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

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Prepared by the Office of the United States Trade Representative

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# EXECUTIVE SUMMARY

- The U.S. trade preferences programs for the Central American and Caribbean region, known collectively as the Caribbean Basin Initiative (CBI), continue to generate important benefits for the beneficiary countries. Expansion of CBI benefits through enactment of the Caribbean Basin Trade Partnership Act (CBTPA) in 2000, the provisions included in the Trade Act of 2002, the HOPE Act of 2006, and the HOPE II Act represents an important affirmation of the ongoing U.S. commitment to economic development in the Caribbean Basin, by expanding duty-free access to the U.S. market for CBI goods.

- On August 5, 2004, the United States signed the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic. The CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras on April 1, 2006; for Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; for the Dominican Republic on March 1, 2007; and for Costa Rica on January 1, 2009. When the CAFTA-DR entered into force for each of these countries, the country ceased to be designated as a CBERA and CBTPA beneficiary. The United States and Panama signed a free trade agreement on June 28, 2007, but that agreement has not yet entered into force.

- In conjunction with economic reform and trade liberalization by beneficiary countries, the trade benefits of CBI have helped countries and certain dependent territories in the region diversify their exports and have contributed to their economic growth.

- The total value of U.S. imports from CBI countries in 2008 was $19.6 billion, an increase of $56 million from 2007, $6.5 billion lower than the value in 2006. This was due primarily to the departure of four countries from the program in 2006, and one in 2007. The CBI's share of total U.S. imports was 0.9 percent in 2008, a slight decrease from 1.0 percent in the previous year.

- U.S. exporters have also benefited from the trade expansion fostered by the CBI program. Total U.S. exports to the CBI region, having reached $25.1 billion in 2008, made the CBI region the 14th largest market for U.S. exports, ahead of economies such as Australia, Switzerland, and Hong Kong. U.S. exports to CBI beneficiary countries rose 25.3 percent in 2008, but were 2.7 percent lower than in 2006, in large part because four countries ceased being beneficiary countries in 2006.

- The CBTPA provisions are being used extensively by CBI exporters and U.S. importers. The Administration will continue to work with Congress, the private sector, beneficiary countries, and other interested parties to ensure a faithful and effective implementation of this important expansion of the CBERA program.

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

- U.S. engagement with the Caribbean Basin through the CBI offers an important opportunity to foster the active participation of countries and dependent territories in the region in various initiatives to promote trade liberalization and to help CBI beneficiary countries and dependent territories make the structural changes necessary for them to take full advantage of trade liberalization in the Western Hemisphere.

# INTRODUCTION

The programs known collectively as the Caribbean Basin Initiative (CBI) are a vital element in U.S. economic relations with its neighbors in Central America and the Caribbean. Initially launched in 1983 by the Caribbean Basin Economic Recovery Act (CBERA) and substantially expanded in 2000 with the U.S.-Caribbean Basin Trade Partnership Act (CBTPA), the CBI was further expanded in the Trade Act of 2002. The Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 ("HOPE Act") and the HOPE II Act of 2008 enhanced benefits under CBERA for Haiti. The CBI currently provides 18 countries and dependent territories with duty-free access to the U.S. market for most goods.

The CBI was initially envisioned as a program to facilitate the economic development and export diversification of the Caribbean Basin economies. However, after more than two decades, it is clear that the CBI provides important benefits to the United States, as well as beneficiary countries. U.S. exports to the CBI beneficiary countries[*] more than doubled between 1988 and 2008, reaching $25.1 billion in 2008. Collectively, the CBI beneficiary countries rank 14th among U.S. market destinations, ahead of economies such as Australia, Switzerland, and Hong Kong.

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

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

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

The HOPE Act of 2006 further amended the CBERA program by establishing special new rules of origin that make Haiti eligible for new trade benefits for apparel imports and that enhance sourcing flexibility for apparel producers in Haiti. The HOPE II Act of 2008

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

modified the existing trade preference programs under HOPE and added other new programs that allow for duty-free treatment for qualifying Haitian produced apparel.

This report provides an important opportunity to evaluate the effects of these expansions of CBI trade preferences. It is clear that the preference provisions are being actively used by beneficiary countries and U.S. industries. The Administration will continue to work with Congress, the private sector, CBI beneficiary countries, and other interested parties to ensure a faithful and effective implementation of this important expansion of trade benefits.

## Chapter 1

# DESCRIPTION OF THE CARIBBEAN BASIN INITIATIVE

### Key Product Eligibility Provisions

#### *CBERA Preferences*

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

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

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

#### *CBTPA Preferences*

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

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

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

In contrast to CBERA, which is permanent, the CBTPA benefits by statute expire on September 30, 2010, or upon entry into force of the Free Trade Area of the Americas (FTAA) or another free trade agreement between the United States and a beneficiary country, whichever comes first.

### *Trade Act of 2002 Preferences*

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

### *HOPE Act of 2006*

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

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

The HOPE Act benefits could not go into effect until certain conditions were met. Haiti was required to establish or demonstrate that it was "making continual progress toward establishing" 1) a market-based economy, 2) the rule of law, political pluralism, and due process, 3) the elimination of barriers to U.S. trade and investment, 4) economic policies to reduced poverty, increase the availability of health care and education and promote private enterprise, 5) a system to combat corruption, and 6) protection of internationally recognized worker rights. Preferential access would not be given if Haiti undermined United States foreign policy interests or engaged in gross violations of human rights or provided support for acts of international terrorism.

***HOPE II Act***

The Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II Act) was enacted in 2008 as a continuation and expansion of the original HOPE Act of 2006. HOPE II provides for duty-free access for up to 70 million square meter equivalents (SME) of knit apparel (with some t-shirt and sweatshirt exclusions) and 70 million SMEs of woven apparel without regard to the country of origin of the fabric or components, as long as the apparel is wholly assembled or knit-to-shape in Haiti. HOPE II provides for duty-free treatment of knit or woven apparel under a "three for one" earned import allowance program: for every three SMEs of qualifying fabric (sourced from the United States or certain trade partner countries) shipped to Haiti for production of apparel, qualifying apparel producers may export duty-free from Haiti or the Dominican Republic to the United States one SME of apparel wholly-formed or knit-to-shape in Haiti regardless of the source of the fabric. HOPE II also provides for duty-free treatment for certain brassieres, luggage, headgear, and certain sleepwear. HOPE II allows these Haitian goods to enter the United States duty-free if shipped either directly from Haiti or through the Dominican Republic.

The HOPE II Act includes requirements for consultations and reports to the House Ways and Means Committee and Senate Finance Committee on implementation of the Act's requirements on the Labor Ombudsman and the Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR). These reports form the basis for the President to extend the period for Haiti's compliance with the Act's requirements. The Act also requires an annual report to the trade committees on the efforts of Haiti, the President and the ILO to carry out the provisions in the Act relating to labor. Finally, the law requires the President to identify producers who have failed to comply with core labor standards and with the labor laws of Haiti that directly relate to and are consistent with such standards and to seek to assist such producers in coming into compliance with core labor standards and Haiti's laws.

On October 16, 2009, President Obama certified to Congress that Haiti had met the necessary requirements to continue the duty-free treatment provided under HOPE II. Since enactment of HOPE II, Haiti issued a decree establishing an independent labor ombudsman's office, and the President of Haiti selected a labor ombudsman following consultation with unions and industry representatives. In addition, Haiti, in cooperation with the International Labor Organization, established a TAICNAR program. Haiti has also implemented an electronic visa system that acts as a registry of Haitian producers of articles eligible for duty-free treatment and has made participation in the TAICNAR Program a condition of using this visa system.

**Beneficiary Countries**

Currently 18 countries and dependent territories receive CBI benefits. Chapter 3 discusses the eligibility criteria related to the designation of countries and dependent territories as CBERA and CBTPA beneficiary countries and provides a summary of current compliance with these criteria on the part of CBI countries. The President is authorized to limit, suspend or withdraw CBI benefits if conditions change with regard to performance in connection with the statutory eligibility criteria.

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

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

Based on the criteria described in Chapter 3 of this report, on October 2, 2000, President Clinton designated all 24 of the then-existing CBERA beneficiary countries as eligible beneficiaries under the CBTPA. The CBTPA requires an additional determination that countries and dependent territories have implemented or are making substantial progress toward implementing certain customs procedures based on those contained in the NAFTA. (See discussion below.) As of late 2009, the following eight countries have satisfied this requirement and have been designated as fully eligible to receive the enhanced benefits of the CBTPA: Barbados, Belize, Guyana, Haiti, Jamaica, Panama, Saint Lucia, and Trinidad and Tobago. Additional CBTPA beneficiary counties may be designated in the future as fully eligible for CBTPA benefits, provided that the customs-related requirements are satisfied.

On August 5, 2004, the United States signed the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). The CAFTA-DR entered into force for El Salvador on March 1, 2006; for Honduras on April 1, 2006; for Nicaragua on April 1, 2006; for Guatemala on July 1, 2006; for the Dominican Republic on March 1, 2007; and for Costa Rica on January 1, 2009. When the CAFTA-DR entered into force for each of these countries, the country ceased to be designated as a CBERA and CBTPA beneficiary. The United States and Panama signed a free trade agreement on June 28, 2007, but that agreement has not yet entered into force.

**Anti-Transshipment Provisions**

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

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

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

**Safeguard Provisions**

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

## Rum Provisions

An excise tax of $13.50 per proof gallon is imposed under section 5001(a)(1) of the Internal Revenue Code of 1986 (the Code) on distilled spirits, including rum, produced in or imported into the United States. The CBERA requires that excise taxes (less the estimated amount necessary for payment of refunds and drawbacks) on all rum imported into the United States, including rum from the CBERA countries, be transferred (covered over) to the Treasuries of Puerto Rico and the Virgin Islands (section 7562(e)(2) of the Code). Rum brought into the United States from Puerto Rico and the Virgin Islands is subject to the same rate of tax and the amounts collected are also covered over to those insular Treasuries (section 7652(a)(3) and (b)(3), respectively, of the Code) less certain amounts necessary for refunds, duty drawback or administrative expenses. For distilled spirits imported or brought into the United States after June 30, 1999 and before January 1, 2010, the rate at which the amounts transferred are calculated is $13.25 per proof gallon (section 7652(f) of the Code).

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

## Tax Provisions

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

As of November 2009, the following 14 countries have satisfied all of the requirements for benefiting from this provision: Antigua and Barbuda, Aruba, Bahamas, Barbados, Bermuda, Costa Rica, Dominica, Dominican Republic, Grenada, Guyana, Honduras, Jamaica, Netherlands Antilles, and Trinidad and Tobago.

## Reports

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

***USITC Economic Effects Report*:** Section 215 of the CBERA requires the U.S. International Trade Commission (ITC) to report biennially to the Congress with an assessment of the actual and probable future effects of the CBERA on the U.S. economy generally, on U.S. consumers, and on U.S. industries. Effective in 2001, the ITC report is also required to address the economic impact of the CBI programs on beneficiary countries. The ITC submitted its 19th report on the impact of the CBERA to the President and Congress in September 2009 (USITC Publication 4102). The ITC concluded that the CBERA continued to have a negligible effect on the U.S. economy during 2007 and 2008. The ITC concluded that the probable future effect of CBERA on the United States is also expected to be minimal, as CBERA countries generally are small suppliers to the U.S. market. The reduction in the number of CBERA beneficiaries was a key factor driving the impact of CBERA on the U.S. economy during 2007-2008 as well as the future effect of CBERA. The ITC also found that the entry into force of the CAFTA-DR for five countries (El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic) was an important reason for the reduction in the value of U.S. imports receiving CEBRA benefits. In 2005, these five countries accounted for 62.7 percent of U.S. imports entering under CBERA provisions. Furthermore, the migration of the five countries to CAFTA-DR has also shifted the product composition of U.S. imports under the CBERA program. Apparel imports have become less important, while petroleum and natural gas-related imports originating in CBERA countries (nearly all from Trinidad and Tobago) have become more important, accounting for 59 percent of U.S. imports under CBERA in 2008.

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

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

***Worst Forms of Child Labor Report*:** The Trade and Development Act of 2000 requires the Secretary of Labor to prepare a report on each "beneficiary country's implementation of its international commitments to eliminate the worst forms of child labor." The most recent report was published September 2009. The complete report is available at w*ww.dol.gov/ilab.*

All CBERA beneficiary countries have ratified ILO Convention No. 182 on the Worst Forms of Child Labor. Also, many of the beneficiary countries studied in the 2009 report showed both ongoing efforts and new efforts in governmental policies and programs to eliminate the worst forms of child labor. These efforts are described in the individual country reports in Chapter 3. The U.S. Department of Labor and other donors have also funded child labor elimination projects implemented by a variety of organizations, including the International Labor Organization-International Program on the Elimination of Child Labor (ILO-IPEC) in the Caribbean, Central America, the Dominican Republic and Haiti to combat child labor in

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

hazardous sectors such as commercial agriculture, garbage collecting and fireworks manufacturing, as well as to prevent the commercial sexual exploitation of children.

**Meetings of Caribbean Basin Trade Ministers and USTR**

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

In July 2008, the United States Trade Representative met via videoconference with CARICOM Heads of State to discuss a wide range of issues related to trade and investment in the region and globally, as well as recent developments in Caribbean integration. In April 2009, President Obama met with CARICOM Heads of State at the Summit of the Americas, held in Port of Spain, Trinidad and Tobago. The leaders discussed a range of economic and security issues.

**Other Provisions**

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

## Chapter 2

# U.S. TRADE WITH THE CARIBBEAN BASIN INITIATIVE COUNTRIES

## U.S. IMPORTS

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

Since the preparation of the seventh report on the operation of the CBERA, six countries became Party to the CAFTA-DR and ceased to be CBERA beneficiary countries, four of them during 2006, one in 2007, and one in 2009 as noted in chapter 1. U.S. imports from CBI countries reflect the removal of these countries from the CBERA program, with imports falling 24.9 percent in 2007 and falling 0.3 percent in 2008.

At $32.0 billion in 2005, CBI countries combined constituted the 12th-largest supplier of U.S. imports ahead of Italy and just behind Malaysia. In 2008, CBI countries combined supplied $19.6 billion of U.S. imports, ranking 23rd among U.S. import suppliers, ahead of Algeria and behind the Netherlands. The CBI countries supplied just under 2 percent of U.S. imports in 2006, but the share was much lower in 2008 at just under 1 percent, following the removal of several of the CAFTA-DR countries from the program. (See Table 1.)

**Table 1: U.S. Trade with CBI beneficiary Countries, 2004-2008 and Jan-Aug of 2008 and 2009[1]**

| Year | U.S. Total Exports to World [2] | U.S. Exports to CBI Countries | | U.S. Total Imports from World [3] | U.S. Imports from CBI Countries | |
|---|---|---|---|---|---|---|
| | Million $ | Million $ | Percent of U.S. Total | Million $ | Million $ | Percent of U.S. Total |
| 2004 | 816,547.6 | 24,460.6 | 3.0 | 1,469,673.4 | 27,776.0 | 1.9 |
| 2005 | 904,379.8 | 27,781.3 | 3.1 | 1,670,940.3 | 32,049.0 | 1.9 |
| 2006 | 1,037,143.0 | 25,796.2 | 2.5 | 1,855,119.3 | 26,125.3 | 1.4 |
| 2007 | 1,162,708.3 | 20,943.5 | 1.8 | 1,953,698.8 | 19,615.1 | 1.0 |
| 2008 | 1,300,135.7 | 25,105.5 | 1.9 | 2,100,141.2 | 19,559.8 | 0.9 |
| Jan-Aug 2008 | 894,297.8 | 17,122.2 | 1.9 | 1,446,863.7 | 13,606.5 | 0.9 |
| Jan-Aug 2009 | 671,296.1 | 9,766.7 | 1.5 | 981,516.8 | 6,416.2 | 0.7 |

[1] Data for El Salvador, Guatemala, Honduras, and Nicaragua in 2006 and for the Dominican Republic in 2007 are only included for the period these countries were CBERA beneficiaries. Statistics for 2009 do not include data for Costa Rica since Costa Rica ceased to be a CBERA beneficiary on Jan. 1, 2009.
[2] Total exports, Free Alongside Ship (F.A.S.) value.
[3] General imports, customs value.
Source: Compiled from official statistics of the U.S. Department of Commerce

U.S. imports entering under CBI preferences decreased 47.5 percent in 2007 to $5.2 billion and fell 19.4 percent to $4.2 billion in 2008. (See Table 2.) When the five CAFTA-DR countries that were removed from the CBERA program during 2006 and 2007 are excluded, U.S. imports under CBI preferences decreased 11.8 percent in 2007 and 15.5 percent in 2008. The removal of the five CAFTA-DR countries has also shifted the product composition of U.S. imports under the CBERA program, and that shift will be more pronounced in future years. Apparel imports, which had come mainly from the CAFTA-DR countries, have become less important, while petroleum and natural gas-related imports originating in non-CAFTA-DR countries (nearly all from Trinidad and Tobago) have become more important, accounting for 59 percent of U.S. imports under CBERA from the non-CAFTA-DR countries in 2008.

**Table 2: U.S. Imports from CBI Countries by Program, 2006-2008 and Jan-Aug of 2008 and 2009**[1]

| Import Program | 2006 | 2007 | 2008 | 2008 Jan-Sept | 2009 Jan-Sept | Change 2006-2007 | Change 2007-2008 | Change Jan-Aug |
|---|---|---|---|---|---|---|---|---|
| | Million $ | | | | | Percent | | |
| **Former CBI beneficiaries** | | | | | | | | |
| CBI | 3,896.9 | 304.3 | 0.0 | 0.0 | 0.0 | -92.2 | -100.0 | NA |
| CBERA | 1,312.6 | 143.3 | 0.0 | 0.0 | 0.0 | -89.1 | -100.0 | NA |
| CBTPA | 2,584.3 | 161.0 | 0.0 | 0.0 | 0.0 | -93.8 | -100.0 | NA |
| GSP | 229.9 | 18.7 | 0.0 | 0.0 | 0.0 | -91.9 | -100.0 | NA |
| NTR free | 1,990.3 | 212.6 | 0.0 | 0.0 | 0.0 | -89.3 | -100.0 | NA |
| Total | 7,671.4 | 598.8 | 0.0 | 0.0 | 0.0 | -92.2 | -100.0 | NA |
| | | | | | | | | |
| **2008 CBI beneficiaries** | | | | | | | | |
| CBI | 5,344.6 | 4,913.6 | 4,207.1 | 3,010.5 | 1,269.4 | -8.1 | -14.4 | -57.8 |
| CBERA | 2,588.1 | 2,683.4 | 3,022.5 | 2,181.7 | 690.3 | 3.7 | 12.6 | -68.4 |
| CBTPA | 2,756.4 | 2,230.2 | 1,184.6 | 828.7 | 579.1 | -19.1 | -46.9 | -30.1 |
| GSP | 180.7 | 135.3 | 129.2 | 84.8 | 25.3 | -25.1 | -4.5 | -70.2 |
| NTR free | 7,670.1 | 8,619.2 | 9,297.5 | 6,475.5 | 2,524.0 | 12.4 | 7.9 | -61.0 |
| Total | 18,453.9 | 19,016.4 | 19,559.8 | 13,606.5 | 6,416.2 | 3.0 | 2.9 | -52.8 |
| | | | | | | | | |
| **All CBI beneficiaries** | | | | | | | | |
| CBI | 9,241.5 | 5,217.9 | 4,207.1 | 3,010.5 | 1,269.4 | -43.5 | -19.4 | -57.8 |
| CBERA | 3,900.7 | 2,826.7 | 3,022.5 | 2,181.7 | 690.3 | -27.5 | 6.9 | -68.4 |
| CBTPA | 5,340.8 | 2,391.2 | 1,184.6 | 828.7 | 579.1 | -55.2 | -50.5 | -30.1 |
| GSP | 410.6 | 154.0 | 129.2 | 84.8 | 25.3 | -62.5 | -16.1 | -70.2 |
| NTR free | 9,660.4 | 8,831.8 | 9,297.5 | 6,475.5 | 2,524.0 | -8.6 | 5.3 | -61.0 |
| Grand Total | 26,125.3 | 19,615.1 | 19,559.8 | 13,606.5 | 6,416.2 | -24.9 | -0.3 | -52.8 |

[1] General imports, customs value.
[2] Data for El Salvador, Guatemala, Honduras, and Nicaragua in 2006 and for the Dominican Republic in 2007 are only included for the time these countries were CBERA beneficiaries. Statistics for 2009 do not include data for Costa Rica since Costa Rica ceased to be a CBERA beneficiary on Jan. 1, 2009.

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

## Imports by Country

<u>Trinidad and Tobago</u> became the leading source of U.S. imports entering under CBI preferences in 2006, displacing the Dominican Republic, the long-time leader. The United States imported $1.9 billion under CBI preferences from Trinidad and Tobago in 2008, a decrease of 24.6 percent from 2007. Imports under CBI preferences from Trinidad and Tobago are dominated by petroleum and methanol and close to 90 percent of such imports entered under CBI provisions in 2008. U.S. imports of petroleum decreased in value, despite higher average prices in 2008, mainly because of a decrease in quantity. U.S. imports of methanol increased in value mainly because of higher prices.

Costa Rica became the second leading source of U.S. imports entering under CBI preferences in 2007, the year that the Dominican Republic ceased to be a beneficiary country. Costa Rica, which accounted for 29.8 percent of U.S. imports under CBI preferences in 2008, ceased to be a beneficiary country on January 1, 2009. U.S. imports from Costa Rica under CBI preferences in 2008 fell 11.6 percent to $1.3 billion. Pineapples, apparel articles, radial tires, and fuel-grade ethanol were the leading categories of CBI- preference imports from Costa Rica in 2008.

Haiti has experienced rapid increases in exports to the United States under CBI preferences, nearly doubling from 2004 to 2007 before falling 5.9 percent in 2008 to $405 million. The growth has been primarily from articles imported under the CBPTA apparel provisions.

Jamaica's exports to the United State under CBI preferences grew significantly by 35.5 percent in 2008 to $320 million, mainly on the strength of fuel-grade ethanol exports.

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

**U.S. EXPORTS**

Although the CBI was initially envisioned as a program to facilitate the economic development and export diversification of the Caribbean Basin economies, U.S. export growth to the region has been a welcome corollary benefit. The value of total U.S. exports to CBI countries fell 18.8 percent in 2007, but rose 19.9 percent in 2008. When only 2008 beneficiaries are considered, U.S. exports increased 15.4 percent in 2007 and 25.4 percent in 2008. (See Table 3.) Collectively, at $25.1 billion, the CBI region ranked 14$^{th}$ among U.S. export destinations in 2008 and absorbed 1.9 percent of total U.S. exports to the world. Costa Rica, Panama, the Netherlands Antilles, The Bahamas, and Jamaica were the principal markets for U.S. products in 2008, accounting for 75 percent of U.S. exports to the CBI region in 2008. The United States exports a broad range of products to the CBI region. In 2008, the leading categories included refined petroleum products, semiconductors, corn, jewelry, and aircraft.

| Table 3: U.S. Exports to CBI Countries, 2004-2008 and January-August of 2008 and 2009, Million $[1] | | | | | | | |
|---|---|---|---|---|---|---|---|
| Country | 2004 | 2005 | 2006 | 2007 | 2008 | 2008 Jan.-Aug. | 2009 Jan.-Aug. |
| **Former beneficiaries** | | | | | | | |
| Dominican Republic | 4,342.9 | 4,708.5 | 5,347.8 | 918.7 | 0.0 | 0.0 | 0.0 |
| El Salvador | 1,867.8 | 1,846.2 | 317.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Guatemala | 2,548.3 | 2,813.0 | 1,734.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Honduras | 3,076.5 | 3,243.9 | 862.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Nicaragua | 591.7 | 619.8 | 181.8 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 12,427.2 | 13,231.5 | 8,443.8 | 918.7 | 0.0 | 0.0 | 0.0 |
| **2008 beneficiaries** | | | | | | | |
| Antigua and Barbuda | 125.3 | 189.9 | 194.2 | 240.4 | 182.6 | 115.6 | 99.9 |
| Aruba | 374.4 | 547.0 | 511.3 | 528.6 | 680.4 | 486.0 | 285.6 |
| Bahamas | 1,182.1 | 1,768.9 | 2,288.2 | 2,473.0 | 2,760.4 | 1,895.3 | 1,542.2 |
| Barbados | 347.6 | 392.8 | 443.1 | 456.4 | 498.1 | 316.0 | 264.9 |
| Belize | 151.7 | 216.9 | 238.8 | 234.3 | 353.0 | 241.9 | 171.4 |
| British Virgin Islands | 97.7 | 122.7 | 218.7 | 176.2 | 309.9 | 190.4 | 173.2 |
| Costa Rica | 3,303.7 | 3,595.4 | 4,132.4 | 4,580.6 | 5,681.8 | 3,789.3 | 0.0 |
| Dominica | 35.9 | 61.5 | 68.0 | 83.8 | 105.4 | 71.8 | 56.3 |
| Grenada | 69.9 | 82.4 | 75.6 | 83.3 | 84.4 | 45.7 | 35.6 |
| Guyana | 135.6 | 175.3 | 179.4 | 187.9 | 288.5 | 189.6 | 169.3 |
| Haiti | 663.0 | 688.1 | 809.4 | 710.7 | 944.5 | 574.0 | 540.0 |
| Jamaica | 1,431.6 | 1,687.2 | 2,035.0 | 2,318.2 | 2,644.3 | 1,888.1 | 936.0 |
| Montserrat | 6.1 | 4.8 | 14.4 | 4.8 | 8.6 | 4.6 | 4.4 |
| Netherlands Antilles | 872.6 | 1,134.8 | 1,485.3 | 2,082.3 | 2,951.4 | 1,983.4 | 1,325.9 |
| Panama | 1,820.0 | 2,168.8 | 2,706.7 | 3,739.6 | 4,913.3 | 3,525.5 | 2,610.0 |
| St. Kitts-Nevis | 60.4 | 94.0 | 127.2 | 110.7 | 123.9 | 77.3 | 63.8 |
| St. Lucia | 103.3 | 134.7 | 151.5 | 165.5 | 241.0 | 182.3 | 83.6 |
| St. Vincent and the Grenadines | 45.4 | 45.3 | 58.3 | 69.0 | 82.7 | 53.3 | 51.2 |
| Trinidad and Tobago | 1,207.2 | 1,439.3 | 1,614.8 | 1,779.5 | 2,251.2 | 1,492.1 | 1,353.5 |
| Total | 12,033.5 | 14,549.8 | 17,352.4 | 20,024.8 | 25,105.5 | 17,122.2 | 9,766.7 |
| Grand total | 24,460.6 | 27,781.3 | 25,796.2 | 20,943.5 | 25,105.5 | 17,122.2 | 9,766.7 |

[1] Total exports, F.A.S. value. Data for El Salvador, Guatemala, Honduras, and Nicaragua in 2006 and for the Dominican Republic in 2007 are only included for the time these countries were CBERA beneficiaries. Statistics for Jan-Aug 2009 do not include data for Costa Rica since Costa Rica ceased to be a CBERA beneficiary on Jan. 1, 2009.

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

## Chapter 3

# ELIGIBILITY CRITERA AND ADVANCEMENT OF TRADE POLICY GOALS

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

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

- “mandatory” factors defined in the CBERA as precluding the President from initially designating a country or dependent territory as a CBERA beneficiary;

- additional, discretionary factors which the President is required to take into account in determining whether to designate countries or dependent territories as beneficiaries under the CBERA; and

- further criteria which the President is required to take into account in designating beneficiary countries or dependent territories for purposes of receiving the enhanced trade preferences of the CBTPA.

### CBERA “Mandatory” Criteria

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

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

***Arbitral Awards***: If a country or dependent territory fails to act in good faith in recognizing as binding or enforcing arbitral awards in favor of U.S. citizens or corporations owned by U.S. citizens, such country or dependent territory cannot be designated as a CBERA beneficiary. Questions about recognizing and enforcing arbitral awards have arisen in this context, and the United States is currently exploring this issue, as reflected in the country reports that follow.

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

On December 16, 2007, the European Commission initialed an Economic Partnership Agreement (EPA) with Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Suriname, and Trinidad and Tobago (the CARIFORUM countries). The EPA was signed on October 15, 2008, with Guyana signing on October 20, 2008. Haiti did not sign at that point but rather pledged to work with the EU and other Caribbean partners to ensure that the conditions for Haiti to join the EPA are in place soon.

In 2008, total U.S. trade (exports plus imports) with CBERA countries was 1.3 percent of total U.S. trade with the world. CBERA countries accounted for 2.0 percent of total U.S. exports and 0.9 percent of total U.S. imports in 2008. Although the CBERA countries account for a relatively small share of U.S. exports, the Administration will continue to monitor trade flows and evaluate the effects of the EPA on U.S. commerce.

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

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

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

**CBERA "Discretionary" Factors**

***Desire to Be Designated***: Twenty-eight countries and dependent territories are potentially eligible to receive benefits under the CBERA (and, by extension, the CBTPA). However, the CBERA requires that the President, in designating beneficiary countries, take into account an expression of a country's desire to be so designated.

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

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

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

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

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

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

**CBTPA Eligibility Criteria**

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

- whether the beneficiary country has demonstrated a commitment to undertake its obligations to the WTO on or ahead of schedule and participate in the negotiations toward the completion of the FTAA or another free trade agreement;

- the extent to which the country provides protection of intellectual property rights consistent with or greater than the protection afforded under the TRIPS Agreement;

- the extent to which the country provides internationally recognized worker rights, including:

    - the right of association;
    - the right to organize and bargain collectively;
    - a prohibition on the use of any form of forced or compulsory labor;
    - a minimum age for the employment of children; and
    - acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health;

- whether the country has implemented its commitments to eliminate the worst forms of child labor;

- the extent to which the country has met U.S. counternarcotics certification criteria under the Foreign Assistance Act of 1961;[2]

- the extent to which the country has taken steps to become a party to and implement the Inter-American Convention Against Corruption (IACAC); and

- the extent to which the country applies transparent, nondiscriminatory and competitive procedures in government procurement and contributes to efforts in international fora to develop and implement rules on transparency in government procurement.

[2] The Narcotics Certification Process was modified as a result of the Foreign Relations Authorization Act, FY 2003 (FRAA), signed into law on September 30, 2002. As a result, the President has the option of submitting a consolidated report identifying all major illicit drug producing and drug-transit countries and designating those countries that have failed to comply with specified criteria. The President also retains the option to use the previous system involving an affirmative certification of cooperation.

**Country Reports: Compliance with Eligibility Criteria**

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

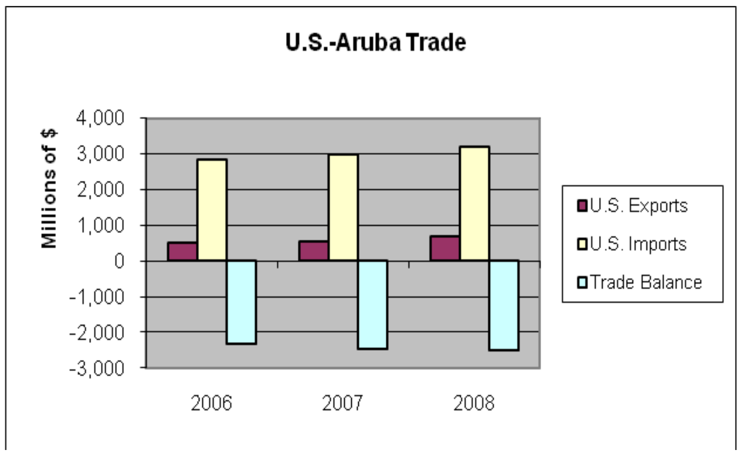
**Aruba**

Population: 103,065

Per Capita GDP: $25,231 (2007 est.)

*Department of Commerce 2008 Trade Statistics*

| | |
|---|---|
| U.S. Exports | $680,359,476 |
| U.S. Imports | $3,179,303,327 |
| U.S. Trade Balance | -$2,498,943,744 |




*Economic Review:* Through the 1990s and into the 21st century, Aruba posted growth rates around five percent. However, in 2001, a decrease in demand and the terrorist attack on the United States led to the first economic contraction in 15 years. Deficit spending has been a staple in Aruba's history, and modestly high inflation has been present as well, although recent efforts at tightening monetary policy may correct this. Oil processing has been the dominant industry in Aruba, while tourism and offshore banking are also important. The rapid growth of the tourism sector over the last decade has resulted in a substantial expansion of other activities. Over 1.5 million tourists per year visit Aruba, with 68 percent (in 2007) of those visiting from the United States. The sizes of the agriculture and manufacturing industries remain minimal.

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

*Provision of Internationally Recognized Worker Rights:* According to a report from the IMF, unemployment in Aruba in February 2008 was approximately 3.8 percent (latest statistics available). Labor unions are strong in most sectors of the economy. Laws protecting children and workers' rights are actively enforced.

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

*Counternarcotics Cooperation:* The President has not identified Aruba as a major drug transit or major illicit drug producing country under the provisions of the FRAA. In addition, both Aruban police and Dutch police (who have concurrent jurisdiction with Aruban police on issues such as corruption and counternarcotics) work closely with U.S. law enforcement in the region. The joint Coast Guard of the Netherlands Antilles and Aruba (CGNAA) is also an important partner in the regional counternarcotics effort. Aruba is an important link in the transshipment of heroin, and to a lesser extent cocaine, from South America to the United States and Europe. Drugs move north via cruise ships and the multiple daily flights to the United States and Europe. The island attracts drug traffickers with its good infrastructure, excellent flight connections, and relatively light sentences for drug-related crimes served in prisons with relatively good living conditions. Aruba is a signatory to the Mutual Legal Assistance Treaty and, as such, routinely assists U.S. authorities with fugitive extraditions and sharing of judicial evidence.

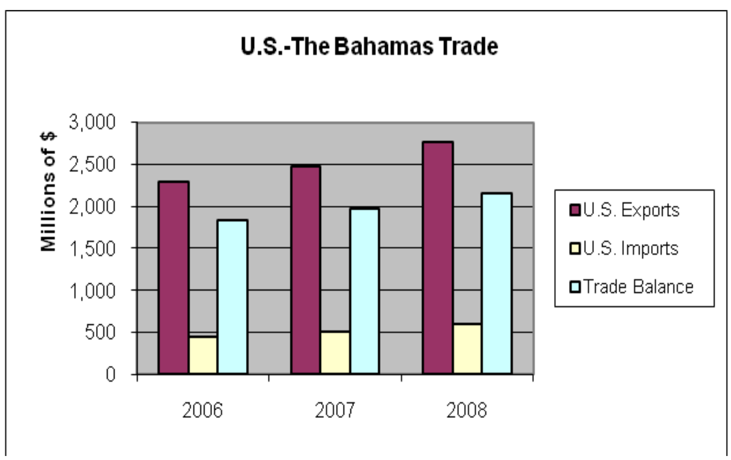
*Implementation of the Inter-American Convention Against Corruption:* As it is not a sovereign state Aruba is not a member of the OAS. Aruba is an active member of the Caribbean Financial Action Task Force and is in the process of changing its legislation and policies to combat money laundering practices and terrorism financing.

## The Bahamas

Population: 309,156
Per Capita GDP: $29,600 (2008 est.)

*Department of Commerce 2008 Trade Statistics*

| | |
|---|---|
| U.S. Exports | $ 2,760,446,641 |
| U.S. Imports | $ 603,934,680 |
| U.S. Trade Balance | $ 2,156,512,000 |




*Economic Review:* The Bahamas is an import and services-based economy. Tourism, financial services and construction collectively contribute 70 percent of the country's GDP. With the significant decrease in tourism in-flows the economy contracted by 1.7 percent in 2008. The Bahamas imports nearly all of its food and manufactured goods, most of which originate in the United States. The trade benefits of the CBI have substantially assisted with the export of crawfish, plastic products, salt, fruits and vegetables.

*Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA:* The Bahamas has made some progress in the WTO accession process since the Working Party was established in 2001. In April 2009, the Memorandum on the Foreign Trade Regime (MFTR) was circulated, and WTO members were asked to review it and submit questions and comments on The Bahamas trade regime. The Minister of State for Finance expects that the process will be completed in approximately three years.

*Protection of Intellectual Property*: Prior to October 2009, The Bahamas maintained a compulsory licensing system for television broadcasting that allowed Bahamian cable operators to retransmit any copyrighted television programming, including for-pay programming, whether or not transmitted from The Bahamas or outside of The Bahamas and whether or not encrypted. That system provided the legal basis for Cable Bahamas to extract and distribute encrypted copyrighted content from the U.S. satellite providers without having entered into agreements with the content providers. In September 2009, following consultations with U.S. officials and industry representatives, The Bahamas implemented a 2004 amendment to the Copyright Act. The Bahamas had not previously allowed the 2004 amendment to enter into force. This amendment narrowed the scope of the compulsory licensing regime for the reception and transmission of copyright works broadcast free over the air. The amendment took effect on October 1, 2009. The United States will continue to monitor the implementation of the amendment.

The Bahamas' legal framework does provide for the protection of intellectual property rights (IPR). However, enforcement is lax and anecdotal evidence suggests that the police are complicit in the buying and selling of pirated movies, songs and fabricated high-end purses to residents and tourists. The Bahamian government has taken some steps to strengthen IPR protection as part of its WTO accession process and in response to requests from the United States. The Bahamas has also participated in several IPR protection and enforcement training programs and exercises with U.S. Department of Justice and UK officials.

*Provision of Internationally Recognized Workers Rights:* The Bahamas' Constitution protects the right of workers to organize and join unions and this right is widely exercised. However, members of the police force, defense force, firemen and prison guards may not join or organize a union. About one-quarter of the workforce is unionized while 80 percent of the workforce in the hotel industry is unionized. The Bahamian Constitution and the Industrial Relations Act requires employers to recognize trade unions and prohibits discrimination or reprisals against workers for engaging in union activities. While employers may dismiss workers in accordance with applicable contracts with severance pay, it is rarely practiced. The government enforces labor laws and regulation uniformly throughout the country, though there have been reports of union suppression and union busting.

Employees are compensated for work-related injuries by the national insurance program. According to the Fair Labor Standards Act, victims of industrial accidents are entitled to keep their job in a suitable alternative capacity if they are able to work. Conversely, workers have no legal right to remove themselves from hazardous work situations without penalty. Labor laws stipulate that children under the age of 14 may not engage in industrial work and only those over 16 are allowed to work at night. There are no other requirements, and some children work part time in light industry and service jobs. The Bahamian Constitution protects against any form of forced labor.

The 2001 Minimum Wage Act decreased the work-week from 48 to 40 hours and requires a 24 hour rest period. Additional hours are compensated at time and a half. The minimum wage rate is $4.45 per hour for government employees and $4.00 per hour for workers in the private sector. According to the 2008 State Department Human Rights report, the minimum wage did not provide a decent standard of living for a worker and family.

*Commitments to Eliminate the Worst Forms of Child Labor:* The Bahamas ratified ILO Convention 182, addressing the worst forms of child labor, on June 14, 2001. However, the Optional Protocol to the Convention on the Sale of Children, Child Prostitution and Child Pornography has not been ratified. Though a high level of child labor continues to be a concern, The Bahamas' National Child Protection Council has an action plan and has developed a national protocol with regard to the public policies related to the commercial sexual exploitation of children.

Currently, the laws of The Bahamas allow for minors to be employed. According to labor provisions governing children, a child should not work while school is in session and children under the age of 16 may not work at night. However, only children between the ages of 14 and 17 are allowed to work up to three hours per day on school days and not more than 24 hours per week during the academic year. When school is not in session, children are not allowed to work more than eight hours per day and 40 hours per week.

The Ministry of Maritime Affairs and Labor has a program in place to investigate and address complaints relating to allegations of abuse of child labor. Additionally, labor officers are periodically sent to food stores and various places to ensure that there are no abuses of children or violations of the regulations governing their employment.

A number of civic organizations and churches have programs in place to provide meaningful activities to protect children from abusive labor situations. However, these programs are somewhat limited. Some Bahamian children become victims of child labor, particularly among the undocumented migrant communities in The Bahamas.

*Counternarcotics Cooperation:* The President has identified The Bahamas as a major drug-transit country in accordance with the FRAA. The Bahamas is a major transit point for cocaine from South America and marijuana from Jamaica bound for both the U.S. and Europe. The Bahamas cooperates closely with the United States, including participating in Operation Bahamas, Turks and Caicos Island (OPBAT), to stop the flow of illegal drugs through its territory. The government also targets Bahamian drug trafficking organizations, in order to reduce the local demand. The Bahamas is a party to the 1988 United Nations Drug Convention.

In 2008, the Drug Enforcement Unit (DEU) of the Royal Bahamian Defense Force (RBPF) cooperated closely with U.S. and foreign law enforcement agencies on drug investigations. Including OPBAT seizures, Bahamian authorities seized 1,878 kilograms of cocaine and approximately 12 metric tons of marijuana. The DEU arrested 1,030 persons on drug-related offenses and seized $3.9 million in cash.

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

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

<u>*Additional Issues*</u>

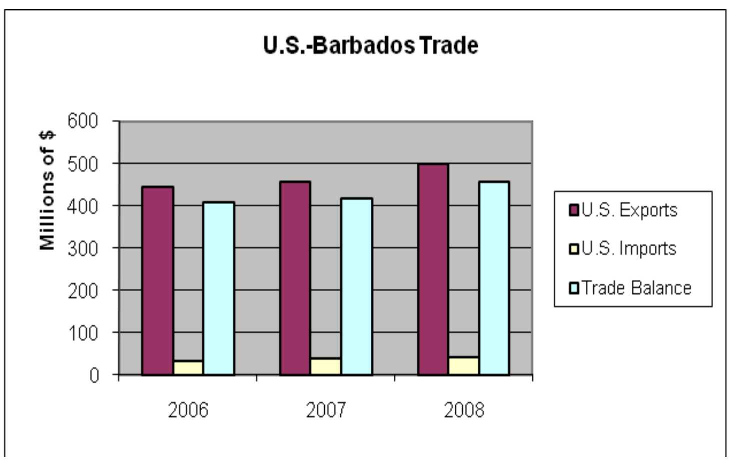
*Extradition:* The Government of the Bahamas has ratified the 1987 Treaty on Mutual Legal Assistance in Criminal Matters and the 1990 Extradition Treaty with the United States. The Bahamas and the United States cooperate closely on extradition matters.

## Barbados

Population: 284,589
Per Capita GDP: $19,100

*Department of Commerce 2008 Trade Statistics*

| | |
|---|---|
| U.S. Exports | $498,053,258 |
| U.S. Imports | $40,630,781 |
| U.S. Trade Balance | $457,422,464 |




*Economic Review*: After growing by only 0.2 percent in 2008, real GDP of Barbados is estimated to have declined by three percent in the first half of 2009. The global economic downturn has negatively affected the tourist industry. Through the first eight months of 2009, stay-over tourist arrivals in Barbados fell by 8.5 percent, tourism receipts dropped by more than 11 percent, and construction declined by 4.5 percent, affected by cancelled or delayed tourism-related projects. The unemployment rate rose from 7.9 percent in the first quarter of 2008 to 10.1 percent in the first quarter of 2009, its highest level since 2003. A recovery in tourism will likely have to wait for employment growth to resume in advanced countries. Accordingly, economic output is expected to contract by three percent in 2009 and to remain virtually flat in 2010, while the unemployment rate is likely to increase further.

*Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA:* Barbados, as is the case with many other Caribbean countries, has its tariffs bound at high levels. In WTO negotiations, Barbados is a vocal advocate of special and differential treatment for small-island developing states.

*Protection of Intellectual Property*: Barbados' IPR-related legislation was amended in 2006 to make it more compatible with the provisions of the TRIPS Agreement. Enforcement, however, is problematic. There is anecdotal evidence that Barbadian shops openly sell and rent pirated CDs, videos, and DVDs.

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

In Barbados, labor inspectors are employed to enforce the law. Only two categories of workers have a formally regulated minimum wage - household domestics and shop assistants. The standard legal workweek is 40 hours in five days, and the law requires overtime pay for hours worked in excess. Employers must provide a minimum of three weeks' annual leave. The Labor Ministry enforces health and safety standards and follows up to ensure that management corrects problems cited. Workers freely exercised their right to form and belong to trade unions and to strike. Of a work force of 144,800 persons, approximately 30 percent belong to trade unions. Trade union monitors identify safety problems to government factory inspectors to ensure the enforcement of safety and health regulations and effective correction by management.

*Commitments to Eliminate the Worst Forms of Child Labor*: The Constitution prohibits forced labor. Procurement of any person for prostitution is illegal and punishable by up to 15 years imprisonment.

The Miscellaneous Provisions of the Employment Act set the minimum age for employment in Barbados at 16 years, and children are not permitted to work during school hours. The Employment Act stipulates that young people ages 16 to 18 cannot perform work during the night if it is likely to harm their health, safety, or morals. Vocational training and apprenticeships are the only permissible types of work that young people can engage in during the night. In addition, the Ministry of Labor must authorize apprenticeships and vocational training. A child or young person undertaking an apprenticeship must have a certificate from a medical professional certifying that the apprentice or trainee is fit to meet the requirements of the job. The Employment Act further prohibits children or young people from working in industrial activities or on ships, except when children's employment is in a family business or authorized by the Ministry of Education. The Police Force and the Department of Labor have jurisdiction over the monitoring and enforcement of child labor legislation, and labor inspectors conduct spot checks of businesses and check records to verify compliance with the law. The Government of

Barbados launched a child labor media campaign in June 2008. The campaign involves print, radio, and television ads to inform the public about child labor and its worst forms.

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

Barbados has developed a robust coast guard presence with the recent purchase of three new Damnen patrol boats. Barbados is a transit country for cocaine and marijuana, and the strengthened coast guard is designed to stem the flow of narcotics transiting Barbados. Notable trends in 2008 included an increase in the number of drug couriers swallowing cannabis, the continued use of go-fast boats from neighboring islands of St. Vincent and St. Lucia, and the use of in-transit passengers to transport drugs.

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

*Transparency in Government Procurement*: The government, through the Ministry of Finance's Special Tenders Committee, follows competitive bidding standards for most contracts and acquisitions.

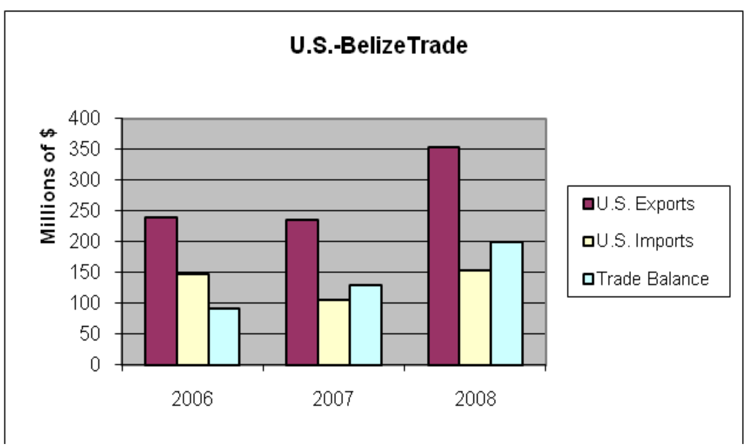
On March 30, 2009, the Inter-American Development Bank granted a $5 million loan to Barbados to modernize the Barbados National Procurement System. The project will be managed by the Ministry of Finance, and includes four components: (i) strengthening the public procurement legal framework to support the preparation of a public procurement policy; (ii) improving procurement operations, including the establishment of the Procurement Policy Unit, a normative, regulatory body; (iii) strengthening institutional capacity by implementing a career stream in public procurement and establishing a training program for entities involved in public procurement; and (iv) modernizing and updating procurement technological infrastructure, focusing on the establishment of an electronic tendering system to disseminate procurement opportunities and the results of tenders and procurement processes.

**Belize**

Population: 307,899
Per Capita GDP: $8,400 (2008 est.)
Per Capita GNI (Atlas method)
current USD: $3,820

*Department of Commerce 2008*
*Trade Statistics*

| | |
|---|---|
| U.S. Exports | $353,016,205 |
| U.S. Imports | $153,182,853 |
| U.S. Trade Balance | $199,833,344 |



*Economic Review:* Belize's 2009 economic growth rate is expected to fall to 1.8 percent in light of projected contractions in distributive trade, tourism, construction, and citrus production. The economy contracted by 2.2 percent in the first quarter of 2009, compared with the same period of 2008. The effects of the global financial crisis can be seen in the aftershocks on the real sector. Significant declines were seen in the wholesale and retail sectors with decreased trade and merchandise imports, and decreases in the agricultural sectors due to a decline in banana production. According to the Statistical Institute of Belize, earnings from oil exports are down 60% - from $128 million last year to $52 million this year. Additionally, the global recession has depressed tourism, with a fall in both numbers of overnight tourist stays and cruise-ship arrivals, as well as in remittances from abroad.

A comprehensive debt restructuring in early 2007 has resulted in increased debt-servicing obligations. Today the country is still faced with deteriorating fiscal and current account deficits and a high public debt burden accounting for 80 percent of GDP. Public finances remain under pressure.

*Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA:* Although Belize has been a WTO member since January 1, 1995, the country rarely participates in WTO deliberations. This is primarily due to the fact that Belize remains one of the few Caribbean countries with non-resident diplomatic representation to the WTO, through its mission in Belgium. Belize also faces difficulties in implementing WTO agreements due to limited staff in the government's trade directorate.

*Protection of Intellectual Property:* In 2007, USTR lowered Belize from the Special 301 Priority Watch List to the Watch List, then removed Belize from the Watch List in 2008. Enforcement of IPR laws remains a problem. Music and video stores in Belize offer pirated CDs, DVDs, and tapes for sale or rent. Local television stations and cable companies also pirate American television networks and cable channels with impunity. Local importers, particularly those operating in the Corozal Commercial Free Trade Zone in northern Belize, continue to import counterfeit merchandise that infringe on U.S. trademarks.

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

The Belize Intellectual Property Office (BELIPO) is the regulatory agency which administers Belize's intellectual property legislation. This office is mandated, among other things, to process IPR-related applications and registrations, to undertake educational campaigns that target the general public as well as government agencies, and to provide specialized legal advice to government authorities.

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

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

The Constitution of Belize provides for freedom of assembly and association. By law, workers are free to establish and join trade unions, and to elect officers from their membership. The Trade Union and Employee's Organizations Act of 2000 establishes procedures for the registration and status of trade unions and employers' organizations, for the recognition of trade unions, and for collective bargaining. The law prohibits anti-union discrimination, but does not provide for reinstatement in the case of dismissal for union activities. Some employers have been known to block union organization by terminating the employment of key union sympathizers, usually on grounds purportedly unrelated to union activities. In July 2009, the Supreme Court of Belize issued a judgment in a labor-related case, which found that six workers from the banana industry were illegally terminated in 2001 because they were leading a recruitment drive for the Christian Workers Union. The court also found the defendant guilty of union busting. As the workers did not wish to be reinstated, they were each awarded 70,000 Belizean dollars (approximately $35,000), an unprecedented amount in Belize.

While trade unions generally have the right to strike, this right is limited for public and private sector employees who work in areas which are designated as "essential services." The Settlement of Disputes in Essential Services Act empowers the authorities to refer a dispute to compulsory arbitration in order to prohibit or terminate a strike. Such services are broadly defined, extending to postal, monetary, financial, and transport services (civil aviation), and even services in which petroleum products are sold. Under the current Act, lock-outs and strikes are prohibited by those providing defined essential services, unless a 21-day time period has lapsed since reporting the trade disputes to the Minister of Labor. Additionally, the lock-out or strike may not occur if the trade dispute has already been referred to an Essential Services Arbitration Tribunal.

In August 2009, the Government of Belize proposed to amend the Settlement of Disputes in Essential Services Act to ban industrial action by essential service employees, unless certain procedures have been followed. The proposed amendment has been resisted by the trade unions in Belize, which consider the measure a violation of the right to freedom of association, and a limitation on the few means of grievance recourse available to essential services employees. The National Trade Union Congress of Belize, which represents the nine largest unions in Belize, has succeeded in delaying the passage of the proposed amendment, in the hopes of seeking external advice on whether the proposed amendment is consistent with Belizean law and international obligations.

Belizean law provides for collective bargaining, but under the Trade Unions' and Employers' Organizations Registration, Recognition and Status Act of 2000, a trade union can only be certified as a bargaining agent if it is supported by at least 51 percent of the employees comprising the bargaining unit. The Labor Commissioner or his representative acts as a mediator in deadlocked collective bargaining negotiations between labor and management, offering nonbinding counsel to both sides. Historically the Commissioner's guidance has been accepted voluntarily. However, should either union or management choose not to accept the Commissioner's decision, both are entitled to a legal hearing of the case, provided that it is linked to some provision of civil or criminal law.

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

*Commitments to Eliminate the Worst Forms of Child Labor:* According to a 2003 study by the ILO, half of the boys who work do so in hazardous forms of labor. Children work in hazardous agriculture, particularly in the production of bananas, sugar cane and citrus. Children also work in wholesale and retail trade, repair, tourism, providing diverse services, and to a lesser extent, in construction and manufacturing. Girls engage in prostitution with older men in exchange for clothing, jewelry, food, school fees, and books.

According to the *Department of Labor's 2008 Findings on the Worst Forms of Child Labor*, Belize is reported to be a source, transit, and destination country for the trafficking of children. Trafficking of girls within Belize and to and from other countries occurs for both sexual exploitation and for work as domestic servants. Various pieces of national legislation have similarly been enacted which relate to the issues of labor and more specifically to child labor. These include the Labor Act of 2000, the Families and Children Act of 2000. In 2005, Belize began participating in a U.S. Department of Labor-funded regional project implemented by ILO-IPEC to combat the commercial sexual exploitation of children, with a new action program to withdraw or prevent children from commercial sexual exploitation begun in 2007. The ILO-IPEC participation in the program concluded earlier this year, though the government of Belize is using its own resources to extend the program.

Belize's National Plan of Action for Children and Adolescents distinguishes between children engaged in work that is beneficial to their development and those engaged in the worst forms of child labor. The Plan identifies children involved in the worst forms of child labor as those engaged in hazardous work, in trafficking and child slavery, in commercial sexual activities, and in illicit activities. While the Families and Children Act defines a child as a person less than 18 years of age, the Labor Act of Belize is inconsistent in how it defines the minimum age of employment. In some sections it is listed as 12 years of age, while in others it appears to be 14.

In one section, the Act provides that "no child shall be employed so long as he is under the age of twelve years," while another provides that persons who have attained the age of 14 years, but are under the age of 18 years, may only be employed in an occupation that a labor officer has determined is, "not injurious to the moral or physical development of non-adults," typically light work that is not harmful to life, health, or education. In addition, children under the age of 16 are excluded from work in factories. One of the strategic objectives of the National Plan of Action for Children and Adolescents is to "standardize the definition of 'child' in all legislation," and to amend the "Labor Act to define 'child' as a person under eighteen." The Plan also seeks to promote legislation which expressly prohibits the worst forms of child labor and gives greater enforcement powers to labor officers and inspectors.

The Belizean Department of Labor has primary responsibility for implementing labor policies and enforcing labor laws, but has limited resources to investigate complaints. The Police Department is responsible for investigating the criminal aspect of the violation. Inspectors from the Departments of Labor and Education are responsible for enforcing these regulations, but there were no updated reports on whether child labor laws were well enforced. Additionally, labor inspectors are challenged by a lacuna in national legislation which fails to address a situation where labor is contracted between a parent and the employer. The Department of Labor is currently undertaking a project to review, and thereafter enact, labor laws which are consistent with model laws in the region. Under the National Plan of Action for Children and Adolescents, the Labor Department is primarily a stakeholder agency with oversight for child labor. There is also a Child Labor Sub-Committee, under the National Committee for Families and Children, with plans to extend focus through the formation of a National Child Labor Committee.

*Counternarcotics Cooperation:* Belize's shared borders with Guatemala and Mexico, miles of unpopulated jungles, navigable inland waterways, and unprotected coastline with hundreds of small cayes and atolls make it vulnerable to transshipment of illicit drugs between Colombia and Mexico and the United States. The President has not identified Belize as a major drug transit or major illicit drug producing country under the provision of the FRAA. However, the trafficking of narcotics and weapons continues to increase in Belize, as regional gangs expand and other Central American countries, and Mexico, crack down on traffickers. Belize, along with other Central American countries, began receiving funding from the Merida Initiative in FY2008. Through this funding, the Belize will receive additional training and equipment, including two Enduring Friendship Go-Fast boats, which were donated to the Special Boat Unit of the Belize Defense Force in September 2009. The introduction of these boats will assist with the interdiction of vessels involved in drug smuggling off the coast of Belize.

*Implementation of the Inter-American Convention Against Corruption:* Belize signed the IACAC in June 2001 and deposited its instrument of ratification in September 2002.

The Prevention of Corruption in Public Life Act of 1994 was repealed and replaced by the Prevention of Corruption Act of 2007. Like its predecessor, the 2007 Act seeks to provide measures for establishing probity, integrity, and accountability in public life. As such, there is a requirement for the public disclosure of the assets, income, and liabilities of public officials, namely, members of the National Assembly as well as members of Town and City Councils.

The Integrity Commission is given wider powers under the 2007 Act. The Act provides for investigative measures with respect to corruption and related corrupt activities by empowering the Integrity Commission to examine declarations, and to request further information of public officials. Furthermore, the Commission may advise the Governor General to appoint a tribunal to inquire into the contents of declarations. Penalties for noncompliance with disclosure requirements have been strengthened and range from a fine of not less than 3000 Belizean dollars (approximately U.S$1,500), to imprisonment for one year. The Integrity Commission is vested with police investigative powers and can retain legal counsel. The Commission is required to submit reports to the Director of Public Prosecutions for appropriate action.

The Prevention of Corruption Act of 2007 also seeks to strengthen measures to prevent and combat corruption by creating the offense of corruption and offences relating to corrupt activities. Any person who commits an act of corruption commits an offence and may be liable on either summary conviction or conviction on indictment. The Act also provides for penalties which vary from fines of not less than 10,000 Belizean dollars (approximately $5000), to imprisonment for a period not exceeding two years, to both fine and imprisonment.

There were no prosecutions under the previous Integrity Commission, which served under the former administration. On August 13, 2009 a reconstituted Integrity Commission met for the first time.

The Barrow administration ran on an anti-corruption platform in 2008 and threatened strong action against former Musa administration officials. In December 2008, former Prime Minister Musa was charged with stealing ten million U.S. dollars in grant money originating from the government of Venezuela. He is the only leader of Belize to ever have been charged with an indictable offense. However, in June 2009 the Chief Justice dismissed the case, citing a lack of jurisdiction and insufficient evidence.

*Transparency in Government Procurement:* The Finance and Audit (Reform) Act, 2005 repealed the previous Finance and Audit Act Chapter 15 of the Substantive Laws of Belize 2000-2003. The 2005 Act provides better standards to ensure regulation of public revenue, expenditure, and contracting. Additionally, it clarifies the legal status of Belize's Financial Orders and Stores Orders as administrative instructions for the internal use of public officers to guide in the handling of Government property. According to the U.S. Embassy in Belize, some questions exist regarding the extent to which certain government ministries, departments, and agencies adhere to these standards. For instance, under the Orders, government purchases of over $50,000 must be submitted for public bid by both local and foreign companies, but it appears this is not done in many cases.

*Additional Issues*

*Nationalization/Expropriation:* There are presently five unresolved cases of alleged expropriation and nationalization of foreign property or breach of contractual obligations. Two of these cases relate to the expropriation of land by the government of Belize. In both these cases, Belize's judicial system has rendered judgments against the government. Following partial enforcement by the government, judicial redress continues to be sought to force full compensation.

In 2004, Innovative Communication Corporation, LLC (ICC), a privately-held company headquartered in the U.S. Virgin Islands, agreed to assume a $57 million debt owed by the government of Belize as partial payment for the purchase of 85 percent of Belize Telecommunications Limited (BTL) from the Belizean government. In 2005, ICC failed to pay the $57 million owed and the Belizean government took over the debt and repossessed the shares, alleging that ICC had failed, after several extensions, to make remaining payments for BTL shares. ICC countered that the GOB had failed to make certain regulatory changes as agreed.

In May 2007, the previous government enacted a new "Vesting Act" under which the Belize Telecommunication Limited ceased to exist. All of the BTL business was subsequently vested in a new company, Belize Telemedia Limited. Extensive litigation was initiated in Belize, the United States, and the Privy Council in London. In March 2009, the Privy Council ruled in favor of the government of Belize, stating that ICC lost its shares and thus was not entitled to name directors to the company's Board. ICC challenged the constitutionality of the Vesting Act in Belizean courts and the case is still pending. A separate case is also to be considered in the United States.

The second case relates to a contract between L&R Transfer Limited and the Orange Walk Town Council for the collection and transfer of waste and recyclable materials in that town. In November 2008, the Supreme Court of Belize ruled in favor of L&R in the amount of $59,500 plus interest from October 31, 2005. The government of Belize failed to comply fully with the judgment, which has resulted in the matter being referred to binding arbitration. The appointment of the arbitration board is pending.

The third dispute relates to a contract between NEWCO Ltd. and the previous government for the management of Phillip Goldson International Airport. In June 2000, the Government of Belize requested a consortium of U.S. and German investors to undertake feasibility studies for the modernization of the airport. To pay for these studies, the government of Belize offered the consortium the exclusive right to form a special purpose company to negotiate with the Belizean government to become the airport concessionaire for 30 years. The consortium members agreed to proceed on that basis. In 2003, the government of Belize abruptly terminated the concession agreement and gave the agreement to the Belize Airport Concession Company – a domestic entity.

NEWCO initiated international arbitration proceedings against Belize pursuant to the arbitration clause of the concession agreement. The arbitral tribunal was appointed by mutual consent of the parties under United National Commission on International Trade Law (UNCITRAL) rules. In June 2008, the arbitral panel issued its unanimous and final award in favor of NEWCO and against the Government of Belize. The tribunal awarded damages to NEWCO in the amount of $4.3 million. Despite public statements by the Prime Minister following the ruling, in which he acknowledged that the country would have to pay, disagreement over the terms of payment and the accrual of interest has resulted in NEWCO seeking recourse in Belizean and U.S. courts. The outcome of the various legal actions are pending.

*Reverse Preferences:* As a member of CARICOM, is a Party to the Economic Partnership Agreement with the European Union. CARICOM has begun negotiations for a free trade agreement with Canada.

*Extradition:* Belize and the United States signed an extradition treaty in April 2000 and exchanged instruments of ratification in March 2001. Belize and the United States enjoy a cooperative working relationship. Approximately 18 American citizen fugitives have been returned to the U.S. to date this year. However, some formal extradition cases have dragged on for several years.

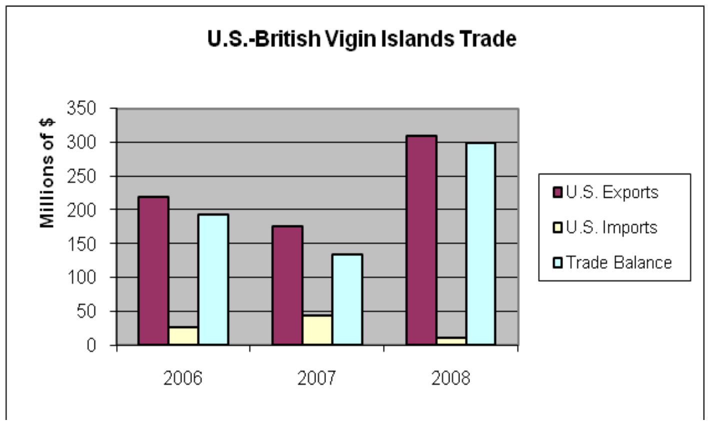
### British Virgin Islands

Population: 24,491

Per Capita GDP: $38,500 (2004 est.)

*Department of Commerce 2008 Trade Statistics*

| | |
|---|---|
| U.S. Exports | $ 309,888,297 |
| U.S. Imports | $ 10,754,411 |
| U.S. Trade Balance | $ 299,133,888 |




*Economic Review:* The British Virgin Islands' economy, one of the most stable and prosperous in the Caribbean, is highly dependent on tourism, which generates an estimated 45 percent of the national income. An estimated 934,000 tourists, mainly from the United States, visited the islands in 2008. In the mid-1980s, the government began offering offshore registration to companies wishing to incorporate in the islands, and incorporation fees now generate substantial revenues. Roughly 400,000 companies were on the offshore registry by yearend 2000. The adoption of a comprehensive insurance law in late 1994, which provides a blanket of confidentiality with regulated statutory gateways for investigation of criminal offenses, made the British Virgin Islands even more attractive to international business. Raising livestock is the most important agricultural activity; poor soils limit the islands' ability to meet domestic food requirements. Because of traditionally close links with the U.S. Virgin Islands, the British Virgin Islands has used the U.S. dollar as its currency since 1959.

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

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

*Provision of Internationally Recognized Worker Rights:* The British Virgin Islands has a population of approximately 24,000 people and a labor force of approximately 18,000. The minimum wage is $4 per hour.

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

According to the Department of Labor's 2005 Findings on the Worst Forms of Child Labor, statistics on the number of working children under the age of 15 in the British Virgin Islands are unavailable, but children reportedly work occasionally during the afternoons and on weekends in family-owned businesses, supermarkets, and hotels. Under the Education Ordinance, children must attend school until the age of 14. In 2002, the gross primary enrollment rate was 109 percent, and the net primary enrollment rate was 94 percent. Gross and net enrollment ratios are based on the number of students formally registered in primary school and therefore do not necessarily reflect actual school attendance. Recent primary school attendance statistics are not available for the British Virgin Islands. The Labor Standards set the minimum age for employment at 14 years. The government has set up a Complaints Commission to handle complaints of violations of children's rights.

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

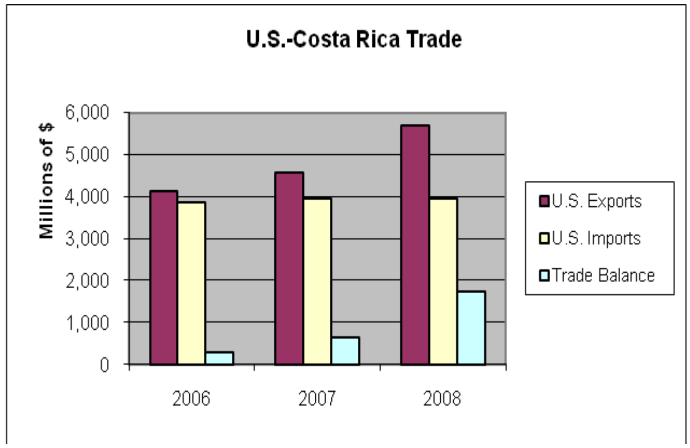
*Implementation of the Inter-American Convention Against Corruption:* As an overseas territory of the United Kingdom, the British Virgin Islands is not a signatory to the IACAC; its international obligations derive from those of the United Kingdom. In August 2009, the British Virgin Islands signed a tax information exchange agreement with New Zealand, bringing to 12 the number of agreements that the British Virgin Islands has on exchange of information for tax purposes. The OECD moved the British Virgin Islands into the category of "Jurisdictions that have substantially implemented the internationally agreed tax standard" in the Progress Report initially published by the OECD Secretariat in April 2009.

**Costa Rica**

Population: 4,253,277
Per Capita GDP: $11,500
Per Capita GNI (Atlas method), current USD: $6,060

*Department of Commerce 2008 Trade Statistics*

| | |
|---|---|
| U.S. Exports | $ 5,681,819,567 |
| U.S. Imports | $ 3,937,726,083 |
| U.S. Trade Balance | $ 1,744,093,440 |




*Economic Review:* Costa Rica has experienced significant economic growth in recent years as it continues to pursue an economic strategy based on trade liberalization and investment promotion. While this growth trend has reversed with the current global economic crisis, Costa Rica's economy nevertheless appears to be more resistant to the downturn than those of some of its major trade partners. Annual foreign direct investment (FDI), which is both a key indicator of investor confidence and an important driver of export and tourism growth in the country, has grown continuously since 2003 and reached $2.0 billion in 2008. The tourism, construction, and export sectors have been particularly notable recipients of FDI in recent years. Annual real GDP growth in recent years rose from 4.3 percent in 2004 to a high of 8.8 percent in 2006, dropped slightly to 7.8 percent in 2007, then dropped significantly to 2.6 percent in 2008. The Central Bank estimates annual GDP growth for 2009 to be -1.3 percent–and may dip lower than -2 percent–while the Costa Rican investment promotion agency (CINDE) estimates that FDI in 2009 may be down 30 percent.

The entry into force of the CAFTA-DR on January 1, 2009 is one of the positive countercyclical factors working to dampen the effects of the current global recession in Costa Rica. The telecommunications and insurance sectors are both opening up to competition as a consequence of commitments made by Costa Rica in the CAFTA-DR framework and both market openings will likely provoke significant investment and competitive activity. The Arias administration is also budgeting counter-cyclical spending in 2009 and 2010 after having posted a government budget surplus in 2007 and presided over a major reduction in outstanding government debt as a percentage of GDP.

*Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA:* Costa Rica has been supportive of multilateral trade liberalization through negotiations in the WTO. Costa Rica participates as an active member of the WTO, taking its Uruguay round commitments seriously and participating in discussions to move issues forward. In addition to becoming a Party to the CAFTA-DR, the Costa Rican government is also pursuing free trade agreements with the European Union, China, and Singapore.

*Protection of Intellectual Property:* During the CAFTA-DR implementation process, Costa Rica passed legislation providing for stronger IPR protection and enforcement. The United States remains concerned, however, about weak IPR enforcement in Costa Rica, particularly with respect to copyright piracy and trademark counterfeiting. Costa Rica has been on the Special 301 Watch List since 2002.

The Government of Costa Rica has taken some encouraging steps to improve IPR protection. The Arias administration increased the budget and staffing for the patent and trademark office. In November 2008, Costa Rica established a special prosecutor for IPR violations within the Office of the Attorney General. It has also continued efforts by the Judicial School to prepare judges and prosecutors in IPR, as well as action by uniformed police to confiscate pirated optical disks. Unfortunately, the Prosecutor's Office has shown very little political will to pursue IPR violators, in part due to scarce resources and other priorities. Criminal and civil remedies are available but the onus is on the victim of the crime. In most cases, the victim not only has to investigate the violation himself, but also must request seizure of the property, pay for all required analysis, and employ legal counsel to bring the case to trial.

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

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

Costa Rica extends all internationally recognized worker rights to its citizens, though union leaders continue to call for enhanced protections for private sector employees who want to unionize. Costa Rican law guarantees the right of association, the right to organize and bargain collectively, and prohibits forced labor. However, unions complained that the existence of "Solidarity Associations" displaced unions and discouraged collective bargaining. Costa Rican law sets a minimum age for employment at 15; teenagers between 15 and 18 years of age may work for a maximum of six hours daily and 36 hours weekly.). The law prohibits night work and overtime for minors. Activities considered to be unhealthy or hazardous typically require a minimum age of 18.

The law provides for a minimum wage set by the National Wage Council, which is updated annually. The constitution sets workday hours, overtime remuneration, days of rest, and annual vacation rights. Costa Rican law also enshrines acceptable occupational safety and health standards. The Labor Ministry, in cooperation with PANI, generally enforces regulations related to children's employment effectively through inspections in the formal sector; the regulations are not enforced effectively in the informal labor sector as a result of inadequate resource allocations by the government. According to the ILO, working minors of ages of 15 to 18 sometimes receive less than the minimum wage, which was corroborated by the chief of the Labor Ministry's Office for the Eradication of Child Labor.

*Commitments to Eliminate the Worst Forms of Child Labor:* Child labor is a problem mainly in the informal agricultural, fishing, construction, and service sectors of the economy. Children also work in the production of bananas, coffee, and sugarcane. Some indigenous children from Panama migrate seasonally to Costa Rica with their families and work in agriculture. Child labor is used in domestic work and family-run enterprises. Child trafficking and child sex tourism are problems in Costa Rica.

The government has a number of policies and programs that seek to address child labor. Policies include the National Agenda for Children and Adolescents 2000-2010; the Second National Action Plan for the Prevention and Eradication of Child Labor and Special Protection of Adolescent Workers 2005-2010; and the Third National Plan to Eliminate Commercial Sexual Exploitation of Children. The government provides working children additional educational and vocational opportunities through alternative school arrangements to combat child labor among indigenous and migrant communities. The government also participated in two USDOL-funded child labor projects, including a regional project implemented by CARE to build capacity to combat child labor through education and a regional project implemented by ILO-IPEC to combat commercial sexual exploitation of children through early 2009.

The Conditional Cash Transfer program *Avancemos*, which pays stipends to the families of children who stay in school, has become one of the Arias administration's signature programs. The program currently benefits over 130,000 high school students, or roughly 100,000 families. Stipends range from $26 per month for seventh graders up to $87 per month for twelfth graders. The program stipulates only two requirements: the family income is less than a prescribed threshold and the child attends school. Direct funding for *Avancemos* in 2008 (before administrative costs) was $77 million, or one-fourth of one percent (0.25 percent) of gross domestic product. In addition, the Government of Costa Rica has worked in collaboration with private sector, NGOs, and international organizations to combat child labor in a number of agricultural products.

*Counternarcotics Cooperation:* While the President has not identified Costa Rica as a major illicit drug transit or producing country under the provisions of the FRAA, Costa Rica functions as a transshipment point for the smuggling of cocaine and heroin from South America to the United States and Europe. Costa Rican law enforcement officials fully cooperate with U.S. counternarcotics efforts. Costa Rica continues to work closely with the United States in implementing the comprehensive Maritime Counter-drug Cooperation Agreement signed with the United States in 2000. Additionally, Costa Rica will receive over $10 million in counternarcotics assistance from the United States via the multi-year Merida Initiative.

*Implementation of the Inter-American Convention Against Corruption:* Costa Rica ratified the IACAC in 1997. Domestic law imposes a requirement that senior government officials file personal financial reports while in office. The Controller General's Office plays an active role both in filing those reports and monitoring potentially corrupt activity. On October 5, former President Rafael Angel Calderon Fournier (1990-1994) was convicted of accepting bribes regarding a medical equipment contract with the Costa Rican government in 2004. The corruption and kickback trial of a second former president will start soon.

Costa Rica has a robust financial regulation enforcement system presided by the National Council of Financial System Supervision (CONASSIF) and composed of three superintendents that report to CONASSIF.  CONASSIF operates two boards:  a seven member board for banking and stock exchange oversight and an eight member board for pension fund oversight.  The Central Bank appoints the board members.  Know-your-customer provisions are now implemented by all banks in the country such that no individual or company owning a bank account can remain anonymous.  Additionally, the Costa Rican Drug Institute (a rough equivalent to the U.S. Office of National Drug Control Policy) is charged with anti-money laundering responsibilities and carries out measures that also help in the fight against corruption.

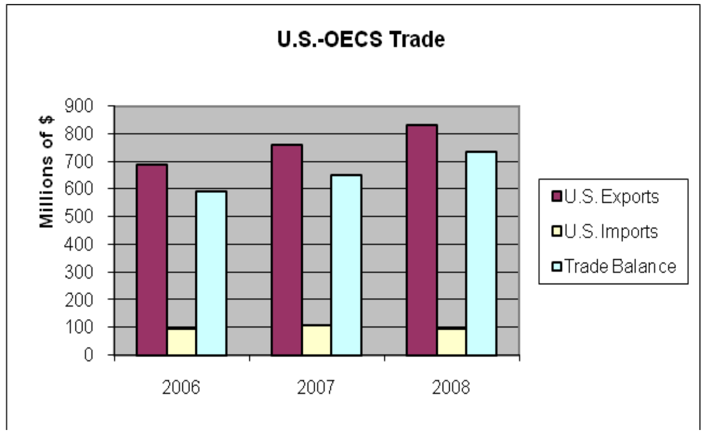
*Transparency in Government Procurement:*  While the Government of Costa Rica generally requires all procurement to be done through open bidding, there have been some complaints. Costa Rican government procurement practices are complex and cumbersome, resulting from the many layers of government supervision in place to prevent illegal practices.  Bid awards are frequently delayed by appeals by the losing parties or the Office of the Controller's efforts to regulate government purchases and procedures.  The corruption scandals involving former presidents of Costa Rica both involved state monopolies.

*Additional Issues*

*Nationalization/Expropriation:*  The Costa Rican Constitution stipulates that no land can be expropriated without prior payment and demonstrable proof of public interest, but disputes often arise regarding the legitimacy of specific acts of expropriation.  Expropriation processes follow clear legal processes (valuation, notification, appeal, etc.) but often last far longer than the subjects of the expropriation feel to be reasonable.  Current and past governments have made some efforts to resolve several pending expropriation cases involving U.S. citizens, but long-standing cases remain and several new cases have come to the attention of the U.S. Embassy in Costa Rica.

*Extradition:*  Costa Rica has an extradition treaty with the United States.  The United States government recently expressed concern to the government of Costa Rica about their extradition policy in cases involving international parental child abduction.  Last year, a Costa Rican court refused extradition of an American citizen on the grounds that she had been or could be a victim of domestic violence if she were returned to the United States.  Additionally, Costa Rica's Minister of Public Security granted refugee status to an American citizen charged with child abduction in the United States.  The two cases point to a negative trend that may result in Costa Rica becoming a safe haven for individuals from all over the world who are wanted on child abduction charges and who disagree with the outcome of their custody disputes in the courts with jurisdiction in their home country, or want to avoid an objective custody decision entirely.

**The Organization of Eastern Caribbean States**




*Department of Commerce 2008 Trade Statistics*

| | |
|---|---|
| U.S. Exports | $828,615,984 |
| U.S. Imports | $96,046,389 |
| U.S. Trade Balance | $732,569,608 |

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

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

The OECS countries have been hard hit by the global financial crisis. According to the World Bank, in 2008 revenue from tourism, FDI inflows and remittances fell in all countries, although the extent of the decline differed between countries. The Eastern Caribbean Central Bank reported that in the Eastern Caribbean Currency Union economies (Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines), travel receipts fell by 10 percent in 2008, in contrast to an 11.1 percent increase in 2007. The World Bank reported that in 2008, FDI fell by 29.1 percent, consistent with a slowdown in direct investment-related construction activity. By contrast, an increase of 14.6 percent was recorded for FDI in 2007. Travel receipts and foreign direct investment have accounted for, on average 27.5 percent and 22.5 percent of GDP, respectively, between 2005 and 2008.

Antigua and Barbuda. Having abandoned its unprofitable sugar industry several years ago, Antigua and Barbuda is the most developed of the OECS Members and the most dependent on tourism. The present government, which took office in early March 2009, has embarked on a reform program, including restructuring its massive debt to GDP ratio, reintroducing the income tax, and making government more transparent. Long-term growth prospects depend on the continued vibrancy of the tourism and financial services sectors, foreign investment in new tourism projects, and Antigua's ability to exercise fiscal restraint.

In Antigua and Barbuda, workers may not be required to work more than a 48 hour, six-day workweek. In practice the standard workweek is 40 hours in five days. Workers generally receive annual leave and maternity leave. The minimum working age is 16. Although a section of the labor code includes some provisions regarding occupational health and safety, the government has not developed comprehensive occupational health and safety laws or regulations. Antigua and Barbuda has ratified all eight of the ILO core labor conventions. These eight are Conventions 87 and 98 on freedom of association and collective bargaining, Conventions 29 and 105 on the elimination of forced and compulsory labor, Conventions 138 and 182 on the abolition of child labor, and Conventions 100 and 111 on the elimination of discrimination in respect of employment and occupation.

Dominica. Dominica is widely recognized as having the worst financial situation of all the OECS Members. Hurricane Dean, which struck in August 2007, wiped out virtually all of Dominica's crucial banana crop, as well as the vast majority of most other agricultural crops. In addition to agricultural damage, Hurricane Dean left major infrastructural damage to roads, bridges, and riverbed and seabed walls. In October 2008, Hurricane Omar struck, causing widespread damage to infrastructure related to tourism and fishing. The IMF estimated that cumulative damage from the two storms represented approximately 35 percent of GDP.

In Dominica, minimum wages are set for various categories of worker. However, these were last revised in 1989. Dominica has ratified all eight of the ILO core labor conventions. Conflicting legislation establishes the minimum age for employment at both 12 and 14 years, although the government has stated it enforces a standard of 15 years. In its latest report in 2002, the ILO's Committee of Experts on the Application of Conventions and Ratifications continued to urge the Government of Dominica to increase the legal minimum age to 15. Some children periodically help their families in agriculture.

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

The economic crisis has affected revenue from tourism, FDI, and remittances. According to the IMF, real GDP in Grenada is expected to fall by over six percent in 2009, and remain slightly negative or close to zero in 2010. Unemployment is estimated to be approximately 30 percent, and some 38 percent of the population is below the poverty line.

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

Montserrat. Montserrat is a British Overseas Territory. Repeated eruption since 1995 of the Soufriere Hills Volcano in the south of the island has led to the evacuation and relocation of residents from the so called "exclusion zone." Severe volcanic activity has put a damper on this small, open economy. A catastrophic eruption in June 1997 closed the airports and seaports, and caused economic and social dislocation, including the departure of two-thirds of the island's inhabitants. Some of the dislocated inhabitants began to return in 1998, but a lack of housing limited the number. Heightened volcanic activity between December 2008 and January 2009 resulted in temporary evacuation of some unsafe areas. The volcano is currently in a state of "pause," but there could be little or no warning of a resumption in activity. The agriculture sector continues to be affected by the lack of arable land for farming and the destruction of crops by volcanic eruptions. Prospects for the economy depend largely on developments in relation to the volcano and on public sector construction activity.

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

The minimum working age is 15. Information is unavailable on the incidence and nature of child labor. However, the Foreign Office of the United Kingdom received no reports or complaints of child labor violations in 2004, the most recent date such information was available.

St. Kitts and Nevis. The economy of St. Kitts and Nevis has had to endure a series of shocks in recent years. Tourism fell following the attacks of September 11, 2001. The government closed the unprofitable sugar industry in 2005 after three centuries of sugar production, and the country gave its roughly 1200 former sugar workers the equivalent of a year's pay in severance. In October 2008, Hurricane Omar caused severe damage, particularly on the island of Nevis. The hurricane flooded the major tourist resort on Nevis, the island's largest employer. Damage from the hurricane contributed to the economic slowdown in 2008. According to the IMF, it could depress growth by as much as one percent in 2009.

Recent data are not available on the level of employment and wage movement in St Kitts and Nevis. The informal sector is relatively large; a 2007 IMF study estimated informal activity at some 24.4 percent of GDP. The law provides for a 40 to 44 hour workweek in five days. While there are no specific health and safety regulations, the Factories Law provides general health and safety guidance to Labor Ministry inspectors. The Labor Commission settles disputes over health and safety conditions. The minimum age for employment is 16 years. There are reports that in rural areas children often assist with livestock farming and vegetable production, and some children provide care for family members at the expense of their education. Girls often work as domestic servants or child care providers outside of their homes. St. Kitts and Nevis has ratified all eight of the ILO core labor conventions.

St. Lucia. The Government of St. Lucia has turned to tourism to revitalize its economy. Although GDP grew by approximately five percent in 2006, it managed only 1.7 percent and 0.7 percent growth in 2007 and 2008, respectively. According to the IMF, real GDP is expected to decline by 2.5 percent in 2009. The current global financial downturn has led to a drop in tourism, the country's primary source of foreign exchange and revenue. The government has indicated that it plans to introduce a value added tax in 2010 in order to broaden the tax base.

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

St. Vincent and the Grenadines. The economy of St. Vincent and the Grenadines is small and weak and the government is heavily in debt. The economy of the country relies heavily on the banana industry, which is in long-term decline. The country experienced strong economic growth of 7.6 percent and 7.0 percent in 2006 and 2007, respectively. In 2008, however, GDP grew by only 0.9 percent, largely due to weakness in the tourism and agricultural sectors. GDP is expected to be roughly flat in 2009. In 2007, the government introduced a value added tax (VAT) of 15 percent for goods and services, and 10 percent on tourist accommodations. According to the IMF, the VAT has performed well in terms of revenue yield and compliance, and now accounts for one-third of tax revenues.

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

*Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA:* Although hindered by a lack of government resources and technical expertise, the OECS Members (not including Montserrat, which is a U.K. overseas territory) have demonstrated a commitment to fulfill their WTO obligations on schedule. The OECS Members are vocal advocates of special and differential treatment for the small-island economies of the Caribbean region. In September 2009, USAID concluded a technical assistance program in the region to help these small nations meet their international trade obligations.

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

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

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

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

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

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

*Additional Issues*

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

**Guyana**

Population: 772,298
Per Capita GDP: $3,800 (2008 est.)
Per Capita GNI (Atlas method),
current USD: $1,080

*Department of Commerce 2008 Trade Statistics*

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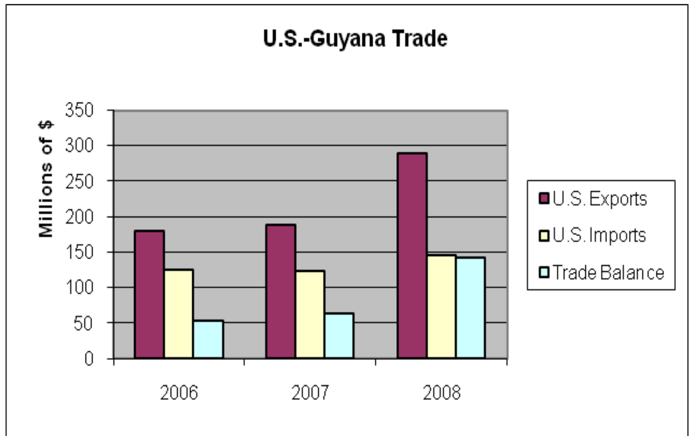
|---|---|
| U.S. Exports | $288,545,175 |
| U.S. Imports | $145,966,057 |
| U.S. Trade Balance | $142,579,120 |




*Economic Review:* Guyana remains the second poorest country in the Western Hemisphere. In 2008 Guyana's GDP expanded by 3.1 percent, compared with 5.4 percent in 2007. Mining, engineering and construction and services recorded strong growth, while the sugar, fishing, forestry and manufacturing recorded weak growth in 2008.

The overall balance of payments (BOP) position improved in 2008: Guyana recorded a surplus of $7 million, compared to a deficit of $1.4 million in 2007. A larger capital account surplus from increased disbursements to the non-financial public sector and higher foreign direct investment are the main contributors to this BOP surplus. The current account recorded a deficit of $299.1 million, which widened as a result of a growth in merchandise imports, higher food and fuel prices.

In 2008, Guyana received $414 million in remittances, down $10 million from 2007.

*Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA:* Guyana has demonstrated a general commitment to undertaking its obligations under the WTO agreements, although Guyana lags behind in the process of updating domestic laws and trade policies to reflect those obligations.

Guyana supports an early and successful conclusion of the Doha Development Round with a balanced, development-oriented outcome. Preferences and special and differential treatment are among Guyana's priorities in the Doha Development Agenda negotiations. At the conclusion of Guyana's Trade Policy Review in July 2009, the WTO noted Guyana's improved economic performance since its last Review in 2003, as well as significant reform efforts in various areas, including tax and investment regimes, competition policy and government procurement.

Guyana continues to take halting steps to liberalize its trade and investment regimes, which could enhance its integration into the global economy. It needs to make further efforts to increase its competitiveness while also seeking to diversify its production and export base. Together with the IMF, World Bank and other donors, the government is working to eliminate poverty and build the country's economy through its Poverty Reduction Strategy Program and the National Competitiveness Strategy.

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

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

The Constitution guarantees freedom of association and the right to collective bargaining, and about one-third of the workforce belongs to unions. The law requires employers to recognize a union elected by the majority of employees in a workplace. There is a tradition of close links between political parties and labor unions. Forced and compulsory labor are constitutionally prohibited.

The Factories Act and Employment of Young Persons and Children Act of 1999 set the minimum age for employment at 15 years, but children under that age may be employed in technical schools, provided such work is approved and supervised by the public authority. Children younger than 16 years are prohibited from working at night. Although the Occupational Safety and Health Act also prohibits young persons and children from performing any work that is likely to be hazardous, interferes with their education, or is harmful to their physical, mental, spiritual, moral or social health and development, the Employment of Young Persons and Children Act permits children over 16 years to work in the manufacture of iron, steel, and paper as well as glass work and gold mining reduction when a family member is also employed in the same undertaking. The law restricts to the age of 18 or higher employment in hazardous areas, such as mining, construction and sanitation services. Many children work in the informal sector, such as street trading, vending, livestock, and farming. Though the government devotes 15.1 percent of the national budget to education and provides free education from nursery through secondary school, the lack of human and financial resources limits educational opportunities.

The Labor Act and the Wages Councils Act allow the Labor Minister to set minimum wages for various categories of private employers. Minimum wages for certain categories of private sector workers have been set, but there is no uniform legislated national minimum wage. The minimum wage in the public sector was increased during 2007 to the equivalent of approximately $130 per month. The maximum workday is eight hours, and the maximum workweek is 44 hours, with overtime and premium pay mandated for work in excess of those maximums. The Factories Act establishes safety and health standards, which are enforced by the Ministry of Labor. Enforcement can be weak, however, due to inadequate resources.

*Commitments to Eliminate the Worst Forms of Child Labor:* Guyana has laws in place proscribing the worst forms of child labor. In April 2006, Guyana's Parliament passed an amendment to the Employment of Young Persons and Children Act. The proposed amendment included a phrase defining the "worst forms of child labor" as work that is likely to harm the health, safety or morals of children, consistent with the ILO Convention 182. The President of Guyana did not assent to the measure and the current Parliament has not resubmitted it.

In September 2003 the National Steering Committee on Child Labor was formed. The committee works to educate and rehabilitate children and families that may be involved in child labor. The committee also provides support services and public awareness. Other than normal police procedures, there are no special institutional mechanisms to investigate and address complaints related to allegations of the worst forms of child labor.

According to the Bureau of Statistics of Guyana and UNICEF, more than 16 percent of children between 5 and 14 years work, particularly children who live in the interior of the country. Children work in farming, construction, logging, and fishing. Some children are domestic servants, shop assistants, street vendors, brick makers, and welders. There are reports of children involved in the illicit drug trade and commercial sexual exploitation. Trafficking in children is a problem, particularly among young Amerindian girls who are trafficked internally. The government of Guyana has no comprehensive policy specifically for the elimination of the worst forms of child labor. Nevertheless, the government, in partnership with UNICEF and the ILO's Program for the Elimination of Child Labor, is currently carrying out separate initiatives to combat it. It also participated in a 3.5-year project to combat child labor that ended in March 2009. The project was funded by the U.S. Department of Labor and implemented by Partners of the Americas.

Additionally, the government has taken significant action to combat trafficking in persons (TIP). There are a number of non-governmental organizations concerned with the issues of teenage prostitution and human trafficking. The government has passed counter-trafficking legislation and has established a unit within the Ministry of Labor, Human Services and Social Security (MoLHSSS) to address the issue. In 2007, the Ministry of Home Affairs created a national inter-agency task force to address TIP issues in Guyana. This task force meets monthly and is significantly improving data collection efforts on TIP and TIP-related cases. Also, since 2005, the MoLHSSS has had in place a TIP hotline and has a designated a shelter as a TIP victim assistance site. During 2009, the government enhanced its assistance to victims, augmented training for law enforcement officials, and initiated a nationwide network of community focal points for identifying victims and prosecuting perpetrators. However, the government has not yet convicted any trafficking offenders under the aforementioned counter-trafficking law.

*Counternarcotics Cooperation:* Guyana is a transit point for cocaine destined for North America, Europe, West Africa, and the Caribbean, but not, in quantities sufficient to impact the U.S. market. In 2008, domestic seizures of cocaine fell more than 50 percent from 2007. In the penultimate year of its National Drug Strategy Master Plan (NDSMP) for 2005-2009, the government of Guyana has achieved few of the plan's original goals. Minimal cooperation among law enforcement bodies, weak border controls, and limited resources for law enforcement have allowed drug traffickers to move shipments via river, air, and land without meaningful resistance.

However, a major personnel transition within the Customs Anti-Narcotics Unit (CANU) offers some promise of improved coordination and interdiction efforts. In December, the government passed laws that allow for plea bargaining, wiretapping, and the collection of cell phone ownership data in order to modernize Guyana's legal system and augment the tools available to law enforcement authorities.

Guyana cooperated with U.S. counternarcotics efforts through implementation of the 1997 Caribbean-U.S. Summit Justice and Security Action Plan, and in 2001 signed a maritime law enforcement agreement (MLEA) with the U.S. In 2003, the Guyanese Parliament passed legislation for the MLEA, but it has not yet been implemented.

*Inter-American Convention Against Corruption Implementation:* Guyana has ratified the IACAC and has established bribery as a criminal offense under Guyanese law. In 1998, Guyana passed legislation that required public officials to disclose their assets to an Integrity Commission prior to assuming office, but that Commission has yet to be established. The government has periodically prosecuted government officials for corruption, with mixed success. According to Transparency International's 2008 Corruption Perception Index, Guyana is the seventh most corrupt nation in the Western Hemisphere.

*Transparency in Government Procurement:* The Procurement Act of 2003 and the Public Procurement Commission Tribunal Act of 2004 govern public procurement. The Procurement Act provides for transparency and accountability in government procurement. However, the Act has been criticized because it grants the Minister of Finance the power to unilaterally appoint a National Board, responsible for the National Procurement and Tender Administration that exercises jurisdiction over tenders.

An amendment to Guyana's Constitution in 2001 provided for the establishment of a Public Procurement Commission. The Constitution empowers the Public Procurement Commission to monitor and review the functioning of all public procurement systems to ensure that they are in accordance with the law and such policy guidelines as may be established by the National Assembly. According to the Constitution, Parliament may establish a Public Procurement Commission Tribunal, which shall have the power to review and hear appeals of any decision of the Public Procurement Commission. Decisions of the Tribunal are subject to an appeal to the Court of Appeal. Neither the Public Procurement Commission nor the Public Procurement Commission Tribunal has been established.

In 2007 Millennium Challenge Corporation (MCC) and the Government of Guyana signed a two year, $6.7 million Threshold Program to improve Guyana's performance on MCC's Fiscal Policy Indicators by improving parliamentary oversight of government spending. One indicator is to control government spending by improving the capacity of the Ministry of Finance to undertake expenditure policy and planning within a macro-economic framework.

Additional Issues

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

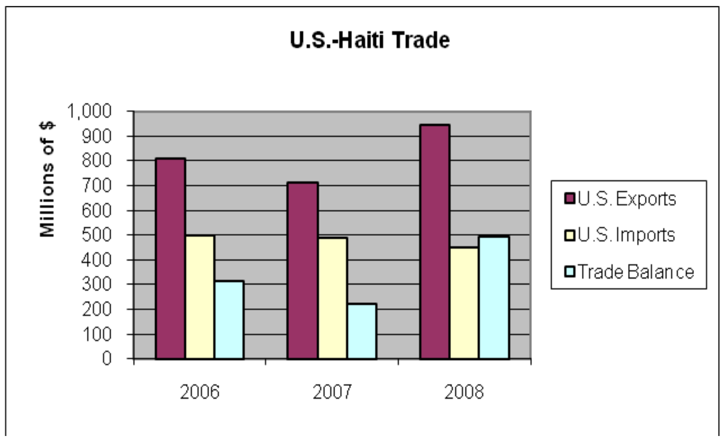
*Extradition:* Guyana still operates under an extradition treaty from 1931 between the U.S. and Great Britain.

## Haiti

Population: 9,035,536
Per Capita GDP: $1,300 (2008 est.)
Per Capita GNI (Atlas method),
current USD: $660

*Department of Commerce 2008*
*Trade Statistics*

| | |
|---|---|
| U.S. Exports | $944,538,394 |
| U.S. Imports | $450,117,735 |
| U.S. Trade Balance | $494,420,672 |




*Economic Review:* Haiti is the poorest country in the Western Hemisphere, with 80 percent of the population living under the poverty line and 54 percent in abject poverty. Two-thirds of all Haitians depend on the agriculture sector, mainly small-scale subsistence farming, and remain vulnerable to frequent natural disasters, whose effects are exacerbated by the country's widespread deforestation. While the economy has improved in recent years, registering positive growth since 2005, four tropical storms in 2008 caused nearly $1 billion in damages, severely damaged the transportation infrastructure and agricultural sector and killed over 800 people.

Haiti suffers from high inflation, a lack of investment due to insecurity and limited infrastructure, and a severe trade deficit. The government relies on formal international economic assistance for fiscal sustainability. The economy is small and consists of retail trade, small-scale agriculture, light manufacturing and some services. Most of the economy is concentrated in the informal sector and is unregulated. Minimal trade is conducted with other Caribbean countries. Haiti runs a large trade deficit and its largest trading partner is the United States.

The apparel sector accounts for two-thirds of Haitian exports and nearly one-tenth of GDP. U.S. economic engagement under the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act, passed in December 2006, has boosted apparel exports and investment by providing tariff-free access to the United States. HOPE II, implemented in October 2008, has further improved the export environment for the apparel sector by extending preferences to 2018.

Remittances are the primary source of foreign exchange, equaling nearly a quarter of GDP and more than twice the earnings from exports. Without this assistance, particularly remittances that go directly into the pockets of Haitians, the economic situation in Haiti would be much worse.

*Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA:* Haiti has a relatively open trade regime and has committed to undertake and fulfill its WTO obligations.

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

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

The Factories Act and Employment of Young Persons and Children Act of 1999 set the minimum age for employment at 15 years, but children under that age may be employed in technical schools, provided such work is approved and supervised by the public authority. Children younger than 16 years are prohibited from working at night. Although the Occupational Safety and Health Act also prohibits young persons and children from performing any work that is likely to be hazardous, interferes with their education, or is harmful to their physical, mental, spiritual, moral or social health and development, the Employment of Young Persons and Children Act permits children over 16 years to work in the manufacture of iron, steel, and paper as well as glass work and gold mining reduction when a family member is also employed in the same undertaking. The law restricts to the age of 18 or higher employment in hazardous areas, such as mining, construction and sanitation services. Many children work in the informal sector, such as street trading, vending, livestock, and farming. Though the government devotes 15.1 percent of the national budget to education and provides free education from nursery through secondary school, the lack of human and financial resources limits educational opportunities.

The Labor Act and the Wages Councils Act allow the Labor Minister to set minimum wages for various categories of private employers. Minimum wages for certain categories of private sector workers have been set, but there is no uniform legislated national minimum wage. The minimum wage in the public sector was increased during 2007 to the equivalent of approximately $130 per month. The maximum workday is eight hours, and the maximum workweek is 44 hours, with overtime and premium pay mandated for work in excess of those maximums. The Factories Act establishes safety and health standards, which are enforced by the Ministry of Labor. Enforcement can be weak, however, due to inadequate resources.

Haiti must fulfill certain requirements related to labor protections in order to continue to receive benefits under the HOPE program. These requirements are outlined in Chapter 1. On October 16, 2009, President Obama certified to Congress that Haiti had met the necessary requirements to continue the duty-free treatment provided under HOPE II.

*Commitments to Eliminate the Worst Forms of Child Labor:* Internal trafficking of children for domestic labor remains a widespread problem in Haiti. In general, due to high unemployment and job competition, there is very little child labor in the formal industrial sector. Children are known to work on family farms and in the informal sector in order to supplement their parents' income; they contribute to the production of pistachio, corn, peas, millet, sugarcane, manioc, and rice.

A common form of exploitive child labor in Haiti is the traditional practice of trafficking children from poor, rural areas to cities to work as domestic servants for more affluent urban families, referred to as "restavek." The restavek tradition is widespread in Haiti and fraught with abuse. Poor rural families sometimes give custody of their children to more affluent families or other family members, in the hope that they will receive an education and will have an opportunity for a better life. According to the *Department of Labor's 2008 Findings on the Worst Forms of Child Labor*, while some of these children are cared for and receive an education, many are trafficked into forced labor and abusive situations. Such children receive no schooling; are sexually exploited and physically abused; and are unpaid, undocumented, and unprotected. Also, children are trafficked from Haiti to the Dominican Republic where they work in domestic service, sex tourism, and agriculture and often live in poor conditions.

The Labor Code of 1984 sets the minimum age for employment at 15 years for work in industrial, agricultural, or commercial enterprises, and establishes 14 years as the minimum age for apprenticeships. The Labor Code also bans hazardous work for minors and night work in industrial jobs for children under 18 years. Additional provisions regulate the employment of children ages 15 to 18 years and prohibit forced labor. The Criminal Code prohibits the procurement of minors for the purposes of prostitution. Legislation also outlaws all forms of violence and inhumane treatment against children.

The Ministry of Labor and Social Affairs (MOLSA) is responsible for enforcing all child labor legislation, and the Institute for Welfare and Research (IBESR), which is part of the MOLSA, is charged with coordinating the implementation of child labor laws with other government agencies. However, child labor laws, particularly child domestic labor regulations, are not enforced. According to the government, the IBESR lacks the resources to adequately monitor the living conditions of child domestic workers, or to enforce protective measures on their behalf.

The Government of Haiti participates in a number of projects to address child trafficking. In one such project, funded by the U.S. Department of State, the International Organization for Migration is working with NGOs to provide shelter, protection, and services to child trafficking victims, specifically restaveks from Port-au-Prince. The Government of Haiti is also participating in a $1 million project funded by USAID and implemented by the Pan American Development Foundation (PADF) to strengthen legislation and law enforcement associated with trafficking. Additionally, the U.S. Department of State is supporting a $200,000 project also implemented in Haiti by PADF to prevent trafficking across the border of Haiti and the Dominican Republic.

*Counternarcotics Cooperation:* The President has identified Haiti as a major drug transit or major illicit drug producing country under the provision of the FRAA. Haiti was not, however, designated as having "failed demonstrably" to make substantial efforts during the previous 12 months to adhere to international counternarcotics agreements and to take measures specified in U.S. law. Haiti's law enforcement institutions remain weak and its judicial system dysfunctional. In 2008, with the support of the United Nations Stabilization Mission in Haiti (MINUSTAH), the Haitian National Police (HNP) continued a successful campaign in the Port-au-Prince area to disrupt gang elements involved in kidnapping, drug trafficking, and intimidation. Although the campaign decreased criminal activity in those areas, the government of Haiti has yet to deliver the sustained police presence needed to eliminate the gangs' criminal activity and a resurgence of kidnapping and robberies has occurred.

*Implementation of the Inter-American Convention Against Corruption (IACAC):* Haiti became a party to the IACAC in 2002. Corruption is an ongoing challenge to economic growth and the fight against corruption is a priority for Haitian President Rene Preval and his administration. Haiti is ranked as one of the most corrupt countries in the world according to Transparency International's corruption perception index for 2009. Haiti has demonstrated willingness to undertake law enforcement and legal measures to prevent, investigate, prosecute, and punish public corruption. President Preval has publicly identified the fight against corruption and drug trafficking as major priorities for his administration. Vetting has taken place among selected units in Port-au-Prince and will be further expanded in the capital area where the majority of police officers are assigned. The HNP Director of Administration and Director of Logistics were both removed from their positions in 2008 for suspected corruption and their replacements have taken positive steps to increase accountability and transparency through the use of centralized databases, more controlled authorization of expenditures, and standard operating procedures. The Bureau des Affaires Financieres et Economiques (BAFE), a specialized component of the Haitian National Police, is continuing to investigate government officials suspected of corruption and money laundering activities. The BAFE also cooperates with U.S. officials on investigations into allegations of corruption under the previous administration.

*Transparency in Government Procurement:* Haiti was required to strengthen its procurement laws as a condition of debt forgiveness by the IMF and World Bank. The Haitian government succeeded in adopting a new law on public procurement in early 2008.

*Additional Issues*

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

*Extradition:* Haiti and the United States are parties to an extradition treaty that entered into force in 1905. Though the Haitian Constitution prohibits the extradition of its nationals, Haitians under indictment in the United States have been returned to the United States by non-extradition means. During 2008, Haiti arrested six defendants wanted in the United States on federal drug trafficking charges and transferred custody to the U.S. Drug Enforcement Administration for removal to the United States. All of these defendants were transported to the United States and several have already been convicted at trial or have entered guilty pleas.

**Jamaica**

Population: 2,825,928
Per Capita GDP: $7,500 (2008 est.)
Per Capita GNI (Atlas method),
current USD: $4,870

*Department of Commerce 2008*
*Trade Statistics*

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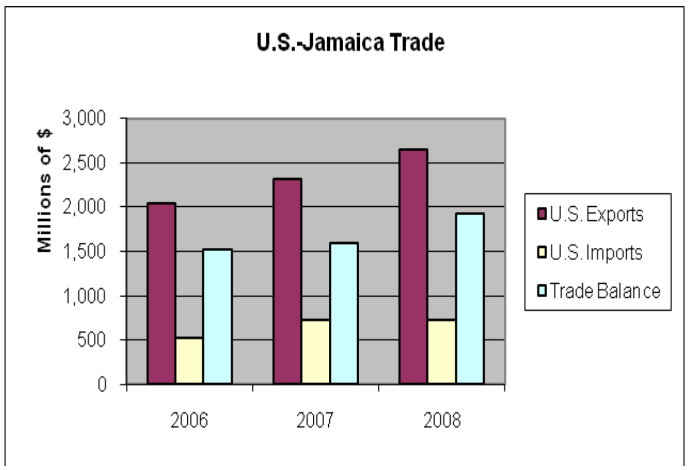
|---|---|
| U.S. Exports | $ 2,644,306,507 |
| U.S. Imports | $ 724,733,000 |
| U.S. Trade Balance | $ 1,919,573,504 |




*Economic Review:* Jamaica's already moribund economy has plunged further into recession on the back of the global economic crisis. Real GDP is projected to fall by 3.6 percent in 2009, as the economy reels from the fallout in the real sector and in particular bauxite and construction. Three of the island's four alumina plants have been forced to halt production as global demand wanes. The falling external demand has also resulted in a slump in foreign exchange earnings, although tourism earnings have remained flat. Remittances, the second largest source of foreign exchange, have declined by almost 20 percent through the first nine months of 2009, compared to the same period in 2008. The imbalance in the country's external position led to a steep depreciation in the local currency, prompting the central bank to effect a number of demand management measures, led by record high interest rates.

These measures have had some success, as the currency stabilized and the stock of Net International Reserves (NIR) leveled off at $1.6 billion. Inflation also moderated to four percent for the first half of 2009. However, these gains have come at a significant cost to the fiscal accounts. The weakening fiscal dynamics combined with talk of a debt concession resulted in a third downgrade in Jamaica's credit rating. The last move was triggered by the dismissal of the Governor of the Bank of Jamaica (Central Bank), The fiscal crisis also forced the government into action; in addition to speeding up negotiations with the IMF for a $1.2 billion Stand-by Agreement to help resolve balance of payments difficulties, the Government of Jamaica made some changes at the technical level in the Ministry of Finance. The Bank of Jamaica received $303.4 million in special drawing rights (SDRs) from the IMF at the end of August 2009, pushing the stock of NIR to nearly $2 billion. The government also received a $40 million grant from the European Union for budgetary support.

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

*Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA:* As a member of the WTO, Jamaica has agreed to provide equitable and reasonable access to goods from the United States and other member countries. Jamaica has demonstrated its commitment to undertake its WTO obligations. Since the late 1980s, Jamaica has been the major proponent of regional economic integration. The country was among the first to reduce duties on goods from CARICOM countries and has been spearheading efforts to get the CARICOM Single Market and Economy and the Caribbean Court of Justice on track.

*Protection of Intellectual Property:* Jamaica has been on the Special 301 Watch List since 1998 because its IPR laws do not meet WTO TRIPS standards. The annual USTR Special 301 report has cited U.S. concerns with Jamaica's continuing failure to enact the Patents and Designs Act, which would implement Jamaica's obligations under the TRIPS Agreement, and the 1994 U.S.-Jamaica Intellectual Property Agreement. However, under the U.S.-Jamaica Bilateral Intellectual Property Rights Agreement, a directive from the Attorney General's Chambers grants immediate protection in Jamaica for patents approved in the United States.

At present, intellectual property rights in Jamaica are addressed by a variety of laws. The Copyright Act of 1993, as amended, covers works ranging from books and music to computer programs. The Act needs to be amended to give effect to the provisions of the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) to which Jamaica became a party in 2002. Jamaica's copyright enforcement record has improved significantly in recent years, with the security forces making frequent arrests for copyright infringements. The police unit responsible for enforcement also has embarked on a public relations campaign to target members of the public who continue to support the illegal activity.

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

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

Jamaica has an estimated labor force of approximately 1.2 million, of which about 20 percent are unionized. Worker rights in Jamaica are defined and protected under the Labor Relations and Industrial Disputes Act. Workers generally enjoy full rights of association, as well as the right to organize and bargain collectively. Some union workers charged that private sector employers laid them off and then rehired them as contractors with reduced pay and benefits, a practice that was legal as long as workers received severance pay. This practice was challenged in the Jamaican legal system. In July 2009 the Court of Appeals upheld a 2005 decision by the independent Industrial Disputes Tribunal (IDT), which hears disputes in collective bargaining cases, in favor of a representational rights poll for contract workers.

Jamaican labor law neither authorizes nor prohibits strikes. However, workers in 10 broad categories of “essential services” are prohibited from striking. The general minimum wage is $46 for a 40-hour week, including at least one day of rest. According to the 2008 State Department Human Rights Report, the minimum wage does not provide a decent standard of living for a worker and family. Employees are expected to work for eight hours per day, with any additional time remunerated at 1.5 times or twice the regular rate. The labor force participation rate of women in Jamaica in 2008 was 57.9 percent as compared to 73.8 per cent for men, while the unemployment rate in the same year for women was 13.8 percent versus 7.4 percent among men.

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

Additionally, Jamaica cooperates with non-governmental organizations such as Children First to prevent child labor. It signed a Memorandum of Understanding with ILO-IPEC, and has established a National Steering Committee for the Protection of Children in conjunction with ILO-IPEC, to map out a “master strategy” to deal with child labor. Children in Jamaica work on plantations, farms, and construction sites, as well as in gardens, shops, and markets. Additionally, the law does not specifically prohibit forced or compulsory labor, including by children, and there were reports of child prostitution and of children trafficked into domestic servitude and forced labor. Children are also involved in drug trafficking in Jamaica.

*Counternarcotics Cooperation:* Jamaica is a transit point for South American cocaine, and is the largest Caribbean producer and exporter of marijuana. The volume of cocaine traffic remains lower than its sub-regional neighbors, and during 2009 Jamaica did not experience a notable increase over the previous year. Jamaica is listed in the 2009 Presidential Determination as a major illicit drug-producing or drug-transit country. Jamaica has worked with the United States to combat drug trafficking and, therefore, has not been identified by the President as having failed to comply with the criteria in the FRAA.

*Implementation of the Inter-American Convention Against Corruption:* Jamaica became a party to the United Nations Convention Against Corruption in March 2008 and ratified the IACAC in March 2001.

The Jamaican Corruption Prevention Act became operational in 2003. Under this Act, public servants can be imprisoned for up to 10 years and fined up to $160,000 if convicted of engaging in acts of bribery. Jamaican individuals and companies are also criminally liable if they bribe foreign public officials, facing the same penalties as public servants. The Act also contains provisions for the extradition of Jamaican citizens for crimes of corruption. The Jamaican Constabulary Force has embarked on strategies to combat corruption within the police force, with one high profile case being prosecuted. The government has called for the adoption of whistleblower legislation and the establishment of a Special Prosecutor for Anti-Corruption to improve transparency and reduce public corruption.

*Transparency in Government Procurement:* Government procurement is generally conducted through open tenders or direct advertising, or by invitation to registered suppliers. U.S. firms are eligible to bid. The range of manufactured goods produced locally is relatively small, so there are few instances of foreign goods competing with domestic manufacturers. Companies interested in supplying office supplies to the government must register with the Financial Management Division of the Ministry of Finance.

According to the government of Jamaica, the country's Public Sector Procurement Regulations were enacted in 2008 pursuant to the Contractor-General Act with the aim of regulating more stringently the procurement of general services, goods and works by making the duty to observe procurement procedures legally enforceable and subject to penal sanction.

*Additional Issues*

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

*Preferential Treatment:* As a member of CARICOM, Jamaica is a party to the Economic Partnership Agreement with the European Union. CARICOM has begun negotiations for a free trade agreement with Canada.

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

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

**Netherlands Antilles**

Population: 227,049

Per Capita GDP:$17,800 (2005 est.)

*Department of Commerce 2008 Trade Statistics*

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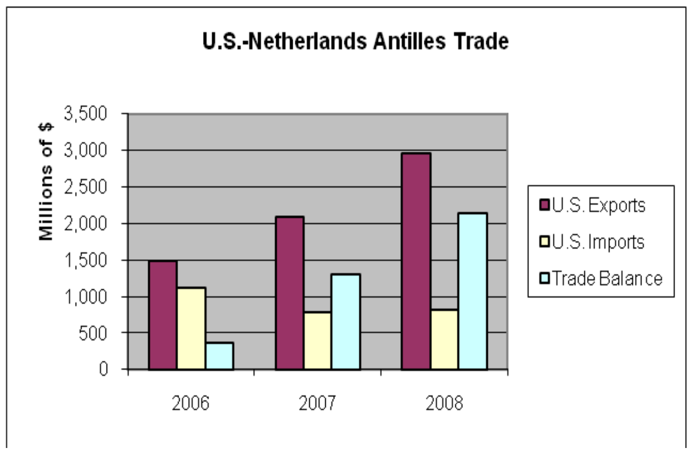
| U.S. Exports | $ 2,951,439,263 |
| U.S. Imports | $ 810,092,631 |
| U.S. Trade Balance | $ 2,141,346,688 |




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

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

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

*Provision of Internationally Recognized Worker Rights:*  The Netherlands Antilles has a population of around 227,000 people. Unemployment is approximately 9.7 percent, with numbers for young adults much higher at 26.3 percent.  There are many immigrant workers (legal and illegal) from Latin American and throughout the Caribbean. Labor unions are strong and active throughout the Antilles in all sectors. Laws protecting children and workers' rights are actively enforced.

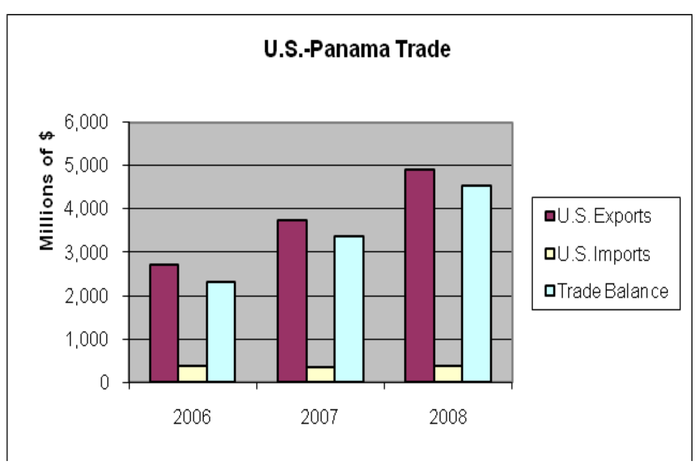
*Counternarcotics Cooperation:*  The islands of the Netherlands Antilles continue to serve as northbound transshipment points for cocaine and increasing amounts of heroin coming from South America.  The President has not found the Netherlands Antilles to be a major drug transit country as defined in the FRAA.  The Netherlands Antilles and Aruba Coast Guard (CGNAA) has developed a very effective counternarcotics intelligence service and is considered by U.S. authorities to be an invaluable international law enforcement partner.  The CGNAA was responsible for several seizures of cocaine and heroin in 2008.  The Netherlands Antilles is a signatory to the Mutual Legal Assistance Treaty and, as such, routinely assists U.S. authorities with fugitive extraditions and sharing of judicial evidence.

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

**Panama**

Population: 3,360,474
Per Capita GDP: $11,700 (2008 est.)
Per Capita GNI (Atlas method),
current USD:  $6,180

*Department of Commerce 2008*
*Trade Statistics*
U.S. Exports $4,913,294,006



| | |
|---|---|
| U.S. Imports | $377,014,087 |
| U.S. Trade Balance | $4,536,280,064 |

*Economic Review*: Panama is experiencing a period of extended economic growth, with 8.5 percent GDP growth in 2006, 11.5 percent in 2007, and 9.2 percent in 2008. However, due to the global economic crisis, GDP growth fell to 2.4 percent in the first half of 2009. The main drivers of growth have been capital investment, port activity, tourism, construction, and goods and services exports.

In 2008, flows of foreign direct investment (FDI) rose approximately 25 percent, reaching $2.4 billion. Approximately 60 percent of FDI that year was attributable to the government sale of two radio spectrum bands. The stock of U.S. foreign direct investment in Panama was $6.2 billion in 2007 (latest data available), up from $4.7 billion in 2006. U.S. FDI in Panama is concentrated largely in the non-bank holding companies, energy, finance, insurance and wholesale trade sectors.

As of June 2009, the public debt in Panama was 43.7 percent of GDP, compared to 45.2 percent as of December 2008. During the first half of 2009, Panama posted a non-financial public sector deficit of 0.8 percent of GDP. The annual deficit for 2009 is projected to be 1.9 percent of GDP.

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

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

*Protection of Intellectual Property*: Intellectual property policy and practice in Panama is the responsibility of an inter-institutional Committee for Intellectual Property (CIPI), which includes representatives from five government agencies (Colon Free Zone, Intellectual Property Registry, Ministry of Education, Customs, and the Attorney General) under the leadership of the Ministry of Commerce and Industry. CIPI coordinates enforcement actions and develops strategies to improve compliance with the law. The creation in 2002 of a specialized prosecutor for intellectual property related cases has strengthened the protection and enforcement of IPR in

Panama.  Given Panama's role as a transshipment point, however, U.S. industry remains concerned that Panama is a conduit for trading in pirated and counterfeit goods.

The TPA provides for improved standards for the protection and enforcement of a broad range of IPR, which are consistent with U.S. and international standards, as well as with emerging international standards, of protection and enforcement of IPR.  Such improvements include state-of-the-art protections for patents, trademarks, test data, and digital copyrighted products such as software, music, text, and videos, and further deterrence of piracy and counterfeiting.

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

Among the major provisions of Panama's labor code are ones addressing freedom of association, the right to organize and bargain collectively, minimum wage, health and safety, hours of work requirements, the minimum age to work legally, and prohibitions against certain forms of child labor.  However, some Panamanian labor leaders maintain that Panama's industry does not fully observe laws on workers' rights and working conditions in Panama.  The ILO's Committee of Experts on the Application of Conventions and Recommendations (CEACR) has noted a number of discrepancies between Panamanian labor law and ILO conventions ratified by Panama, particularly with regard to freedom of association and collective bargaining.  The Government of Panama has noted difficulties in reaching consensus with worker and employer organizations about how to close some of these discrepancies.

Panamanian law permits the establishment of unions in the private sector and allows organization and collective bargaining by certain public-sector and all private-sector employees. The law sets the minimum size of private sector unions at 40 workers and permits one company-level union per establishment.  Umbrella unions based on skill groups may also operate in the same establishment.  The law provides for a conciliation section within the Labor Ministry to resolve private labor complaints and a procedure for mediation.  The law governing the Panama Canal Authority classifies the Canal as an essential international service and prohibits the right to strike, but does allow unions to organize and to bargain collectively.  The current law governing EPZs has been extended to 2015.  Among the issues surrounding the practice of freedom association and collective bargaining in Panama that have been noted by ILO sources are:  the lack of obligation on employers in export processing zones (EPZs) to comply with requests from a qualified employee representative to bargain collectively; 36-day mandatory period of conciliation  before a strike can be  called in EPZs and the nation's call centers; which are covered by the law governing EPZs; and, the ability of employers to bargain directly with unorganized groups of workers when a union is present.

Panamanian law prohibits forced or compulsory labor by adults or children.  In 1998, the government amended its administrative code to prohibit forced labor by prisoners and provide seafarers with the right to terminate their employment by giving reasonable notice.  The State

Department's 2008 Human Rights Report on Panama did not report any instances of forced labor.

Panamanian law sets the minimum working age at 14 years. Children who have not completed primary school may not begin work until 15 years. The law permits children 12 to 14 to perform light agricultural labor as long as the work does not interfere with schooling. However, the CEACR noted that the law does not provide clear regulations for the conditions under which 12 to 14 year olds may engage in light agricultural labor. The law prohibits 14 to 18 year olds from engaging in potentially hazardous work or work that would impede their school attendance. The law identifies such hazardous work to include work with electric energy, explosives, flammable and toxic or radioactive substances; work underground, work on railroads, airplanes or boats; and work in nightclubs bars and casinos. Some forms of hazardous work may be performed as part of a training program. Youth under 16 years may work no more than six hours a day or 36 hours a week, while those 16 and 17 years may work no more than seven hours a day or 42 hours a week. Children under 18 may not work between 6:00 pm and 8:00 am. Whoever employs a minor in a prohibited form of work faces fines and up to six years of imprisonment. An October 2008 ILO survey identified 89,767 working children between the ages of five and 17.

The labor code assigns responsibility for setting minimum wages to a commission composed of representatives from government, employer organizations, and unions. This commission establishes hourly minimum wage rates for specific regions and for most categories of work. As of this December 2009, the minimum wage ranged from $1.01 to $1.87 per hour, depending on region and sector. A worker working 40 hours per week 50 weeks a year and earning at the midpoint of the minimum wage would earn approximately $2,880, which well exceeds the estimated poverty level of annual income of approximately $953. Since July 2007, approximately 20,000 public workers benefited from the equalization of the minimum wages. Public sector workers are not covered by minimum wage provisions, and provisions for domestic workers are made on a monthly instead of hourly basis ($106 to $119 per month).

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

The Labor Ministry is responsible for setting and enforcing health and safety standards. Inspectors from the Labor and the occupational health section of the Social Security Administration conduct periodic inspections of work sites. According to the 2008 State Department Human Rights Report, the government failed to adequately enforce health and safety standards. Construction workers and their employers were lax about conforming to basic safety measures.

*Commitments to Eliminate the Worst Forms of Child Labor*: Panama established by law the list of the worst forms of child labor on June 19, 2006. The law lists 17 classes of work considered hazardous by their nature and 12 considered hazardous by their conditions.

In June 2006, Panama adopted its National Plan Against Child Labor (2007-2011). The Plan was developed by the National Commission for the Elimination of Child Labor and the

Protection of the Adolescent Worker.  The Plan aims to increase awareness about child labor, strengthen legislation, and improve social services to working children and their families.  The government of Panama provides $1.22 million for the project.  In 2007, the Government of Panama adopted its first National Plan against Commercial Sexual Exploitation of Children and Adolescents (2008-2010).  The Plan aims to improve prevention, detection, victim protection, and prosecution measures.  In 2008, Panama's National Commission against Child Labor and the Institute for Human Resources, Capacity Building, and Vocational Training provided almost 4,000 scholarships to children to withdraw or prevent them from exploitive work.

Children in Panama may work in the production of melon, tomato, onions, sugarcane, and coffee.  The number of indigenous children working in agriculture is particularly high.  In urban areas of Panama, children work in the informal service sector.  Some children from indigenous communities in Panama migrate internally and to Costa Rica with their families to work, interrupting their schooling.  Some children, mostly girls of indigenous or Afro-Panamanian descent, work as domestic servants in third party homes where they are vulnerable to physical, psychological, or sexual abuse in conditions that sometimes amount to forced labor.  Child trafficking for commercial sexual exploitation and forced labor is a problem in Panama.

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

The Government of Panama participated in two USDOL-funded projects that ended in 2009.  Both implemented by ILO-IPEC, these included a country project combating child labor in rural areas and a regional project to combat the commercial sexual exploitation of children.

*Counternarcotics Cooperation*:  By virtue of its geographic position and well-developed maritime and transportation infrastructure, Panama is a major logistics control and trans-shipment country for illegal drugs to the United States and Europe, and is used for money laundering purposes.  In 2009, the President identified Panama as a major drug transit or major illicit drug producing country under the provision of the FRAA.  The Government of Panama was certified in March 2009 as having cooperated vigorously with the United States on counternarcotics efforts.  Additionally, Panama has a comprehensive legal framework to detect, prevent, and combat money laundering and terrorist financing, and provides excellent cooperation with U.S. law enforcement agencies in combating drug trafficking, money laundering, and financial crimes.

*Implementation of the Inter-American Convention Against Corruption*:  Panama is a signatory to the IACAC, having ratified the convention on July 20, 1998, and deposited it with the Organization of American States on October 8, 1998.  On June 4, 2001, Panama signed the Declaration on the Mechanism for Follow-up of the Implementation of the Inter-American Convention Against Corruption (MESICIC).  The Government of Panama has established a

National Council for Transparency against Corruption (CNTCC), which includes the Ministry of the President, Ministry of Economics and Finance, Attorney General, and the Comptroller General.

The Committee of Experts of MESICIC issued a Final Second Report on Panama's implementation of the IACAC based on information collected through May 25, 2007. The report acknowledged progress by Panama in certain areas, and recommended that Panama strengthen its systems for addressing conflicts of interest, ensuring there is an oversight body with competence to establish through training then enforce ethics standards, and increasing public participation and monitoring of public administration. In March 2009, the CNTCC and the OAS held a workshop on the issues identified and CNTCC issued a report in September 2009 that outlined the actions taken to respond to the issues raised by the MESICIC reports.

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

While Panama committed to become a party to the WTO Agreement on Government Procurement (GPA) at the time it joined the WTO, it remains an observer and not a signatory. Its efforts to accede to the GPA have been stalled for several years. Under the TPA, Panama would guarantee a fair and transparent process for procurement covered by the TPA. The TPA provides that U.S. suppliers will be permitted to bid on procurement by a wide range of Panamanian government entities, including the Panama Canal Authority, over a certain thresholds on the same basis as Panamanian suppliers. The TPA would strengthen rule of law and fight corruption by criminalizing bribery in government procurements and establishing an impartial administrative or judicial authority to receive and review supplier challenges. Disputes relating to Panama Canal Authority (PCA) procurement must comply with the domestic review procedures in the TPA, with two exceptions: the PCA will provide at least five business days for suppliers to submit written challenges; and the PCA is not subject to interim measures.

*Additional Issues*

*Nationalization/Expropriation:* The U.S. Embassy in Panama has not reported any nationalization or expropriation of any property held in the name of U.S. citizens since the publication of the 2007 CBERA Report.

*Arbitral Awards:* The U.S. Embassy in Panama has not reported any arbitral awards favoring U.S. citizens that Panama has failed to recognize since the publication of the 2007 CBERA Report.

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

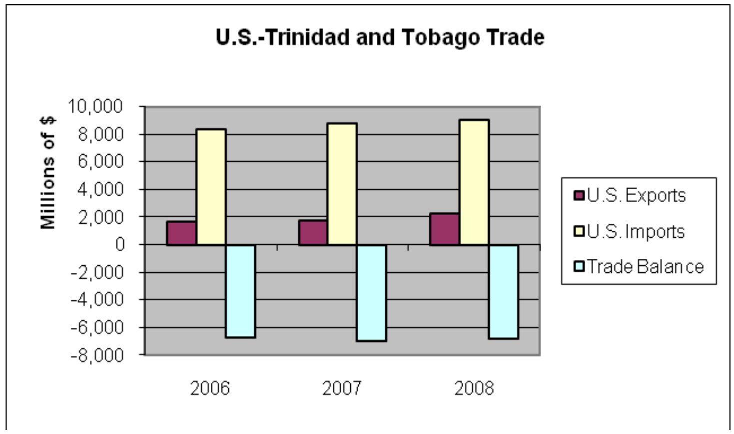
*Extradition:* The United States and Panama are signatories to an extradition treaty, signed May 25, 1904 (entered into force May 8, 1905), which provides for the extradition from Panama to the U.S. of U.S. citizens convicted of crimes.

## Trinidad and Tobago

Population: 1,229,953
Per Capita GDP: $23,600 (2008 est.)

Department of Commerce 2008 Trade Statistics

| | |
|---|---|
| U.S. Exports | $2,251,172,161 |
| U.S. Imports | $9,030,293,328 |
| U.S. Trade Balance | -$6,779,121,152 |




*Economic Review*: Trinidad and Tobago has a vibrant industrialized economy, supported by relatively large natural gas reserves. It had 16 consecutive years of real GDP growth through 2008. In 2007, the country experienced a real GDP growth rate of 5.5 percent. This moderated to 3.5 percent in 2008, with the country experiencing negative growth in the last quarter of 2008 and the first quarter of 2009 as export commodity prices fell in response to recessions in developed country markets. Unemployment stood at 3.9 percent in the fourth quarter of 2008, and rose to five percent in the first quarter of 2009. The direct impact from the global financial crisis has been relatively limited, reflecting a liquid and well-capitalized banking sector that has relied little on foreign borrowing. Resilience also arises from large international reserves and low debt ratios.

Trinidad and Tobago is the fifth-largest exporter of liquefied natural gas (LNG) in the world and the single largest supplier of LNG to the U.S., providing two-thirds of all LNG imported into the United States since 2002. Natural gas production continues to expand; however, the petrochemical sector felt the greatest impact of a global economic slowdown in late 2008. A number of plants have responded with temporary shutdowns.

Trinidad and Tobago is still considered a low-risk investment destination. The government has essentially eliminated all barriers to foreign investment. The Central Bank manages the Trinidad and Tobago dollar in a lightly managed, stable float against the U.S. dollar, contributing to the country's attractiveness to foreign investment.

*Commitment to undertake WTO obligations and participate in negotiations toward the FTAA or another FTA:* Trinidad and Tobago has been a member of the WTO since 1995 and is an active participant in CARICOM.

*Protection of Intellectual Property*: Trinidad and Tobago has a relatively strong IPR-protection regime compared to most other countries in the region, which is facilitated by the government's Intellectual Property Office (IPO). Trinidad and Tobago passed the Copyright Amendment Act in April 2008. It acceded to the World Intellectual Property Organization's (WIPO) Performances, the Phonograms Treaty, and the Copyright Treaty in November 2008. The Copyright Amendment Act, among other things, facilitates police enforcement by simplifying the process of filing charges.

Trinidad and Tobago has shown improvement in enforcement of IPR with recent arrests of individuals and seizure and destruction of pirated copies of optical disks and copying equipment. Music and video piracy continue to be the most visible examples of copyright infringement. To address this infringement, the government formed a cabinet-level committee to make recommendations for regulating the home video club industry in 2008.

In 2007, most cable TV signal piracy in Trinidad and Tobago ended when Trinidad's main cable TV company, Flow, signed a licensing agreement with HBO Latin America to legally distribute that company's programming in the country. While some outstanding issues remain, Flow continues to make efforts to legitimize all of its broadcasts. In late 2008, Flow signed a licensing agreement with a major U.S. broadcast network to allow the cable company to show all of its news, sports, and dramatic productions on local stations.

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

The Industrial Relations Act (IRA) provides that all workers, including those in state-owned enterprises, may form and join unions of their own choosing without prior authorization. The IRA provides for the mandatory recognition of a trade union when it represents 51 percent or more of the workers in a specified bargaining unit. An estimated 22 to 24 percent of the work force is organized in approximately 25 active unions. A union also may bring a request for enforcement to the Industrial Court, which may order employers found guilty of anti-union activities to reinstate workers and pay compensation, or may impose other penalties including imprisonment.

The law allows unions to conduct their activities without interference, to participate in collective bargaining, and to strike. In practice, the government protects these rights. However, by law, "essential services" employees, such as police and teachers, do not have the right to strike. Instead, union leaders organize "sick-outs" for such employees during labor disputes.

The Minimum Wages Order (1999) established a 40-hour workweek, time and a half pay for the first four hours of overtime on a workday; double pay for the next four hours and triple pay thereafter. For holidays and days off, the act provides for double pay for the first eight hours and triple pay thereafter. Where workers work only four days in the week the normal work day must not exceed ten hours. The Order also mandates meal and rest breaks for workers. However, the Order only applies to workers who receive an hourly rate of TT$10.50 or less, so many workers are excluded.

The Minimum Age for Admission to Employment Act sets the minimum age for employment at 16 years. However, children 14 to 16 years old may work in activities in which a family member is employed or if they are enrolled in a vocational or technical training school. Children under 18 years are prohibited from working between 10 p.m. and 5 a.m., except in a family business or with other exceptions.

*Commitments to Eliminate the Worst Forms of Child Labor*: The Children's Authority and the Ministries of Labor and Small and Micro-Enterprise Development and Social Development are responsible for enforcing child labor laws. The Police Services handle cases of commercial sexual exploitation of children, trafficking of children, and involvement of children in drug trafficking. The law prohibits the procurement of minors for prostitution or sexual offenses, with penalties up to imprisonment for life.

Although there is no significant evidence of children working in Trinidad and Tobago, the Minister of Labor acknowledges that street children work. According to the 2009 Department of State Trafficking in Persons Report, Trinidad and Tobago is a destination and transit country for women and children trafficked for the purpose of commercial sexual exploitation. In 2009, the government continued implementing the Revised National Plan of Action for Children (2006-2010) to prevent child labor.

*Counternarcotics Cooperation*: Trinidad and Tobago continues to be a transit point for the Colombian drug trade, but the President has not designated Trinidad and Tobago as a major drug transit or major illicit drug producing country under the FRAA. The government has remained cooperative with the United States in the regional fight against narcotics trafficking.

*Implementation of the Inter-American Convention Against Corruption*: Trinidad and Tobago signed and ratified the IACAC in 1998. In 2000, the government established an Integrity Commission to make new provisions for the prevention of corruption of persons in public life by providing for public disclosure of assets and to promote the integrity of public officials and institutions. However, there have been concerns as to whether the Commission is credible and effective in preventing corruption.

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

*Additional Issues*

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

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

*Extradition:* The United States and Trinidad and Tobago have signed and ratified a Bilateral Extradition Treaty and Mutual Legal Assistance Treaty in Criminal Matters. Trinidad and Tobago actively cooperates with the United States in matters of extradition.

## Chapter 4

# SUMMARY OF PUBLIC COMMENTS

Seventeen organizations responded to the Trade Policy Staff Committee's solicitation of public comments in connection with preparation of this report. The notice and solicitation of public comments was published in the *Federal Register* of August 17, 2009. The full texts of these submissions are available for review at the *Regulations.gov* Web site, under docket number USTR-2009-0023.

**The American Chamber of Commerce and Industry of Panama**

The American Chamber of Commerce and Industry of Panama highlighted the importance of trade with the United States to the Panamanian economy. Without the CBI, Panamanian agricultural exports would face duties ranging from two to 12 percent, depending on the product. The group encouraged support for Panama's continued receipt of benefits until the U.S.-Panama Free Trade Agreement enters into force.

**The American Chamber of Commerce in Trinidad and Tobago**

The American Chamber of Commerce in Trinidad and Tobago noted the importance of the CBI as a tool for economic development and export diversification. The Chamber pointed out that CBTPA is scheduled to expire on September 30, 2010. If the CBPTA is not renewed, businesses in Trinidad and Tobago, as well as the government of the country, would suffer.

**Cámara de Comercio, Industrias, y Agricultura de Panamá**

The Chamber of Commerce, Industry, and Agriculture of Panama stated that the CBI has helped the export sector in Panama to increase its competitiveness. Without the trade preferences, Panamanian agricultural exports would suffer. The group encouraged support for Panama's continued receipt of benefits until the U.S.-Panama Free Trade Agreement enters into force.

**Andrea Ewart**

Ms. Ewart proposed two objectives for U.S. policy in the region: support for the CARICOM regional integration process already underway and developing a new framework for U.S.-CARICOM trade relations. She urged that U.S. policy in the region focus on providing increased political support, financial resources, and technical assistance to facilitate the progress of regional integration in the Caribbean. Ms. Ewart suggested that CBERA be reformed to expand product coverage and liberalize the rules of origin. She also recommended that the United States negotiate a new Trade and Investment Framework with CARICOM.

**HBO Latin America Group**

HBO Latin America Group (HBO LAG) is an affiliate of Home Box Office, Inc., and is composed of affiliates of Time Warner Entertainment Company, L.P.; Sony Pictures

Entertainment Inc.; and Ole Communications Group. HBO LAG stated that under the terms of the compulsory licensing system established in the 1998 Copyright Act, the Government of the Bahamas allowed Cable Bahamas to receive, decode, retransmit, and sell television programming of U.S. networks. HBO LAG noted that in September 2009, the Government of The Bahamas published amendments to the Copyright Act that would narrow the scope of the compulsory license system. These amendments would take effect on October 1, 2009.

**International Intellectual Property Alliance**

The International Intellectual Property Alliance (IIPA), a private sector coalition that represents U.S. copyright based industries in bilateral and multilateral efforts to improve international protection of copyrighted materials and open up foreign markets closed by piracy and other market access barriers, recommended that the U.S. government urge CBERA beneficiary countries to promptly ratify the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) and implement those obligations into domestic law.

IIPA also highlighted what it considered to be the copyright sectors' major piracy problems in the region: unauthorized duplication of optical disks; challenges to copyright enforcement; piracy of business software, sound recordings, music, and entertainment software; satellite signal theft and cable piracy; and unauthorized commercial photocopying.

**Jamaica Chamber of Commerce (JCC)**

The Jamaica Chamber of Commerce highlighted the opportunity for growth in trade in goods and services between the United States and Jamaica. The JCC noted that the economic crisis has hurt Jamaica and the other countries in the Caribbean. The JCC suggested that the CBI be modified to include both goods and services as well as made reciprocal. The JCC also said that the CBI should be made permanent.

**Manchester Trade**

Manchester Trade submitted comments on behalf of its client, Trinidad Bulk Traders Ltd., a producer and exporter of ethanol. The company recommended that the ethanol provisions in the CBERA be maintained in order to ensure the continued development of renewable energy in the Caribbean Basin.

**Ministry of Commerce and Industry, Panama**

The Ministry of Commerce and Industry submitted comments on behalf of the Government of Panama. The submission noted that the United States is Panama's most important trading and investment partner. The submission highlighted Panama's commitment to its WTO obligations in several areas, including tariffs, services, and technical barriers to trade. The ministry encouraged support for Panama's continued receipt of benefits until the U.S.-Panama Free Trade Agreement enters into force.

### Ministry of Foreign Affairs and Foreign Trade, Jamaica

The Ministry described the importance of the CBI to the country and provided comments on Jamaica's compliance with the CBI eligibility criteria. According to the Ministry, over 90 percent of Jamaica's exports to the United States enter duty free under CBERA. The most significant exports include light petroleum distillates and include automotive diesel oils and turbo fuel oils, which are utilized mainly for the refueling of airplanes and ships. Exports of ethanol, the next largest export category, have surged in recent years due to the increased interest in biofuels. Ethanol is now a key export product for Jamaica and there are plans to increase production from locally-grown sugarcane feedstock.

### Ministry of Trade and Industry, Trinidad and Tobago

Mariano Browne, the Minister of Trade and Industry, submitted comments on behalf of the Government of Trinidad and Tobago. The comments focused on three areas: Trinidad and Tobago's performance with regard to the CBI eligibility criteria, the importance of maintaining certain aspects of the CBI program, and the need to reassess aspects of the CBI program given the entry into force of the CAFTA-DR Agreement. According to the submission, Trinidad and Tobago has met all of the CBI eligibility criteria. The Submission notes that 22.5 percent of Trinidad and Tobago's 2007 exports to the United States entered duty free under the CBTPA. The expiration of those benefits would have a strong negative effect. Finally, the ministry proposes an amendment to U.S. law that would allow originating goods under the CAFTA-DR to be shipped from a CAFTA-DR country to a CBI beneficiary country, packaged using Caribbean material, and then shipped duty-free to the United States.

### National Minority Business Council

The mission of the non-profit National Minority Business Council (NMBC) is to provide education and training, advocacy and business opportunities for its members and other small and mid-sized businesses. NMBC made two observations. First, the Caribbean/Central America region lacks an enabling and supportive environment for vigorous entrepreneurship. Second, NMBC believes that since the United States does not share critical knowledge with the Caribbean and Central America, the region engages in practices detrimental to the intellectual property of U.S. companies.

### The Kingdom of the Netherlands

The Embassy of the Kingdom of the Netherlands in Washington described the process of constitutional reform currently underway in the Netherlands Antilles, currently comprising the islands of Curaçao, St Maarten, Bonaire, St Eustatius and Saba. According to the Embassy, the Kingdom of the Netherlands consists of three countries with equal status: the Netherlands Antilles, Aruba and the Netherlands. Thus, the Caribbean parts of the Kingdom – the Netherlands Antilles and Aruba – are not "overseas dependencies" of the Netherlands, but full, autonomous partners within the Kingdom, alongside the Netherlands. Under the new system, the two largest islands of the Netherlands Antilles – Curaçao and St Maarten – will obtain country status, comparable to that of the Netherlands Antilles and Aruba within the Kingdom's current structure. Once the new arrangements take effect, the Netherlands Antilles will cease to exist as a country. The Kingdom will then consist of four, instead of three, countries: the Netherlands, Aruba, Curaçao and St Maarten. The details of this new arrangement will be worked out in a series of negotiations involving all parts of the Kingdom. It has also been agreed that the three smaller islands – Bonaire, St Eustatius and Saba – will have a direct tie to the Netherlands. In practice, their position will be more or less comparable to that of a Dutch municipality, with certain modifications to take account of their location in the Caribbean region.

**NEWCO Limited**

NEWCO's submission describes the difficulties it has faced in enforcing an international arbitration award against the Government of Belize. In August 1999, Belize initiated a program to modernize and expand the Philip S.W. Goldson International Airport, which was the only international airline gateway to Belize. In June 2000, the Government of Belize requested a consortium of U.S. and German investors to undertake feasibility studies for the modernization of the airport. To pay for these studies, the Government of Belize offered the consortium the exclusive right to form a special purpose company to negotiate with the Belizean government to become the airport concessionaire for a period of 30 years. The consortium members agreed to proceed on that basis. NEWCO is a Belizean special purpose company that was formed in 2002 as the corporate persona of the consortium. NEWCO and the Government of Belize entered into a concession agreement on November 27, 2002. In 2003, the Government of Belize abruptly terminated the concession agreement. Less than two weeks later, the Government of Belize announced that the concession would be turned over to another entity comprised of local insiders.

NEWCO initiated international arbitration proceedings against the Government of Belize pursuant to the arbitration clause of the concession agreement. The arbitral tribunal was appointed by mutual consent of the parties under United Nations Commission on International Trade Law (UNCITRAL) Rules and convened in Miami, Florida. In June 2008, the arbitral panel issued its unanimous and final award in favor of NEWCO and against the Government of Belize. The tribunal awarded damages to NEWCO in the amount of US$4.3 million, plus post-award interest and arbitration expenses. The submission notes that since that time, however, the Government of Belize has engaged in various legal tactics to avoid payment and to obstruct enforcement. NEWCO was also served with tax assessments in Belize in the amount of approximately US$2.7 million on alleged almost identical monthly revenues from 2003 until August 2008. NEWCO states that it never operated in Belize because its concession was terminated before operations could begin.

The submission also notes that the Government of Belize expressly disavowed, in judicial proceedings pending in the U.S., the applicability of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of June 10, 1958 (New York Convention) to Belize. This disavowal was made despite the acknowledgement, on September 29, 1982, by the then Prime Minister and Minister of Foreign Affairs of Belize to the United Nations Secretary General of the continued provisional application of the New York Convention following the independence of Belize from the United Kingdom.

**Panama Chamber of Shipping**

The submission pointed out that the United States is Panama's top trading partner. It went on to note that without the CBI, Panama's agricultural exports to the United States would fall and, as a result, shipping traffic from Panama to the United States would drop as well. The Chamber encouraged support for Panama's continued receipt of benefits until the U.S.-Panama Free Trade Agreement enters into force.

**Television Association of Programmers Latin America**

The Television Association of Programmers (TAP) Latin America is an industry trade group representing more than 30 pay television channels in Latin America. TAP Latin America noted that the Bahamian government's failure to narrow the scope of the compulsory license applied to pay television programming represented a failure to provide adequate and effective protection for intellectual property rights. TAP Latin America acknowledged that the Bahamian government had taken steps to implement the 2004 amendments to the Copyright Act on October 1, 2009 and requested the TPSC to continue to monitor the implementation of the amendment.

**U.S. Chamber of Commerce and Association of American Chambers of Commerce in Latin America (AACCLA)**

The U.S. Chamber of Commerce ("the Chamber") is the world's largest business federation, representing more than three million businesses and organizations of every size, sector, and region. The 23 American Chambers of Commerce in Latin America and the Caribbean represent over 80 percent of all U.S. investment in the region. The submission focuses on four beneficiary countries: Haiti, Jamaica, Panama, and Trinidad and Tobago. The Chamber and AACCLA recommend a continuation of trade preferences under CBERA and CBTPA. Unilateral preferences promote stability and growth in the region while creating economic development opportunities.

**Appendix 1: List of Frequently Used Acronyms**

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

| Appendix 2: United States Imports from CBI countries<br>Total and under Selected Import Programs, 2006-2008 and January-August 2008 and 2009[1] | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2006 | | 2007 | | 2008 | | 2008 January-August | | 2009 January-August | |
| Country[2] | Import Program | Thousand $ | % of Total | Thousand $ | % of Total | Thousand $ | % of Total | Thousand $ | % of Total | Thousand $ | % of Total |
| Antigua and Barbuda | CBERA | 23 | 0.4 | 132 | 1.5 | 94 | 1.9 | 82 | 2.5 | 201 | 2.9 |
| | CBTPA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | GSP | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | NTR Free | 4,775 | 82.7 | 7,730 | 88.5 | 3,798 | 78.0 | 2,494 | 75.3 | 5,590 | 80.6 |
| | Total | 5,771 | 100.0 | 8,736 | 100.0 | 4,868 | 100.0 | 3,310 | 100.0 | 6,932 | 100.0 |
| Aruba | CBERA | 171 | 0.0 | 295 | 0.0 | 229 | 0.0 | 158 | 0.0 | 134 | 0.0 |
| | CBTPA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | GSP | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | NTR Free | 51,266 | 1.8 | 25,770 | 0.9 | 8,216 | 0.3 | 6,489 | 0.3 | 7,963 | 0.7 |
| | Total | 2,844,934 | 100.0 | 2,995,318 | 100.0 | 3,179,303 | 100.0 | 2,055,409 | 100.0 | 1,203,035 | 100.0 |
| Bahamas | CBERA | 125,056 | 27.6 | 137,351 | 27.3 | 141,048 | 23.4 | 93,472 | 27.9 | 62,160 | 13.3 |
| | CBTPA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | GSP | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | NTR Free | 230,347 | 50.9 | 179,741 | 35.7 | 365,157 | 60.5 | 197,476 | 59.0 | 190,832 | 41.0 |
| | Total | 452,815 | 100.0 | 503,816 | 100.0 | 603,935 | 100.0 | 334,497 | 100.0 | 465,823 | 100.0 |
| Barbados | CBERA | 4,938 | 14.6 | 7,330 | 19.3 | 6,272 | 15.4 | 4,310 | 15.0 | 2,878 | 13.9 |
| | CBTPA | 71 | 0.2 | 0 | 0.0 | 17 | 0.0 | 3 | 0.0 | 0 | 0.0 |
| | GSP | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | NTR Free | 25,850 | 76.4 | 27,892 | 73.3 | 30,263 | 74.5 | 21,144 | 73.5 | 16,640 | 80.2 |
| | Total | 33,842 | 100.0 | 38,057 | 100.0 | 40,631 | 100.0 | 28,772 | 100.0 | 20,740 | 100.0 |
| Belize | CBERA | 40,061 | 27.3 | 34,529 | 32.9 | 38,677 | 25.2 | 33,828 | 32.8 | 20,137 | 30.7 |
| | CBTPA | 21,650 | 14.7 | 9,777 | 9.3 | 184 | 0.1 | 184 | 0.2 | 0 | 0.0 |
| | GSP | 6,019 | 4.1 | 8,215 | 7.8 | 2,436 | 1.6 | 1,230 | 1.2 | 3,211 | 4.9 |
| | NTR Free | 32,445 | 22.1 | 22,079 | 21.0 | 22,708 | 14.8 | 15,334 | 14.9 | 11,463 | 17.5 |
| | Total | 146,814 | 100.0 | 105,099 | 100.0 | 153,183 | 100.0 | 102,991 | 100.0 | 65,526 | 100.0 |
| British Virgin | CBERA | 223 | 0.8 | 65 | 0.1 | 437 | 4.1 | 419 | 6.8 | 23 | 0.7 |
| | CBTPA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Islands | GSP | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | NTR Free | 22,627 | 86.0 | 38,874 | 90.3 | 6,645 | 61.8 | 4,366 | 71.1 | 2,748 | 82.9 |
| | Total | 26,303 | 100.0 | 43,060 | 100.0 | 10,754 | 100.0 | 6,143 | 100.0 | 3,315 | 100.0 |
| Costa Rica | CBERA | 1,032,578 | 26.9 | 1,107,293 | 28.1 | 1,056,405 | 26.8 | 738,895 | 26.7 | 0 | NA |
| | CBTPA | 348,095 | 9.1 | 308,923 | 7.8 | 195,258 | 5.0 | 143,262 | 5.2 | 0 | NA |
| | GSP | 113,418 | 3.0 | 82,098 | 2.1 | 99,157 | 2.5 | 68,308 | 2.5 | 0 | NA |
| | NTR Free | 2,067,852 | 53.8 | 2,175,620 | 55.2 | 2,323,540 | 59.0 | 1,630,048 | 58.9 | 0 | NA |
| | Total | 3,844,275 | 100.0 | 3,942,957 | 100.0 | 3,937,726 | 100.0 | 2,768,757 | 100.0 | 0 | NA |
| Dominica | CBERA | 66 | 2.1 | 45 | 2.6 | 200 | 8.6 | 93 | 5.2 | 64 | 2.9 |
| | CBTPA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | GSP | 0 | 0.0 | 0 | 0.0 | 34 | 1.4 | 34 | 1.9 | 60 | 2.7 |
| | NTR Free | 2,140 | 68.0 | 1,107 | 63.0 | 719 | 31.0 | 535 | 29.5 | 1,320 | 60.2 |
| | Total | 3,148 | 100.0 | 1,758 | 100.0 | 2,322 | 100.0 | 1,810 | 100.0 | 2,191 | 100.0 |
| Dominican Republic | CBERA | 988,443 | 21.8 | 143,313 | 23.9 | 0 | NA | 0 | NA | 0 | NA |
| | CBTPA | 1,457,608 | 32.2 | 160,957 | 26.9 | 0 | NA | 0 | NA | 0 | NA |
| | GSP | 132,740 | 2.9 | 18,664 | 3.1 | 0 | NA | 0 | NA | 0 | NA |
| | NTR Free | 1,389,716 | 30.7 | 212,581 | 35.5 | 0 | NA | 0 | NA | 0 | NA |
| | Total | 4,528,989 | 100.0 | 598,781 | 100.0 | 0 | NA | 0 | NA | 0 | NA |
| El Salvador | CBERA | 14,584 | 5.2 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | CBTPA | 139,537 | 49.9 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | GSP | 15,197 | 5.4 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | NTR Free | 33,558 | 12.0 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | Total | 279,819 | 100.0 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| Grenada | CBERA | 56 | 1.3 | 25 | 0.3 | 126 | 1.7 | 63 | 1.1 | 40 | 0.9 |
| | CBTPA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | GSP | 49 | 1.1 | 19 | 0.2 | 227 | 3.1 | 166 | 2.8 | 3 | 0.1 |
| | NTR Free | 3,856 | 86.3 | 7,116 | 86.7 | 6,011 | 82.7 | 5,000 | 84.3 | 3,919 | 88.6 |
| | Total | 4,467 | 100.0 | 8,206 | 100.0 | 7,272 | 100.0 | 5,935 | 100.0 | 4,425 | 100.0 |
| Guatemala | CBERA | 185,264 | 11.7 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | CBTPA | 444,561 | 28.2 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | GSP | 69,230 | 4.4 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | NTR Free | 355,150 | 22.5 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | Total | 1,577,938 | 100.0 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| Guyana | CBERA | 522 | 0.4 | 5,494 | 4.4 | 16,327 | 11.2 | 15,503 | 15.7 | 1,513 | 1.5 |
| | CBTPA | 4,573 | 3.7 | 4,608 | 3.7 | 4,282 | 2.9 | 2,999 | 3.0 | 3,002 | 3.0 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | GSP | 14,634 | 11.7 | 5,235 | 4.2 | 1,374 | 0.9 | 444 | 0.5 | 430 | 0.4 |
| | NTR Free | 99,854 | 79.7 | 103,906 | 84.1 | 121,240 | 83.1 | 77,919 | 79.1 | 93,988 | 93.7 |
| | Total | 125,237 | 100.0 | 123,528 | 100.0 | 145,966 | 100.0 | 98,471 | 100.0 | 100,361 | 100.0 |
| Haiti | CBERA | 14,928 | 3.0 | 9,863 | 2.0 | 10,926 | 2.4 | 9,583 | 3.3 | 12,710 | 3.5 |
| | CBTPA | 364,395 | 73.4 | 420,524 | 86.2 | 394,192 | 87.6 | 257,752 | 89.4 | 247,620 | 68.1 |
| | GSP | 1,384 | 0.3 | 1,911 | 0.4 | 1,084 | 0.2 | 892 | 0.3 | 596 | 0.2 |
| | NTR Free | 24,677 | 5.0 | 18,206 | 3.7 | 19,551 | 4.3 | 12,907 | 4.5 | 13,480 | 3.7 |
| | Total | 496,141 | 100.0 | 487,792 | 100.0 | 450,118 | 100.0 | 288,383 | 100.0 | 363,405 | 100.0 |
| Honduras | CBERA | 82,189 | 9.1 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | CBTPA | 473,735 | 52.6 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | GSP | 12,727 | 1.4 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | NTR Free | 147,787 | 16.4 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | Total | 900,542 | 100.0 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| Jamaica | CBERA | 199,165 | 38.3 | 200,150 | 27.5 | 303,864 | 41.9 | 226,354 | 43.9 | 152,869 | 46.2 |
| | CBTPA | 46,587 | 9.0 | 35,797 | 4.9 | 15,736 | 2.2 | 11,010 | 2.1 | 285 | 0.1 |
| | GSP | 12,058 | 2.3 | 12,595 | 1.7 | 7,304 | 1.0 | 4,635 | 0.9 | 9,930 | 3.0 |
| | NTR Free | 182,957 | 35.2 | 390,885 | 53.7 | 320,415 | 44.2 | 219,261 | 42.6 | 137,122 | 41.5 |
| | Total | 519,596 | 100.0 | 728,291 | 100.0 | 724,733 | 100.0 | 515,286 | 100.0 | 330,687 | 100.0 |
| Montserrat | CBERA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | CBTPA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | GSP | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | NTR Free | 711 | 89.7 | 428 | 77.2 | 192 | 83.3 | 167 | 85.2 | 398 | 80.2 |
| | Total | 793 | 100.0 | 554 | 100.0 | 230 | 100.0 | 197 | 100.0 | 496 | 100.0 |
| Netherlands Antilles | CBERA | 2,157 | 0.2 | 3,598 | 0.5 | 11,933 | 1.5 | 11,377 | 1.7 | 648 | 0.2 |
| | CBTPA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | GSP | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | NTR Free | 147,451 | 13.2 | 174,876 | 22.4 | 171,496 | 21.2 | 115,498 | 17.5 | 76,923 | 24.1 |
| | Total | 1,119,248 | 100.0 | 781,364 | 100.0 | 810,093 | 100.0 | 658,685 | 100.0 | 318,616 | 100.0 |
| Nicaragua | CBERA | 42,100 | 11.0 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | CBTPA | 68,881 | 17.9 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | GSP | 0 | 0.0 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | NTR Free | 64,059 | 16.7 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| | Total | 384,063 | 100.0 | 0 | NA | 0 | NA | 0 | NA | 0 | NA |
| Panama | CBERA | 34,032 | 9.0 | 31,032 | 8.5 | 40,097 | 10.6 | 24,777 | 9.6 | 15,784 | 8.5 |
| | CBTPA | 343 | 0.1 | 252 | 0.1 | 6,369 | 1.7 | 6,329 | 2.4 | 225 | 0.1 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | GSP | 24,233 | 6.4 | 18,958 | 5.2 | 10,013 | 2.7 | 4,230 | 1.6 | 5,584 | 3.0 |
| | NTR Free | 262,455 | 69.4 | 275,749 | 75.4 | 278,910 | 74.0 | 186,135 | 71.9 | 153,129 | 82.7 |
| | Total | 378,289 | 100.0 | 365,862 | 100.0 | 377,014 | 100.0 | 258,785 | 100.0 | 185,191 | 100.0 |
| St. Kitts and Nevis | CBERA | 24,750 | 49.4 | 16,189 | 30.2 | 14,071 | 25.9 | 9,630 | 25.9 | 5,909 | 18.3 |
| | CBTPA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | GSP | 1,024 | 2.0 | 799 | 1.5 | 843 | 1.5 | 550 | 1.5 | 367 | 1.1 |
| | NTR Free | 20,192 | 40.3 | 29,522 | 55.1 | 34,657 | 63.7 | 23,204 | 62.5 | 22,209 | 68.9 |
| | Total | 50,070 | 100.0 | 53,554 | 100.0 | 54,385 | 100.0 | 37,113 | 100.0 | 32,240 | 100.0 |
| St. Vincent and the Grenadines | CBERA | 210 | 10.4 | 216 | 17.3 | 169 | 17.7 | 65 | 9.9 | 43 | 5.0 |
| | CBTPA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | GSP | 23 | 1.1 | 19 | 1.5 | 8 | 0.9 | 8 | 1.3 | 7 | 0.8 |
| | NTR Free | 793 | 39.1 | 881 | 70.6 | 667 | 70.0 | 487 | 74.4 | 652 | 75.5 |
| | Total | 2,027 | 100.0 | 1,247 | 100.0 | 953 | 100.0 | 655 | 100.0 | 863 | 100.0 |
| St. Lucia | CBERA | 6,907 | 22.9 | 8,497 | 25.5 | 11,033 | 42.4 | 7,021 | 35.1 | 7,605 | 67.6 |
| | CBTPA | 169 | 0.6 | 97 | 0.3 | 48 | 0.2 | 31 | 0.2 | 0 | 0.0 |
| | GSP | 479 | 1.6 | 354 | 1.1 | 341 | 1.3 | 238 | 1.2 | 197 | 1.7 |
| | NTR Free | 3,912 | 13.0 | 3,519 | 10.6 | 11,285 | 43.4 | 10,624 | 53.1 | 2,291 | 20.4 |
| | Total | 30,117 | 100.0 | 33,350 | 100.0 | 26,017 | 100.0 | 20,024 | 100.0 | 11,246 | 100.0 |
| Trinidad and Tobago | CBERA | 1,102,267 | 13.2 | 1,121,268 | 12.8 | 1,370,600 | 15.2 | 1,006,098 | 15.7 | 407,594 | 12.3 |
| | CBTPA | 1,970,565 | 23.5 | 1,450,230 | 16.5 | 568,499 | 6.3 | 407,174 | 6.3 | 327,949 | 9.9 |
| | GSP | 7,405 | 0.1 | 5,097 | 0.1 | 6,416 | 0.1 | 4,052 | 0.1 | 4,909 | 0.1 |
| | NTR Free | 4,485,988 | 53.6 | 5,135,325 | 58.4 | 5,572,063 | 61.7 | 3,946,452 | 61.5 | 1,783,362 | 54.0 |
| | Total | 8,370,048 | 100.0 | 8,793,820 | 100.0 | 9,030,293 | 100.0 | 6,421,305 | 100.0 | 3,301,123 | 100.0 |

[1] General imports, customs value.
[2] Data for El Salvador, Guatemala, Honduras, and Nicaragua in 2006 and for the Dominican Republic in 2007 are only included for the time these countries were CBERA beneficiaries. Statistics for 2009 do not include data for Costa Rica since Costa Rica ceased to be a CBERA beneficiary on Jan. 1, 2009.
Note: NA denotes not applicable.
Source: Compiled from official statistics from the U.S. Department of Commerce.