-PC-AAA-475 ISN-89824

Order Code IB92047

CRS Issue Brief

Caribbean-U.S. Relations: Issues for Congress

Updated July 29, 1994

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SUMMARY

U.S. policy toward the Caribbean has a variety of components, including strengthening democracy, advancing human rights, and encouraging economic reforms and development. Migration has also once again become a high-profile issue in light of the increase of Haitian "boat people" after the September 1991 coup, which overthrew Haiti's first democratically elected president.

The United States has friendly relations with most Caribbean nations, with the exceptions of Cuba, where a policy of economic and political isolation is in place, and Haiti, where the United States supports the restoration of democracy.

In the area of democracy and human rights, congressional concerns have centered on Cuba and Haiti (which are covered in CRS Issue Briefs 93036, *Haiti: The Struggle for Democracy and Congressional Concerns in 1994* and 94005, *Cuba: Issues for Congress*). But Congress has also been interested in democracy in other Caribbean nations, including most recently in the Dominican Republic where charges of fraud marred the May 16, 1994, presidential elections.

In the area of economic growth and development, the United States has used three policy tools in the Caribbean region: economic and food assistance; trade and investment promotion; and debt-reduction. Congress has expressed concern in recent years about declining levels of assistance to the Caribbean region. In FY1993, assistance to the region amounted to almost $228 million, while for FY1994 assistance levels are projected to be almost $169 million. For FY1995, the request is for $150 million.

With regard to trade and investment promotion, some in Congress are concerned about how the Caribbean will fare within the framework of the North American Free Trade Agreement (NAFTA) and the movement toward hemispheric free trade. Legislation has been introduced, H.R. 1403 and S. 1155, to protect the Caribbean Basin Initiative countries from the potential negative effects of NAFTA. In late May 1994, the Clinton Administration announced its proposal for Caribbean parity -- possibly to be included in implementing legislation for the GATT Uruguay Round -- in order to address concerns about the effects of NAFTA on Caribbean Basin countries. The Administration's proposal calls for an "interim trade program" under which certain CBI countries would receive NAFTA equivalent tariff and quota treatment for most textile and apparel goods in return for stronger intellectual property and investment protection.

With regard to debt reduction, since FY1991, the United States has forgiven $524 million in U.S. official debt owed by three Caribbean nations -- Guyana, Haiti, and Jamaica.

MOST RECENT DEVELOPMENTS

In late May 1994, the Clinton Administration announced its proposal for Caribbean parity -- possibly to be included in implementing legislation for the GATT Uruguay Round -- in order to address concerns about the effects of NAFTA on Caribbean Basin countries. The Administration's proposal calls for an "interim trade program" under which certain CBI countries would receive NAFTA equivalent tariff and quota treatment for most textile and apparel goods in return for stronger intellectual property and investment protection.

In the Dominican Republic, the Clinton Administration has encouraged the government to schedule new presidential elections. Charges of fraud marred the May 16, 1994, presidential elections. A preliminary vote count, with almost 95% of the vote, showed incumbent President Joaquin Balaguer of the Social Christian Reform Party with 42.4% of the vote and social democrat Jose Francisco Pena Gomez of the Dominican Revolutionary Party (PRD), with 41.4% of the vote. The PRD, however, alleged that some 200,000 registered voters, many believed to be PRD supporters, were denied voting because their names were not on government voting lists. U.S.-based election monitoring groups noted numerous irregularities in the elections.

For recent developments in U.S. policy toward Haiti, see Legislation section and also see CRS Issue Brief 93036, Haiti: The Struggle for Democracy and Congressional Concerns in 1994.

For recent developments in U.S. policy toward Cuba, see Legislation section and also see CRS Issue Brief 94005, Cuba: Issues for Congress.

BACKGROUND AND ANALYSIS

Overview of Caribbean-U.S. Relations

Although there are several definitions of what nations constitute the Caribbean, this brief uses a definition common in the region itself. Based on a shared African ethnic and historical heritage, the definition includes all the island nations, from the Bahamas in the north to Trinidad and Tobago in the south; Belize, which is geographically located in Central America; and the three nations of French Guiana, Guyana, and Suriname, located on the north coast of South America. Of these, 16 are independent nations and 12 are British, Dutch, French, and U.S. dependencies. This brief, except when indicated, will only consider the independent nations of the region. (See appendix for basic data on these nations.)

U.S. Interests in the Region

U.S. interests in the Caribbean are diverse, and include economic, political, and security concerns. During the Cold War, security concerns tended to eclipse other policy interests. Today, while security is still a U.S. interest, the end to the Cold War has liberated other U.S. concerns from the shadow of the East-West conflict. These include democracy and human rights, economic growth and development, combating the production and transit of illicit drugs, and curbing the flow of illegal migration to the United States.

During the Cold War, some feared the Soviet-Cuban axis could threaten to disrupt U.S. access to vital sea lanes in the Caribbean. This could have endangered U.S. military resupplies to Europe in the event of a global conflict, and potentially posed a military threat to the continental United States. While the United States today is still concerned about keeping vital seas lanes open, including access to the Panama Canal, the end of the East-West conflict has diminished U.S. security concerns for the Caribbean region. Moreover, the Bush Administration's announcement of the Enterprise for the Americas Initiative in 1990 reflected a shift in U.S. policy priorities for Latin America in general, from one emphasizing security concerns to a new focus on strengthened economic relations through trade and investment.

Amidst this shift toward economic issues, many Caribbean nations fear that the United States will lose interest in the Caribbean and focus its attention on Mexico and the other larger economies of Latin America. The region is of minor economic importance to the United States. Although the United States has run a positive trade balance with the region over the last several years, the relative amount of trade is small. In 1990, U.S. exports to the region accounted for about 1.5% of U.S. exports worldwide, while imports from the region accounted for less than 1% of U.S. imports worldwide. From the Caribbean perspective, however, the United States is the region's most important trading partner for both exports and imports.

Some observers maintain that, despite the Caribbean's relative economic insignificance for the United States, the United States has a special responsibility for supporting economic development and stability in a region often referred to as its own "backyard." As noted by one Caribbean diplomat, "the United States cannot be an oasis of well-being in a Caribbean sea of poverty." Observers point out that economic growth and political stability in the region could have important influences on drug and immigration issues. Jamaica is a marijuana producer for the U.S. market, and the region's geography makes it a prime area for the transhipment of illicit drugs from South America to the United States. The region contributes a large share of legal migration, as well as illegal migrants, to the United States, and political instability in Haiti and Cuba could further increase the stream of migrants.

U.S. Policy: Past and Present

With the intensification of the Cold War following World War II, U.S. policy toward Latin America, particularly the Caribbean, shifted toward intervention, as it had in the aftermath of the Spanish-American War. In the Caribbean, this policy was highlighted by the 1961 attempt to overthrow Cuba's Fidel Castro in the ill-fated Bay of Pigs invasion. Perhaps the height of the Cold War's effect on the region occurred in 1962 when the United States forced the Soviet Union to remove nuclear weapons during the Cuban missile crisis. Since that time, U.S. policy toward Cuba has been one of political and economic isolation. Largely to prevent further radical revolutions in the hemisphere, the United States in 1961 launched a massive ten-year foreign aid program -- the Alliance for Progress -- designed to support economic and social reforms. In the Caribbean, the main beneficiaries of the program were the Dominican Republic and Haiti, as most other Caribbean nations had still not attained independence.

Even with this concentration on social and economic reforms, U.S. policy toward the region maintained its anti-communist focus, a policy which continued until the diminution of the Cold War in the late 1980s. In 1965, the United States resorted to direct military intervention in the Dominican Republic and prevented the return to power of a democratically elected leader who had been overthrown in 1963. The primary objective of the intervention was to contain communism. In the 1980s, the Reagan Administration again intensified the anti-communist objective of U.S. policy, particularly in Central America, but also in the Caribbean as exemplified by the 1983 military intervention in Grenada to restore order following the violent overthrow of the regime of Maurice Bishop. Many analysts believed the most important U.S. objective in Grenada was to terminate the Cuban presence. In addition to military action in the region, the Reagan Administration launched a preferential trade program known as the Caribbean Basin Initiative, with the objective of improving the region's economic health through increased trade and investment.

Under the Bush Administration, U.S. policy toward Latin America shifted to a focus on economic issues as demonstrated by the Administration's Enterprise for the Americas Initiative and the negotiation of a North American Free Trade Agreement with Canada and Mexico. This shift was also in part due to the end of the Cold War, which helped bring about a cessation of armed hostilities in Nicaragua and El Salvador, and enabled the United States to focus more on economic relations with the region. Under the Bush Administration, the United States also began to work more actively through the Organization of American States to help resolve political crises in the hemisphere, including the crisis in Haiti.

The Clinton Administration has also expressed support for the goal of hemispheric free trade (with congressional approval of the NAFTA being an important step) and has also continued to emphasize working through the OAS, as well as the United Nations, to help resolve political crises in Latin America and the Caribbean, like the crisis in Haiti. Moreover, the Administration has also emphasized other issues of importance in U.S.-Latin American relations, such as support for democracy, human rights, and the protection of the environment. On Aug. 30, 1993, President Clinton met with the leaders of several English-speaking Caribbean nations. In his remarks, Clinton stated "The end of the Cold War has altered the nature, but not the depth of our interest in the Caribbean. Our concern for the region is firmly rooted in geographic proximity, the resultant flows of people, of commodities and culture, and in our shared interest in fighting drug trafficking and projecting our economic interests and in protecting fragile ecosystems."

Policy Issues and Approaches

U.S. policy toward the Caribbean has a variety of components, including strengthening democracy, advancing human rights, and encouraging economic reforms and development. Migration has also once again become a high-profile issue in light of the increase of Haitian "boat people" after the September 1991 coup which overthrew Haiti's first democratically elected president. The United States has friendly relations with most Caribbean nations, with the exceptions of Cuba, where a policy of economic and political isolation is in place, and Haiti, where the United States supports the restoration of democracy.

Democracy and Human Rights

The Caribbean boasts some of the hemisphere's oldest democracies (with strong records of protecting human rights), largely influenced by a lengthy period of British colonial rule. In most nations, regular free and fair elections are the norm rather than the exception.

In 1992 and 1993, regular successful elections have been held in St. Lucia (April 1992), the Bahamas (August 1992), Jamaica (March 1993), Belize (June 1993), and St. Kitts and Nevis (November 1993). In the Bahamas, long-time leader Lynden Pindling of the Progressive Liberal Party was turned out of office by the Free National Movement led by Hubert Ingraham. Pindling had served as prime minister since the Bahamas attained independence in 1973; in the 1980s, his government was criticized for reported involvement in drug corruption scandals. In Jamaica, the ruling People's National Party chose a new prime minister, Percival James Patterson, following the retirement of Michael Manley in March 1992. Patterson was reelected in a landslide victory in elections held Mar. 30, 1993. In Belize, Prime Minister George Price was unexpectedly ousted in June 30, 1993 elections, when his ruling People's United Party (PUP) lost to the United Democratic Party (UDP) led by Manuel Esquivel. On Nov. 30, 1993, Prime Minister Kennedy Simmonds was returned to office in St. Kitts and Nevis, but this time as the leader of a minority coalition government. The announcement of the government's formation sparked violent demonstrations which resulted in a state of emergency being declared and led to a small contingent of the Eastern Caribbean's Regional Security System being deployed from Barbados.

So far in 1994, elections have been held in St. Vincent and the Grenadines (February) and Antigua and Barbuda (March), and in the Dominican Republic (May). In St. Vincent, Prime Minister James Mitchell was returned to office for a third consecutive time with his New Democratic Party capturing 12 of 15 parliamentary seats. In Antigua and Barbuda, the Antigua Labor Party won its fifth consecutive election, but this time the party was led by Lester Bird instead of his father, Vere Bird, who had served as the nation's prime minister since independence.

In the Dominican Republic, elections were held on May 16, 1994. A preliminary vote count, with almost 95% of the vote, showed incumbent President Joaquin Balaguer of the Social Christian Reform Party (who will be finishing his sixth term) with 42.4% of the vote and social democrat Jose Francisco Pena Gomez of the Dominican Revolutionary Party (PRD), with 41.4% of the vote. The PRD has claimed fraud, alleging that some 200,000 registered voters, many believed to be PRD supporters, were denied voting because their names were not on government voting lists. U.S.-based election monitoring groups noted that the elections were marred by irregularities, and one observer group, the National Democratic Institute, noted that there could have been a deliberate attempt to commit fraud. The Clinton Administration has encouraged the Dominican Republic to schedule new elections.

While many Caribbean nations have maintained long democratic traditions, they are not immune from terrorist and other threats to their political systems. For example, in Trinidad and Tobago, the government was endangered in a coup attempt by a radical Muslim sect in July 1990. Earlier in the 1980s, the government of Eugenia Charles in Dominica was threatened by a bizarre coup plot involving foreign mercenaries. And of course, Grenada, under the socialist-oriented Bishop regime, 1979-1983, experienced a break from the democratic norm of the region.

Guyana and Suriname have made considerable democratic progress in the 1990s. In Guyana, free and fair elections were held on Oct. 5, 1992, and long-time opposition leader Cheddi Jagan of the People's Progressive Party was elected President. Although there was some electoral violence, the elections (which had been delayed in 1991 due to the inaccuracy of the voting list) were an important test of Guyana's return to democracy, ending decades of elections manipulated by the ruling People's National Congress. In Suriname, the civilian government has been taking measures to curtail the political power of the military. In early December 1992, Suriname's military leader Lt. Col. Desi Bouterse, who toppled governments in 1980 and again in 1990, stepped down and has now become an opposition political party leader. In May 1993, a new army commander was installed by civilian Surinamese President Ronald Venetiaan over the objections of the army high command.

The region is also home to the hemisphere's two current democratic holdouts, Cuba and Haiti, both countries with records of serious human rights abuses. With the collapse of communism in the former Soviet Union, questions arise over how long Fidel Castro will maintain his grip on Cuba. In Haiti, a Sept. 30, 1991 military coup overthrew the nation's first democratically elected president, Jean-Bertrand Aristide. Aristide and the military leader who overthrew him signed an agreement on July 3, 1993, the Governor's Island accord, that was supposed to lead to Aristide's return on Oct. 30, 1993. However, increased political violence and the intransigence of the Haitian military have thwarted fulfillment of that accord.

U.S. Policy. A key question for U.S. policymakers is whether the United States is doing enough to help support democracy and advance the protection of human rights in nations where democratic traditions are weak or where democratic institutions need bolstering through financial support. The United States supports the strengthening of democratic institutions in several Caribbean nations through a variety of programs, including U.S. Agency for International Development (AID) democratic initiative projects and military assistance. AID assistance for strengthening democracy has included such programs as scholarships and improvement of the judicial systems. In most countries, small amounts of U.S. military assistance (consisting of International Military Education Training [IMET] and foreign military financing) has had as one of its objectives the protection of democratic institutions, including support for the Regional Security System of the Eastern Caribbean, although military assistance to the region has dropped considerably. Military assistance to the region amounted to $11.1 million for FY1992, $5.15 million for FY1993, and dropped to a projected $1.53 million for FY1994. In the FY1995 foreign aid request, less than $1 million in military assistance would be provided to the region.

With regard to Haiti, since the September 1991 coup, the major objective for U.S. policy has been to help restore the nation's democratically elected president. Under the Clinton Administration, U.S. policy has emphasized support for OAS and U.N. diplomatic efforts and economic sanctions against the regime, including a near-total trade embargo since May 1994. The Clinton Administration has also stated repeatedly that it cannot rule out the option of military intervention to oust the Haitian military regime. (For further information, see CRS Issue Brief 93036, *Haiti: The Struggle for Democracy and Congressional Concerns in 1994.*)

U.S. policy toward Cuba largely consists of isolating the island nation, principally through a trade embargo in place since the early 1960s. The United States has attempted to expand the flow of information to the Cuban people since the mid-1980s, first through Radio Marti, begun in 1985, and then with TV Marti, which began operations in 1990. In 1992, Congress tightened sanctions on Cuba, including sanctions against countries aiding or trading with Cuba through passage of the Cuban Democracy Act of 1992, contained in the FY1993 defense authorization measure (P.L. 102-484). In 1993, Congress withheld a portion of FY1994 Radio and TV Marti funding pending a report by a new Advisory Panel on Radio and TV Marti established to study "the purposes, policies, and practices of radio and television broadcasting to Cuba." For FY1995 funding, in June 1994 the House approved a measure (H.R. 4603) that would eliminate funding for TV Marti and significantly cutback funding for Radio Marti; in July, the Senate approved its version of the bill that would fund both programs. The issue will be resolved in House-Senate conference on the measure. (For further information on these and other legislative initiatives on Cuba, see CRS Issue Brief 94005, *Cuba: Issues for Congress.*)

Economic Growth and Development

The Caribbean region is home to the hemisphere's poorest as well as some of its richest nations. Both Haiti and Guyana are classified by the World Bank as low-income economies, that is, economies with per capita incomes of less than $675 in 1992. (The United Nations also classifies Haiti as a least developed country, which groups Haiti among the world's most underdeveloped nations.) On the other extreme, the Bahamas and many of the region's dependencies are classified as high-income economies, with per capita incomes of $8,356 or greater in 1991. Most, however, are considered to be middle-income economies, with per capita income levels between $675 and $8,355. In terms of human development, Haiti ranks at the bottom of nations in the hemisphere. The United Nations Development Program produces an annual index ranking countries worldwide according to life expectancy, literacy, and per capita income. For 1992, Haiti is the only Caribbean country considered to have a low human-development level, with a literacy level of just 53%. In contrast, three Caribbean nations -- the Bahamas, Barbados, and Trinidad and Tobago -- are considered to have high human development levels, the same category for most developed countries. Most of the nations in the region have small, open economies, ranging from the mini-state of St. Kitts and Nevis, with a GNP of $156 million in 1991, to the Dominican Republic, with a GNP of $6.8 billion. For most of the region's economies, export trade (often with a reliance on one or two commodities) is a major contributor to national income and for many nations the United States is the major export market.

The key question for U.S. policymakers is how to effectively promote development and economic growth in the Caribbean. To meet this objective, U.S. policy has three components: food assistance and a variety of economic assistance programs; trade and investment promotion; and debt-reduction.

U.S. Aid for Economic and Social Development. To help achieve AID's objective of achieving broad-based, sustained economic growth in the Caribbean, the United States provides a significant amount of foreign assistance to the region. A little more than $3 billion was provided during the 1980s. So far in the 1990s, the United States has provided $217 million in FY1990, $212 million in FY1991, $208 million for FY1992, and $228 million in FY1993. For FY1994, an estimated $169 million will go to the region. Most aid to the Caribbean has consisted of development, Economic Support Funds (ESF), and food assistance. In FY1992 for example, these three categories accounted for 90% of foreign aid going to the region, while another 4% supported a Peace Corps presence. Just 5% was dedicated to military assistance.

Much of the economic assistance to the region has been concentrated in the three most populous countries of Haiti, the Dominican Republic, and Jamaica, but the United States also provides assistance to the six smaller Eastern Caribbean states through a Caribbean Regional program. In Jamaica, U.S. aid has helped support economic reform measures including the privatization of government-owned hotels and companies, and tax, foreign exchange, and trade liberalization measures. In the Dominican Republic, AID is working to encourage private sector development, to undertake selected social intervention that addresses critical needs of the poor, and to work with the government to bring about economic policy reform.

Since the September 1991 coup in Haiti, many observers have been concerned about the impact of the trade embargo against Haiti and its effect on the poor. U.S. aid to the government of Haiti was suspended after the coup, although humanitarian assistance such as food and medicine has continued to flow through private voluntary organizations (PVOs).

Congress has expressed concern in recent years about declining levels of assistance to the Caribbean. Aid to the region has declined from a high of $496 million in FY1985, to an estimated $169 million for FY1994. In its report to the FY1994 foreign aid appropriations bill, H.R. 2295 (H.Rept. 103-125), the House Appropriations Committee noted concern over the decline of ESF and development assistance to a number of Caribbean countries, including Jamaica, and urged the Administration to allocate sufficient resources to support efforts to promote Caribbean economic development and regional stability.

For FY1995, the Clinton Administration is requesting $150 million in assistance to the region, with $111 million for sustainable development (which includes Peace Corps funding), $22 million in humanitarian assistance, $15 million in assistance for building democracy, and $2.47 million under the category of promoting peace (which includes $1.9 million for narcotics assistance). More than half of the assistance requested, $88 million, is for Haiti. Other significant aid recipients are the Dominican Republic, with a request for $21 million and Jamaica, with a request for almost $18 million. The request for assistance to the smaller nations of the Eastern Caribbean, almost $9 million, reflects a continued decline in assistance to that subregion. AID has announced plans to close its Caribbean Regional mission in FY1996.

U.S. Trade and Investment Promotion Policy. The key question for policymakers is to what extent U.S. trade and investment promotion policy is helping to spur development in the region. Looking ahead, an important question is how Caribbean trade and investment will be affected by the movement toward a freer trading system in the hemisphere.

Caribbean Basin Initiative. Since 1984, the United States has offered a one way duty-free preferential trade arrangement for a wide range of products from Caribbean Basin nations, under the Caribbean Basin Economic Recovery Act (CBERA) (P.L. 98-67, Title II), as an incentive for increased investment and export production in the region. (In implementing trade policy toward the Caribbean, the United States uses a broader definition of the region, referred to as the Caribbean Basin, which includes the Central American nations.) The preferential arrangement is the center of the broader Caribbean Basin Initiative (CBI), a program designed to expand foreign and domestic investment in the nontraditional export sectors of Caribbean Basin nations. In 1990, so-called CBI

II legislation was enacted which somewhat enhanced the benefits of CBERA and made its provisions permanent. To date, 24 out of 28 Caribbean Basin nations are beneficiaries of the CBERA, with the exception of Anguilla, the Cayman Islands, Suriname, and the Turks and Caicos Islands. In addition, following the 1991 coup in Haiti, the United States imposed a trade embargo, a measure that effectively curtailed the CBI preferential trade for most U.S.-destined Haitian exports.

Since the CBI trade program began, the overall performance of exports from the Caribbean subregion (not including Central America) has been mixed. Although 1992 Caribbean exports to the United States amounted to $5.5 billion and were actually lower than the level of $6.6 billion in 1984, most of this decline can be attributed to the drop in the value of petroleum imports from the four oil-producing nations in the region (Aruba, Bahamas, Netherlands Antilles, and Trinidad and Tobago.) The U.S.-destined exports of non-oil-producing Caribbean nations actually increased from $2.1 billion in 1984 to $3.3 billion in 1992 with the Dominican Republic accounting for most of the increase. Nevertheless, for Belize and many of the smaller Eastern Caribbean states, exports to the United States have been weak, particularly from Barbados.

Some observers maintain that the CBI preferential trade program has been disappointing because several products are exempted from the program and because the lowering of the U.S. sugar quota during the 1980s led to a substantial drop in Caribbean sugar exports to the United States. The original sponsors of the CBI II legislation wanted to substantially expand the CBI program by removing many of the exceptions from duty-free treatment and restoring the U.S. sugar quota for the CBI region to its 1988 level. In the 102nd Congress, legislation was introduced to eliminate most of the exceptions to CBI duty-free treatment, but no action was taken by the end of the session.

Some Members of Congress have expressed concern about a change to the CBI program that was made in 1990 as part of the CBI II legislation (section 222) which allowed the duty-free importation of Caribbean products made with U.S. materials (with the exception of textile, apparel, and petroleum products). Because of the change in the law, footwear and leather-related products made from U.S. materials may enter the United States duty-free. As a result, Caribbean footwear exports to the United States have increased significantly since 1990. Some Members maintain that this has hurt the U.S. shoe industry, and have introduced legislation to add footwear and leather-related products to the list of exceptions for this duty-free provision of the CBI program (See H.R. 795, H.R. 2322, and S. 530.)

Hemispheric Free Trade. Since 1990, two developments have occurred that could affect the future of U.S.-Caribbean trade. The first occurred in mid-June 1990, when the Bush Administration announced its intention to negotiate a free trade agreement (FTA) with Mexico. This was later expanded to include Canada in negotiations for a North American Free Trade Agreement (NAFTA). The second development occurred in late June 1990 when the Administration announced a broader Enterprise for the Americas Initiative (EAI) with the ultimate goal of creating a hemispheric free trade area. According to the Administration, the NAFTA would be the first step toward hemispheric free trade, with the negotiations setting precedents for future FTAs. In the meantime, President Bush proposed the negotiation of bilateral trade and investment "framework agreements" with countries of the region. To date, the United States has signed framework agreements with most nations of the hemisphere, including an agreement with the Dominican Republic and with the 13 English-speaking nations of the Caribbean Community and Common Market (CARICOM).

Caribbean Basin nations have expressed concerns about the potential adverse effects of NAFTA, as well about the broader movement toward free trade espoused under the EAI. They are concerned that the competitive advantages they enjoy under the CBI program will be eroded, resulting in substantial trade and investment diversion from the region to Mexico. They maintain that the region's export-led economic growth, made possible by economic reforms and the CBI preferential trade program, would be threatened, resulting in substantial economic hardship for the region that could threaten the region's more fragile political systems.

Legislation has been introduced in the 103rd Congress, H.R. 1403 and S. 1155, to protect the CBI countries from the potential negative effects of a NAFTA by unilaterally extending NAFTA benefits to the CBI countries (often referred to as a Caribbean parity) for a maximum of three years. The bills also would authorize the President to seek comprehensive reciprocal trade agreements with Caribbean countries under "fast track" approval procedures in order to allow the Caribbean countries to become part of the longer-term vision of hemispheric economic integration. On Mar. 17, 1994, 24 Members of Congress wrote to the U.S. Trade Representative expressing concern about the effect of NAFTA on trade and investment diversion, and stated that they would welcome "decisive steps in the GATT Uruguay Round implementing legislation to alleviate textile and apparel tariff and quota disparities between Mexico and the Caribbean Basin countries."

In late May 1994, the Clinton Administration announced its proposal for Caribbean parity -- possibly to be included in implementing legislation for the GATT Uruguay Round -- in order to address concerns about the effects of NAFTA. The Administration's proposal calls for an "interim trade program" under which certain CBI countries would receive NAFTA equivalent tariff and quota treatment for most textile and apparel goods. To be eligible, the country must agree to provide in one year: international law standards for expropriation and access to binding international arbitration to enforce those standards; Uruguay Round provisions on intellectual property rights without subscribing to the transition periods allowed for developing countries; protection of encrypted program-carrying satellite signals; full national treatment with regard to the protection and enforcement of all intellectual property rights; and successful negotiation of all Special 301 petitions and issues pertaining to GSP and CBI criteria.

To continue the program, the country must -- within two years -- conclude a bilateral investment treaty and an intellectual property rights agreement, both based on the U.S. model and to be implemented within 18 months. In addition, under the proposal the country would have to: agree to work toward implementing trade and investment policies based on the principle of sustainable development; pursue internationally recognized labor standards; expand market access on an MFN basis on specific textile and apparel products; and agree to the U.S. formulation on anti-circumvention.

Reaction to the Administration's proposal has been mixed. Some Members maintained that the proposal would force U.S. apparel producers to move to the Caribbean Basin or close. Others want to ensure that the "interim trade program" leads to an eventual reciprocal free trade. Supporters point out that the major U.S. textile and apparel manufacturers associations support the proposal.

U.S. Debt Policy. According to the World Bank, three Caribbean nations -- Guyana, the Dominican Republic, and Jamaica -- have significant external debt problems. Both Guyana and Jamaica are classified as severely indebted, whereas the Dominican Republic is considered moderately indebted.

Although U.S. debt strategy in the 1980s largely aimed at helping those countries with high levels of commercial bank debt, in June 1990, with the announcement of the EAI, the Bush Administration moved to extend debt reduction to debt owed by Latin American and Caribbean nations to the U.S. government. The policy change was especially significant for those nations -- particularly in Central America and the Caribbean -- with a large portion of their debt owed to the United States. In 1990, Congress approved legislation allowing for the reduction of food assistance loans for Latin American and Caribbean nations. In 1992, Congress approved four measures (P.L. 102-391, P.L. 102-429, P.L. 102-532, and P.L. 102-549) authorizing reduction of additional types of debt owed to the U.S. Government.

Since FY1991, the United States has forgiven $524 million in U.S. official debt owed by three Caribbean nations -- Guyana, Haiti, and Jamaica. In FY1991, the United States forgave $430 million: Guyana, $114 million in AID and food assistance loans; Haiti, $99 million in food assistance loans; and Jamaica, $217 million in food assistance loans. Only the debt reduction for Jamaica took place under the authority of the EAI; for Guyana and Haiti, the Administration used two other sources of statutory authority (Sec. 572 of P.L. 101-461, and Sec. 411 of P.L. 83-480, as amended in 1990) to reduce the debt of least and "relatively least" developed countries. In FY1993 (January 1993), the United States forgave $94 million in AID debt owed by Jamaica, bringing the total of debt forgiveness for Jamaica under the EAI to $311 million.

Migration Issues

For many Caribbean nations, migration to the United States has been an important economic and political escape valve. Several U.S. cities host large migrant communities from Cuba, the Dominican Republic, Haiti, and from several English-speaking Caribbean nations. An estimated one million Cubans reside in the United States as well as an estimated 350-400,000 Haitian migrants, both legal and illegal. The number of migrants from English-speaking Caribbean nations are generally large compared to the home nation's population. While migration serves as a safety valve for pressures on job creation and social services, it also contributes to a "brain drain" of skilled workers which could have consequences for future development in the region.

Cuban and Haitian Migrants. A key question for policymakers is whether the United States should have two different polices in place with regard to migrants fleeing Cuba and Haiti by boat. Since 1981, the United States has had a migrant interdiction agreement with Haiti to stop and inspect private Haitian vessels suspected of transporting undocumented Haitians and to return the migrants to Haiti. Haiti is the only nation with which the United States has such an agreement, and from 1981 through 1990 only a handful of the thousands of the intercepted Haitian migrants were granted asylum.

Since the September 1991 coup, thousands of Haitians have been interdicted at sea. From November 1991 through January 1992, temporary restraining orders prohibited the United Sates from involuntarily returning the migrants to Haiti, and prompted the establishment of a camp at the Guantanamo U.S. military facility in Cuba. Following a U.S. Supreme Court decision in February 1992, the United States began repatriating hundreds of Haitians from Guantanamo. On May 24, 1992, President Bush ordered the Coast Guard to interdict and return all Haitians in boats on the high seas to Haiti where they may apply for asylum at the U.S. Embassy. This policy was challenged in the courts, and ultimately went to the Supreme Court which upheld the policy in a ruling on June 21, 1993 by a vote of 8-1.

The Clinton Administration was severely criticized by some Members for continuing the immediate repatriation policy, a policy that Clinton himself had strongly criticized during the presidential campaign. Legislation was introduced (H.R. 1307, H.R. 4114, H.R. 4264, S. 2027) to prohibit the involuntary return to Haiti of Haitian refugees. Responding to the criticism, on May 8, 1994, the Clinton Administration announced that it would set up immigration centers on ships anchored near Haiti so that Haitians interdicted at sea could apply for asylum. This policy was put into place in June, resulting in an outpouring of thousands of Haitians fleeing their country by boat. In a modification of policy, the Clinton Administration on July 5, 1994, announced that interdicted Haitians would be sent to safe haven camps in other nations in the region.

In contrast to the Haitian interdiction policy, Cuban migrants intercepted at sea are brought to the United States and are able to adjust to permanent resident status. Over the course of Castro's 30-year rule, Cuba has ranked at the top of countries generating migrants to the United States, and the numbers of Cuban interceptions have steadily grown over the past three years because of continued political repression and deteriorating economic conditions. Legislation has been introduced this year (H.R. 3854, S. 1923) to repeal the Cuban Adjustment Act of 1966 under which Cubans who arrive in the United States are able to adjust to permanent resident status after one year at the discretion of the Attorney General. Legislation has also been introduced (H.R. 4249) to amend the Cuban Adjustment Act to permit the adjustment to lawful permanent residence of Haitians in the same manner as provided for Cubans.

Legislative Initiatives in the 103rd Congress

Cuba: P.L. 103-87, H.R. 2295, the FY1994 foreign aid appropriations measure, signed into law Sept. 30, 1993, includes a provision withholding $380 million in assistance to Russia if that nation is providing assistance to Cuba. The provision, however, also includes a presidential waiver. **P.L. 103-121, H.R. 2519**, the FY1994 appropriations measure for the Department of State and other agencies, signed into law Oct. 27, 1993. As approved, the measure provides $7 million for TV Marti and $14 million for Radio Marti. But the measure also provides for $7.5 million to be withheld pending a report by a newly established advisory panel on Radio and TV Marti. **P.L. 103-160, H.R. 2401**, the National Defense Authorization Act for FY1994 signed into law Nov. 30, 1993, includes a provision (Section 843) calling for the Secretary of Defense to require any Department of Defense contractor, before entering into any contract with DOD in excess of $5 million, to provide information on commercial transactions with the government of any terrorist country during the preceding three years and to provide information on any commercial transactions with such governments during the course of the contract. The provision also requires that the Secretary of Defense submit a report to Congress annually by December 1 setting forth the information provided by the contractors. Cuba is currently on the State Department's official list of countries that support terrorism. **P.L. 103-236 (H.R. 2333)**, the Foreign Relations Authorization Act, FY1994 and FY1995, signed into law Apr. 30, 1994, has two significant provisions relating to Cuba. Section 526 expresses the sense of Congress "that the President should advocate and seek a mandatory international U.S. Security Council embargo against the dictatorship of Cuba." Section 525 expresses "the sense of the Congress that the President should not restrict travel or exchanges for informational, educational, religious, cultural, or humanitarian purposes or for public performances or exhibitions, between the United States and any other country."

H.R. 4603 (Mollohan), the FY1995 appropriations measure for the Department of State and other agencies, was approved by the House on June 27, 1994, and by the Senate on July 22, 1994. The House version would not provide any funding for TV Marti and would provide $8.625 million for Radio Marti (more than 40% less than the request); the Senate version would provide $24.809 million for Radio and TV Marti. about 10% less than the Administration's request of $27.809 million. The Senate version also includes a sense of the Senate provision condemning the Cuban government for the July 16, 1994, deliberate sinking of the "13th of March" tugboat, which caused the deaths of about 40 Cubans, including about 20 children.

Other legislation introduced on Cuba includes: **H.R. 2229 (Rangel)**, introduced May 20, 1993, that would lift the U.S. trade embargo on Cuba and call for the President to conduct negotiations with Cuba to settle claims of U.S. nationals against the Cuban government for the taking of property and to secure protection of internationally recognized human rights. **H.R. 2758 (Menendez)**, introduced July 27, 1993, would provide for assistance to the people of Cuba once a transitional government was in power. **H.R. 2983 (Nadler)**, introduced Aug. 6, 1993, would make an exception to the U.S. trade embargo on Cuba for the export of medicines. **S.Res. 175 (Moynihan)**, introduced Nov. 22, 1993, would express the sense of the Senate that the United States should terminate the 1903 lease on its military facilities at Guantanamo Bay at such time as freedom and democracy are achieved in Cuba. With regard to Cuban migration, **H.R. 3854 (Kopetski)**, introduced Feb. 10, 1994, and **S. 1923 (Reid)**, introduced Mar. 10, 1994, would repeal the Cuban Adjustment Act.

Haiti: P.L. 103-87 (H.R. 2295), signed into law Sept. 30, 1993, includes a provision restricting assistance to Haiti. No funds may be obligated or expended for the purpose of military-related civic action programs, police or military training on or after Oct. 30, 1993, without the concurrence of the duly-elected President of Haiti. In addition, no funds may be used for military assistance or military training for any member of the Haitian Armed Forces who is or has been a drug trafficker, has assisted drug traffickers, or has participated in gross violations of internationally recognized human rights. **P.L. 103-139 (H.R. 3116)**, signed into law Nov. 11, 1993, the FY1994 Department of Defense appropriations measure. As approved, includes a provision expressing the sense of the Congress that funds should not be obligated or expended for U.S. military operations in Haiti unless the operations were either: 1) authorized in advance by Congress; 2) necessary to protect or evacuate U.S. citizens; 3) vital to the national security and there was not sufficient time to receive congressional authorization; or 4) the President submitted a report in advance that the intended deployment met certain criteria. On June 29, 1994, a similar provision was added by amendment, during Senate floor debate, to **H.R. 4426 (Obey)**, the FY1995 foreign aid appropriations bill; the Senate approved the bill (by a vote of 84-9) on July 15, 1994. The Senate version also includes a sense of the Senate provision (added by a Dorgan amendment) calling for expedited approval of valid applications for emergency medical evacuation flights out of Haiti and for humanitarian aid flights to Haiti.

On May 24, 1994, the House approved (223-201), and then on June 9, 1994, reversed itself and rejected (195-226), a Goss amendment to the FY1995 defense authorization bill, **H.R. 4301 (Dellums)**, that expresses the sense of Congress: that the United States should not undertake any military action directed against Haiti unless the President first certifies to Congress that clear and present danger to citizens of the United States or U.S. interests require such action; and that the United States should work with the OAS and the U.N. to establish a temporary safe have on the Haitian island of Gonave for Haitian refugees escaping economic and political hardship on the mainland of Haiti, to assist in providing humanitarian assistance and visa processing for such refugees in such safe haven; and to assist the legitimate Haitian government in establishing the long-term stability of democracy in Haiti. This measure was overturn

Other measures introduced relating to Haiti's political situation include: **H.R. 1942 (Rangel)**, introduced Apr. 29, 1993, that would provide for a program to be established, funded by AID from FY1994 through FY1998, for a nongovernmental organization under which Haitian Americans would help the people of Haiti recover from the destruction caused by the coup; **S.Res. 89 (Moseley-Braun)**, introduced Apr. 1, 1993, would express the sense of the Senate regarding U.S. policy toward Haiti; and **H.Con.Res. 149 (McKinney)**, introduced Sep. 22, 1993, concerning U.S. support for President Aristide upon his return to Haiti as President. **H.R. 4114 (Dellums)**, the Governors Island Reinforcement Act of 1994, introduced Mar. 23, 1994, would provide for sanctions against Haiti and halt the interdiction and return of Haitian refugees. **H.R. 4264 (Conyers)**, introduced Apr. 20, 1994, would express U.S. policy regarding the restoration of democratic constitutional government to Haiti, grant temporary protected status to Haitians until such a government is restored, and terminate the migrant interdiction agreement between the United States and Haiti. **S. 2027 (Dodd)**, introduced Apr. 19, 1994, the Haitian Restoration of Democracy Act of 1994, would: set forth U.S. policy to support the restoration of democracy in Haiti and Aristide's return to office; terminate the bilateral migrant interdiction agreement with Haiti; require the United States to adhere to the principal of nonrefoulement with respect to Haiti; increase sanctions against Haiti; and provide temporary protected status for Haitians. **H.Con.Res. 260 (Bereuter)**, introduced June 24, 1994, would call for the United States to propose and seek an international conservatorship in Haiti. **H.Con.Res. 269 (Goss)**, introduced July 19, 1994, which would express the sense of Congress that the United States should not undertake any military action directed against Haiti unless the President first certifies to the Congress that there exists a clear and present danger to the citizens of the United States and that United States interests require such action.

Several other measures have been introduced solely relating to Haitian migration: **H.R. 986 (Meek)**, introduced Feb. 18, 1993, would authorize the adjustment of status to permanent resident for certain Haitians arriving in the U.S. before Jan. 20, 1993;

H.R. 1307 (Gilman), introduced Mar. 11, 1993, would prohibit the involuntary return to Haiti of Haitian refugees outside the U.S.; **H.R. 3364 (Meek)**, introduced Oct. 26, 1993, would provide for adjustment of immigration status of certain Haitian children; **H.Con. Res. 182 (McKinney)**, introduced Nov. 17, 1993, would express the sense of the Congress that (1) Haitians interdicted at sea should not be returned to Haiti without a determination of their fear of persecution in Haiti, and (2) any person with a credible fear of persecution should be paroled into the United States for the purpose of applying for political asylum; **H.R. 3663 (Meek)**, introduced Nov. 22, 1993, reaffirms the obligation of the United States to refrain from the involuntary return of refugees outside the United States and designate Haiti under Temporary Protected Status; and **H.R. 4249 (Frank)**, introduced Apr. 19, 1994, would amend the Cuban Adjustment Act (P.L. 89-732) to permit the adjustment to lawful permanent residence of Haitians in the same manner as provided for Cubans.

Caribbean Trade Issues: H.R. 1403 (Gibbons)/S. 1155 (Graham), introduced Mar. 18 and June 24, 1993, respectively, would ensure that the CBI is not adversely affected by the implementation of the NAFTA and would apply "fast track" approval procedures to free trade agreements entered into between the U.S. and certain Caribbean Basin countries. **H.R. 2951 (Johnson)**, introduced Aug. 6, 1993, would provide that member countries of the Caribbean Common Market continue to provide access for exports of U.S. agricultural commodities and products. Several bills have been introduced that would amend the Harmonized Tariff Schedule of the United States regarding certain footwear assembled in CBI beneficiary countries: **H.R. 795 (Rose)**, introduced Feb. 3, 1993; **H.R. 2322 (Snowe)**, introduced May 27, 1993; and **S. 530 (Mitchell)**, introduced Mar. 9, 1993.

FOR ADDITIONAL READING

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CRS Report 93-551 F

----- The Caribbean: a primer on the region's independent nations, by Jacqueline Samuda and Mark P. Sullivan. Sept. 14, 1990. 81 p.
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----- Chronology of Haiti's political crisis: 1990-July 1994, by Maureen Taft-Morales and Mark P. Sullivan. July 12, 1994. 6 p.
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----- Haiti's political crisis: U.S. policy options, by Maureen Taft-Morales and Steven R. Bowman. July 14, 1994. 25 p.
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----- Haitian migration: Statistical and chronological fact sheet, by Ruth Ellen Wasem. Revised July 7, 1994. 2 p.
CRS Report 94-170 EPW

----- The U.S. occupation of Haiti, 1915-1934, by Richard A. Best, Jr. May 26, 1994. 6p.
CRS Report 94-459 F

Caribbean Region, Basic Data

	Population (1992, thousands)	GNP Per Capita (1992, U.S. $)	Total External Debt (1992, U.S. $ mil.)	U.S., Foreign Assistance (U.S. $ mil.) FY1993	FY1994 (est.)	FY1995 (req.)
Antigua & Barbuda	66	5,980	250[a]	[b]	[b]	[b]
Bahamas	262	12,070	1,200[a]	1.28	.85	.70
Barbados	259	6,540	621	[b]	[b]	[b]
Belize	199	2,220	170	6.69	4.64	3.94
Cuba	10,822	[c]	6,800[a]	0	0	0
Dominica	72	2,520	93	[b]	[b]	[b]
Dominican Republic	7,300	1,050	4,649	25.91	26.34	21.22
Grenada	91	2,310	109	[b]	[b]	[b]
Guyana	806	330	1,879	10.93	8.36	9.23
Haiti	6,715	[d]	773	108.67	79.00	88.81
Jamaica	2,400	1,340	4,304	54.68	34.67	17.75
St. Kitts & Nevis	42	3,990	43	[b]	[b]	[b]
St. Lucia	155	2,920	96	[b]	[b]	[b]
St. Vincent	109	1,990	63	[b]	[b]	[b]
Suriname	404	4,280	138[a]	2.45	5.50	.05
Trinidad & Tobago	1,300	3,940	2,262	.60	.14	0
Caribbean Regional Program[e]	---	---	---	16.38	9.27	8.74
Total	**31,002**	---	**23,450**	**227.59**	**168.77**	**150.44**

[a] 1990
[b] Assistance provided under Caribbean Regional Program.
[c] Estimated as in the lower-middle-income range, $676-$2,695.
[d] Estimated as low-income, $675 or less.
[e] Most assistance under the Caribbean Regional Program goes to the six Eastern Caribbean states of Antigua and Barbuda, Dominica, Grenada, St. Kitts & Nevis, St. Lucia, and St. Vincent. This category also includes U.S. military assistance to the six Eastern Caribbean states just mentioned and Barbados.

Sources: Population and GNP per capita statistics are drawn from the World Bank's *World Development Report 1994*. Total external debt figures are drawn from the World Bank's *World Debt Tables, 1993-94*, with the exceptions of Antigua, the Bahamas, Cuba, and Suriname, for which debt statistics are drawn from the CIA's *World Factbook 1993*. U.S. foreign assistance figures are from the U.S. Agency for International Development.