

Guide to the Caribbean Basin Initiative

2000 edition



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TRADE ADMINISTRATION

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*Guide
to the
Caribbean
Basin
Initiative*



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Contents

I.	The Caribbean Basin Initiative	<i>1</i>
II.	Other Preferential Trade Opportunities	<i>13</i>
III.	Country Profiles and Contacts	<i>16</i>
IV.	U.S. Government Programs for Business Development	<i>33</i>
V.	Customs Procedures and Documentation	<i>43</i>
VI.	U.S. Regulatory Requirements	<i>51</i>
VII.	U.S. Safeguards	<i>67</i>
Appendix A:	The Caribbean Basin Economic Recovery Expansion Act and Caribbean Basin Trade Partnership Act	<i>69</i>
Appendix B:	CBI Designation Criteria	<i>76</i>
Appendix C:	Market Information and Publications	<i>79</i>

I

The Caribbean Basin Initiative

The Caribbean Basin Initiative (CBI) is a broad program to promote economic development through private sector initiative in Central American and Caribbean countries. A major goal of the CBI is to expand foreign and domestic investment in nontraditional sectors, thereby diversifying CBI country economies and expanding their exports. The Caribbean Basin Economic Recovery Act of 1983 (CBERA) (amended in 1990) and the Caribbean Basin Trade Partnership Act of 2000 (CBTPA), collectively known as CBI, provides customs duty-free entry to the United States on a permanent basis for a broad range of products from CBI beneficiary countries. The most recent piece of CBI legislation, the CBTPA, provides beneficiary countries certain trade benefits similar to Mexico's under the North American Free Trade Agreement (NAFTA).

The major elements of the CBI program available to all CBI beneficiary countries that are presented in this guidebook are:

- Duty-free entry to the United States for a wide range of products grown and manufactured in CBI countries as an incentive for investment and expanded export production, and other special tariff statuses.
- CBI Textile Program: Under the CBTPA, apparel manufactured in eligible CBI countries from U.S. yarns and fabric, as well as non-textile products excluded from earlier CBI legislation, will enter the United States free of quota and duty.
- CBI Government Procurement: National treatment for producers in CBI countries in bidding for certain types of U.S. Government procurement opportunities.
- Exemption for CBI exports to the United States from U.S. Import Merchandise Processing Fees, a fee based on a percent of value-based customs duty surcharge levied on incoming goods to cover costs of U.S. Customs operations.
- A wide range of U.S. Government, state government, and private sector business development programs, including trade and investment financing, business missions, and technical assistance programs partially supported through U.S. foreign economic assistance (see Section IV).

For CBI beneficiary countries that have signed a Tax Information Exchange Agreement (TIEA) with the United States, the following initiatives are also available.

- CBI Convention Tourism Tax Credit: A deduction on U.S. taxes for companies that hold business conventions in an eligible country.
- Foreign Sales Corporation status, which enables the establishment of a specialized sales subsidiary of a U.S. export company in a CBI country and allows the organizer to receive U.S. tax benefits.

In addition to the United States' CBI program, Canada has implemented CARIBCAN, a package of trade development and economic assistance measures for certain Caribbean countries that includes duty-free entry for products to Canadian markets. The European Economic Community (EEC) provides certain CBI countries with duty-free access for a multitude of products and economic assistance through the Lome Convention.

CBI Beneficiary Countries

As of October, 2000, the following 24 countries have been designated CBI beneficiaries. To qualify for CBI benefits, countries must meet the designation criteria outlined in the Caribbean Basin Trade Partnership Act (see Appendix B).

Antigua and Barbuda	Haiti
Aruba	Honduras
Bahamas	Jamaica
Barbados	Montserrat
Belize	Netherlands Antilles
Costa Rica	Panama
Dominica	St. Kitts and Nevis
Dominican Republic	St. Lucia
El Salvado	St. Vincent and the Grenadines
Grenada	Trinidad and Tobago
Guatemala	
Guyana	

CBI Performance

The tremendous expansion in nontraditional exports from CBI beneficiary countries to the United States since the inauguration of the CBI program has greatly cushioned the severe declines in traditional exports, primarily petroleum, from the region. This export diversification has led to a more balanced production and export base, reducing the region's vulnerability to fluctuations in markets for traditional products.

Caribbean Basin Trade: Caribbean Exports

Prior to the mid-1980's, U.S. imports from CBI countries traditionally consisted of agricultural products, raw materials, and their derivatives--namely, petroleum products, sugar cane, coffee, cocoa, bananas, and aluminum ores and concentrates. The deterioration in the terms of trade for these export items and a quest for economic growth prompted CBI countries to seek diversification in their export profile. The encouragement

of such diversification of the Caribbean Basin economies was one of the intended goals of the United States in implementing the CBI program. There has been a significant shift in the composition of U.S. imports from CBI beneficiaries. In 1984, petroleum products were nearly half of all imports from CBERA countries. By 1998, petroleum accounted for only 5.8% of the total. Apparel and clothing accessories have become the largest U.S. import from CBI countries. U.S. imports of apparel from CBI countries, both knitted and non-knitted, totaled \$8.2 billion in 1998, 48% of total CBI exports to the United States.

Other manufactured items, including electrical and electronic machinery and parts, optical, photographic and surgical instruments and nuclear reactor components have also emerged as significant CBI exports to the United States. As a group, these product categories accounted for 9% of total CBI exports to the U.S. in 1998.

Traditional Caribbean exports remain an important source of income and, especially, employment for the region. CBI traditional exports accounted for 18.8% of total U.S. imports from the region in 1998. Major product categories included: edible fruits and nuts; coffee, tea and spices; fish and shellfish and; tobacco. However, even in agricultural exports, there has been increasing diversification and some shift in the composition, with non-traditional products, such as strawberries and cut flowers, accounting for an increasing share of the total.

Imports from the Caribbean Basin accounted for 1.9% of total U.S. imports in 1998, down from the 2.7% registered in 1984 at the start of the program but up from the 1.8% level registered in 1996. While Caribbean Basin country products represent only a fraction of U.S. imports, the United States is the primary export market for many of these countries.

Apparel Imports from CBI Countries

While generally not eligible for CBI tariff preferences, apparel constitutes the largest category of imports from the CBERA countries -- growing from just 5.5 percent of total U.S. imports from the region in 1984, to 48% in 1998. Apparel imports from the region were valued at \$8.2 billion in 1998 and has ranked as the leading category of U.S. imports from the region since 1988.

In the four years before the North American Free Trade Agreement (NAFTA) became effective on January 1, 1994, U.S. apparel imports from CBI countries and Mexico rose at similar rates of 23 to 24 percent year. However, NAFTA has resulted in a shift in favor of imports from Mexico. Mexico's share of the U.S. apparel assembly market has increased almost 10 percentage points since NAFTA was phased in. The CBI share of that market has dropped by about the same percentage. Mexico is now the overall largest supplier to the U.S. market.

The shift of apparel imports from CBI countries to Mexico is generally attributed to the preferential tariffs accorded under NAFTA to Mexican goods. U.S. imports of apparel from Mexico that are assembled from U.S.-formed and cut fabric enter free of duty under

NAFTA, but imports of such apparel from CBI countries are still dutiable on the value added offshore.

Effective October 2, 2000, apparel manufactured in eligible CBI countries from U.S. yarns and fabrics will enter the United States free of quota and duty. Effectively, CBI beneficiary countries now enjoy NAFTA parity with respect to U.S. imports of applicable apparel produced in those countries.

Caribbean Basin Trade: U.S. Exports

Although the CBI was initially envisioned as a program to facilitate the economic development and export diversification of the Caribbean Basin economies, U.S. export growth to the region has been a welcome development. In 1998, U.S. exports to CBI countries totaled \$19.2 billion, up 12.2% over 1997 levels. The United States has run a trade surplus with CBI beneficiaries every year since 1985. In 1998, the U.S. trade surplus with CBI beneficiaries was \$2 billion, a 68% increase over 1997. For the first six months of 1999, the U.S. trade surplus with the region was \$830 million. Taken together, the countries of the region absorbed 3% of total U.S. exports in 1998, up from 2.7% in 1995.

CBI Duty-Free Entry

Eligible Products

Most products manufactured or grown in CBI beneficiary countries are eligible for duty-free entry into the United States. Some of the most successful CBI eligible products that have been developed for export by both U.S. and Caribbean Basin companies include:

- Electronic and electro-mechanical assembly
- Handicrafts, giftware, and decorative accessories
- Wood products, including furniture and building materials
- Recreational items, such as sporting goods and toys
- Fresh and frozen seafood
- Tropical fruit products and winter vegetables
- Ethnic and specialty foods, such as sauces, spices, liqueurs, jams, and confectionery items
- Ornamental horticulture
- Medical and surgical supplies

Textiles under CBTPA

CBTPA legislation has extended duty free and quota free treatment to the following textile articles from CBTPA beneficiary countries (within specifications):

Textile and apparel products assembled from U.S. fabric in CBI beneficiary countries from U.S. fabric and yarn. Duty free treatment also will be provided for apparel assembled from CBI regional fabric, subject to a quantitative limit which increases over time.

Certain non-textile products under CBTPA:

Section 211 of the CBTPA legislation also extends NAFTA equivalent treatment to certain footwear, prepared or preserved tuna, petroleum or petroleum products (HTS 2709, 2710), certain watches and watch parts, and certain handbags, luggage, flat goods, work gloves and leather wearing apparel. These products had previously been excluded from CBI duty-free treatment.

ALCOHOL

Ethyl Alcohol — Section 423

Section 7 of the Steel Trade Liberalization Program Implementation Act of 1989 (Public Law 101-221), as amended (19 U.S.C. 2703), sets forth requirements for the duty-free entry of non-beverage grade ethyl alcohol imported after 1989 from U.S. insular possessions and designated beneficiary countries under the CBERA. Under section 423, ethyl alcohol from an insular possession or a beneficiary country is entitled to duty-free treatment if it is an "indigenous product" of the possession or beneficiary country. If ethyl alcohol is produced by a process of full fermentation in a possession or beneficiary country, it is considered to be an indigenous product (and thus enters duty free).

With respect to ethyl alcohol which is merely dehydrated in a possession or beneficiary country, the first 60 million gallons (or an amount equal to 7% of the U.S. domestic market for ethyl alcohol, whichever is greater) imported during a calendar year is considered "indigenous" and may enter duty free, even though no local feedstock (hydrous ethyl alcohol produced in the possession or beneficiary country) is used. After the base quantity (the greater of 60 million gallons or an amount equal to 7% of the domestic market) has been imported during the calendar year, an additional 35 million gallons may be entered duty free, provided, at least 30 percent of the ethyl alcohol is derived from local feedstock. After these additional 35 million gallons have been imported, any additional imports during the same calendar year will be duty free only if 50% of the product is derived from local feedstock.

The USITC determines the number of gallons equal to 7% of the U.S. domestic market for ethyl alcohol based on data provided by Department of Treasury on domestic alcohol fuel producers. The 7% figure is based on information on U.S. consumption during the

12-month period ending on the September 30 preceding the beginning of each calendar year. Once the greater of 60 million gallons or 7% of the domestic market is determined for each calendar year, the U.S. Customs Service monitors imports of dehydrated ethyl alcohol from possessions and beneficiary countries to ensure that any ethyl alcohol imported over and above that base quantity meets the local feedstock requirement.

For the twelve month period ending September 30, 1998, the USITC determined the level of U.S. consumption of fuel ethyl alcohol to have been 1.3 billion gallons, with the base quantity level set at 94.1 million gallons. To date, the quantity of imports of dehydrated ethyl alcohol from possessions and beneficiary countries during each calendar year after 1989 has not approached the base quantity for those years. The Customs Service has experienced no difficulty in administering this statutory provision.

Rum

Under CBTPA, duty free treatment is extended to liquors and spirituous beverages produced in Canada from rum if the rum is a product of a CBI beneficiary country (or the U.S. Virgin Islands). Furthermore, this rum must be imported into the territory of Canada and such liqueurs and/or spirituous beverages are then exported directly into the United States (the liqueurs and/or spirituous beverages must be classified under HTS numbers 2208.90 or 2208.40). Lastly, this rum must account for 90 percent (by volume) of the alcoholic content of such liqueurs and/or spirituous beverages.

Qualification Criteria

CBERA—products are deemed eligible for CBI duty-free treatment if the following conditions are met (see Section V for further details).

- The merchandise must be imported directly from a beneficiary country into the customs territory of the United States.
- The merchandise must have been produced in a beneficiary country. This requirement is satisfied when (a) goods are wholly the growth, product, or manufacture of a beneficiary country or (b) the goods have been substantially transformed into a new and different article of commerce in a beneficiary country, as determined by U.S. Customs.
- At least 35 percent of the appraised value of the article imported into the United States must consist of the cost or value of materials produced in one or more beneficiary countries and/or the direct costs⁽¹⁾ of processing operations performed in one or more beneficiary countries. The Commonwealth of Puerto Rico and the U.S. Virgin Islands are defined as beneficiary countries for purposes of this requirement; therefore, value attributed to Puerto Rico or the Virgin Islands may also be counted.

In addition, the cost or value of materials produced in the customs territory of the United States (other than Puerto Rico) may be counted, but only to a maximum of 15 percent of the appraised value of the imported article. The cost or value of materials imported into a beneficiary country from a non-beneficiary country may be included in calculating the 35 percent value-added requirement for an eligible article if the materials are first substantially transformed into new and different articles of commerce and are then used as constituent materials in the production of the eligible article.

CBERA II—The following special tariff statuses for articles manufactured, processed, or assembled in CBI countries were added with the 1990 amendments to the Caribbean Basin Economic Recovery Act of 1983:

- (a) The 35 percent value-added and substantial transformation requirements do not apply to products manufactured or assembled wholly from U.S. components (other than textiles and apparel and petroleum and certain products derived from petroleum) and ingredients (other than water). (Note: This tariff status is referred to in Section 222 of CBI II.)
- (b) The general value added and substantial transformation rule is also excluded in the case of products that are the growth, product, or manufacture of Puerto Rico that are subsequently processed or advanced in value in another CBI beneficiary country. (Note: This tariff status is referred to in Section 215 of CBI II.)

Advance ruling from the U.S. Customs Service is available to ascertain the eligibility of a product for CBI duty-free treatment, prior to actual production in the CBI country or shipping to the United States.

CBTPA—The following additional requirements are necessary for textile and apparel entries under the CBTPA:

In order for a claim to be accepted under the CBTPA preferential tariff treatment for textile products, all the following requirements must be met:

The designated beneficiary country has implemented, or is making substantial progress toward implementing the requirements and relevant procedures of Chapter 5 of the North American Free Trade Agreement (NAFTA). To date, effective October 2, 2000, only the following countries have been identified by USTR as meeting those requirements:

Belize	Haiti
Costa Rica	Honduras
Dominican Republic	Jamaica
El Salvador	Nicaragua
Guatemala	Panama

1. The good is classified under Harmonized Tariff Schedule of the United States (HTSUS) tariff item number 9802.00.80 or 9820.11, along with associated chapter 1-97 number. For the list of 9802.00.80 and 9820.11 HTSUS numbers, refer to the referential Groupings in the attached Customs Information Bulletin.
2. A CBTPA textile Certificate of Origin, completed by the exporter, is in possession of the importer and available upon request to U.S. Customs when the claim is made. The format can be found in 19 CFR 10.224 of the Customs Regulations (published in the Federal Register dated October 5, 2000). Certificates of Origin will not be required for:
 - A. Articles for which the port director has, in writing, waived the requirements for a Certificate of Origin because the port director is satisfied that the article qualifies for preferential treatment,
 - B. A non-commercial importation,
 - C. A commercial importation of an article whose value does not exceed \$2,500, provided that a statement as identified in 19 CFR 10.226(d)(iii) is submitted,
3. For articles subject to quantitative limitations, the levels must still be available at the time of the claim; otherwise, payment of duty is required under the associated chapter 1-97 number,
4. The merchandise must be imported directly from a designated beneficiary country listed above, and,
5. The merchandise must be an apparel article classifiable in HTSUS chapters 61, or 62, or headings 6501, 6502, 6503, 6504, or subheadings 6406.99 or 6505.90 or textile luggage classified in Chapter 42.

Please note that all existing importing requirements, including the requirements for the current textile declaration and any applicable textile visa requirements, have not changed. The above documentation requirements are in addition to any other entry documents.

CBI Textile Program: Guaranteed Access Levels

While the U.S. Government maintains strict quotas on apparel imports from the high-volume producing countries in the Far East and elsewhere, a more liberal approach is being taken with CBI countries. Few categories of apparel from CBI countries currently are subject to quotas, and when new quotas are established, these are set at higher levels than quotas for other new entrants to the United States.

GALs offer investors in the textile and apparel sector the most secure basis for new investment in CBI countries. In negotiating GALs, the U.S. Government is prepared to guarantee access for virtually all production capability of apparel and other made-up

articles (such as bed linens or soft-sided luggage) assembled in CBI countries from U.S.-formed and -cut fabric. CBI countries must substantiate their GAL requests with reasonable evidence of currently underutilized capacity and new capacity scheduled to come on-stream. CBI countries may request increases in GALs at any time with assurance that the U.S. Government is prepared to accede to these requests except in cases where serious injury would result to the U.S. apparel industry. A request for a GAL increase is automatically enacted unless the U.S. Government turns down the request within 30 days. The U.S. Government plays no role in the allocation of any quotas, including GALs, among individual companies within CBI countries. CBI countries with which the United States now has GAL agreements include Costa Rica, Dominican Republic, Guatemala, Jamaica, and Trinidad and Tobago.

Under the CBPTA, this textile arrangement has been altered. Duty- and quota-free treatment will be extended to the following textile articles from CBTPA beneficiary countries:

- Apparel assembled from U.S.-made and cut fabric, manufactured from U.S. yarn that are entered under HTS 9802.00.80 or in HTS Chapter 61 and 62 (which allows for certain processes such as embroidery and stone washing);
- Apparel cut and assembled from U.S. fabric made with U.S. yarn, sewn in CBPTA countries with U.S. formed thread;
- Apparel knit to shape (other than certain socks) from U.S. yarns, and knit apparel cut and wholly assembled from fabric formed in one or more beneficiary countries or in the U.S., from U.S. yarns, with the following caps:

250 million square meter equivalents (SMES) for the first year, to be increased by 16 percent for each succeeding year through September 30, 2004; During the last four years of the program, the cap would remain at the 2004 amount, unless modified by law.

- T-shirts and underwear made from fabric formed in one or more beneficiary countries from U.S. yarns, subject to the following caps:

4.2 million dozen during the first year, to increase by 16 percent for each succeeding year through September 30, 2004. During the last four years of the program the amount entered would remain at the 2004 level, unless modified by law.

Brassieres cut and sewn or otherwise assembled in the U.S. or CBTPA beneficiary country(s) beginning in the second year of the program (October 1, 2001). Preferences in succeeding years would be pegged to the total amount of U.S.-formed fabric used by a producer for all production during the previous year. If that amount falls below 75 percent of the prior year's level, preferences would be lost. Once preferences are lost, a

producer would have to bring use of U.S. fabric up to 85 percent of the previous year's usage in order to regain them.

Apparel cut, knit-to-shape and sewn in CBTPA countries from fibers, fabric or yarn that is not available the U.S. or in beneficiary countries in commercial quantities.

Handloomed, handmade or folklore articles so certified by CBTPA count government authorities.

Textile luggage assembled from fabric wholly formed and cut in the U.S. from U.S. yarns under HTS 9802.00.80, or cut in the region from fabric wholly formed in the U.S. from U.S. yarns.

The bill also includes a special origin rule providing that products containing nylon filament yarn from Canada, Mexico and Israel would remain eligible for preferences. Foreign trimmings and interlinings, providing that they do not exceed 25 percent of component costs, are also allowed. Up to 7 percent by weight of foreign fibers or yarns is allowable under a *de minimis* provision, although products containing elastomeric yarns must use wholly U.S. yarns to maintain eligibility.

For specific U.S. Customs implementation procedures for textile and apparel products covered under CBTPA, see Implementation Procedures for Caribbean Basin Trade Partnership Act (CBTPA) for Textile and Apparel Products at www.mac.doc.gov/CBI/webmain/updates.htm.

CBI Government Procurement

Major restrictions on U.S. Government procurement from CBI countries have been eliminated, resulting in increased opportunities for U.S. firms to use Caribbean Basin goods and services in filling U.S. Government contracts. The U.S. Government is the largest single purchaser of goods and services in the United States. Because of the importance of this sector of the U.S. economy, the U.S. Congress has placed heavy conditions on the awarding of procurement contracts.

Under the Buy America Act of 1933, Congress stipulated that a preference must be accorded to domestic goods in all cases. In the Trade Agreements Act of 1979, however, Congress agreed to waive these "Buy America" provisions on about 10 percent of the U.S. Government procurement market for countries that agree to eliminate equivalent restrictions affecting their procurement of foreign goods. At the same time, Congress decided to deny all other countries (for example, those which did not agree to a reciprocal elimination of some restrictions, including CBI countries) any and all access to this part of the U.S. market.

However, reciprocity requirement was waived for CBI countries by executive decree in 1986. This effectively provides CBI countries with the same access to the U.S. Government procurement market as domestic producers. While certain types of

procurement remain restricted to domestic sources, largely for national security reasons, this action opens a \$20 billion market that was completely closed prior to this initiative.

Firms offering products from CBI countries are now able to bid directly on contracts valued at more than the threshold level of 130,000 Special Drawing Rights (SDRs), currently equivalent to about \$172,000. Contracts below this threshold remain open to CBI products, but are subject to the Buy America Act preferences referred to earlier. Contracts above the threshold that remain restricted include: (1) items considered essential to national security; (2) products excluded from CBI duty-free treatment under the Caribbean Basin Trade Partnership Act of 2000; and (3) contracts set aside to aid development of U.S. small business and minority companies. Opportunities for CBI subcontractors may still exist in these restricted areas, however, since the domestically produced end-products may contain foreign components and still qualify.

Section 936

In 1990, CBERA II required the Government of Puerto Rico to "take such steps as may be necessary to ensure that at least \$100 million of qualified Caribbean Basin country investments are made" each year. Until its repeal in 1996, Section 936 of the Internal Revenue Code provided that certain corporate U.S. taxpayers could claim an income tax credit for a portion of the U.S. tax attributable to taxable income from certain activities carried on within Puerto Rico or the Virgin Islands. The credit extended to "qualified possession source investment income" (QPSII), which is income attributable to the investment in the possession (or qualifying Caribbean Basin country) of funds derived from an active trade or business in the possession. A CBI country could not qualify for these investments unless the country had a tax information exchange agreement in effect with the United States.

Puerto Rico has met its CBERA lending commitment for each year for which the commitment was in effect. For example, for 1992, projects disbursed with Section 936 funds amounted to a total of \$183,013,000. In 1993, the Government of Puerto Rico announced that it would increase the minimum level of CBERA lending from \$100 million to \$200 million per year. Based on September 30, 1994 data provided by Puerto Rico's Bureau of Caribbean Basin Affairs, loans of Section 936 funds for projects in seven qualified Caribbean Basin countries in 1993 totaled \$202,539,000. Section 936 loans for six qualified Caribbean Basin countries in 1994 totaled \$223,604,000. Up to December 31, 1995, a total of \$1,287,836,069 in Section 936 loans had been made.

However, in 1996, Section 936 was repealed as part of the Small Business Job Protection Act and although companies already qualifying for the business activity credit are permitted to continue to claim that credit until 2005, no such grandfather rule applies to QPSII. Accordingly, this source of investment income for qualifying countries no longer is available.

CBI—Convention Tourism Tax Credit

U.S. taxpayers attending business meetings and conventions in CBI countries that enter into TIEAs may deduct legitimate business expenses incurred at the meeting or convention without regard to the more stringent rules generally applicable to foreign conventions. This benefit enables CBI countries to attract conventions and business meetings to boost tourism earnings.

II

Other Preferential Trade Opportunities

Generalized System of Preferences

The Generalized System of Preferences (GSP) is a unilateral and temporary program of duty-free tariff preferences granted by the United States to designated beneficiary countries (developing and some Eastern European countries). Under the GSP program, the United States offers preferential duty-free entry on approximately 4,290 products from 134 countries. The program covers a broad spectrum of agricultural, manufactured, and semi-manufactured products, but stipulates that certain products may not be designated duty-free eligible due to the import sensitivity of U.S. domestic industries.

The GSP program is more limited than the CBI in several important ways (see Figure 3). One, the CBI is applied only to signatory Caribbean and Central American countries, while GSP is available to numerous developing countries and some Eastern European countries. Two, the CBI provides restrictions on only a few product categories, while GSP product access is much more limited. Three, the CBI provides fixed access for the eligible products, while GSP product eligibility is adapted on a product-specific basis, with modifications to the list of articles eligible for duty-free treatment made through an annual review procedure. And four, GSP requires 35 percent value added and substantial transformation in all cases, while CBI allows certain production and assembly using U.S. and Puerto Rican components to be waived from this criteria.

Beneficiary Countries

The following CBI beneficiary countries are also beneficiaries of GSP:

Antigua and Barbuda	Guyana
Aruba	Haiti
Bahamas	Honduras
Barbados	Jamaica
Belize	Montserrat
Costa Rica	Netherlands Antilles
Dominica	Panama
Dominican Republic	St. Kitts and Nevis
El Salvado	St. Lucia
Grenada	St. Vincent and the Grenadines
Guatemala	Trinidad and Tobago

Members countries of the Caribbean Common Market (CARICOM) are treated as one country.

Eligible Items

The GSP eligibility list contains approximately 4,290 products identified in the Harmonized Tariff Schedule of the United States by the marking “A7” or “A*” in the “Special” sub-column under column 1. The GSP program covers a broad spectrum of agricultural, manufactured, and semi-manufactured products. The GSP statute stipulates that certain products may not be designated duty-free eligible due to the import sensitivity of U.S. domestic industries, including, but not limited to textiles and apparel articles subject to textile agreements; certain watches; certain electronic articles; certain steel articles; footwear, luggage, flat goods, and leather-wearing apparel; and certain semi-manufactured glass products.

Qualification Criteria

Direct importation, substantial transformation, and 35 percent value-added requirements apply to both GSP and the CBI, but the CBI qualification criteria is more liberal in several respects. Unlike the GSP, CBI rules of origin allow up to 15 percent of the appraised value of the product to be accounted for by U.S. components towards the 35 percent value-added. In addition, goods assembled and produced in CBI countries of wholly U.S. components, materials, or ingredients (other than water, and petroleum and certain petroleum products) may enter the United States duty free.

GSP eligible merchandise from a specific country will be entitled to duty-free treatment provided the following conditions are met:

1. The merchandise must be destined to the United States without contingency for diversion at the time of exportation from the beneficiary country.
2. The merchandise must be imported directly into the United States from the beneficiary country.
3. The merchandise must have been substantially transformed in the GSP-eligible country.
4. The sum of the cost or value of materials produced in the beneficiary country plus direct costs of processing must equal at least 35 percent of the appraised value of the article. The 35 percent value added must be from a single beneficiary country or a group of countries belonging to certain associations: the Andean Pact, CARICOM, and Association of South East Asian Nations (except for Brunei and Singapore).

The cost or value of foreign materials imported into the beneficiary developing countries may be included in calculating the 35 percent value-added requirement for an eligible article if the materials are first substantially transformed into new and different articles and are then used as constituent materials in the production of the eligible article. The phrase “direct costs of processing” includes the cost of all actual labor, dies, molds, tooling, depreciation on machinery, research and development, and inspection and testing. Business overhead, administrative expenses, salaries, and profit, as well as general business expenses, such as administrative salaries, casualty and liability insurance, advertising and salespeople's salaries, are not considered direct costs of processing.

III

CBI Country Profiles and Contacts

The Caribbean Basin, as defined by in the Caribbean Basin Economic Recovery Act, includes the chain of Caribbean islands from the Bahamas south to Trinidad and Tobago, plus Guyana in South America and the seven Central American countries. In total, 28 countries are eligible for CBI benefits. Of these, 24 have requested and received CBI designation. Included in this chapter is a description of each country.

The CBI countries imported \$19 billion worth of commodities from the United States in 1999 compared with \$12.2 billion in 1993. CBI beneficiaries exported \$19.7 billion to the United States in 1999 compared with \$11.2 billion in 1992.

Most CBI countries have adopted export-oriented development strategies and are seeking new foreign investment. Skilled and semiskilled labor is readily available throughout the region. Most of the countries have international airports, one or more deepwater ports, adequate roads, water, electricity, and modem telecommunications facilities.

At the same time, the CBI countries are a highly diverse group, ranging in population from 4,800 in Montserrat to 12.3 million in Guatemala, and in Gross National Product (GNP) per capita from less than \$390 in Haiti to \$11,000 in the Bahamas. National languages include Spanish, English, French, and Dutch. English can generally be used to conduct business throughout the region.

The country descriptions, prepared with information provided by U.S. embassies in the region and by Commerce Department country desk officers, are intended to give the businessperson a brief overview of CBI countries and contacts for further information.. Information is also available from published sources listed in appendices.

ANTIGUA AND BARBUDA—see information on the Internet at www.mac.doc.gov/CBI/CountryFacts/antigua.htm.

ARUBA—see information on the Internet at www.mac.doc.gov/CBI/CountryFacts/aruba.htm.

THE BAHAMAS

The Bahamas is a politically stable tax and tourist haven consisting of some 700 islands. It has one of the highest per capita GDP of all the CBI countries (\$11,600). The population totals 264,800 with a labor force of 135,000. The tourism-based economy (tourism accounts for 60 percent of GDP) also has a substantial banking sector (11 percent of GDP), as well as agriculture and light manufacturing. Principal Bahamian

exports are pharmaceuticals, shell-fish, aragonite, fruits, and vegetables. Agriculture for the domestic market and for export is a high development priority, as the Bahamas imports over 80 percent of its food needs. Souvenirs, resort apparel, jewelry, and other tourism-related industries are also targeted, as well as assembly industries, fishing, and fish processing. The islands' proximity to Florida can provide transshipping advantages.

CONTACTS

U.S. Department of Commerce
Desk Officer for Bahamas
Room H 3203, Washington, DC 20230
Tel: (202) 482-1658 Fax: (202) 482-4726

American Embassy
Economic/Commercial Section
Nassau-Department of State, 7415 N.W. 19 M
Street, Suite H Miami, Florida 33126
Tel: (809) 322-1181 Fax: (809) 328-3495

Regional Commercial Office for the Caribbean
American Embassy-Santo Domingo Dominican
Republic APO, Miami, Florida, 34041
Tel: (809) 221-2171 Fax: (809) 688-4838

Embassy of Bahamas
Economic Counselor
2220 Massachusetts Ave., N.W. Washington, DC 20008
Tel: (202) 319-2660 Fax: (202) 319-2668

Bahamas Consulate General
25 S.E. 2nd Ave., Ingraham Bldg., Ste. 818
Miami, FL 33131
Tel: (305) 373-6295; Fax: (305) 373-6312

Bahamas Investment Authority (BIA)
Office of the Prime Minister, P.O. Box CB-10980
Nassau, Bahamas
Tel: (242) 327-5970; Fax: (242) 327-5907

Bahamas Chamber of Commerce
Executive Director
P.O. Box N-655, Nassau, Bahamas
Tel: (242) 322-2145/3320; Fax: (242) 322-4649

Bahamas Hotel Association
P.O. Box N-7799, Nassau
Tel: (242) 322-8381; Fax: (242) 326-5346

BARBADOS

Barbados is a politically stable and relatively prosperous country, with a population of 250,000 and a labor force of 115,000. While Barbados' manufacturing sector has been hurt by a decline in inter-island trade and slump in the U.S. computer market, tourism and agriculture have kept the economy growing. Major exports to the United States are electronic components, apparel, sugar, and rum. The government's economic strategy calls for private sector development of export industries, especially electronics and garment assembly, data entry, pharmaceuticals, furniture, and food processing. The Industrial Development Corporation assists in on-the-job training by paying up to 50 percent of wages for up to three months. Tax holidays of up to 10 years are also available.

CONTACTS

U.S. Department of Commerce
Desk Officer for Barbados,
Room H 3203, Washington, DC 20230
Tel: (202) 482-1658; Fax: (202) 482-4726

Embassy of Barbados
2144 Wyoming Avenue, N.W.
Washington, DC 20008
Tel: (202) 939-9200; Fax: (202) 332-7467

Barbados Investment and Development Corporation (New York)
800 Second Ave., 17th Floor
New York, NY 10017; Tel: (212) 867-6420; Fax: (212) 682-5496

Barbados Industrial Development Corporation (Los Angeles)
3440 Wilshire Blvd., Ste. 1207
Los Angeles, CA 90010; Tel: (213) 380-2198; Fax: (213) 384-2763

Regional Commercial Officer For the Caribbean
American Embassy-Santo Domingo Dominican
Republic, APO Miami, Florida 34041
Tel: (809) 221-2171 Fax- (809) 688-4838

American Embassy
Economic/Commercial Section
FPO AA 34055
Bridgetown, Barbados
Tel: (246) 436-4950; Fax: (246) 429-5246

Barbados Chamber of Commerce & Industry
P.O. Box 189, Bridgetown, Barbados
Tel: (809) 426-2056; Fax: (809) 426-2907

BELIZE

Belize is a small, stable parliamentary democracy with a population of 200,000. It is the only English-speaking country in Central America. Agriculture dominates the economy, with the sugar industry being Belize's leading exporter and employer. Other leading exports are apparel, seafood, and citrus. The Government of Belize is promoting new investment in agribusiness, especially winter vegetables, rice, beef, dairy farming, food processing, citrus, cocoa, and bananas. Development of the country's extensive timber resources is also a priority, along with tourism, aquaculture, and light manufacturing. The labor force totals about 60,000, mainly in agriculture and apparel assembly.

CONTACTS

U.S. Department of Commerce
Desk Officer for Belize
Room H 3203, Washington, DC 20230
Tel: (202) 482-1658 Fax: (202) 482-4726

American Embassy
Gabourel Lane and Hutson Street,
P.O. Box 286, Economic/Commercial Section
Belize City, Belize
Tel: (011) (501)2-77161 Fax: (011) (501) 2-30802

Embassy of Belize
2535 Massachusetts Avenue, N.W.
Washington, DC 20009

Tel: (202) 332-9636; Fax: (202) 332-6888

Belize Export & Investment Promotion Unit (BEIPU)
Belize Chamber of Commerce & Industry
63 Regent Street, P.O. Box 291, Belize City, Belize
Tel: (011) (501) 2-44913; Fax: (011) (502) 2-77490

Belize Information Service
P.O. Box 60, Belmopan, Belize
Tel: (011) (501) (8) 22526; Fax:) (011) (501) (8) 23236

Belize Tourist Board
83 N. Front Street, Belize
Tel: (011) (501) (2) 77213; Fax: (011) (501) (2) 77490

BRITISH VIRGIN ISLANDS

The British Virgin Islands (BVI), a possession of the United Kingdom, consists of more than 50 islands and cays offering excellent sailing and diving. The largest island, Tortola, is located some 60 miles east of Puerto Rico and may be reached via inter-island airlines. The major contributor to the BVI economy is tourism, which also appears to hold the most potential for development. Tax holidays for major hotel projects may be extended from 10 to 20 years. Other industries targeted for development include fishing and fish processing, boat building, cottage industries, motion picture production, agribusiness, and light assembly.

CONTACTS

U.S. Department of Commerce
Desk Officer for the BVI
Room H 3203, Washington, DC 20230
Tel: (202) 482-1658; Fax: (202) 482-4726

Regional Commercial Officer For the Caribbean
American Embassy-Santo Domingo
Dominican Republic, APO Miami, Florida 34041
Tel: (809) 221-2171 Fax- (809) 688-4838

American Embassy
Economic/Commercial Section
FPO AA 34055
Bridgetown, Barbados
Tel: (246) 436-4950; Fax: (246) 429-5246

Economic Issues: Development Planning Unit (DPU)
Chief Minister's Office, Road Town, Tortola
Tel: (284) 494-3701, Extension 2175; Fax: (284) 494-3947

Trade and Investment Promotion
Chief Minister's Office, Road Town, Tortola
Tel: (284) 494-3701, Extension 2082; Fax: (284) 494-6413

Tourist Board
Chief Minister's Office, Road Town, Tortola
Tel: (284) 494-3134; Fax: (284) 494-3866

BVI Hotel and Commerce Association
James Fretz Bldg., Wickhams Cay 1 Box 376, Road Town, Tortola
Tel: (284) 494-2947, 494-6179; 494-3514

COSTA RICA—see *www.mac.doc.gov/CBI/CountryFacts/costarica1.htm*.

DOMINICA

Dominica's economy is primarily agricultural, accounting for 30 percent of GDP, with small manufacturing and agro-processing sectors now being developed. Dominica's principal export is bananas. A local firm produces soap products for regional markets under licensing agreements with U.S. firms; a U.S. investor has introduced aloe plants for use in the soap and cosmetics industries; and additional opportunities exist in citrus and citrus products, fruit juices, and small wood products. The Industrial Development Corporation is actively encouraging new investment in apparel and electronics light manufacturing. There is ample unskilled labor with a labor force totaling 30,000. The 40 percent corporate income tax can be exempted for up to 15 years depending on local value-added and export sales.

CONTACTS

U.S. Department of Commerce
Desk Officer for Dominica
Room H 3203,
Washington, DC 20230
Tel: (202) 482-1658; Fax: (202) 482-4726

Eastern Caribbean Investment Promotion Service (ECIPS)
3216 New Mexico Ave., NW,
Washington, DC 20016
Tel: (202) 659-8689; Fax: (202) 363-4328

Regional Commercial Officer For the Caribbean
American Embassy-Santo Domingo Dominican
Republic, APO Miami, Florida 34041
Tel: (809) 221-2171 Fax: (809) 688-4838

American Embassy
Economic/Commercial Section
FPO AA 34055
Bridgetown, Barbados
Tel: (246) 436-4950; Fax: (246) 429-5246

Dominica Association of Industry & Commerce
P.O. Box 85,
Roseau, Dominica
Tel: (767) 448-2874; Fax: (767) 448-6868

Dominica Export Import Agency (DEXIA)
P.O. Box 173, Bay Front,
Roseau, Dominica
Tel: (767) 448-2780; Fax: (767) 448-6308

Dominica Hotel & Tourism Association
111 Bath Rd.,
Roseau, Dominica
Tel: (767) 448-6565; Fax: (767) 448-0299

Dominica National Development Corporation (NDC)
Valley Road, P.O. Box 293
Roseau, Dominica :
Tel: (809) 448-2045; Fax: (809) 448-5840

Embassy of Dominica
OECS Bldg., 3216 New Mexico Ave., NW,
Washington, DC 20016
Tel: (202) 364-6781

DOMINICAN REPUBLIC—see information on the Internet at
www.mac.doc.gov/CBI/CountryFacts/DR1.htm.

EL SALVADOR—see information on the Internet at
www.mac.doc.gov/CBI/CountryFacts/elsalvador1.htm.

GRENADA—see information on the Internet at
www.mac.doc.gov/CBI/CountryFacts/grenada.htm .

GUATEMALA—see information on the Internet at
www.mac.doc.gov/CBI/CountryFacts/guatemala1.htm.

GUYANA

Guyana is the only English-speaking country in South America. It has large areas of undeveloped land, with a small population (740,000), mostly concentrated in Georgetown and along the Atlantic coast. The economy has traditionally been dominated by agriculture, mining, sugar, bauxite, and rice production which together account for more than 80 per-cent of export earnings. In addition to the above, shrimp, gold, diamonds, wood products and garments are also exported and are promising areas for investment. Wage rates are among the lowest in the region. Tax holidays are available for up to 10 years.

CONTACTS

U.S. Department of Commerce
Desk Officer for Guyana
Room H 3203,
Washington, DC 20230
Tel: (202) 482-1658; Fax: (202) 482-4726

American Embassy-Georgetown
Economic/Commercial Officer
100 Duke and Young Streets,

Kingston, Georgetown
Tel: (011) (592) 2-54900 Fax: (011) (592) 2-58497

Georgetown Chamber of Commerce and Industry
P.O. Box 10110, 156 Waterloo Street,
Georgetown, Guyana
Tel: (011) (592) (2) 55846; Fax: (011) (592) (2) 63519

Guyana Export Promotion Council
Sophia Exhibition Park,
Sophia, Georgetown
Tel: (011) (592) (2) 56313; Fax: (011) (592) (2) 63400

Guyana Office for Investment (GO-INVEST)
190 Camp & Church Streets,
Georgetown
Tel: (011) (592) (2) 50658; Fax: (011) (592) (2) 50655

Guyana Manufacturers Association
157 Waterloo Street,
Georgetown
Tel: (011) (592) (2) 74295

Embassy of Guyana
2490 Tracey Place, N.W.
Washington, DC 20008
Tel: (202) 265-6900; Fax: (202) 232-1297

HAITI—see information on the Internet at
www.mac.doc.gov/CBI/CountryFacts/haiti1.htm.

HONDURAS—see information on the Internet at
www.mac.doc.gov/CBI/CountryFacts/honduras1.htm.

JAMAICA—see information on the Internet at
www.mac.doc.gov/CBI/CountryFacts/jamaica1.htm.

MONTSERRAT

Montserrat is a stable self-governing dependency of the United Kingdom, with a population of 12,600 on an island of 39 square miles. The economy is dominated by agriculture and tourism, with manufacturing and offshore banking operations becoming more important. Principal exports are electronic parts, clothing, and hand-loomed and hand-sewn cotton goods such as shawls, quilts, placemats, and women's wraps, which qualify for duty-free entry into the United States under the CBI. Montserrat is particularly known for its high-quality Sea Island cotton, which commands a premium price on the international market. The government is promoting investment in tourism, assembly industries, ornamental plants, livestock, and food processing. Investment incentives include government-subsidized training programs and tax holidays.

CONTACTS

U.S. Department of Commerce
Desk Officer for Montserrat, Room H 2039,
Washington, DC 20230
Tel: (202) 377-1658 Fax: (202) 482-4726

Regional Commercial Officer For the Caribbean
American Embassy-Santo Domingo Dominican
Republic, APO Miami, Florida 34041
Tel: (809) 221-2171 Fax- (809) 688-4838

American Embassy
Economic/Commercial Section
FPO AA 34055
Bridgetown, Barbados
Tel: (246) 436-4950; Fax: (246) 429-5246

Eastern Caribbean Investment Promotion Service (ECIPS)
3216 New Mexico Ave., NW,
Washington, DC 20016
Tel: (202) 363-0229; Fax: (202) 363-4328

Development Unit, Ministry of Finance & Economic Development
P.O. Box 292,
Plymouth
Tel: (664) 491-2066/2557

Montserrat Chamber of Commerce and Industry
P.O. Box 384,
Plymouth, Montserrat
Tel: (664) 491-3640; Fax: (664) 491-4660

NETHERLANDS ANTILLES

Netherlands Antilles is an autonomous country within the Kingdom of the Netherlands, with a population of 200,000 on five diverse islands. Curacao is the largest island with a population of 150,000. Its principal industries are tourism, petroleum refining, banking, and ship repair and services. Excellent transportation and communications facilities exist. The government is promoting investment in tourism and related services and light manufacturing. Multilingual skilled and semiskilled labor is readily available, as are a range of tax incentives and other benefits for new foreign investments.

CONTACTS

U.S. Department of Commerce
Desk Officer for Netherlands Antilles, Room H 3203,
Washington, DC 20230
Tel: (202) 482-1658; Fax: (202) 482-4726

American Consulate
J.B. Gorsiraweg #1; P.O. Box 158,
Willemstad, Curacao
Tel: (011) (599) (9) 461-3066; Fax: (011) (599) (9) 461-6489

Curacao Chamber of Commerce and Industry
P.O. Box 10, Pietermaai 21
Willemstad, Curacao, Netherlands Antilles
Tel: (011) (599) 9-611451; Fax: (011) (599) 9-615652

Curacao Industrial and International Trade Development Company, (CURINDE)
Emancipatie Boulevard # 7
Willemstad, Curacao, Netherlands Antilles
Tel: (011) (599) 9-37600 Fax: (011) (599) 9-371-336

Curacao Tourism Development Bureau (CTD)
Pietermaai 19
Curacao
Tel: (011) (599) (9) 461600; Fax: (011) (599) (9) 4612305

Royal Netherlands Embassy
(Netherlands Antilles Minister)
4200 Linnean Avenue, N.W.
Washington, DC 20008
Tel: (202) 244-5300; Fax: (202) 362-3430

Curacao International
P.O. Box 164700,
Miami, FL 33116-4700
Tel: (305) 235-0900; Fax: (305) 235-3040

NICARAGUA—see information on the Internet at
www.mac.doc.gov/CBI/CountryFacts/nicaragua1.htm.

PANAMA—see information on the Internet at
www.mac.doc.gov/CBI/CountryFacts/panama1.htm.

ST. KITTS AND NEVIS

The twin island nation of St. Kitts and Nevis totals about 100 square miles, with a population of 40,000 and labor force of 20,000. The country has a stable parliamentary democracy. Although sugar remains an important component of the country's economy, accounting for half of its exports, the country's diversification efforts have shown success, particularly in the areas of electronics and garment assembly, tourism, and nontraditional agriculture. St. Kitts-Nevis is a short distance from Puerto Rico (225 miles) and has an international airport and deep-water port. Corporate taxes are 45 percent, but tax holidays from 10 to 15 years are available.

CONTACTS

U.S. Department of Commerce
Desk Officer for St. Kitts-Nevis
Room H3203
Washington, DC 20230
Tel: (202) 482-1658; Fax: (202) 482-4726

Regional Commercial Officer for the Caribbean
American Embassy—Santo Domingo
Dominican Republic, APO
Miami, Florida 34041
Tel: (809) 221-2171 Fax: (809) 688-4838

American Embassy
Economic/Commercial Section
FPO AA 34055
Bridgetown, Barbados
Tel: (246) 436-4950; Fax: (246) 429-5246

St. Kitts-Nevis Chamber of Industry & Commerce
P.O. Box 332,
Basseterre
Tel: (869) 465-2980; Fax: (869) 465-4490

St. Kitts-Nevis Hotel & Tourism Association
P.O. Box 438,
Basseterre
Tel: (869) 465-5304

St. Kitts-Nevis Manufacturer's Association
P.O. Box 392,
Basseterre
Tel: (869) 465-6626

Embassy of St. Kitts-Nevis
Minister Counselor
414 East 75th Street,
New York, NY 10021
Tel: (212) 535-1234; Fax: (212) 734-6511

ST. LUCIA

St. Lucia is an independent country with a stable parliamentary government. The economy is agriculture based (agriculture accounts for 14 percent of GDP), with manufacturing (9 percent of GDP) and tourism (8 percent of GDP) also playing important roles. The major export crop is bananas. Other important exports include assembled electronic parts and garments. Opportunities exist in tourism, data processing, spice processing, light manufacturing, and agribusiness. The labor force totals 43,000. Corporate taxes are 45 percent, but tax holidays of up to 15 years are common.

CONTACTS

U.S. Department of Commerce
Desk Officer for St. Lucia, Room H 3203,
Washington, DC 20230

Tel: (202) 482-1658; Fax: (202) 482-4726

Regional Commercial Officer For the Caribbean
American Embassy-Santo Domingo Dominican Republic, APO
Miami, Florida 34041
Tel: (809) 221-2171 Fax- (809) 688-4838

American Embassy
Economic/Commercial Section
FPO AA 34055
Bridgetown, Barbados
Tel: (246) 436-4950; Fax: (246) 429-5246

St. Lucia Chamber of Commerce, Industry and Agriculture
P.O. Box 482, Castries,
St. Lucia, West Indies
Tel: (758) 452-3165; Fax: (758) 453-6907

St. Lucia National Development Corp.
P.O. Box 495, Brazil Street, Castires,
St. Lucia, West Indies
Tel: (758) 452-3614; Fax: (758) 452-1841

St. Lucia Tourist Board
P.O. Box 221, Pointe Seraphine, Castries,
St. Lucia
Tel: (758) 452-4094; Fax: (758) 453-1121

ST. VINCENT AND THE GRENADINES

St Vincent is a stable parliamentary democracy of 115,000 on 150 square miles. The economy is agriculture based (agriculture accounts for 17 percent of GDP), with a growing manufacturing sector (11 percent of GDP). Major export products are bananas, arrowroot, sweet potatoes, electronic parts, apparel, and toys. In the agricultural sector, St. Vincent is moving away from sugarcane production, creating opportunities for the production of alternative agricultural commodities. Opportunities are also to be found in assembly industries, food processing industries, and tourism development. The labor force numbers 67,000. Corporate income tax is 45 percent, but tax holidays of up to 15 years are available.

CONTACTS

U.S. Department of Commerce
Desk Officer for St. Vincent and the Grenadines
Room H 3203,
Washington, DC 20230
Tel: (202) 482-1658; Fax: (202) 482-4726

Regional Commercial Officer For the Caribbean
American Embassy-Santo Domingo
Dominican Republic,
APO Miami, Florida 34041
Tel: (809) 221-2171 Fax- (809) 688-4838

American Embassy
Economic/Commercial Section
FPO AA 34055
Bridgetown, Barbados
Tel: (246) 436-4950; Fax: (246) 429-5246

St. Vincent and the Grenadines Chamber of Commerce & Industry
P.O. Box 134,
Kingstown
Tel: (784) 457-1464; Fax: (784) 456-2944

The Development Corporation (DEVCO)
Grenville Street, P.O. Box 841,
Kingstown,
Tel: (784) 457-1358; Fax: (784) 457-2838

Embassy of St. Vincent and the Grenadines
3126 New Mexico Ave., NW,
Washington, DC 20016
Tel: (202) 364-6730; Fax: (202) 364-6736

Eastern Caribbean Investment Promotion Service (ECIPS)
3216 New Mexico Ave., NW, OECS Bldg.,
Washington, DC 20016
Tel: (202) 363-0229; Fax: (202) 363-4328

TRINIDAD AND TOBAGO

Tobago is a stable parliamentary democracy with 1.3 million people. The economy, primarily based on oil revenues, is among the most highly developed in the region. Oil earnings have declined severely in recent years, however, efforts are being made to diversify the economy. A new investment code was recently enacted to attract foreign investment. Major exports are petroleum -and petroleum products, inorganic chemicals, fertilizers, steel, methanol, and sugar. Opportunities exist in energy intensive industries (especially those using natural gas or low-cost electricity), steel production using wire rod, plastics, chemicals, manufacturing, and agribusiness. The island of Tobago is experiencing substantial tourism growth. The labor force totals 463,000. Corporate taxes are 45 percent plus a 5 percent unemployment levy. However, tax holidays of up to 10 years are available.

CONTACTS

U.S. Department of Commerce
Desk Officer for Trinidad and Tobago
Room 3203
Washington, DC 20230
Tel: (202) 482-1658; Fax: (202) 482-4726

Regional Commercial Officer For the Caribbean
American Embassy — Santo Domingo
Dominican Republic
APO Miami, Florida 34041
Tel: (809) 221-2171 Fax: (809) 688-4838

American Embassy
Economic/Commercial Section
15 Queen's Park West, P.O. Box 752
Port of Spain, Trinidad
Tel: (868) 622-6372; Fax: (868) 622-2444

American Chamber of Commerce
Trinidad and Tobago Hilton Hotel and Conference Centre
Upper Arcade Lady Young Road
Port of Spain, Trinidad
Tel: (868) 627-8570; Fax: (868)627-7405

Tourism and Industrial Development Company (TIDCO)
P.O. Box 222, 10-14 Philips Street,

Port of Spain,
Tel: (868) 623-6022; Fax: (868) 625-0837

Trinidad and Tobago Chamber of Industry and Commerce
P.O. Box 499, Chamber Building, Columbus Circle
Westmoorings, Port-of-Spain
Tel: (868) 627-6966; Fax: (868) 637-7425

IV

U.S. Government Programs for Business Development

A wide range of business development programs are available through U.S. Government agencies for CBI-related projects. Contact with these agencies can be made either directly through the agency headquarters in Washington, D.C., or through the local U.S. Embassy.

U.S. Department of Commerce

The Department of Commerce's International Trade Administration has a network of expert trade specialists in 66 U.S. Embassies worldwide and 68 cities in the United States linked by an electronic message system that allows for worldwide rapid exchange of commercial information. The primary mission of this network is to increase U.S. exports, but as part of the CBI, this mission has been expanded to include facilitating U.S. investment in and imports from CBI countries through the Latin America/Caribbean Business Development Center in Washington, D.C. Also, the Department of Commerce's National Marine Fisheries Service can provide technical assistance to Caribbean Basin exporters of seafood on a fee-for-service basis (see Section VI).

Caribbean Basin Division

The Caribbean Basin Division consists of country desk officers responsible for U.S. commercial policies in the region. While general questions concerning import and export for the Caribbean Basin should be directed to the Trade Information Center at 1-800-USA-TRADE, the desk officers can provide information on trade policy and market access questions.

U.S. Department of Commerce
Caribbean Basin Division (country policy specialists)
Room H 3203
Washington, DC 20230
Tel: (202) 482-2000

U.S. Agency for International Development

Agency for International Development (AID) programs are administered by AID Missions in 70 countries around the world. In Latin America and the Caribbean, AID field offices include individual economic growth offices that coordinate their activities with AID's Bureau for Latin America and the Caribbean, Office of Trade and Investment

in Washington, D.C. Also, regional AID offices are located in Guatemala (covering Central America) and Jamaica (covering the small islands of the Eastern Caribbean). These offices can assist Caribbean Basin-based businesses in taking advantage of the CBI.

AID's program in support of CBI is designed to stimulate economic growth, promote higher standards of living, improve foreign exchange earnings, and serve as a catalyst to the growth of trade and investment in the region. AID's support for free and open markets is wide ranging and is tailored to each country. Support includes:

1. Improving the business climate. AID supports policy reforms and incentives to restore domestic business confidence, rationalize interest and foreign exchange rates, attract foreign investment, and develop new trading patterns. AID also helps to improve public administration and upgrade the infrastructure needed to attract private investments.
2. Assistance to the business community. AID funds programs that upgrade human resource skills and managerial capabilities, overcome technical marketing and export obstacles, and capitalize financial intermediaries that provide credits to business enterprises in the country.

Washington contact:

U.S. Agency for International Development
Bureau for Latin America and the Caribbean
Office of Regional Sustainable Development
Broad-Based Economic Growth Team
Ronald Regan Building, Room 509-110
Washington, DC 20523
Tel: (202) 712-0761

U.S. Customs Service

The Customs Service, an agency of the Department of the Treasury, is responsible for the enforcement of customs and related laws, including the assessment and collection of duties, taxes, and fees on imported merchandise, and enforcing the regulations of numerous other federal agencies at ports of entry and along the land and sea borders of the United States.

Details on customs entry procedures and documentation are outlined in Section V. Authoritative information on a particular customs question may be obtained by writing to the district director of the Customs Service at the expected port-of-entry for the goods in question, or to:

Director, Trade Operations
U.S. Customs Service

1301 Constitution Avenue, NW.
Washington, DC 20229
Tel: (202) 566-8068 (general information)

CBI-specific questions can be directed to:

Office of Trade Programs
Attn: CBI Program
U.S. Customs Service
1301 Constitution Avenue, NW., Rm 1316
Washington, DC 20229
Tel: (202) 566-2597

U.S. Department of Agriculture

The U.S. Department of Agriculture (USDA) administers a broad range of CBI-related international programs in areas such as research and technical assistance in tropical agriculture, marks information, economic analysis, agricultural commodity assistance to developing countries, a development and administration of import regulations to protect U.S. agriculture from foreign plant and animal diseases and pests.

The official representatives of USDA overseas are the agricultural attaches. In the Caribbean Basin, attaches are located in U.S. Embassies in Guatemala (also serving El Salvador, Honduras, and Belize), Costa Rica, the Dominican Republic (also serving Haiti and Jamaica), and Venezuela (serving the remaining Caribbean islands). The primary responsibility of these officers is to represent U.S. agricultural interests by reporting on production and trade policies overseas and by facilitating U.S. Government commodity donations and long-term credit programs for purchasing U.S. agricultural products.

USDA field offices also serve as the contact points in foreign countries for questions regarding U.S. import regulations for fresh agricultural products and meat and poultry entering the United States. Specific questions are transmitted by the agricultural attaché to appropriate representatives of USDA's Animal and Health Inspection Service (APHIS), also located in the region, or the Food and Safety Inspection Service (FSIS).

The Trade and Investment Program of the Office of International Cooperation and Development, located in Washington, DC designs and implements a variety of programs to facilitate agribusiness development and related projects in developing countries, including the Caribbean Basin. These programs include workshops in agricultural marketing, transportation and infra-structure, production and processing, and similar fields; business opportunity/investment missions, -technical team visits; agribusiness site tours in the United States; and agricultural task forces. The office also can provide exporters with access to agricultural databanks and other forms of expertise provided by both the public and private sectors in the United States. It is a clearinghouse for requests from U.S. and Caribbean businesses and provides information on technical and scientific expertise, agricultural investment, trade, and marketing.

The Trade and Investment Program also provides access to and support for the Agribusiness Promotion Council (APC). The council is an advisory body of executives from approximately 20 agribusiness firms in the United States who assist the USDA on agribusiness issues in the Caribbean, advising on strategies and policies for facilitating the growth of agribusiness and improving the trade and investment climate in the Caribbean Basin region.

Washington contact:

U.S. Department of Agriculture
Trade and Investment Program
South Agriculture Building, Room 3250
Washington, DC 20250-4300
Tel: (202) 245-5985
Fax: (202) 245-5749

U.S. Department of Labor

The Department of Labor provides bilateral technical assistance to help Labor Ministries strengthen their ability to implement social safety net programs. Programs include, among others, labor market information, development of a model labor exchange and a multilateral program through the International Labor Organization (ILO) to strengthen industrial relations. Regional labor attaches represent in American Embassies.

Washington contact:

U.S. Department of Labor
Bureau of International Labor Affairs
Office of Foreign Relations, Room S-5006
200 Constitution Ave., NW
Washington, DC 20210
Tel: (202) 219-7616

U.S. Department of Transportation

The Department of Transportation can provide information and technical assistance for infrastructure development in the Caribbean Basin in the areas of port efficiency and management training, avionics, highway planning, engineering and maintenance, and other areas related to improved transportation. The Office of International Transportation reviews transportation-related impediments to Caribbean and Central American investment, trade, and development; and recommends solutions and where appropriate implements them.

Washington Contact:

U.S. Department of Transportation
Office of International Transportation and Trade
Room 10302
400 7th Street, SW.
Washington, DC 20590
Tel: (202) 366-9516

U.S. Department of the Treasury

The Department of the Treasury is responsible for negotiating bilateral Tax Information Exchange Agreements (TIEAs) with governments of CBI beneficiary countries. TIEAs ensure that the tax authorities of both the United States and the CBI country can gain access to information necessary to enforce their respective tax laws.

The Internal Revenue Code provides that U.S. taxpayers can deduct certain expenses associated with conventions held in CBI countries, but only if the country has entered into a TIEA with the United States. This "convention benefit" can greatly assist in the development of tourism and other industries in CBI countries.

The United States has established TIEAs with the following CBI countries: Barbados, Costa Rica, Dominica, the Dominican Republic, Grenada, Guyana, Honduras, Jamaica, St. Lucia and Trinidad and Tobago.

Washington Contact:

U.S. Department of the Treasury
International Tax Counsel
15th Street and Pennsylvania Avenue, NW.
Washington, DC 20220
Tel: (202) 566-5046

Export-Import Bank of the United States

The Export-Import Bank (Ex-Im Bank) is the official U.S. export credit agency that provides export credit insurance, working capital guarantees, loans and loan guarantees to help foreign markets finance the purchase of U.S. goods and services. Ex-Im Bank offers a range of financing solutions for U.S. exporters and for buyers of U.S. goods and services in Central America and the Caribbean. These programs offer increased access to working capital, protection against commercial and political risk, and the ability to offer your buyer financing on competitive terms. In fiscal year 1999, Ex-Im Bank supported more than 2,000 U.S. businesses and nearly \$17 billion in U.S. exports. Ex-Im Bank is committed to expanding trade between the U.S. and the countries of Central American and the Caribbean through its various programs.

Export Financing Solutions:

We provide to lenders pre-export Working Capital Guarantees that enable small- and medium-sized U.S. companies obtain loans to produce goods or provide a service for export.

Benefits:

- Makes funds available to fulfill sales order
- Finances exporter's inventory and accounts receivable
- Offers fast turnaround

We sell exporters and lenders Export Credit Insurance that protects against foreign buyers defaults.

Benefits:

- Provides credit terms to foreign buyer that could increase sales
- Eliminates most risk of nonpayment by the foreign buyer
- Increases exporter's borrowing capacity and cash flow

We offer lenders Guarantees of Commercial Loans to Foreign Buyers covering principal and interest against both political and commercial risks of buyer nonpayment.

Benefits:

- Assumes risks lender will not take
- Ensures loans will be paid, hence making more money available for financing
- Covers capital goods and services

For further information contact:

- The Export-Import Bank of the United States
- 811 Vermont Ave., NW
- Washington, DC 20571
- U.S. toll free number (800) 656-EXIM/3946
- World wide number (202) 565-EXIM/3946
- Miami regional office (305) 526-7425
- Houston regional office (281) 721-0465
- E-mail: Americas@exim.gov
- Internet: www.exim.gov

Public Diplomacy and Public Affairs

Public Affairs officers in U.S. Embassies throughout the region provide information on CBI-related trade and investment issues through media events and publications. USIA organizes ARNFT interactives, televised conference in which audiences overseas are able to directly question business experts in Washington. Many Public Affairs posts have an extensive collection of video cassettes and arrange invitational showings on specific topics.

The Department's Washington File, a daily compilation of news articles and copies of major speeches and policy announcements, is distributed regularly to newspapers, magazines, and selected individuals in the government and professional fields. USIA publications, such as *Economic Impact*, and special pamphlets on selected topics are distributed by the posts to a targeted audience, via the Internet.

The Department of State also organizes ex-change programs for both Americans (the U.S. Speaker and Academic Specialist programs) and host country nationals (the International Visitors and Voluntary Visitors programs). These programs allow American and host-country private sector and government experts in a variety of business-related fields to exchange ideas and information with their counterparts and colleagues.

Washington contact:

Office of Public Diplomacy and Public Affairs
Bureau of Western Hemisphere (WHA/PDA)
U.S. Department of State
2201 C Street, N.W., Room 3909
Washington, DC 20520
Tel: (202) 485-7456
Fax: (202) 647-7445

Office of the U.S. Trade Representative

The Office of the U.S. Trade Representative (USTR) is part of the Executive Office of the President and is responsible for coordinating U.S. policy. USTR oversees the negotiation of bilateral, regional, and multilateral trade agreements with trading partners of the United States. In addition, USTR implements certain provisions of U.S. trade law intended to reduce foreign market access barriers for U.S. goods and services and to ensure the protection the protection of U.S. intellectual property rights.

USTR is engaged in trade policy with the Caribbean Basin region through the following functions:

- Coordinating U.S. efforts to negotiate the Free Trade Area of the Americas, an initiative launched by 34 Western Hemisphere leaders at the

1994 Summit of the Americas. The region's leaders have called for these negotiations to be concluded by 2005.

- Working with other U.S. agencies to negotiate Bilateral Investment Treaty (BITs). BITs serve as incentives for U.S. companies to invest in signatory countries by ensuring that U.S. firms will receive fair treatment by the signatory government.
- Leading U.S. participation in Bilateral Trade and Investment Councils (TICs) developed with a number of countries in the Caribbean Basin region. These TICs provide a framework for ongoing dialogue concerning commercial and trade policy issues of interest to the United States and its trading partners in the Caribbean Basin region.
- Leading negotiations with Caribbean Basin countries on issues related to textile and apparel trade.
- Reviewing and providing biannual reports on the compliance of the Caribbean Basin countries with the eligibility criteria established in U.S. legislation governing CBI benefits.

Contact information:

Office of the U.S. Trade Representative
Director, Central America and the Caribbean
600 17th Street, NW
Washington, DC 20508
Tel: (202) 395-5190
Internet: *www.ustr.gov*

Overseas Private Investment Corporation

The Overseas Private Investment Corporation (OPIC), a self-sustaining U.S. Government agency, promotes private sector economic growth in developing countries by encouraging U.S. investment. OPIC assists investors through four principal programs:

1. Insurance of investments against certain political risks (for currency inconvertibility, expropriation, and war, revolution, insurrection, and civil strife);
2. Financing investments through direct loans or loan guarantees;
3. A program of investment missions; and
4. An investor information service.

OPIC insurance and finance programs are available for new ventures that are commercially and financially sound, or for the expansion of existing viable businesses. In all instances, the projects that OPIC supports must assist in the social and economic development of the host country as well as be consistent with the economic interests of the United States.

OPIC financing is available only for ventures involving 25 percent equity and management participation by U.S. businesses. Insurance is limited to the U.S. equity participation in the venture. Projects must be within the demonstrated competence of the proposed management. This competence should be illustrated by a proven record of success in the same or closely related business, and investors should be willing to take a financial risk in the enterprise.

Washington Contact:

Overseas Private Investment Corporation
1615 M Street, NW.
Fourth Floor
Washington, DC 20527
Tel: (202) 457-7010 or (800) 424-6742

Peace Corps

The Peace Corps has approximately 800 volunteers contributing to Caribbean Basin economic development. They assist host country nationals in developing small and medium-size enterprises with a focus on agribusiness and handicrafts. Types of assistance provided by Peace Corps volunteers include preparing feasibility studies, technical assistance in production and marketing techniques, training in business management, and training in identification of market opportunities.

Washington contact:

Peace Corps
Training Officer—Inter-American Region
1900 K Street, NW.
Room 7320
Washington, DC 20526
Tel: (202) 606-3216

Puerto Rico — Caribbean Development Office

The Government of Puerto Rico launched a Caribbean development program in 1986, which is administered by the Puerto Rican Department of State. The Caribbean Development Office pro-vides free information and assistance to investors from around the world interested in establishing projects in the Caribbean Basin and assists borrowers in accessing 936 funds for use in eligible CBI countries.

In addition to publishing a quarterly newsletter, *Caribbean Highlights*, the Caribbean Development Office administers the Caribbean Scholarship program and organizes such activities for regional cooperation as the Point Four Program, and the annual Caribbean Basin Business Conference, a conference and trade show held in San Juan.

Puerto Rico contact:

Caribbean Development Program
Department of State of Puerto Rico
P.O. Box 3271, San Juan Station
San Juan, Puerto Rico 00902
Tel: (809) 721-1751
Fax: (809) 723-3305

Trade and Development Program

The Trade and Development Program (TDP) funds project planning activities that directly influence the procurement decisions related to major industrial or infrastructure projects in developing and middle-income countries - projects that typically represent millions of dollars in U.S. export potential. From radar for airports in Asia to process controls for refineries in Latin America, hundreds of goods and services are required to implement a project. TDA works to ensure that the services and products needed for projects will be stamped "Made in the U.S.A."

Contact:

U.S. Trade and Development Agency
Suite 200
1621 North Kent Street
Arlington, VA 22209-2131
Phone: 703/875-4357
Fax: 703/875-4009
E-mail: info@tda.gov

V

Customs Procedures and Documentation

The U.S. Customs Service (USCS) is an agency of the Department of the Treasury, with a field organization that consists of seven geographical regions divided into districts with ports of entry within each district. Organizational elements are headed by regional commissioners, district directors or area directors (as in the case of the New York region), and port directors.

The Customs Service administers and enforces the import laws and regulations stipulated in the Tariff Act of 1930, as amended. The USCS assesses and collects duties, taxes, and fees on imports. As a major Federal enforcement agency, the Customs Service also enforces the regulations of numerous other Federal agencies at ports of entry and along the land and sea borders of the United States. USCS combats and prevents smuggling and fraud at all points of entry to the 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands.

General Entry

When a shipment reaches the United States, the consignee must file entry documents for the goods with the district or port director at the port of entry. Imported goods are not legally entered until after the shipment has arrived within the port of entry, delivery of the merchandise has been authorized by Customs, and estimated duties have been paid. It is the responsibility of the importer to arrange for examination and release of the goods.

Goods may be entered for consumption, entered for warehouse at the port of arrival, or transported in-bond to another port of entry and entered there under the same conditions as at the port of arrival. Arrangements for transporting the merchandise to an interior port in-bond may be made by the consignee, by a customhouse broker, or by any person having a sufficient interest in the goods for that purpose. Unless the merchandise arrives directly at the port where it is designated for entry, the importer may be charged additional fees by the carriers for transportation to that port if other arrangements have not been made. Under some circumstances, the goods may be released through the importer at the local Customs port even though they arrive at another port from a foreign country. Arrangements must be made prior to arrival at the Customs port where the importer intends to file duties and documentation.

The entry of merchandise is a two-part process consisting of (1) filing the documents necessary to determine whether merchandise may be released from Customs custody and (2) filing the documents which contain information for duty assessment and statistical

purposes. In certain instances, such as the entry of merchandise subject to quotas, all documents must be filed and accepted by Customs prior to the release of the goods.

Entry Documents

Within five working days of the date of arrival of a shipment at a U.S. port of entry, entry documents must be filed at a location specified by the district area director, unless an extension is granted. These documents consists of-

1. Application and Special Permit for Immediate Delivery, Customs Form 3461, or other form of merchandise release required by the district director.
2. Evidence of right to make entry.
3. Commercial invoice or a pro forma invoice when the commercial invoice cannot be produced.
4. Packing lists, if appropriate.
5. Other documents necessary to determine merchandise admissibility.

If the goods are to be released from Customs custody on entry documents, an entry summary for consumption must be filed and estimated duties deposited at the port of entry within 10 working days of the time the goods are entered and released.

Suggestions for Expediting Customs Clearance

The following are suggestions for expediting customs clearance:

1. Include all information required on Customs invoices and ensure that the information is consistent with the data provided on the packing list.
2. Prepare invoices carefully and type all information clearly. Allow sufficient space between items and keep data in the proper column.
3. Clearly mark and number each package so that it can be easily identified with the corresponding invoice.
4. Include a detailed description on the invoice of the goods contained in each individual package.
5. Mark goods legibly and prominently with the English name of the country of origin and any other necessary markings requirements (Note: These requirements are listed in Chapter 23 of *Importing into the United States*, a publication prepared by the Customs Service, see Appendix G).

6. Before shipment, be sure to comply with the provisions of all U.S. regulations as outlined in Section VI.

7. Closely comply with the instructions provided by the U.S. customer and U.S. Government regarding the preparation of invoices, packaging, marking, and labeling. The importer should have carefully checked on the requirements that permit prompt entry upon arrival of the goods to the United States.

To obtain information on a specific question relating to customs procedures or requirements, the Caribbean Basin exporter should consult with the Customs attaché at the U.S. Embassy, request the company's designated importer to acquire an official answer from the Customs Service, or write to the District Director of Customs at any district port in the United States or to the Commissioner of Customs (these contacts are available at the local U.S. Embassy).

Entry by Importer

Merchandise arriving in the United States by commercial carrier must be entered by the owner, purchaser, the owner's (or purchaser's) authorized regular employee, or by the owner's licensed customs broker. U.S. Customs officers and employees are not authorized to act as agents for imports or freight forwarders of imported merchandise, although they may give all reasonable advice and assistance to inexperienced importers.

The only persons authorized by the tariff laws of the United States to act as agents for importers in the transaction of their customs business are customs brokers. Customs brokers are private individuals or firms licensed by the Customs Service. Customs brokers will prepare and file the necessary customs entries, arrange for payment of the duties found due, take steps to affect the release of the goods in Customs custody, and otherwise represent their principals in customs matters. The fees charged for these services may vary according to the customs broker and the extent of services performed. When entry is made by a customs broker, a customs power of attorney given by the person or firm for whom the customs broker is acting as agent is made in the name of the customs broker. Ordinarily, the authority of an employee to make entry for his employer is most satisfactorily established by a customs power of attorney.

Examination of Goods

Prior to release of the goods, the district or port director will designate representative quantities for examination by Customs officers under conditions properly safeguarding the goods. Examination is necessary to determine: (1) the value of the goods for customs purposes and their dutiable status; (2) whether the goods are properly marked with any necessary country of origin, special marking, or labeling requirements; (3) whether the shipment contains prohibited articles; (4) whether the goods are correctly invoiced; and (5) whether the goods are in excess of the invoiced quantities or a shortage exists.

Some kinds of goods must be examined to determine whether they meet special requirements of the law. For example, food and beverages unfit for human consumption would not meet the requirements of the Food and Drug Administration. Textiles and textile products are considered trade-sensitive and as such may be subject to a higher percentage of examinations than other commodities.

Customs officers will ascertain the quantity of goods imported, making allowances for shortages under specified conditions and assessing duty on any excess. Certain goods will be weighed, gauged, or measured. If the invoice or entry does not state the weight, quantity, or measure of the goods, the expense of determining this data may be collected from the consignee before the goods are released from Customs custody. The invoice may state the quantities in the weights and measures of the country from which the goods are shipped or in the weights and measures of the United States, but the entry must state the quantities in metric terms.

Caribbean Basin Initiative

Regulations for Qualification

A product is deemed eligible for CBI duty-free treatment if it meets the following criteria: (1) it is imported directly from any beneficiary country into the customs territory of the United States; (2) it is wholly the growth, product, or manufacture of a beneficiary country, or has been substantially transformed into a new and different article of commerce in a beneficiary country; (3) and at least 35 percent of the appraised value of the article imported into the United States is added in one or more beneficiary countries.

The substantial transformation and 35 percent value-added requirements do not apply for products manufactured wholly from U.S. components (other than textiles and apparel and petroleum and certain products derived from petroleum) and ingredients (other than water) entered under 9802.00.8040. The 35 percent value-added and substantial transformation requirements are intended to ensure that operations established to take advantage of the CBI trade benefits are substantial enough to provide real economic benefit to the CBI countries. Simple “pass-through” operations in which goods from foreign countries receive minimal processing or packaging before they are re-exported to the United States might otherwise injure U.S. industries while contributing little to economic development in the Caribbean Basin.

The following paragraphs contain more detailed descriptions of these qualification criteria:

Substantial transformation. The U.S. Customs Service's administrative law defining substantial transformation is complex. Therefore, it is advisable to seek expert advice and obtain an advance ruling from the U.S. Customs Service for products containing or manufactured from foreign inputs.

Basic examples of operations that might qualify for CBI status based on substantial transformation are:

1. Assembling a large number of components onto a printed circuit board
2. Mixing two bulk medicinal substances, followed by packaging the mixed product into individual doses for retail sale
3. Adding water or other substances to a chemical compound under pressure, which results in a reaction creating a new chemical compound
4. A simple combining, packaging, or dilution operation (which would not of itself qualify), coupled with another type of processing such as testing or fabrication. For example, a simple assembly of a small number of components, one of which was fabricated in a CBI country.

Examples of operations which do not qualify as substantial transformations are:

1. Putting batteries in devices
2. Fitting together a small number of components by bolting, gluing, or soldering
3. Blending domestic with foreign substances such as reconstituting fruit juices by adding water to juice concentrate
4. Diluting chemicals with inert ingredients to bring them to standard degrees of strength
5. Painting or applying decals or labels

Another method of calculating substantial transformation is through "double substantial transformation." Double substantial transformation can be used to increase the amount of CBI beneficiary country value-added to reach the 35 percent requirement. In this instance, the value of an input product could be counted toward the 35 percent value-added requirement if it is substantially transformed into a product of a CBI country, then further transformed into a new and different product.

In the following example, the double substantial transformation is critical to also meet the 35 percent value-added test:

A raw, perishable hide is shipped from Venezuela to Grenada where it is tanned to create "crust" leather. The crust leather is then shipped to the United States. The crust leather is an article of commerce new and different from the raw hide. Substantial transformation has occurred, and the leather is now considered a product of Grenada, not Venezuela. Although the substantial transformation requirement has been met, it is doubtful that

enough value has been added in Grenada through the direct costs incurred in the tanning process to satisfy the 35 percent requirement for duty-free entry into the United States under the CBI. The cost of the raw hide may not be included in the percent-value calculations because the hide is a product of Venezuela, a country ineligible for CBI benefits. Thus, the crust leather would probably be fully dutiable.

However, suppose that instead of shipping the crust leather to the United States, the leather is cut and sewn in Grenada to produce a belt that is shipped directly to the United States. In this instance, the cost of the raw hide (including shipping costs from Venezuela to the Grenada factory) may be counted toward the 35 percent value-added requirement. This is allowed as a result of a double substantial transformation. Tanning the raw hide to produce crust leather is the first substantial transformation. The crust leather is considered a product of Grenada, so in the second substantial transformation (from crust leather to leather belt) the full cost of the crust leather may be counted toward the 35 percent, including the cost of the hide, plus cost of transportation, tanning, cutting, and other production costs.

35-percent value-added. For CBI-eligible products that are wholly (100 percent) the growth, product, or manufacture of CBI countries or the United States, no calculation of the direct costs of processing is required. (For example, juices made entirely from fruits grown in CBI countries or the United States, jewelry boxes made entirely of wood grown in CBI countries or the United States, etc.)

The required 35 percent value-added in one or more CBI countries must be calculated, however, for any product incorporating materials or components from non-CBI countries (including the United States for items with less than 100 percent U.S. inputs). Up to 15 percent of the appraised value consisting of U.S. components can go toward the 35 percent. Information on the total amount of CBI country value-added must be provided on the Certificate of Origin Form A (Revised) submitted to the U.S. Customs Service upon entry of the goods to the United States if requested to do so by Customs (see Appendix I for sample of form).

Percent value-added is obtained by the formula:

$$\frac{\text{Direct Costs of Processing}}{\text{Appraised Article Value When Imported}} = \text{Percent Value-Added}$$

In calculating the percent of value-added, only direct costs of processing operations may be counted toward meeting the 35 percent requirement. These include costs directly incurred or reasonably allocated to the production of the article, such as the cost of labor directly involved in production; direct supervision of processing; rent for factory space (production area only, not administrative offices); electricity directly used in processing; dies, molds, tooling, and depreciation thereof, research and development; and inspection and testing. Administrative expenses (including supervision, rent for administrative

space, electricity, etc.), profit, insurance, advertising, and salespeople's salaries are not considered direct costs of processing operations and therefore may not be counted toward the 35 percent value-added required. In most cases, the appraised value (transaction value) will be the ex-factory price. Shipping and other costs (for example, insurance) related to transport of the CBI articles to the United States are not included in the value of the article, nor in the value-added calculation.

Advance Ruling

An advance ruling on whether an article produced in a CBI beneficiary country or countries would be eligible for CBI duty-free status is available upon request from U.S. Customs. This determination can be made prior to the initiation of a CBI project. Requests for advance rulings must be in writing to:

Value and Special Classification Branch
Classification and Value Division
U.S. Customs Service
1301 Constitution Avenue, NW.
Washington, DC 20229
Tel: (202) 566-2938

Written requests must include details on the production process and on the direct costs of processing used to meet the 35 percent value-added requirement. If the article contains or is made from materials originating from a non-CBI country, the final product must be an article of commerce that is substantially transformed into a new and different item than the foreign materials used in its manufacture. It may be advisable to have an experienced U.S. customs broker or expert trade attorney review the request prior to submission.

Documentation and the CBI Textile Program

See Implementation Information for Caribbean Basin Trade Partnership Act (CBTPA) for Textile and Apparel Products at www.mac.doc.gov/CBI/webmain/updates.htm.

General System of Preferences

Normally, the Customs Service will accept a duty-entry at the free rate, whether or not the UNCTAD Certificate of Origin Form A is presented at the time of entry. If Form A is not available, the importer will have to produce it for GSP duty-free treatment if requested to do so by Customs.

The UNCTAD Certificate of Origin Form A is not available for sale in the United States. The beneficiary developing countries and territories participating in the program are responsible for printing and supplying this form. Exporters may acquire this form from the designated governmental certifying authority in their respective countries. If Form A is not available from the governmental certifying authority, the form may be purchased from any of the commercial printers listed in the subsection on CBI-Documentation or

the Director, Technical Assistant Project/GSP, UNCTAD, 1211 Geneva 10, Switzerland may be contacted for further advice on obtaining the form.

VI

U.S. Regulatory Requirements

U.S. Department of Agriculture

Regulatory activities of the U.S. Department of Agriculture (USDA) are primarily enforced by the Agricultural Marketing Service, the Animal and Plant Health Inspection Service, the Food Safety and Inspection Service, and the U.S. Forest Service. Also, the Office of International Cooperation and Development can assist in streamlining information on USDA regulations for CBI exporters. For other questions concerning agricultural shipments to the United States, contact:

OICD/Trade and Investment Program
U.S. Department of Agriculture
South Agriculture Building, Room 3250
Washington, DC 20250-4300
Tel: (202) 245-5985
Fax: (202) 245-5749

Agricultural Marketing Service

The Agricultural Marketing Service (AMS) administers several regulatory programs designed collectively to protect producers and handlers of agricultural commodities from financial loss or personal injury resulting from careless, deceptive, or fraudulent marketing practices.

Fruit and Vegetable Standards. Importing into the United States of certain fruits, vegetables, and nuts is subject to provisions of the Agricultural Marketing Agreement Act of 1937. Section 8e of the act requires that whenever the Secretary of Agriculture issues grade, size, quality, or maturity regulations under a domestic marketing order for a particular commodity, the same size or comparable regulations must be issued on imports of that commodity. The grading service is available on a fee-for-service basis where the commodity is grown and at 166 different terminal markets throughout the United States. Inspection points for shipments from outside the continental United States are also available at the ports of entry into the United States.

Currently, the following commodities are regulated and thus are subject to import regulations: avocados, dates, filberts, grapefruit, table grapes, kiwi fruit, limes, olives, onions, oranges, Irish potatoes, prunes, raisins, tomatoes, and walnuts. Import regulations are amended from time to time to conform with changes in domestic marketing order regulations. Additional information regarding requirements for any of the above specific commodities may be obtained from:

For Fresh Products:

Fresh Product Branch
USDA/AMS/FNDD
Room 2056-S
P.O. Box 96456
Washington, DC 20090-6456
Tel: (202) 447-5870

For Processed Products:

Processed Product Branch
USDA/AMS/FNDD
Room 0707-S
P.O. Box 96456
Washington, DC 20090-6456
Tel: (202) 447-4693

Animal and Plant Health Inspection Service

The Animal and Plant Health Inspection Service (APHIS), through its domestic and international services programs and activities, is responsible for the protection of U.S. agriculture from foreign plant and animal pests.

APHIS/Plant Protection and Quarantine (PPQ) conducts programs and activities at the various ports of entry and domestically to prevent the introduction and spread of foreign pests. At the port of entry, APHIS officers inspect commercial agricultural shipments, means of conveyance, passengers, and baggage to detect the presence of harmful agricultural pests.

APHIS/International Services (IS) conducts activities outside the United States to protect U.S. agriculture and enhance U.S. agricultural exports. IS officers and specialists are stationed in certain U.S. Embassies and have direct contact with plant health officers and exporters within their host countries/regions. IS personnel assist foreign plant health programs, provide information on U.S. import requirements to exporters, and coordinate the development and operation of pre-clearance programs. APHIS officers staff various pre-clearance programs at locations around the world on a fee-for-service basis. Pre-clearance is designed to detect and eliminate pests from shipments at the point of origin, rather than after arrival at a U.S. port of entry.

Quarantine Regulations: Fresh Produce. All agricultural products are subject to strict quarantine regulations prior to entering the U.S. markets. The Fruits and Vegetables Quarantine Act (Title 7 Code of Federal Register 319.56) states that fresh fruits and vegetables may enter the United States from any country under permit on presentation of evidence satisfactory to USDA that: (1) the fruits and vegetables are not infested in the country of origin by fruit flies or any other injurious insects, or (2) importation of fresh

produce from definite areas under approved safeguards pre-scribed in the permit can be authorized without risk, or (3) they have been treated, or are to be treated, in accordance with prescribed conditions and procedures under supervision of an APHIS inspector.

Fruits and vegetables that are infested with insect pests and disease for which there are no acceptable treatments are prohibited entry into the U.S. market. There are relatively few treatments for fresh fruits and vegetables since difficult criteria must be met before a treatment can be approved. The treatment must be totally effective in eliminating the pests because any remaining live insects can result in the introduction of a new exotic pest. Treatment must not produce injury to the fruits and vegetables that reduces marketability. Many effective treatments are not approved because they damage the commodity. In addition, if a commodity is treated with a pesticide, the produce must not contain unacceptable pesticide residues as determined by the Environmental Protection Agency (EPA). Residue levels are routinely checked by the Food and Drug Administration (FDA) for imported fruits and vegetables (see EPA and FDA subsections for further explanation).

Different pests occur in different countries; therefore, treatment requirements vary according to country of origin. Treatments can be applied by an approved commercial fumigator at the U.S. port of entry, at the expense of the importer. Treatment of fresh fruits and vegetables must be supervised by an APHIS officer.

Quarantine Regulations. Plants and Plant Products. All agricultural products intended for propagation can carry destructive pests. Therefore, strict requirements are imposed on importations of plants, roots, cuttings, and seeds. All importations must be made under permit issued in advance to an importer in the United States.

Cut flowers also often carry exotic plant pests and therefore are inspected upon arrival in the United States. Those cut flowers carrying exotic plant pests or insects require treatment before they are permitted to reach the market. Since flowers may be damaged when treated, it is very important to ship only pest-free cut flowers.

Plant and plant products must enter the United States through plant inspection stations located at 14 ports around the country. The plants must be free of soil, plant pests and diseases, and any other damaging matter. If pests are found, treatment will be required prior to releasing the plants to the importer or agent. Certain plants are prohibited entry, and others are subject to post--entry quarantine growing regulations. Post-entry quarantine requires the plants to be grown on the premises of the importer for a specified time and be inspected periodically for evidence of certain diseases which could not be detected at the time of entry.

Quarantine restrictions apply to other kinds of plant materials as well. Therefore, before any agricultural products are shipped to the United States, information regarding quarantine entry status and regulations for the particular product to be shipped should be obtained from:

APHIS/PPQ/Permit Unit
U.S. Department of Agriculture
Room 638 Federal Building
Hyattsville, Maryland 20782
Tel: (301) 436-8393

For information regarding APHIS treatment procedures in the Caribbean Basin contact:

In Central America:

Area Director
USDA/APHIS
c/o U.S. Embassy - Guatemala City
Avenida de la Reforma, Zone 10
APO Miami 34024
Tel: (502)(2) 31-15-41

In the Caribbean:

Area Director
USDA/APHIS
c/o U.S. Embassy -Santo Domingo
Calle Cesar Nicolas Penson
y Leopoldo Navarro
APO Miami 34041-0008
Tel:(809)541-2171

In the United States:

USDA/APHIS/PPQ
Port Operations
U.S. Department of Agriculture
6505 Bekrest Road
Hyattsville, Maryland 20782
Tel: (301) 436-8295

Food Safety and Inspection Service

The Department of Agriculture's Food Safety and Inspection Service (FSIS) is responsible for assuring that meat and poultry products moving in interstate and foreign commerce are safe, whole-some for consumption, and accurately labeled.

Regulations. Under the Federal Meat Inspection Act (FMIA) and the Poultry Products Inspection Act (PPIA), the United States inspects all meat and poultry products that are intended for human consumption whether shipped in interstate or foreign commerce to assure they are safe, whole-some, and accurately labeled. The FMIA covers products that

contain more than 3 percent raw meat derived from cattle, swine, sheep, goats, horses, or other equines. The PPIA applies to poultry products that contain 2 percent or more cooked poultry derived from domesticated chickens, turkeys, ducks, geese, or guineas. Under these laws, meat and poultry products may be imported only from countries with inspection systems at least equal to that of the United States. Requirements for importing meat and poultry products to the United States are described in Title 9 part 327 of the Code of Federal Regulations (9 CFR 327) of the Meat Inspection Regulations and part 381.195-.20 (9 CFR 381) of the Poultry Inspection Regulations (See Appendix G for information on obtaining the CFR).

Products under the jurisdiction of the U.S. Food and Drug Administration of the U.S. Department of Health and Human Services include fish, buffalo, rabbits, deer (venison), other wild game and food products not covered by the FMIA or the PPIA. FDA regulations are also outlined in this section.

Export Eligibility. FSIS assures that imported meat and poultry products meet U.S. standards by requiring the exporting country to effectively enforce all U.S. requirements for imported products. For a country to become eligible to export meat and poultry to the United States, the chief official of a foreign inspection system should formally request a permit through the U.S. Embassy directed to:

International Programs
Food Safety and Inspection Service
U.S. Department of Agriculture
Room 341-E
Washington, DC 20250
Tel: (202) 447-3473

Before eligibility is granted, a complete evaluation of the requesting country's inspection system is made by officers of FSIS. The evaluation consists of two steps:

1. A review of the laws and regulations, directives, and other written material used to operate the national inspection system. If not satisfactory, the requesting country must revise its regulations or formulate special directives to meet U.S. requirements.
2. FSIS officers make an on-site review of a systems operation using a multi-disciplinary team to evaluate all aspects of the program. When all requirements are satisfied, the requesting country is granted eligibility to export meat and poultry to the United States.

Restricted Imports. To protect the health of U.S. livestock, the U.S. Department of Agriculture's Animal and Plant Health Inspection Service may restrict some meat products from entering the United States. The decision is based on the type of product

and on the health status of the livestock in each eligible country. For more information on specific restrictions write to:

Import/Export Products Staff
Veterinary Services
Animal and Plant Health Inspection Service Federal Building Room 756-A
Hyattsville, Maryland 20782
Tel: (301) 436-8499

U.S. Forest Service

Lumber Grades and Standards. In absence of international standards for lumber, the U.S. Department of Agriculture has developed lumber grades and standards to establish the comparable value of boards and to provide users and manufacturers with a standard for purchasing or selling lumber.

Grading rules for southern pines generally apply to all species in the category. Rules for grading southern pine are outlined in two publications entitled *Grading Rules and Export Grading Rules*, which are available from:

Southern Pine Inspection Bureau
4709 Scenic Highway
Pensacola, Florida 32694
Tel: (904) 434-2611

Hardwood rules can be applied to all hard-wood species with certain exceptions and are described in the publication, *Rules for the Measurement and Inspection of Hardwood and Cypress*, which is available from:

National Hardwood Lumber Association
P.O. Box 34518
Memphis, Tennessee 38134
Tel: (901) 377-1818

Import Regulations. Lumber and logs imported into the United States are subject to inspection and possible quarantine by the USDA Animal and Plant Health Inspection Service before unloading at U.S. ports. Undried lumber and logs with bark attached are of primary concern in preventing the entry of destructive diseases and insects into the United States from imported foreign products. Import regulations vary according to product and point of origin. Before agricultural products are shipped to the United States, information on entry quarantine status should be obtained from the APHIS/PPQ/Permit Unit.

Environmental Protection Agency

Environmental Protection Agency The Environmental Protection Agency (EPA) establishes tolerances (maximum legally permissible residue levels) for specific pesticide residues in foods. Tolerances are enforced by the U.S. Food and Drug Administration for most foods, and by the U.S. Department of Agriculture for meat, poultry, and some egg products. Consideration of tolerances for a new pesticide, or additional tolerances for new crops in the case of a pesticide that already has tolerances for other crops, may be initiated by any person who petitions EPA, pays required fees, and supplies the necessary data to show that exposure to the pesticide will meet the U.S. food safety standard of "a reasonable certainty of no harm" to consumers. The cost of developing the required data for a new food use pesticide is substantial, and most petitions are initiated by chemical companies seeking to register their products for use in the U.S. market. EPA reviews the information supplied in the petition to determine whether the proposed tolerance level meets the legal safety standard. If the tolerance is granted, the specific raw agricultural commodity and processed forms of the food derived from it may contain residues up to the specified tolerance level, generally expressed in parts per million (ppm) of the pesticide. Foods containing residues for which there is no applicable tolerance, or containing residues at levels that exceed the established tolerance, may not be legally marketed in the U.S. (In rare instances, EPA may grant a specific exemption from the requirement for a tolerance, but only after making a determination that the exemption will satisfy the same safety standard, i.e. a reasonable certainty of no harm to consumers. Also, EPA will establish tolerances for specified groupings of related commodities if required data on representative crops are submitted. The definitions of related commodities, representative crops, and recognized crop groupings are published in the *Code of Federal Regulations*.)

For example, if EPA has established a tolerance of 5 ppm of Pesticide X on tomatoes, then raw tomatoes and processed tomato products (e.g. juice, concentrate) may legally contain residues of up to 5 ppm of Pesticide X. If EPA has not also established a tolerance for Pesticide X on peppers, however, peppers imported into the U.S. found to contain any amount of residues of Pesticide X may not be legally sold in the United States and are subject to seizure upon importation.

Pesticide tolerances are listed by chemical and by crop in the *U.S. Code of Federal Regulations* (CFR), Title 40, Parts 180-186. The CFR is updated and published annually. Changes, additions, and revocations of tolerances are published for comment in the U.S. Federal Register, which is published daily, and notified to trading partners through the procedures prescribed by the World Trade Organization Agreement on the Application of Sanitary and Phytosanitary Measures. Since U.S. pesticide laws were amended in 1996, in addition to the establishment of new tolerances, EPA has been reassessing all existing tolerances (approximately 9600 tolerances) to ensure they meet current legal and scientific standards. This reassessment is to be completed over ten years. Many tolerances are being modified or revoked as a result of this reassessment, so it is important to monitor proposed changes. It is possible that tolerance levels that are acceptable for the

current season may no longer be applicable next season, and as a result, farmers may need to alter pesticide use practices or face having their shipments refused at U.S. ports.

U.S. Government statistics indicate that most pesticide residue violations found in products imported from Latin America and the Caribbean do not result from use of unacceptably high levels of chemicals on food products exported to the United States, but from use of pesticides that do not have established tolerances for the particular crop, even though there may be tolerances for other crops. In other words, it is not that the residues exceed the EPA-approved levels; it is that there is no approved level for the residue on the food.

For specific information on pesticides tolerance levels, see contacts listed under the subsection on the Food and Drug Administration. For additional information from EPA, contact:

Registration Division
7505C Office of Pesticide Programs
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue NW
Washington, DC 20460
Tel: (703) 305-5447 Fax: (703) 305-6920

Food and Drug Administration

The Food and Drug Administration (FDA) acts in the public interest to ensure that consumers get safe, sanitary, and properly labeled foods, drugs, medical devices, and cosmetics, and are warned of potential hazards from radiation emitting equipment.

Laws enforced by the FDA include the Federal Food, Drug and Cosmetic Act (FFD&C Act) and the Fair Packaging and Labeling Act (FPLA). The FDA monitors the marketplace constantly, including ports of entry, in order to provide the consumer with the best possible assurance that the industry is meeting these legal requirements. The legal statutes (Code of Federal Regulations Title 21 and amendments)(see Appendix C for information on obtaining the CFR) provide FDA the authority to inspect establishments, collect and examine samples, and conduct investigations to see that the product quality standards are being met at every stage of the commercial system, be it research and development, production, storage, and/or distribution.

Imports

While the legal requirements that must be met are the same for imported and domestic products, the enforcement procedures are necessarily different. Imported products regulated by the Food and Drug Administration are subject to inspection at the time of entry through U.S. Customs. Shipments found not to comply with the laws and

regulations are subject to detention. They must be brought into compliance, destroyed, or re-exported out of the United States.

At the discretion of the Food and Drug Administration, an importer may be permitted to bring an illegal importation into compliance with the law before final decision is made as to whether it may be admitted. Any sorting, reprocessing, or re-labeling must be supervised by an FDA investigator at the expense of the importer. Both foreign shippers and importers in the United States should realize that conditional release of an illegal importation to bring it into compliance is not a right but a privilege. Abuse of the privilege, such as repeated shipments of the same illegal article, may result in denial of the privilege in the case of subsequent importations.

Labeling Requirements

The law states that the required label information must be conspicuously displayed and in terms that the ordinary consumer is likely to read and understand under ordinary conditions of purchase and use. According to the requirements of both the FFD&C and the FPLA, food labeling requirements are summarized as follows:

1. If the label of a food bears representation in a foreign language, the label must bear all of the required statements in the foreign language, as well as in English.
2. If the food is packaged, the following statements must appear on the label in the English language:
 - (a) The name, street address, city, state and zip code of either the manufacturer, packer, or distributor. If the food is not manufactured by the person or company whose name appears on the label, the name must be qualified by “Manufactured for,” “Distributed by,” or similar expression.
 - (b) An accurate statement of the net amount of food in the package, in English units, must appear on the principal display panel of the label. The net weight on packages containing 1 pound (avoirdupois) or more, and less than 4 pounds must be declared first in total avoirdupois ounces followed by a second statement in parentheses in terms of pounds and ounces, or pounds and common or decimal fractions of the pound. [For example: Net Wt. 24 ounces (1-½ pounds).] The contents of packages containing less than 1 pound must be expressed as total ounces.
 - (c) The common or usual name of a food must appear on the principal display panel, in bold type and in lines

generally parallel to the base of the package as it is displayed. The form of the product must also be included—"sliced," "whole," or "chopped" (or other style)—unless shown by picture or unless the product is visible through the container.

(d) The ingredients in a food must be listed by their common names in order of their predominance by weight unless the food is standardized, in which case the label must include only those ingredients which the standard makes optional.

Presently, the FDA is working with U.S. industry and consumer representatives to update and expand the labeling requirements for food products. These new regulations will mostly affect the listing of nutritional information on food products. CBI food producers can stay abreast of these regulatory changes by subscribing to the U.S. food industry magazines (listed in Appendix C) and contacting the FDA Americas Desk or by consulting with the Code of Federal Regulations, Title 21.

Although compliance with the provisions of the FPLA and amendments is fully the responsibility of the food producer or packager, the Americas Desk of the FDA will review proposed food labels to assist regional exporters in complying with U.S. labeling requirements.

Pesticidal Residues on Raw Agricultural Commodities and Processed Foods

Tolerance levels for pesticide residues on raw agricultural commodities are established by the Environmental Protection Agency and enforced by the FDA. "Raw agricultural commodity" means any food in its raw or natural state, including all unprocessed fruits, vegetables, nuts, and grains. Foods that have been washed, colored, waxed, or otherwise treated in their unpeeled natural form are considered to be unprocessed. Products of this kind containing pesticide residue are in violation of the FFD&C Act unless: (1) the pesticide chemical has been exempted from the residue tolerance requirement or (2) a tolerance has been established for the particular pesticide on the specific food and the residue does not exceed the tolerance.

Processed foods that contain any residue of a pesticide which is not exempted or for which no tolerance has been established are adulterated under Section 402(a)(2)(C) of the FFD&C Act. If a tolerance has been established, a pesticide residue in the processed food does not adulterate the ready--to-eat food if the residue does not exceed the tolerance established for the raw agricultural commodity. Tolerances for pesticidal residues on many raw agricultural commodities have been established under Section 408 of the law. Tolerances are established, revoked, or changed, as the facts warrant such action, by the Environmental Protection Agency. Firms considering exporting to the United States foods which may contain pesticidal residues should write to the Division of Regulatory

Guidance for current information concerning the enforcement of tolerances for residues on raw agricultural products:

Food and Drug Administration
Division of Regulatory Guidance (BFF-314)
200 C Street, SW.
Washington, DC 20204

Also, pesticide tolerance level information is available through the U.S. Agency for International Development/Agricultural Development Officer at the local U.S. Embassy. Exporters can also access this information directly by subscribing to the National Pesticide Information Retrieval System (NPIRS) by contacting:

NPIRS
Purdue University
1158 Entomology Hall
West Lafayette, Indiana 47907-1158
Tel: (317) 494-6614

Product Specific Regulations

It is critical to obtain all applicable regulatory information, including FDA criteria, prior to production of a product for export. Once a product falling under FDA's mandate arrives at a U.S. port of entry, it must pass through U.S. Customs before it can be reviewed by FDA. FDA regulations and procedures on specific products can be obtained through the FDA International Relations Staff:

U.S. Food and Drug Administration
International Relations Staff
Americas Desk Officer
5600 Fishers Lane, Room 11-47
Rockville, Maryland 20856
Tel: (301) 443-4480

Specific FDA regulations can also be acquired directly from the FDA Internet Web site: www.fda.gov or by ordering the appropriate section of the Code of Federal Regulations (see Appendix C for information on obtaining the CFR), which is also on the Web at www.uscode.house.gov/uscode.htm.

The following examples, while not all encompassing, identify some of FDA requirements for selected product categories covered under FDA guidelines:

Canned Foods

Low-acid Canned Foods and Acidified Foods Regulations. Special regulations apply to the manufacturer

of heat processed low-acid canned foods and acidified foods (21 CFR 108, 113, and 114) to ensure safety from harmful bacteria or their toxins, especially the deadly *Clostridium botulinum*. This protection can only be accomplished by adequate processing, controls, and appropriate processing methods, such as cooking the food at proper temperatures for sufficient times, adequately acidifying the food, or controlling water activity.

All commercial processors of low-acid canned foods and acidified foods are required to register their establishments and file processing information for all products with the Food and Drug Administration, using the appropriate forms. Registration and process filing is required for both U.S. establishments and those in other countries which export such foods to the United States (21 CFR 108.25 and 108.35). For additional information, contact the FDA's Acidified and Low Acid Food Registration Coordinator at (202) 485-0282 or 485--0284 or visit the website at: www.cfsan.fda.gov//rd/lacf.htm.

Canned Fruits and Fruit Juices. Standards of identity, quality, and fill of container have been promulgated for a number of canned fruits and fruit juices. The specific standards should be consulted by anyone intending to ship canned fruit to the United States. See the website: www.cfsan.fda.gov/comm.haccpjui.htm

Canned Vegetables. Standards of quality have been promulgated for many vegetables. These are minimum standards only and establish specifications for quality factors such as tenderness, color, and freedom from defects. If the food does not meet these standards, it must be labeled in bold type—BELOW STANDARD OF QUALITY—followed by the statement “GOOD FOOD-NOT HIGH GRADE,” or a statement showing in what respect the product fails to meet the standard, such as “excessively broken”, or “excessive peel” (21 CFR 130.14).

Fishery Products

Canned Fish. Canned fish is a low-acid canned food; therefore, packers of canned fish are subject to the registration requirements outlined under the heading "canned foods." Failure to declare the presence of added salt or the kinds of oil used as the packing medium in

canned fish has resulted in the detention of fish products. If permitted artificial colors or chemical preservative are used, their presence must be conspicuously declared in the labeling. Artificial coloring is not permitted if it conceals damage or inferiority or if it makes the product appear better or of greater value than it is. The packing of canned fish and fish products with excessive amounts of packing medium has resulted in many detentions. If the fish are in a packing medium such as anchovies in oil, the container should be as full as possible of fish with the minimum amount of oil.

Fresh and Frozen Fish Fillet. These products are highly perishable and require extraordinary care if decomposition is to be avoided. The manufacturer must exercise extreme care in the selection of raw materials to remove any unfit, decomposed material and then to maintain the product in a sound, wholesome condition.

Shellfish Imports. Imported fresh and frozen oysters, clams, and mussels are certified under the auspices of the National Shellfish Sanitation Program through the bilateral agreements with the country of origin. Canada, Japan, the Republic of Korea, Iceland, Mexico, England, Australia, and New Zealand now have such agreements.

For further information on the requirements of the National Shell Fish Sanitation Program, write to:

Food and Drug Administration
Shellfish Sanitation Branch (HFF-344)
200 C Street, SW.
Washington, DC 20204

Rock Lobster, Spiny Lobster, and Sea Crayfish. The sea crayfish, *palinurus vulgaris*, is frequently imported into the United States in the form of frozen tails, frozen cooked meat, or canned meat. By long usage, the terms “Rock Lobster” and “Spiny Lobster” have been established as common or usual names for these products.

In examination of imports, decomposition has sometimes been detected in all three forms of the product. In the canned product, decomposition resulted from the packing of decomposed raw material and also from active bacterial

spoilage. In the frozen cooked products, detentions have been necessary also because of the presence of microorganisms indicative of pollution with human or animal filth, as well as of decomposition.

Shrimp. Standards set minimum requirements for canned wet and dry pack shrimp and frozen raw breaded shrimp (21 CFR 161.75). Canned shrimp must comply with the regulations for low-acid canned foods discussed under the heading "canned foods." There is also a standard of identity for frozen raw lightly breaded shrimp (21 CFR 161.176).

Meat and Poultry

Meat and Meat Food Products. Meat or meat products derived from cattle, sheep, swine, goats, and horses are subject to the provisions of the Wholesome Meat Act enforced by the Federal Food Safety and Inspection Service of the U.S. Department of Agriculture as well as certain provisions of the Food, Drug, and Cosmetic Act.

Poultry and Poultry Products. Poultry and poultry products offered for importation are subject to the Wholesome Poultry Act also enforced by the Food Safety and Inspection Service, a division of USDA, which inquiries concerning such products should be addressed. Poultry and poultry products are also subject to the FFD&C Act to the extent to which the provisions of the Poultry Products Inspection Act do not apply. Soups generally are under the jurisdiction of the USDA. However, those containing small amounts of cooked meat, poultry, or broth as flavoring ingredients are subject to regulation by FDA.

Nuts and Nut Products

Nuts may be refused admission if they are insect infested or insect damaged, moldy, rancid (abnormal flavor), or dirty. Empty or worthless unshelled nuts should be removed by careful hand sorting or by machinery.

Mixed tree nuts, shelled nuts, and peanut butter are subject to FDA standards (U.S. Code of Federal Regulations, Title 21, Part 164). The standards establish such factors as the proportions of various kinds of nuts and the label designations for "mixed nuts," the fill of container for shelled nuts, and the ingredients and labeling for peanut

butter. All packers and shippers of nut products should be aware of the requirements of these standards.

Spices, Seeds, and Herbs

The category of spices, seeds, and herbs includes food materials that particularly need protection from various animal and insect pests. This group of products can become moldy and otherwise decomposed unless properly prepared and stored. The U.S. food law requires “clean” food, not “cleaned” food.

Spices and herbs must be the genuine products indicated by their common names on the labels. If obtained from or mixed with material from other plants, they are considered both adulterated and misbranded. The identity of herbs and spices is established by their botanical names. For example, the herb labeled as “sage” is *salvia officinalis*.

U.S. Department of Commerce, National Marine Fisheries Service

The National Marine Fisheries Services (NMFS), a division of the U.S. Department of Commerce's National Oceanic and Atmospheric Administration (NOAA), assists the U.S. fisheries industry by providing inspection services, grading standards, and generating information on U.S. and foreign market conditions. NMFS supports the U.S. fishing industry by negotiating lower tariffs, quotas, and other barriers to U.S. fishery exports. NMFS conducts research to provide better information on the safety, quality, identity, and nutritional value of seafood. NMFS's nationwide system of fishery laboratories performs a wide variety of tasks, including resource assessment, ecosystems analysis, experimental biology, pathology, fisheries engineering, technology development, food research, basic science, conservation engineering, and aquaculture research.

FDA/NOAA Seafood Inspection Service

NMFS inspection of fishery products — fresh, frozen, canned, and cured — is a voluntary-fee service designed to assist processors in preparing better quality products. Monitoring the safety of seafood products is the responsibility of the Food and Drug Administration (FDA). NOAA and FDA representatives strive for a common understanding and cooperation in areas of food-plant sanitation and product wholesomeness.

The FDA and NOAA are designing a new joint seafood inspection service based on the Hazard Analysis Critical Control Point (HACCO) methods.

Critical control points will be identified and monitored for safety as well as the product and process hygiene methods and economic fraud areas. Pilot studies are being conducted

for domestic processors, the retail, foreign imports, and molluscan shellfish sectors. The agencies intend to introduce the program to the domestic processors soon.

Inspection and Grading

NMFS conducts a voluntary seafood inspection and grading program on a fee-for-service basis. Services are available to any interested party, including processors, brokers, importers, exporters, food service, and supermarket buyers. For imports, the NMFS provides lot inspection and certification services to U.S. importers and exporters to the United States, including technical assistance regarding labeling and chemical analysis. Inspection also determines whether the buyer's or seller's specifications have been met. Inspection services are available at most major U.S. ports and inland cities. Certificates prepared and issued by the U.S. Department of Commerce inspection program are legal official documents accepted in any U.S. court as legal evidence.

Inspection offers many commercial, technical, and marketing advantages to the participating industry. Federal inspectors check production sites, procedures, and final product for safety, wholesomeness, and proper labeling. The plant, equipment, and food-handling personnel must also meet adequate and appropriate hygienic standards. Products processed under Federal inspection may bear the Federal inspection mark or statement "Packed Under Federal Inspection."

For detailed information on these regulations contact:

National Marine Fisheries Service
Inspection Services Division
1335 East West Highway
DOC/NOAA/NMFS
Silver Spring, Maryland 20910
Tel: (301) 427-2355

VII

U.S. Safeguards

Antidumping Duties

Antidumping duties (ADs) can be assessed if the U.S. Department of Commerce (DOC) finds that a foreign exporter has sold or is likely to sell a product in the United States at less than fair value (LTFV). Fair value normally is defined as the price at which such or similar merchandise is sold in the exporter's home market. In order for the anti-dumping duties to be assessed, the U.S. International Trade Commission (ITC) must also determine that a U.S. domestic industry is being materially injured, threatened with material injury, or that the establishment of an industry in the United States has been materially retarded by reason of sales at LTFV.

Countervailing Duties

Countervailing duties (CVDS) can be assessed if the DOC finds that goods exported to the United States have benefitted in the home market from export subsidies or domestic subsidies which are limited to an industry or group of industries. Unlike the AD law, the CVD law does not always require a material injury determination. An ITC injury finding is only required for those countries that are signatories to the World Trade Organization or which provide reciprocal benefits to the United States.

The U.S. Customs Service collects AD and CVD duties once the rates have been established and the DOC and the ITC have made the necessary determinations.

AD and CVDs in CBI Beneficiary Countries

Under current law, data on imports from two or more countries subject to AD or CVD investigation must be cumulated to determine whether the unfairly traded imports cause material injury to a U.S. industry. If imports from a CBI country are under investigation in an AD or CVD case, the CBI law requires that imports from that country no longer be cumulated with imports from non-CBI beneficiaries under investigation. In separating CBI beneficiary countries from being cumulated with larger countries, CBI countries are more likely to maintain predictable market access and less likely to have ADs or CVDs imposed: ADs or CVDs would be imposed only if the imports from CBI beneficiary countries together were shown to fit into the criterion outlined above.

For further details contact:

U.S. Department of Commerce
International Trade Administration

Import Administration
Room 3713
Washington, DC 20230
Tel: (202) 482-3217

APPENDIX A

Caribbean Basin Economic Recovery Expansion Act and Caribbean Basin Trade Partnership Act

On August 20, 1990 President Bush signed into law the Customs and Trade Act of 1990, which includes the Caribbean Basin Economic Recovery Expansion Act of 1990 (CBI II). CBI II provides several measures to extend and expand the original CBI legislation passed in 1983. The most important provision of CBI II is the permanent extension of the duty-free treatment that most goods produced in the Caribbean Basin region receive upon entry into the U.S. market. Under the original legislation, this duty-free eligibility was to expire on September 30, 1995.

While the bill does not greatly expand the list of products eligible for duty-free treatment, it does contain other benefits and provisions that should provide a considerable degree of support for continued growth and diversification of Caribbean Basin economies. The following is a summary of the provisions and findings of the new law:

Amendments to the Original CBI legislation: [Section 211]

Repeal of the termination date on duty-free treatment defined under the original legislation. This provision extends duty-free treatment in perpetuity.

[Section 212]

Duty reduction for certain leather-related products. Under Section 212 of CBI II, tariffs will be reduced by 20 percent on certain leather products (such as flat goods, leather apparel, and work gloves - but not leather footwear), phased in over five years, with no more than a 2.5 percentage-point reduction permitted on any one product. Tariff reductions will begin in or after January 1992. This date was inserted to make it clear that CBI reductions come on top of-and are not part of-reductions that result from Uruguay Round GAIT negotiations. However, depending on the depth of the Uruguay Round cuts, the differential between the standard rate and the CBI rate may be limited to no more than 1 percentage point of the total tariff rate. Because of the 2.5 percentage point limitation, the full 20 percent reduction will not apply to any product with a current tariff rate higher than 12.5 percent. For example, if the tariff rate on a product is 15 percent, the tariff will not be cut by 20 percent (3 percentage points), it will be cut the maximum 2.5 points, leaving a tariff of 12.5 percent at the end of the five-year period.

[Section 213]

Worker rights. This provision mandates that the President not designate any country a CBI beneficiary that does not conform to internationally recognized standards for worker rights as defined under the Generalized System of Preferences (GSP) program. Less comprehensive worker rights language was included in the original CBI legislation.

[Section 214]

President's report on the operation of the CBI. This provision calls for the President to report to Congress on the operation of the CBI by October 1, 1993, and every three years thereafter.

[Section 215]

Treatment of articles produced in Puerto Rico. Duty-free treatment is granted for articles produced in Puerto Rico and further processed in a CBI beneficiary country, provided those goods are imported directly into the United States from the CBI country. Section 215 does not cover products normally exempt from CBI duty-free treatment. Since this provision does not extend to normally excluded products, and since Puerto Rican materials could always be fully counted towards meeting the 35 percent value-added test, the main impact of Section 215 will be on operations that Customs found did not meet substantial transformation requirements or create a product of the CBI country. These operations would include the enameling discussed earlier, minor assembly or finishing operations, repairs or alterations to merchandise, and the like.

[Section 216]

CBI in the Eastern Caribbean and Belize. This provision is a sense of Congress that special efforts should be undertaken by the various agencies within the U.S. Government to enhance the ability of Eastern Caribbean countries and Belize to take fuller advantage of the CBI program.

Amendments to the Harmonized Tariff System and Other CBI Provisions:

[Section 221]

Increasing duty-free tourist allowances. This provision will increase the duty-free allowance for U.S. residents returning from a CBI country from \$400 to \$600, and increase from 1 liter to 2 liters the amount of alcoholic beverages tourists are allowed to bring into the United States duty free, provided that at least 1 liter is produced in a CBI beneficiary country. This amendment also increases the duty-free allowance for U.S. residents returning from U.S. possessions (U.S. Virgin Islands) from \$800 to \$1,200.

[Section 222]

Duty-free treatment for articles assembled in CBI countries from components produced in the United States. Products processed or assembled in CBI beneficiary countries from 100 percent U.S. components (excluding textiles and apparel, and petroleum and certain products derived from petroleum) and ingredients (other than water) could be eligible for duty-free entry under the CBI, regardless of the 35 percent value-added and substantial transformation requirements normally applied under CBI criteria. Previously, the CBI rules of origin applied to all CBI eligible products and the cost or value of U.S. components could only be counted toward the value-added requirement, but only up to a maximum of 15 percent of the appraised value of the imported articles.

[Section223]

Rules of origin for CBI beneficiary products. This amendment enables the President to alter rules of origin for products produced in CBI countries qualifying for duty-free treatment, under certain guidelines and with congressional approval. Under current law, to qualify for duty-free treatment, a product must be: 1) imported directly from a CBI country into U.S. customs territory, 2) meet 35 percent value-added requirements, and 3) conform to substantial transformation requirements. The International Trade Commission will undertake a study to assess whether revised rules of origin are appropriate and report its findings to the President and Congress.

[Section224]

Separate cumulation under countervailing Duty (CVD) and antidumping (AD) laws. Under current law, data on imports from two or more countries subject to AD or CVD) investigation must be cumulated to determine whether the unfairly traded imports cause material injury to a U.S. industry. If imports from a CBI country are under investigation in an AD or CVD case, the CBI law now requires that imports from that country will no longer be cumulated with imports from non-CBI beneficiaries under investigation. In separating CBI beneficiary countries from being cumulated with larger countries, CBI countries are more likely to maintain predictable market access and less likely to have ADs or CVDs imposed: ADs or CVDs would be imposed only if the imports from CBI beneficiary countries together were shown to fit into the criteria outlined above.

This provision was included to prevent small CBI countries from being aggregated with larger non-CBI countries in AD or CVD cases. For example, before this amendment, if Costa Rica and the Netherlands were under investigation for dumping cut flowers on the U.S. market at below production costs, the exports of cut flowers from both countries would be added together to determine the level of injury to U.S. industry. If the total exports of the two countries accounted for a certain percentage of the total market for cut flowers, for example 25 percent, the U.S. International Trade Commission might rule that the level of market share caused material injury to the U.S. cut flower industry and impose countervailing duties on Costa Rican and Dutch cut flowers. It would not matter if Netherland's exports represented 24 percent of the 25 percent market share and Costa

Rica 1 percent. Both would be subject to countervailing duties. Under the new law, Costa Rica's cut flower imports would not be aggregated with Netherland's (for investigation of Costa Rican exports) and thus the chances that its exports would be viewed as causing material injury would be less likely.

[Section225]

Ethyl alcohol. The Steel Trade Liberalization Program Implementation Act (19 USC 2703) is amended to cover calendar years after 1989. This act provides specific rules-of-origin requirements for ethyl alcohol imported into the United States from CBI beneficiary countries.

Section 225 of CBI II extends the “grandfather” provision on ethyl alcohol or ethanol produced with non-CBI feedstock, which was passed in late 1989. The origin of this provision is the Tax Reform Act of 1986, which required increasing amounts of CBI feedstock in order for ethanol to qualify for duty-free treatment. Beginning in 1989, 75 percent value of the feedstock had to be of CBI origin. This requirement was imposed to prevent pass-through operations (largely using European wine alcohol). However, recognizing that this requirement made existing operations uneconomical and in fairness to companies that had made a significant investment based on 1983 CBI legislation, non-CBI feedstock provisions were included to allow several companies to operate under pre1986 criteria, subject to an overall cap of 60 million gallons of ethanol made entirely from non-CBI inputs.

[Section226]

Conforming GSP to CBI rules-of-origin requirements. This provision is an amendment to the GSP program, with the intent of making GSP rules-of-origin requirements conform to CBI requirements, which are more stringent.

[Section227]

Requirement for investment of 936 funds in Caribbean Basin countries. Section 936 of the Internal Revenue Code exempts U.S. companies doing business in Puerto Rico from U.S. corporate income taxes on profits deposited in the Puerto Rican banking system. These funds may be lent at below market rates to finance development projects in qualifying CBI countries (countries that have signed and put into force Tax Information Exchange Agreements with the United States). In 1986, the Government of Puerto Rico committed to provide a minimum of \$100 million in 936 funds per year to projects in qualifying countries. Section 227 of CBI II formalizes this commitment.

Scholarship Assistance and Tourism Promotion:

[Section231]

Scholarship assistance. This provision requires the Administrator of the Agency for International Development to establish and administer a program of scholarship assistance, in cooperation with state governments, universities, community colleges, and businesses, to enable students from eligible CBI beneficiary countries to study in the United States.

[Section2321]

Promotion of tourism. This section is a sense of Congress that tourism is one of the CBI region's most important industries; that it should be recognized as a central element in the economic development of the region; and that tourism development should be a high priority in U.S. Government agencies' program formation in support of the CBI. This provision also requires the Secretary of Commerce to complete a study initiated in 1986 on tourism development strategies for the Caribbean region.

Miscellaneous Provisions:

[Section241]

Pilot customs preclearance program. This provision requires the Commissioner of Customs to carry out pilot customs preclearance operations in a CBI country during fiscal years 1991 and 1992, and to report to Congress on the effectiveness of this initiative on stimulating tourism in the pilot country including a determination of whether preclearance operations should be established in other CBI countries. The pilot operation will be carried out in either Aruba or Jamaica, unless the Commissioner of Customs determines that the project is not viable in either of those two countries.

[Section242]

Trade benefits for Nicaragua. This section of the bill authorizes the President to grant GSP and CBI beneficiary status to Nicaragua through the end of 1990, as a temporary measure to allow for application processing for permanent CBI and GSP status. (Note: Nicaragua was granted full CBI beneficiary status in November 1990).

[Section242]

Agricultural infrastructure support. This provision is a sense of Congress that the Secretary of Agriculture should coordinate with the Agency for International Development the creation of programs to encourage improvements in the transportation and cargo handling infrastructure in CBI countries to improve agricultural trade.

[Section243]

Trade benefits for the Andean region. This section is a sense of Congress urging the President to consider the merits of extending CBI trade benefits to the Andean region, and to explore additional mechanisms to expand trade opportunities for the Andean region. (Note: Congress passed into law the Andean Trade Preference Act (ATPA) in December 1990. The ATPA grants CBI-like preferential trade treatment for Andean countries: Colombia, Ecuador, Bolivia, and Peru, pending designation of these countries.)

Additional Benefits under the Caribbean Basin Trade Partnership Act of 2000

CBTPA provides additional benefits beyond those provided in previous CBI legislation, mainly in the areas of apparel, liqueurs, and articles considered “import sensitive.”

APPAREL

- assembled from U.S.-made and cut fabric, manufactured from U.S. yarn that are entered under HTS 9802.00.80 or in HTS Chapter 61 and 62 (which allows for certain processes such as embroidery and stone washing);
- cut and assembled from U.S. fabric made with U.S. yarn, sewn in CBPTA countries with U.S. formed thread;
- knit to shape (other than certain socks) from U.S. yarns, and knit apparel cut and wholly assembled from fabric formed in one or more beneficiary countries or in the U.S., from U.S. yarns, with the following caps:

Tariff Preference Level—

250 million square meter equivalents (SMES) for the first year, to be increased by 16 percent for each succeeding year through September 30, 2004; During the last four years of the program, the cap would remain at the 2004 amount, unless modified by law.

T-shirts and underwear made from fabric formed in one or more beneficiary countries from U.S. yarns, subject to the following caps:

4.2 million dozen during the first year, to increase by 16 percent for each succeeding year through September 30, 2004. During the last four years of the program the amount entered would remain at the 2004 level, unless modified by law.

- brassieres cut and sewn or otherwise assembled in the U.S. or CBTPA beneficiary country(s) beginning in the second year of the program (October 1, 2001). Preferences in succeeding years would be pegged to the total amount of U.S.-formed fabric used by a producer for all production during the previous year. If that amount falls below 75 percent of the prior year's level, preferences would be lost. Once preferences are lost, a producer would have to bring use of U.S. fabric up to 85 percent of the previous year's usage in order to regain them.
- cut, knit-to-shape and sewn in CBTPA countries from fibers, fabric or yarn that is not available the U.S. or in beneficiary countries in commercial quantities.
- handloomed, handmade or folklore articles so certified by CBTPA count government authorities.
- textile luggage assembled from fabric wholly formed and cut in the U.S. from U.S. yarns under HTS 9802.00.80, or cut in the region from fabric wholly formed in the U.S. from U.S. yarns.

The bill also includes a special origin rule providing that products containing nylon filament yarn from Canada, Mexico and Israel would remain eligible for preferences. Foreign trimmings and interlinings, providing that they do not exceed 25 percent of component costs, are also allowed. Up to 7 percent by weight of foreign fibers or yarns is allowable under a *de minimis* provision, although products containing elastomeric yarns must use wholly U.S. yarns to maintain eligibility.

IMPORT SENSITIVE ARTICLES

Section 211 of the legislation also extends NAFTA equivalent treatment to certain footwear, prepared or preserved tuna, petroleum or petroleum products (HTS 2709, 2710), certain watches and watch parts, and certain handbags, luggage, flat goods, work gloves and leather wearing apparel. These products had been excluded from CBI duty-free treatment.

LIQUEURS

Duty free treatment is extended to liquors and spirituous beverages produced in Canada from rum if the rum is a product of a CBI beneficiary country (or the U.S. Virgin Islands). Furthermore, this rum must be imported into the territory of Canada and such liqueurs and/or spiritous beverages are then exported directly into the United States (the liqueurs and/or spirituous beverages must be classified under HTS numbers 2208.90 or 2208.40). Lastly, this rum must account for 90 percent (by volume) of the alcoholic content of such liqueurs and/or spiritous beverages.

APPENDIX B

CBI Designation Criteria

Under the terms of the Caribbean Basin Economic Recovery Act of 1983 (amended 1990), the President of the United States may not designate a country for CBI trade benefits, except for the reasons of national, economic, or security interests, if the country:

- Is a Communist country
- Fails to meet certain criteria regarding expropriation of U.S. property
- Does not take adequate steps to cooperate with the United States to prevent narcotic drugs from entering the United States
- Fails to recognize arbitral awards to U.S. citizens
- Provides preferential treatment to the products of another developed country which adversely affects trade with the United States
- Engages in the broadcast of U.S. copyrighted materials without the consent of the owner
- Has not entered into an extradition treaty with the United States
- Has not or is not taking steps to afford internationally recognized workers rights to workers in that country.

The President is also required to take into account the following discretionary criteria in designating a country:

- An expressed desire by the country to be designated
- Economic conditions in the country
- The extent to which the country is prepared to provide equitable and reasonable access to its markets and basic commodity resources
- The degree to which the country follows the accepted rules of international trade
- The degree to which such country support uses export subsidies, or imposes export performance requirements and local content requirements
- The degree to which the trade policies of the country as related to other CBI beneficiaries are contributing to revitalization of the region
- The degree to which a country is undertaking self-help measures to promote its own economic development
- The extent to which such country prohibits its nationals from engaging in the broadcast of copyrighted material belonging to U.S. copyright owners without their express consent
- The extent to which such country protects the intellectual property rights, including patents and trademarks, of foreign nationals
- The extent to which such country is prepared to cooperate with the United States in administering the provisions of Title 1 of the CBI legislation.

Under the terms of the Caribbean Basin Trade Partnership Act of 2000, eligibility for the enhanced trade benefits under the CBTPA is limited to countries that the President designates as “CBTPA Beneficiary Countries.” The criteria that the President must take into account in designating countries as CBTPA Beneficiary Countries include the existing criteria in Section 212(b) and (c) of the CBERA, 19 USC 2702(b)-(c), as well as several new criteria added by the CBTPA. The new criteria, which are set out in section 211(a) of the CBTPA, include the following:

- Whether the beneficiary country has demonstrated a commitment to —

Undertake its obligations under the WTO, including those agreements listed in section 101(d) of the Uruguay Round Agreements Act, on or ahead of schedule; and

Participate in negotiations toward the completion of the FTAA or another free trade agreement.

- The extent to which the country provides —

Protection of intellectual property rights consistent with or greater than the protection afforded under the Agreement on Trade-Related Aspects of Intellectual Property Rights described in section 101(d)(15) of the Uruguay Round Agreements Act.

Internationally recognized worker rights, including- (I) The right of association; (II) The right to organize and bargain collectively; (III) A prohibition on the use of any form of forced or compulsory labor; (IV) A minimum age for the employment of children; and (V) Acceptable conditions of work with respect to minimum wages, hours or work, and occupational safety and health;

- Whether the country has implemented —

Its commitments to eliminate the worst forms of child labor, as defined in section 507(6) of the Trade Act of 1974.

- The extent to which the country —

Has met the counter-narcotics certification criteria set forth in section 490 of the Foreign Assistance Act of 1961 (22 U.S.C. 2291j) for eligibility for United States assistance.

Has taken steps to become a party to and implements the Inter-American Convention Against Corruption. Applies transparent, nondiscriminatory, and competitive procedures in government procurement equivalent to those contained in the Agreement in

Government Procurement described in section 101(d)(17) of the Uruguay Round Agreements Act; and

Contributes to efforts in international fora to develop and implement international rules in transparency in government procurement.

- **Withdrawal of Benefits —**

The law authorizes the President to withdraw, suspend, or limit benefits if he determines that the country is not meeting designation criteria.

APPENDIX C

Market Information and Publications

General Information

LA/C Business Bulletin. This monthly bulletin includes regional trade and investment updates, lists specific CBI-related business opportunities, and contains a calendar of upcoming trade shows, seminars, and other CBI-related events. Available at no cost from:

U.S. Department of Commerce
International Trade Administration
Editor, LA/C Business Bulletin
Room H 3203
Washington DC 20230
(202) 482-0841

Caribbean Basin Financing Opportunities: A Guide to Financing Trade and Investment in Central America and the Caribbean. This 110-page report published by the U.S. Department of Commerce includes 85 specific financing sources available to support private sector trade and investment in the Caribbean Basin. It also includes eligibility requirements, procedures, and key contacts. Available for \$5.50 (\$6.88 international rate) from:

U.S. Government Printing Office
Superintendent of Documents
Washington, DC 20402
Attn: Order Desk (Stock #003-009-00573-6)
(202) 783-3238

Trade and Employment Effects of the Caribbean Basin Economic Recovery Act. This publication is an annual report by the U.S. Department of Labor to the U.S. Congress on the impact of the CBI on U.S. workers. The report is prepared pursuant to Section 216 of the Caribbean Basin Economic Recovery Act. Available at no cost from:

Division of Foreign Economic Research
Office of International Economic Affairs
U.S. Department of Labor
200 Constitution Avenue, NW—Room S-5325
Washington, DC 20210
(202) 523-7610

Annual Report on the Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers. This is an annual report to the U.S. Congress and the President on the impact of the CBI on U.S. industries and consumers prepared pursuant to Section 215(a) of the Caribbean Basin Economic Recovery Act. Available at no cost from:

Trade Reports Division
Office of Economics
U.S. International Trade Commission
Washington, DC 20436
(202) 252-1807

1990 Caribbean Basin Investment Survey. This report includes an inventory and analysis of foreign exchange earning investments established in the CBI beneficiary countries between 1984 and 1989. Country-specific descriptions and a complete listing of investors are also included. Available for \$8.50 (\$10.63 overseas) from:

U.S. Government Printing Office
Superintendent of Documents
Washington, DC 20402
Attn: Order Desk (Stock Number 003-00900591-4)
(202) 783-3238

A Basic Guide to Exporting. This is a primer in the terminology and general procedures involved in international trade. Available for \$ 8.50 (\$10.63 international rate) from:

U.S. Government Printing Office
Superintendent of Documents
Washington, DC 20402
Attn: Order Desk (Stock # 003-009-00487-0)
(202) 783-3238

Harmonized Tariff Schedule of the United States. The official schedule of U.S. tariff rates listed by product. Available for \$64.00 (\$80.00 international rate) from:

U.S. Government Printing Office
Superintendent of Documents
Washington, DC 20402
Attn: Order Desk (Stock # 949-007000000-6)
(202) 783-3238

Caribbean /Latin America in Action. This publication is a quarterly business-oriented review of CBI policy issues, trends and events. Available for \$75.00 for a one year (four issues) subscription from:

Caribbean/Latin American Action
Suite 510 1211
Connecticut Avenue, NW.
Washington, DC. 20036
(202)466-7464

Caribbean Update. This monthly newsletter reviews political, economic, and commercial developments throughout the Caribbean Basin region with emphasis on business news. Available for \$150.00 per year from:

Kal Wagenheim
52 Maple Avenue
Maplewood, NJ 07040
(201) 762-1565

Caribbean Business. This weekly publication focuses on Puerto Rico business news with good coverage of CBI-related topics. Available for \$36.00 per year (plus \$10.00 for international rate) from:

Caribbean Business
1700 Fernandez Juncos Avenue
Stop 25 San Juan, PR 00909
(809) 728-3000

Encyclopedia of Associations. Contains complete listings of U.S. based organizations and associations. The most relevant volume, Volume I, contains organizations in the trade, business, environment, agriculture, legal, government, engineering and technical areas. Each listing contains organization, primary function, address, phone, and the number of members. Volume I is available for \$320.00 (plus 15 percent overseas) from:

Gale Research Inc.
835 Penobscot Building
Detroit, Michigan 48226
(313) 961-2242

International Directory of Importers in North America. Contains detailed information on 24,000 companies that import into the United States and Canada with a comprehensive commodity index. Available for \$150.00 (\$1.75 for airmail) from:

International Directory of Importers
1480 Grove Street
Healdsburg, California 95448 (707) 433-3900

Directory of U.S. Importers. An extensive listing of U.S.-based importers organized alphabetically by company name, by alphabetical product index, by numeric Harmonized Tariff Schedule, and by state. Also includes customs information, and listings of relevant associations, banks, and world ports. Available for \$300.00 (\$340.00 overseas) from:

Journal of Commerce
110 Wall Street
New York, New York 10005
(212) 837-7000

Trade Shows and Exhibit Schedule. An annual publication listing upcoming trade shows and exhibits around the world. Events are listed by alphabetical order under representative industry, business, or profession, by geographic location, and by alphabetical order by name of event. Publication plus mid-year update supplement available for \$115.00 pre-paid (\$150.00 overseas) from:

Bill Communications
633 Third Avenue
New York, New York 10017
(212) 973-4890

Thomas Registry. A 25 volume set of U.S. company information including: 16 volumes of companies organized alphabetically by product and service; two volumes of alphabetical company listings including address, zip code, phone, assets, rating, and company officials; and six volumes of alphabetical company listings cross referenced with the first 18 volumes and including detailed product information, such as specifications, photographs, and performance data. The entire 25 volume set available for \$240.00 plus shipping and handling from:

Circulation Department
Thomas Publication Company
One Penn Plaza
New York, New York 10117-0854
(212) 290-7277

Market and Trade Data

National Trade Data Bank. A compact disk-based information retrieval service which is updated monthly with a replacement compact disk (CD). Includes U.S. trade data by 10 digit commodity and country of origin/destination; U.S. production and demographic trends; and world production supply and distribution of agricultural commodities. Requires CD reader (estimated cost \$500.00) that can be added to a personal computer.

Cost for annual subscription (12 CDs) is \$360.00 or \$35.00 for the most recent monthly issue.

U.S. Department of Commerce
National Technical Information Service
5385 Port Royal Road
Springfield, VA 22161
(703) 487-4600

Foreign Trade Information Service. An automated on-line system which links a personal computer with a central network that includes the U.S. Harmonized Tariff Schedule, U.S. trade data, directory of U.S. importers and exporters, primary wholesale selling prices in U.S. markets, U.S. Code of Federal Regulations, business opportunities, and textile quota information. Costs include an annual \$500.00 fee for access plus \$40.00 per hour of use, plus a refundable deposit of \$3,000.00 For further information contact:

Foreign Trade Information Service (SICE) Coordinator
General Secretariat of the OAS 1889 F Street, NW.
Washington, DC. 20006
(202) 458-3725
Fax: (202) 458-3967

U.S. Department of Agriculture — Market News Reports. Numerous types of market reports detailing pricing, volumes, and trends in agricultural trade in the United States are available by paid subscription from the U.S. Department of Agriculture. These reports are generally compiled for specific regional markets. Detailed information on ordering the various reports can be attained from:

USDA Fruit and Vegetable Market News
Agricultural Marketing Service 2503 South Building
P.O. Box 96456
Washington, D C. 20090-6456
Telephone: (202) 720-2175
Fax: (202) 720-0547

Available market reports include, but are not limited to, the following:

Terminal Market Reports. Covers fruits, vegetables, and ornamental crops traded in most of the largest cities, including both rail and truck receipts. Prices reported are those received by wholesalers for sales of less than a carload or truckload.

- *Ornamental Reports.* Covers selected important wholesale markets with prices paid by retailers per unit (per bunch, flower, dozen, etc).

- **Shipping Point Reports.** Issued on fruits and vegetables from the major commercial production areas in the United States, in addition to a large volume of imports from Mexico entering the country at Nogales, Arizona and the Texas border points. The Miami and New York City offices report the market for commodities arriving by ship and distributed by importers located at various points in the United States.
- ***Ornamental Crops Shipping Point Markets.*** Covers price and volume in California and Florida production areas, and imports from the Caribbean Basin and South America entering the country through facilities at the Miami Airport.
- ***National Shipping Point Trends and Ornamental Crops National Market Trends,*** Provides background information on the various shipping points covering shipments, prices, trading during the past week, crop conditions, harvesting progress, and volume outlook for the upcoming two weeks.
- ***Marketing Summary or Review.*** Summarizes data on production, supply, prices at both shipping point and selected terminal markets, and related information prepared after the shipping season for each shipping point production area.
- ***Weekly and Annual Transportation Reports.*** Rail, truck, and air movement for fruit, vegetable, and ornamental crops.
- ***Fruit and Vegetable Reports.*** Covers the major growing areas and shows both rail and truck shipments. Prices are reported by type of sale and show what the grower or shipper receives freight on board (fob) shipping point per crate, carton, sack, etc., for the produce in carload or truckload quantities, including mixed loads.