309.5	904.0	800.2	1,249.5	56.1
2905.11.20	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	1,029.7	1,004.2	1,175.2	567.7	889.8	56.7
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	607.3	195.7	168.9	194.4	203.6	4.7
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	393.0	139.8	145.8	152.1	125.1	–17.7
3903.11.00	Polystyrene, expandable, in primary forms	121.5	133.2	135.5	93.9	95.4	1.6
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	517.7	76.6	19.6	28.5	31.6	10.6
2710.11.45	Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i., n/o 50% any single hydrocarbon	245.3	80.4	15.1	10.4	27.4	162.9
1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to Ch.17	140.3	31.0	22.3	11.3	25.6	126.9
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	127.5	64.6	22.1	16.0	19.8	23.8
7108.12.50	Gold, nonmonetary, unwrought (o/than gold bullion and dore)	0.5	0.7	26.9	8.7	17.4	100.7
0714.90.20	Fresh or chilled yams, whether or not sliced or in the form of pellets	19.1	23.3	29.9	15.9	14.4	–9.4
0807.20.00	Papayas (papaws), fresh	18.5	15.5	14.0	11.4	12.1	5.5
8525.50.30	Transmission apparatus for television, n.e.s.o.i.	0.0	0.0	0.1	0.0	11.0	N/A
1604.14.40	Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each	16.6	14.1	12.9	12.9	10.4	–19.4
2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	277.2	263.4	483.1	202.9	10.3	–94.9
2207.10.30	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for beverage purposes	5.1	7.6	8.7	6.2	9.7	56.2
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	245.6	377.9	393.1	6.0	8.1	34.2
8529.10.20	Television antennas and antenna reflectors, and parts suitable for use therewith	2.8	5.6	7.7	9.3	7.9	–15.0
2009.11.00	Diethyl ether	53.7	100.3	64.7	16.8	6.7	–60.2
2933.61.00	Melamine	0.0	0.0	0.0	0.0	6.1	N/A
	All other	4,400.5	1,652.5	1,076.2	193.9	111.0	–42.8
	Total	9,915.5	5,496.0	4,725.7	2,358.6	2,892.7	22.6

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

TABLE D.5 U.S. exports to CBERA countries, by source, 2006–10

Market	2006	2007	2008	2009	2010	Change 2009–10
	Millions of $					Percent
Current CBERA beneficiaries[a]						
Panama	2,523.6	3,492.4	4,614.6	4,063.2	5,708.1	40.5
Bahamas	2,224.5	2,422.8	2,697.0	2,403.3	3,160.3	31.5
Netherlands Antilles	1,324.4	1,897.0	2,728.6	1,927.1	2,678.0	39.0
Trinidad and Tobago	1,511.6	1,679.1	2,146.0	1,874.8	1,791.7	–4.4
Jamaica	1,944.4	2,236.7	2,557.4	1,366.6	1,552.5	13.6
Haiti	772.9	696.2	921.7	774.2	1,183.0	52.8
Aruba	481.9	492.5	629.2	404.5	497.1	22.9
St. Lucia	142.9	155.3	232.2	125.3	388.9	210.5
Barbados	402.2	418.3	454.6	367.4	353.9	–3.7
Guyana	171.6	178.9	281.1	255.2	280.3	9.8
Belize	230.0	227.9	342.6	247.2	280.3	13.4
Antigua	180.4	230.8	170.0	144.7	134.3	–7.2
British Virgin Islands	206.9	161.6	287.4	218.6	132.7	–39.3
St. Kitts and Nevis	121.7	103.4	116.7	101.7	121.8	19.7
St. Vincent and the Grenadines	55.6	66.8	81.0	74.0	81.8	10.5
Dominica	65.2	81.6	99.8	74.3	68.2	–8.3
Grenada	72.5	80.5	81.0	55.3	65.7	18.9
Montserrat	13.6	4.0	8.0	5.5	4.3	–22.3
Total	12,445.8	14,626.0	18,448.9	14,482.9	18,482.9	27.6
Former CBERA beneficiaries[b]						
Costa Rica	3,877.1	4,224.3	5,047.8	0.0	0.0	N/A
Dominican Republic	5,033.1	874.1	0.0	0.0	0.0	N/A
Guatemala	1,627.3	0.0	0.0	0.0	0.0	N/A
Honduras	831.5	0.0	0.0	0.0	0.0	N/A
El Salvador	308.6	0.0	0.0	0.0	0.0	N/A
Nicaragua	169.4	0.0	0.0	0.0	0.0	N/A
Total	11,847.1	5,098.3	5,047.8	0.0	0.0	N/A
Grand total	24,292.9	19,724.4	23,496.7	14,482.9	18,482.9	27.6

See footnotes at end of table.

TABLE D.5 U.S. exports to CBERA countries, by source, 2006–10—*Continued*

Market	2006	2007	2008	2009	2010	Change 2009–10
	Percent of total					In Percentage points
Current CBERA beneficiaries[a]						
Panama	10.4	17.7	19.6	28.1	30.9	2.8
Bahamas	9.2	12.3	11.5	16.6	17.1	0.5
Netherlands Antilles	5.5	9.6	11.6	13.3	14.5	1.2
Trinidad and Tobago	6.2	8.5	9.1	12.9	9.7	–3.3
Jamaica	8.0	11.3	10.9	9.4	8.4	–1.0
Haiti	3.2	3.5	3.9	5.3	6.4	1.1
Aruba	2.0	2.5	2.7	2.8	2.7	–0.1
St. Lucia	0.6	0.8	1.0	0.9	2.1	1.2
Barbados	1.7	2.1	1.9	2.5	1.9	–0.6
Guyana	0.7	0.9	1.2	1.8	1.5	–0.2
Belize	0.9	1.2	1.5	1.7	1.5	–0.2
Antigua	0.7	1.2	0.7	1.0	0.7	–0.3
British Virgin Islands	0.9	0.8	1.2	1.5	0.7	–0.8
St. Kitts and Nevis	0.5	0.5	0.5	0.7	0.7	0.0
St. Vincent and the Grenadines	0.2	0.3	0.3	0.5	0.4	–0.1
Dominica	0.3	0.4	0.4	0.5	0.4	–0.1
Grenada	0.3	0.4	0.3	0.4	0.4	0.0
Montserrat	0.1	([b])	([b])	([b])	([b])	([b])
Total	51.2	74.2	78.5	100.0	100.0	0.0
Former CBERA beneficiaries[c]						
Costa Rica	16.0	21.4	21.5	0.0	0.0	0.0
Dominican Republic	20.7	4.4	0.0	0.0	0.0	0.0
Guatemala	6.7	0.0	0.0	0.0	0.0	0.0
Honduras	3.4	0.0	0.0	0.0	0.0	0.0
El Salvador	1.3	0.0	0.0	0.0	0.0	0.0
Nicaragua	0.7	0.0	0.0	0.0	0.0	0.0
Total	48.8	25.8	21.5	0.0	0.0	0.0
Grand total	100.0	100.0	100.0	100.0	100.0	0.0

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

Note: Figures for U.S. trade with CBERA countries include trade with El Salvador, Costa Rica, Dominican Republic, Guatemala, Honduras, and Nicaragua only for the part of the period 2006–10 during which those countries were eligible for CBERA benefits.

[a] Countries that were CBERA beneficiaries as of December 31, 2010.
[b] Less than 0.05.
[c] Countries for which CAFTA-DR entered into force on or before January 1, 2009.

TABLE D.6 Leading U.S. imports for consumption under CBERA, by source, 2006-10

Source	HTS number	Description	2006	2007	2008	2009	2010
			Thousands of $				
Antigua and Barbuda	2103.90.90	Sauces and preparations therefor, n.e.s.o.i.	0.0	7.1	13.7	0.0	13.2
	8413.30.10	Fuel-injection pumps for compression-ignition engines, not fitted with a measuring device	0.0	0.0	0.0	0.0	5.0
	6307.90.85	Wall banners, of man-made fibers	0.0	0.0	0.0	0.0	2.3
	9405.60.60	Illuminated signs, illuminated name plates and the like, not of base metal	0.0	0.0	0.0	0.0	0.3
		All other	23.4	125.4	80.2	230.8	0.0
		Total	23.4	132.5	93.9	230.8	20.8
Aruba	7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, n.e.s.o.i.	64.7	62.1	50.0	9.4	286.0
	7108.13.70	Gold (including gold plated with platinum), nonmonetary, in semimanufactured forms (except gold leaf), n.e.s.o.i.	0.0	0.0	65.5	0.0	192.0
	7108.12.50	Gold, nonmonetary, unwrought (o/than gold bullion and dore)	0.0	0.0	0.0	0.0	60.0
	7113.19.30	Precious metal (o/than silver) clasps and parts thereof	0.0	0.0	0.0	104.0	20.0
	6802.99.00	Monumental or building stone & arts. thereof, n.e.s.o.i., further worked than simply cut/sawn, n.e.s.o.i.	0.0	0.0	0.0	0.0	4.5
		All other	106.4	232.4	113.5	39.7	3.4
		Total	171.1	294.5	229.0	153.0	565.9
Bahamas	3903.11.00	Polystyrene, expandable, in primary forms	121,455.0	133,177.0	135,522.0	93,904.0	95,378.0
	1703.10.50	Cane molasses n.e.s.o.i.	0.0	0.0	0.0	0.0	1,642.0
	2402.10.80	Cigars, cheroots and cigarillos containing tobacco, each valued 23 cents or over	906.0	1,623.0	506.0	1,438.0	931.0
	0306.24.20	Crabmeat, not frozen	40.1	0.0	401.0	183.0	443.0
	0805.40.80	Grapefruit, fresh or dried, if entered during the period November 1 through the following July 31, inclusive	1,259.0	1,227.0	760.0	483.0	238.0
		All other	1,395.4	1,325.2	3,848.6	536.7	357.4
		Total	125,055.5	137,352.2	141,037.6	96,544.7	98,989.4
Barbados	2207.10.30	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for beverage purposes	2,603.0	4,089.0	4,055.0	3,038.0	5,519.0
	2208.40.60	Rum and tafia, in containers each holding over 4 liters, valued not over $0.69/proof liter	184.0	294.0	109.0	275.8	935.6
	9030.33.00	Instruments and apparatus, n.e.s.o.i., for measuring or checking electrical voltage, current, resistance or power, without a recording device	0.0	449.0	627.0	449.0	363.0
	2201.10.00	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavored	91.7	139.0	140.0	102.0	91.6
	1901.90.90	Flour-, meal-, starch-, malt extract- or dairy-based food preps not containing cocoa and not containing specific amounts of dairy, n.e.s.o.i.	0.0	0.0	15.1	11.7	50.5
		All other	1,886.5	2,128.8	1,966.8	727.1	273.3
		Total	4,765.2	7,099.8	6,912.9	4,603.6	7,233.0

TABLE D.6 Leading U.S. imports for consumption under CBERA, by source, 2006-10—*Continued*

Source	HTS number	Description	2006	2007	2008	2009	2010
			Thousands of $				
Belize	2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees a.p.i. or more	15,514.0	10,154.0	90,656.0	36,236.0	37,838.0
	0807.20.00	Papayas (papaws), fresh	15,649.0	13,408.0	10,899.0	9,472.0	10,423.0
	2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	13,293.0	19,246.0	25,597.0	16,755.0	6,188.0
	2009.19.00	Orange juice, not frozen, of a brix value exceeding 20, unfermented	0.0	0.0	1,217.0	1,906.0	5,556.0
	3301.19.10	Essential oils of grapefruit	298.0	247.0	119.0	670.0	777.0
	3301.12.00	Essential oils of orange	791.0	344.0	596.0	132.0	512.0
		All other	26,676.9	11,060.6	433.5	848.8	452.0
		Total	72,221.9	54,459.6	129,517.5	66,019.8	61,746.0
British Virgin Islands	9506.62.80	Inflatable balls (o/than footballs and soccer balls) n.e.s.o.i.	0.0	0.0	0.0	0.0	56.2
	7019.90.50	Glass fibers (including glass wool), n.e.s.o.i., and articles thereof, n.e.s.o.i.	9.0	0.0	0.0	0.0	11.0
	4016.93.50	Gaskets, washers and other seals, of noncellular vulcanized rubber other than hard rubber	0.0	0.0	18.8	0.0	6.9
	8537.20.00	Boards, panels, consoles, desks, cabinets and other bases, equipped with apparatus for electric control, for a voltage exceeding 1,000 v	0.0	0.0	0.0	0.0	5.0
	8536.50.40	Electrical motor starters (which are switches), for a voltage not exceeding 1,000 v	0.0	0.0	0.0	0.0	4.2
		All other	214.0	64.6	418.3	25.7	2.8
		Total	223.0	64.6	437.1	25.7	86.1
Dominica	3307.10.20	Pre-shave, shaving or after-shave preparations, containing alcohol	34.5	26.7	48.9	18.5	28.8
	0802.90.97	Nuts n.e.s.o.i., fresh or dried, shelled	0.0	0.0	0.0	0.0	6.8
	0809.40.40	Plums, prunes and sloes, fresh, if entered during the period from june 1 through december 31, inclusive	0.0	0.0	0.0	7.3	5.3
	4602.90.00	Basketwork, wickerwork and other articles made directly from plaiting materials or from articles of heading 4601, n.e.s.o.i.; loofah articles	0.0	0.0	0.0	0.0	4.5
	2103.90.90	Sauces and preparations therefor, n.e.s.o.i.	2.6	4.0	3.2	9.5	4.2
		All other	28.7	14.2	148.3	79.8	3.5
		Total	65.9	44.9	200.4	115.0	53.0
Grenada	1806.32.30	Chocolate, not filled, w/o butterfat/milk solids, in blocks/slabs/bars 2kg or less	0.0	0.0	0.0	0.0	77.1
	0811.90.25	Cashew apples, mameyes colorados, sapodillas, soursops and sweetsops, frozen, in water or containing added sweetening	0.0	0.0	0.0	28.3	70.5
	0709.90.05	Jicamas, pumpkins and breadfruit, fresh or chilled	0.0	0.0	0.0	3.2	2.2

TABLE D.6 Leading U.S. imports for consumption under CBERA, by source, 2006-10—*Continued*

Source	HTS number	Description	2006	2007	2008	2009	2010
			Thousands of $				
Grenada—*Continued*	0709.90.91	Vegetables, not elsewhere specified or included, fresh or chilled	17.6	5.8	95.9	21.0	0.0
		All other	38.6	18.7	29.7	25.4	0.0
		Total	56.2	24.6	125.6	77.9	149.8
Guyana	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. us 5 to ch.17	0.0	2,614.0	0.0	7,548.0	4,647.0
	4412.32.31	Plywood sheet n/o 6 mm thick, at least one outer ply of nonconiferous wood, with face ply n.e.s.o.i., not surface covered beyond clear/transparen	0.0	1,945.0	2,713.0	1,668.0	1,819.0
	6114.30.30	Garments n.e.s.o.i., knitted or crocheted, of man-made fibers	0.0	0.0	602.0	695.0	968.0
	6114.30.20	Bodysuits and bodyshirts, knitted or crocheted, of man-made fibers	358.0	461.0	702.0	734.0	915.0
	6101.20.00	Men's or boys' overcoats, carcoats, capes, cloaks, anoraks, windbreakers and similar articles, knitted or crocheted, of cotton	0.0	0.0	290.0	1,030.0	586.0
	6104.63.20	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i.	625.0	315.0	372.0	295.0	406.0
		All other	4,114.9	4,764.3	15,933.5	2,449.7	1,291.0
		Total	5,097.9	10,099.3	20,612.5	14,419.7	10,632.0
Haiti	6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	159,570.0	148,937.0	154,660.0	194,399.0	203,560.0
	6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	83,563.0	132,797.0	144,283.0	151,825.0	125,053.0
	6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	67,829.0	60,061.0	17,366.0	15,686.0	19,703.0
	0804.50.60	Guavas, mangoes, and mangosteens, fresh, if entered during the period june 1 through august 31, inclusive	3,251.0	1,508.0	2,711.0	3,688.0	5,379.0
	6205.30.20	Men's or boys' shirts, not knitted or crocheted, of manmade fibers, n.e.s.o.i.	5,201.0	5,070.0	6,179.0	2,208.0	2,408.0
	6110.30.30	Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, n.e.s.o.i.	428.0	4,870.0	2,624.0	8.6	2,275.0
		All other	59,479.9	77,147.4	77,297.1	21,039.9	5,737.5
		Total	379,321.9	430,390.4	405,120.1	388,854.5	364,115.5
Jamaica	7108.12.50	Gold, nonmonetary, unwrought (o/than gold bullion and dore)	0.0	0.0	113.0	8,030.0	15,804.0
	0714.90.20	Fresh or chilled yams, whether or not sliced or in the form of pellets	10,139.0	12,096.0	15,580.0	15,572.0	14,099.0
	2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	164,641.0	161,912.0	253,546.0	156,779.0	10,284.0
	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to ch.17	0.0	0.0	0.0	0.0	10,063.0

TABLE D.6 Leading U.S. imports for consumption under CBERA, by source, 2006-10—*Continued*

Source	HTS number	Description	2006	2007	2008	2009	2010
			Thousands of $				
Jamaica—*Continued*	2103.90.80	Mixed condiments and mixed seasonings, not described in add US note 3 to ch. 21	3,013.0	2,586.0	2,725.0	3,662.0	4,081.0
		All other	67,961.7	59,354.8	47,633.1	28,322.9	29,581.5
		Total	245,754.7	235,948.8	319,597.1	212,365.9	83,912.5
Netherlands Antilles	8544.42.90	Insulated electric conductors n.e.s.o.i., for a voltage not exceeding 1,000 v, fitted with connectors, n.e.s.o.i.	0.0	789.0	971.0	404.0	545.0
	7113.19.50	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, n.e.s.o.i.	168.0	236.0	85.2	26.3	171.0
	8504.31.40	Electrical transformers other than liquid dielectric, having a power handling capacity less than 1 kva	229.0	75.0	152.0	103.0	152.0
	6914.90.80	Ceramic (o/than porcelain or china) arts. (o/than tableware/kitchenware/household & ornament. arts), n.e.s.o.i.	0.0	21.6	11.8	26.5	46.7
	9015.90.00	Parts and accessories for surveying, hydrographic, oceanographic, hydrological, meteorological or geophysical instruments and appliances	0.0	0.0	0.0	0.0	45.0
		All other	1,758.3	2,477.4	10,712.1	308.1	233.9
		Total	2,155.3	3,599.0	11,932.1	867.9	1,193.6
Panama	1701.11.10	Cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to ch.17	7,485.0	6,251.0	15,892.0	3,731.0	10,878.0
	0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	2,320.0	5,139.0	5,707.0	6,022.0	8,081.0
	2202.90.90	Nonalcoholic beverages, n.e.s.o.i., not including fruit or vegetable juices of heading 2009	0.0	0.0	666.0	1,639.0	1,905.0
	7108.12.50	Gold, nonmonetary, unwrought (o/than gold bullion and dore)	0.0	731.0	3,402.0	659.0	1,577.0
	0709.90.05	Jicamas, pumpkins and breadfruit, fresh or chilled	1,968.0	1,432.0	1,242.0	1,233.0	976.0
		All other	22,057.5	17,636.9	19,555.4	7,321.7	5,020.8
		Total	33,830.5	31,189.9	46,464.4	20,605.7	28,437.8
St. Kitts and Nevis	8525.50.30	Transmission apparatus for television, n.e.s.o.i.	0.0	4.0	0.0	0.0	10,952.5
	8503.00.95	Other parts, n.e.s.o.i., suitable for use solely or principally with the machines in heading 8501 or 8502	4,219.2	3,829.0	3,251.6	2,101.0	3,089.0
	8504.90.95	Parts (other than printed circuit assemblies) of electrical transformers, static converters and inductors	4,651.0	3,303.0	3,854.0	2,853.1	2,577.0
	8536.50.90	Switches n.e.s.o.i., for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 v	11,456.0	4,852.0	2,504.0	1,557.0	1,745.0
	8503.00.65	Stators and rotors for electric motors & generators of heading 8501, n.e.s.o.i.	983.0	1,060.6	719.0	584.0	414.0
		All other	3,441.3	3,139.7	3,743.6	1,823.3	1,690.1
		Total	24,750.4	16,188.3	14,072.2	8,918.3	20,467.6

TABLE D.6 Leading U.S. imports for consumption under CBERA, by source, 2006-10—*Continued*

Source	HTS number	Description	2006	2007	2008	2009	2010
			Thousands of $				
St. Vincent and the Grenadines	0809.40.40	Plums, prunes and sloes, fresh, if entered during the period from june 1 through december 31, inclusive	0.0	33.2	27.6	23.8	73.7
	0714.90.10	Fresh or chilled dasheens, whether or not sliced or in the form of pellets	169.0	85.6	32.5	89.2	42.9
	2201.10.00	Mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavored	0.0	0.0	0.0	0.0	7.5
	2208.40.20	Rum and tafia, in containers each holding not over 4 liters, valued not over $3/proof liter	0.0	0.0	2.1	0.0	0.0
		All other	41.5	97.5	109.0	4.1	0.0
		Total	210.5	216.3	171.2	117.1	124.1
St. Lucia	8529.10.20	Television antennas and antenna reflectors, and parts suitable for use therewith	2,804.0	4,802.0	7,623.0	9,345.0	7,945.0
	8536.90.80	Electrical apparatus n.e.s.o.i., for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 v, n.e.s.o.i.	599.0	275.0	259.0	279.0	685.0
	9025.19.80	Thermometers, for direct reading, not combined with other instruments, other than liquid-filled thermometers	2,499.0	2,578.0	1,910.0	884.5	253.0
	2103.90.90	Sauces and preparations therefor, n.e.s.o.i.	60.8	44.1	43.9	106.0	197.0
	9507.90.70	Artificial baits and flies	0.0	5.8	12.7	2.5	55.0
		All other	1,114.7	889.2	1,232.7	319.9	63.3
		Total	7,077.5	8,594.0	11,081.3	10,936.9	9,198.3
Trinidad and Tobago	2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees a.p.i. or more	1,678,309.0	1,299,319.0	813,330.0	763,989.0	1,211,635.0
	2905.11.20	Methanol (methyl alcohol), other than imported only for use in producing synthetic natural gas (sng) or for direct use as fuel	1,029,652.0	1,004,212.0	1,175,155.0	567,675.0	889,812.0
	2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees a.p.i.	508,403.0	76,586.0	13,335.0	28,534.0	31,560.0
	2710.11.45	Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i. ,n/o 50% any single hydrocarbon	245,275.0	80,399.0	15,073.0	10,419.0	27,394.0
	1604.14.40	Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each	16,592.0	14,103.0	12,925.0	12,947.0	10,428.0

TABLE D.6 Leading U.S. imports for consumption under CBERA, by source, 2006-10—*Continued*

Source	HTS number	Description	2006	2007	2008	2009	2010
			Thousands of $				
Trinidad and Tobago—*Continued*	2933.61.00	Melamine	0.0	0.0	0.0	0.0	6,119.0
	2106.90.99	Food preparations not elsewhere specified or included, not canned or frozen	144.0	92.6	135.0	98.0	4,730.0
		All other	199,350.5	357,586.4	335,432.2	150,113.3	24,132.0
		Total	3,677,725.5	2,832,298.0	2,365,385.2	1,533,775.3	2,205,810.0
		Grand Total	4,578,506.4	3,767,996.6	3,472,990.1	2,358,631.8	2,892,735.5

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

Notes: Only countries that were CBERA beneficiaries as of December 31, 2010 are included in this table. The abbreviation n.e.s.o.i. stands for “not elsewhere specified or included.”

TABLE D.7 CBERA utilization rates, by source, 2006–10 (percent)

Source	2006	2007	2008	2009	2010
Current CBERA beneficiaries:[a]					
Haiti	76.5	88.3	90.1	70.5	66.1
St. Lucia	19.0	34.0	26.7	62.3	51.7
Belize	49.3	62.9	82.4	61.8	51.2
St. Kitts and Nevis	49.6	30.2	26.0	18.4	40.5
Trinidad and Tobago	43.8	32.3	26.3	29.6	33.5
Jamaica	52.2	34.4	45.4	46.8	27.3
Barbados	14.5	18.8	16.9	14.1	16.9
Bahamas	28.7	34.8	23.7	13.1	14.3
Panama	10.0	8.6	12.4	7.0	7.6
Dominica	3.2	0.0	8.7	4.0	6.3
St. Vincent and the Grenadines	10.0	16.7	20.0	9.1	5.6
Guyana	4.1	8.2	14.1	8.5	3.5
Aruba	0.0	0.0	0.0	0.0	3.2
Grenada	2.2	0.3	1.4	1.8	1.3
British Virgin Islands	0.8	0.2	3.7	0.0	0.5
Netherlands Antilles	0.2	0.5	1.5	0.2	0.1
Antigua	0.4	1.1	2.0	2.2	0.0
Montserrat	0.0	0.0	0.0	0.0	0.0
Total	32.1	25.9	22.3	25.1	28.6

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

Note: Utilization rate was calculated as U.S. imports for consumption under CBERA (from table E.4) divided by total U.S. imports for consumption (from table E.3).

[a]Countries that were CBERA beneficiaries as of December 31, 2010.

APPENDIX E
Leading Imports that Benefited Exclusively from CBERA in 2009

TABLE E.1 Value of leading imports that benefited exclusively from CBERA, 2009 (thousands of $)

HTS number	Description	Customs value	C.i.f. value
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	800,225	822,619
2905.11.20[a]	Methanol (Methyl alcohol), other than imported only for use in producing synthetic natural gas (SNG) or for direct use as fuel	567,675	640,377
2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	202,916	214,970
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	194,380	197,754
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	152,113	154,921
3903.11.00[b]	Polystyrene, expandable, in primary forms	93,904	96,614
2710.11.25	Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils	59,520	61,587
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	28,534	28,920
2207.20.00	Ethyl alcohol and other spirits, denatured, of any strength	26,749	28,797
2009.11.00	Orange juice, frozen, unfermented and not containing added spirit	16,761	16,870
6109.90.10	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	15,971	16,191
1604.14.40	Tunas and skipjack, not in airtight containers, not in oil, in bulk or in immediate containers weighing with contents over 6.8 kg each	12,947	13,692
2710.11.45	Light oil mixt. of hydrocarbons fr petro oils & bitum min(o/than crude) or prep 70%+ wt. fr petro oils, n.e.s.o.i.,n/o 50% any single hydrocarbon	10,419	10,707
8529.10.20	Television antennas and antenna reflectors, and parts suitable for use therewith	8,665	9,716
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	6,022	7,864
2207.10.30[c]	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for beverage purposes	3,038	3,256
6203.42.40	Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc	3,103	3,212
6203.39.90	Men's or boys' suit-type jackets and blazers, of text materials(except wool, cotton or mmf), containing under 70% by weight of silk, not k/c	3,032	3,084
6108.11.00	Women's or girls' slips and petticoats, knitted or crocheted, of man-made fibers	2,774	2,796
6205.30.20	Men's or boys' shirts, not knitted or crocheted, of manmade fibers, n.e.s.o.i.	2,203	2,215

Source: Estimated by the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

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

[a]Includes only imports from Trinidad and Tobago. Item is GSP-eligible, but imports from Trinidad and Tobago exceeded the competitive-need limit and thus were eligible for duty-free entry only under CBERA.
[b]Includes only imports from The Bahamas. Item is GSP-eligible, but The Bahamas was not a designated GSP beneficiary in 2009, so this item was eligible for duty-free entry only under CBERA.
[c]Includes only imports from Barbados. Item is GSP-eligible, but Barbados was not a designated GSP beneficiary in 2009, so this item was eligible for duty-free entry only under CBERA.