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Caribbean Basin Partnership Act, 2000

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Abstract
The U.S.-Caribbean Basin Trade Partnership Act (CBTPA) was approved by the U.S. Congress on October I, 2000, and President Clinton signed the proclamation to implement the act on October 2, 2000, as Title II of the Trade and Development Act. The CBTPA constituted an expansion on the 1983 Caribbean Basin Economic Recovery Act (CBERA), which was the initial form of the I983 Caribbean Basin Initiative (CBI), and it sought to gain the advantage that had been lost with Mexico's entry into the North American Free Trade Agreement (NAFTA).

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Comments
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products, have developed. Economic diversification has reduced the percentage of CBI exports to the United States that are traditional agricultural products from over 50 percent in 1983 to just 37 percent in 2006. Exports from CBI nations to the United States have tripled since the CBI's inception, although CBI members' share of U.S. imports continues to fall. On the other hand the benefits of the CBI do not appear to be evenly distributed across member countries, with larger economies—such as the Dominican Republic, Jamaica, and Trinidad and Tobago—having experienced the most impact.

The impact of the CBI has been diluted by more recent economic events. First among those is the North American Free Trade Agreement (NAFTA), which granted Mexico benefits on par with those enjoyed by the CBI countries. Mexico's sheer relative size provided its firms with economies of scale that CBI nations simply could not match. In addition the size and increasing prosperity of the Mexican market made it a substantially more desirable foreign direct investment opportunity for U.S. corporations than the CBI members. Second, decreasing U.S. quotas on agricultural imports, particularly sugar, have also hurt most CBI nations, while only a few have spawned new manufacturing jobs related to the CBI. Third, the rise of the Pacific Rim countries as competitors in traditional sectors such as textiles has hurt Caribbean nations considerably. Caribbean firms must find ways to use their geographic proximity to the U.S. market and the resultant delivery time advantages to leverage their exports. Even so the effects of the recent Central American-Dominican Republic Free Trade Agreement (CAFTA-DR), which provides duty-free access to the United States for countries whose exports match those of CBI countries quite closely, will also mitigate the benefits of the CBI. CBI countries that join CAFTA-DR will lose CBERA and CBTPA status, as happened to El Salvador, Guatemala, Honduras, and Nicaragua, which exited the CBI in 2006, and the Dominican Republic in 2007.

Perhaps the most enduring benefit to Caribbean nations from the CBI has been to raise the region's profile for U.S. policymakers, as the CBI provides both a reminder of the region's needs and a forum for periodic discussions with high-level U.S. officials. The CBI's knock-on effects are evident from the passage of the aforementioned acts of 1990 and 2000, preventing the original CBI legislation from being a one-shot enhancement. More surprisingly Caribbean nations also benefited from inclusion in the Africa Growth and Development Act of 2001, making them eligible for a large pool of assistance.

See also *Caribbean Basin Partnership Act, 2000 (United States); Caribbean Community Common Market (CARICOM); Central American-Dominican Republic Free Trade Agreement, 2004 (CAFTA-DR); Economic Commission for Latin America and Caribbean (CEPAL); Enterprise for the Americas Initiative; Offshore Assembly: "807 Industries"*

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Caribbean Basin Partnership Act, 2000 (United States)

The U.S.-Caribbean Basin Trade Partnership Act (CBTPA) was approved by the U.S. Congress on October 1, 2000, and President Clinton signed the proclamation to implement the act on October 2, 2000, as Title II of the Trade and Development Act. The CBTPA constituted an expansion on the 1983 Caribbean Basin Economic Recovery Act (CBERA), which was the initial form of the 1983 Caribbean Basin Initiative (CBI), and it sought to gain the advantage that had been lost with Mexico's entry into the North American Free Trade Agreement (NAFTA).

The CBI, established by a series of U.S. congressional actions in the 1980s, became the Reagan administration's Inter-American model development program to promote democracies and the creation of free markets in Central America and the Caribbean. In response to the proposal initiated by Jamaican Prime Minister Edward Seaga for a plan to fight communism in the region, this military and economic aid package was announced February 24, 1982, at the meeting of the Organization of American States (OAS). The CBI promised to give economic assistance to pro-U.S. countries to allow duty-free shipping of products to the United States; to quell political unrest in the region; to punish Soviet and Cuba-supported leftist revolt in El Salvador, Guatemala, and Grenada; and to isolate the pro-Castro Sandinista government in Nicaragua. The U.S. Congress, which deferred to the power of business and labor to block the preferences and incentives to investment in the member countries, did not approve the CBI until July 1983, and only with a much-narrowed duty-free list. Reagan, and after him, George H. W. Bush, failed to obtain approval to expand the program, but Clinton secured passage of the CBTPA in 2000.

The CBTPA assures trade preferences to the benefit of the twenty-four member countries of the CBI for duty-free exportation of products to the United States. (Because it brought those members into parity with Mexico, the CBTPA is referred to in the U.S. Congress as a "CBI-parity" or "NAFTA-parity" act). The act assigns responsibility to the United States Trade Representative to establish and publish other determinations concerning customs procedures, and it emphasizes the significance of the component of apparel products made of U.S.-knit yarns and cotton in its acceptance of exports to the United States under the new terms. Carrying over criteria from the CBERA, the CBTPA requires member countries to ensure standards of workers' rights, to respect international intellectual property rights, and to take steps against the narcotics trade and corruption.

Eight of the eighteen CBERA beneficiaries are also beneficiaries under CBTPA: Barbados, Belize, Guyana, Haiti, Jamaica, Panama, St. Lucia, and Trinidad and Tobago. Additional member countries, bringing the total to twenty-four, are Antigua and Barbuda, Aruba, Bahamas, Costa Rica, Dominica, the Dominican Republic, El Salvador, Grenada, Guatemala, Honduras, Montserrat, Netherlands Antilles, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and the British Virgin Islands. The CBTPA was set to expire on September 30, 2010, but the U.S. Congress approved continuation of the agreement until September 30, 2020, with the provision that it would be superseded in the case of any member country's entry into a free trade agreement with the United States.

The goal of the CBTPA has been to reduce economic dependency in the region through economic development and poverty reduction, which would contribute to reducing drug trafficking and illegal immigration. The CBTPA expansion of CBI and CBERA has helped to generate imports from CBI countries totaling $19.6 billion in 2008, an amount that exceeded the 2007 total by $56 million. Implementation of the CBTPA has also brought on denunciations by the American Federation of Labor–Congress of Industrial Organizations (AFL–CIO) of related workers' rights violations under the CBTPA dispensation in the maquiladora and banana sectors of the region, and those denunciations prompted governments to address some of the highly visible cases involving anti-union activity and violations of labor codes.

See also *Association of Caribbean States (ACS); Caribbean Basin Initiative (CBI); Caribbean Community Common Market (CARICOM); Economic Commission for Latin America and the Caribbean (CEPAL); North American Free Trade Agreement (NAFTA), 1992; Organization of Eastern Caribbean States (OECS)*

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Caribbean Community Common Market (CARICOM)

The Caribbean Community Common Market (CARICOM) is an economic free trade zone that developed naturally out of the Caribbean Free Trade Area (CARIFTA), which had previously been established among former island colonies of the United Kingdom. Its interest in protecting its small agricultural industries led to a dispute between the United States and the European Union in the 1990s.

GENESIS

It was initially expected that the former British Caribbean territories would become independent as an internally self-governing federal state, for their mutual support and protection from external powers. The British Caribbean Federation Act, 1956, established the necessary structures. However rivalries between the states soon brought about its collapse, and the various states then became independent separately. In 1965, under the Dickenson Bay Agreement, the newly independent Antigua and Barbuda, Barbados, Guyana, and Trinidad and Tobago created CARIFTA. Its purpose was to give the states a joint international presence in trade negotiations, particularly in dealing with their former colonial power, Great Britain, and their most powerful neighbor, the United States. In 1968 the founding states were joined by Dominica, Grenada, Saint Christopher (or St. Kitts)-Nevis-Anguilla, Saint Lucia, and Saint Vincent and the Grenadines, followed by Montserrat (which did not proceed to independence) and Jamaica. Anguilla rebelled against rule from St. Kitts-Nevis and eventually returned to British rule, but in 1971 British Honduras joined CARIFTA, although it did not gain independence until 1981.

At the Seventh Heads of Government conference of CARIFTA in 1972, Commonwealth Caribbean leaders took the decision to transform the organization into a "Common Market," providing for the free movement of labor and capital between member states and their eventual economic integration. The treaty (which established the Caribbean Community, with a population of some 5.5 million) and the agreement (which established the Common Market) were signed by representatives of Barbados, Guyana, Jamaica, and Trinidad and Tobago on July 4, 1973, at Chaguaramas, Trinidad and Tobago. The agreement was subsequently annexed to the treaty of Chaguaramas under the name of the Common Market Annex. The dual structure was intended to allow states to join either organization separately, but in practice all the original members joined both, though the Bahamas (which was closely associated with the United States) chose only to join the community. Associate members are Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, and the Turks and Caicos Islands.

GROWTH AND DEVELOPMENT

The process of integration made little progress at first, however, being hampered by political disputes and by the maintenance of import restrictions in each state. However the U.S. intervention in Grenada in 1982 was not universally welcomed, and the impact of other regional and global developments, in particular the creation of the North American Free Trade Agreement (NAFTA, 1994) and the formation of the World Trade Organization (WTO, 1995), threatened the stability of the small and often fragile economies of the island states. Between 1993 and 2000 the Inter-Governmental Task Force (IGTF) produced nine protocols to amend the treaty, and subsequently these were incorporated in a single document now in force, known