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IS THE CARIBBEAN BASIN INITIATIVE WORKING?

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Summary and Conclusions

This study concludes that the impact of the CBI to date on its primary target beneficiaries exceeds any reasonable expectation. Moreover, given continued progress, the CBI can dramatically improve the economic growth potential for Basin countries that undertake necessary complementary action. More specifically:

1. Nontraditional exports are booming. Nontraditional exports from A.I.D.-assisted CBI countries to the United States grew at an annual rate of 17.5% over the past five years, rising from $1.3 billion in 1984 to $2.9 billion in 1988. This increase far exceeds that projected by outside experts at the time the CBI was introduced. As a share of total exports to the United States nontraditional products rose from 46% in 1983 to almost 70% in 1988.

2. Export production has sharply diversified. Because much of the new export growth has been in free-zone, or maquila. products, the domestic value added from them is far lower per dollar of export than for traditional products (coffee, bananas, sugar, beef and bauxite). Nevertheless, total export value added due to nontraditional products has also risen sharply, from 34% of total exports to the U.S. in 1983 to 53% for 1988. Thus, a substantial diversification of export production has taken place in five years.

3. U.S. sugar policy and poor world prices for traditional commodities have offset nontraditional growth. The rapid growth of nontraditionall exports has helped promote longer-term export dynamism, but continued poor world markets for traditional products have been a serious drag. The real value of traditional exports has fallen by more than half since 1980, and by nearly one-third since 1983. Consequently, total real exports to the United States were no higher in 1988 than in 1983, despite the tremendous growth of nontraditional products. (Without the nontraditional growth, of course, the Caribbean Basin would be in a severe depression now.)

Except for sugar, this is due to low world prices for these products. For sugar, however, declining U.S. quotas have compounded the problem. In real value added terms, the CBI countries lost more from U.S. sugar quotas during 1983-88 than they gained from growth in nontraditional exports.

4. New jobs are being created rapidly. In the most successful countries (Costa Rica, Jamaica and the Dominican Republic), employment growth has accelerated. A recent Department of Commerce study identified 110,000 jobs created in export industries since 1984, but the total may be considerably higher. In these countries, the employment created by the CBI is having an important overall effect on national labor markets. In Jamaica, job creation since 1984 has been more than double the average for the previous fifteen years. Manufacturing alone is producing more new jobs annually than the entire economy did in an average year during 1972-84.

5. CBI Country policies heavily influenced export growth. Virtually all CBI countries have developed additional nontraditional exports, but some countries have made dramatic strides, and show promise of sustained economic growth based on the opportunity provided by it. Costa Rica, Jamaica, the Dominican Republic, and Guatemala (since 1985) have achieved annual growth rates of 25% or more in nontraditional exports -- growth rates reminiscent of the "Asian tigers" during the early stages of their export development. These growth rates -- and the failure of other countries to achieve them -- appear closely related to the willingness of the successful countries to introduce policy and institutional changes supportive of export growth.

6. The CBI has not been a one-way street. Although nontraditional exports to the United States have risen sharply, the U.S. trade balance with the region has moved from deficit to surplus. Declining nontraditional exports have slowed overall CBI-country export growth, and the region's need for import growth to support export expansion has spurred U.S. exports.

7. This may only be the beginning. Finally, and more speculatively, there is some evidence that certain CBI countries are developing approaches to export promotion that -- continued over a decade or so -- could produce the sustained rapid economic growth reminiscent of the "Asian tigers." The key appears to be continual identification of current bottlenecks to exporting, and then addressing them. As each bottleneck is cleared, new products become export-competitive, and further gains in income, employment and productivity result.

Introduction

When proposed in 1982, the Caribbean Basin Initiative (CBI) was acclaimed by many as a great step forward -- a bold Program that could dramatically improve conditions in the Basin countries. Since implementation of the trade preferences on January 1, 1984, however, the tenor of most commentaries on the Initiative has been negative. The words "failure" and "disappointing" are frequently used. This paper analyzes actual trends in U.S. imports for the first five years of implementation of the Initiative in light of what might reasonably be expected.

Section I provides necessary definitional background. Section II summarizes the actual results of the first five years of operation of the Initiative, and Section III discusses the prospects for the future. The basic thesis is that the success so far in some countries has laid a basis which, if sustained, could produce export and economic growth similar to that of the successful Asian exporters.

I. Defining the CBI

The greatest source of confusion about the impact of the CBI traces to two problems: defining the scope of the

Initiative, and identifying the countries where its impact should be felt. These need to be treated separately.

a. Scope of the CBI. A common perception is that the CBI will do all things for all countries in the region and bring "development." This is one unfortunate result of a lack of clarity at the outset about its likely impact, and of the plethora of discrete elements in the Initiative -- including tax treaties, investment missions, free trade, economic assistance, and favorable tax treatment for investment and conventions. Moreover, as has been common in the various U.S. initiatives favoring the Caribbean over the past several decades, the hype created the impression that the CBI was a panacea for the region's problems, and that internal policy changes by recipient governments were not needed.

In this paper, the CBI is considered to be an effort, through both trade preferences and a set of complementary actions (economic assistance for specific activities, encouragement of improved economic policies), to stimulate nontraditional exports, particularly those including substantial amounts of unskilled labor. The CBI should be seen, therefore, as a general U.S. commitment to maintain open markets and to actively promote new exports from the Basin. In this sense, the CBI could be considered to have begun in 1982, when the U.S. Government announced its intentions, and began to provide substantially higher levels of economic aid to the region particularly focused on nontraditional export development.

Viewed from this perspective, it is the success or failure in generating nontraditional exports generally that should be considered the measure of the impact of the program.

In particular, we consider all nontraditional exports, and not just products accorded duty-free entry under the original legislation, the Caribbean Basin Economic Recovery Act (CBERA). This is for three reasons. First, the CBERA excludes some products, notably apparel, for which other U.S. Government actions have accorded other types of preferential treatment. The CBERA also accords duty-free treatment to traditional products, which the Initiative did not propose to encourage.

Second, in many cases the CBERA duty-free treatment duplicates that already existing under the Generalized System of Preferences (GSP). Third, A.I.D. assistance for export promotion and policy reform, and actions and policy changes by CBI governments assist all nontraditional exports, not just those given tariff preferences. As discussed elsewhere in this paper, items entering duty-free under CBERA account for only about 18% of the growth in nontraditional exports. Other mechanisms (GSP, TSUS 807, and MFN treatment) account for the bulk of the growth.

b. Country coverage. The Caribbean Basin contains an extremely diverse group of countries, ranging from Haiti (per capita GDP of $300) to the Bahamas (per capita GDP of $7,000) and the Cayman Islands (over $10,000). The analysis in this

paper is limited to those CBI-designated countries where A.I.D. has an active economic assistance program. This includes Belize, Costa Rica, El Salvador, Guatemala, Honduras, the Dominican Republic, Haiti, Jamaica, and the seven Eastern Caribbean islands (Antigua and Barbuda, Dominica. Grenada, Montserrat, St. Christopher-Nevis, St. Lucia, and St. Vincent). This A.I.D. assisted group accounts for more than 90% of the population of all CBI-designated countries.

This choice is for two reasons. First, success with exporting depends upon the availability of a whole set of complementary policies and activities, and not just upon tariff preferences. A.I.D. has actively sought to assist in providing these complementary elements in those CBI countries where it carries out programs. Second, virtually all the excluded CBI-designated countries have per capita GDP's above $2,000, and most are far higher. Only one of the A.I.D.-assisted countries (Antigua and Barbuda, with $2,200) has a per capita GDP above $1500. Consequently, the excluded countries, with wage costs much closer to those of developed countries, are far less likely to benefit from labor intensive production for export.

c. Defining Success. Given that the goal of the CBI is to promote rapid growth in nontraditional exports, some standard for a successful growth rate is needed. Unfortunately, the planners of the CBI established no specific goal at its outset against which to measure success or failure. This author proposes that a reasonably ambitious goal for the Initiative

would be that nontraditional exports should triple, in real terms, over the 12-year life of the CBI. Since nontraditional exports accounted for about half of total exports to the U.S. in 1983, this tripling would mean at least a doubling in real terms of total exports to the U.S., even if no growth took place in the traditional export sectors. Given this substantial weight at the outset, a tripling of nontraditional exports would surely mean a major transformation of the export sectors and of the economies of the Basin countries -- thus achieving the basic goal of the Initiative. A tripling of nontraditional exports over the life of the CBI, therefore, implies an annual average growth rate of 12.3% in real terms per year. Consequently, 12.3% per year real growth is the standard that will be used in this paper.

One can, however, think more ambitiously of a standard for "great success." The existing standard for great success in export-led growth is that of the four "Asian Tigers," South Korea, Hong Kong, Taiwan, and Singapore. Overall, these countries experienced an annual average growth rate of 19.9% in real terms during their rapid growth phase between 1963 and 1980. Any CBI country consistently exceeding the 19.9% growth rate of the Asian Tigers can then be considered to show great success.

II. The Results

a. Overall Trends

The trends by type of commodity from the A.I.D. assisted countries of the region are shown in Table I. Though the data throughout will be referred to as "exports," the source used is U.S. Commerce Department data for imports from the CBI countries. This differs importantly from CBI country export data in that it includes all free-zone or maquila production. Such exports are often excluded from exporting country trade figures, or included as a service export. The obvious overstatement in export figures by inclusion of maquila production will be adjusted below by making domestic value added estimates for all commodities.

For the purposes of the table, exports are categorized into four groups: traditional, nontraditional primary products, apparel, and other manufactures. The traditional group includes the five products that have accounted for the bulk of CBI country exports to the United States in the past -- coffee, bananas, sugar, beef and bauxite. Nontraditional primary products are all other commodities in the U.S. Schedule A categories 0-4. (The Schedule A categories correspond closely to the United Nations Standard International Trade Classification, whereby groups 0-4 are considered primary products and 5-8 as manufactures.) Apparel includes only Schedule A category 84, and other manufactures represent all

TABLE I

GROSS VALUE IN CURRENT DOLLARS

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EXPORTS BY A.I.D.-ASSISTED CBI COUNTRIES TO THE U.S.

(Millions of Current Dollars)

	1973	1980	1981	1982	1983	1984	1985	1986	1987	1988	Annual Growth Rate 1973-83	Annual Growth Rate 1983-88
Traditional Exports	795	1,988	1,755	1,410	1,501	1,763	1,446	1,775	1,376	1,263	6.6%	-3.4%
All Nontraditionals	336	1,064	1,134	1,140	1,295	1,602	1,770	1,963	2,399	2,878	14.5%	17.3%
Apparel	38	242	284	302	350	447	579	748	1,049	1,383	24.9%	31.7%
Other Manufactures	167	444	427	392	496	623	678	686	786	920	11.5%	13.1%
Primary Products	131	378	423	446	449	531	513	528	564	575	13.1%	5.1%
Total Exports	1,130	3,051	2,889	2,550	2,796	3,364	3,216	3,738	3,775	4,141	9.5%	8.2%
Nontrad. Share (%)	29.7%	34.9%	39.2%	44.7%	46.3%	47.6%	55.0%	52.5%	63.6%	69.5%		

Source: U.S. Department of Commerce, Schedule A Imports for Consumption

other commodities in Schedule A categories 5-8. Category 9 (unclassified items) is excluded from the data.

As indicated by Table I, nontraditional exports did grow rapidly during 1984-87 -- from $1.3 billion in 1983 on the eve of the CBI, to $2.4 billion in 1987, and to $2.9 billion in 1988. For 1984-88, nontraditional exports grew at an average annual rate of 17.3%. Table I also highlights the decline in exports of the five main traditional products, which fell from $2.0 billion in 1980 to $1.5 billion in 1983 to $1.3 billion in 1988. This supports the motivation behind the CBI -- that prospects for traditional export commodities were poor.

Because of the decline in traditional exports, total exports to the United States grew at a rate of 8.2% per year. The final line of Table I shows the steady diversification of total exports from the CBI countries. Nontraditional products rose from 30% of total exports in 1973 to 46% in 1983, and to 69.5% in 1988. This diversification is likely to make the region considerably less vulnerable to the vagaries of world markets for particular commodities, but potentially more affected by overall economic activity in the industrial countries. Nevertheless, the new export activity is primarily in products where world demand has grown faster than world income, in contrast to demand for the five traditional exports.

The data in Table I is in current dollars, so it does not take account of inflation. Table II provides the same data in

TABLE II

GROSS VALUE IN CONSTANT 1987 PRICES

09-Oct-89 **EXPORTS BY A.I.D.-ASSISTED CBI COUNTRIES TO THE U.S.A.**

(Millions of Constant 1987 Dollars)

	1973	1980	1981	1982	1983	1984	1985	1986	1987	1988	Annual Growth Rate 1973-83	Annual Growth Rate 1983-88
Traditional Exports	1,886	2,725	2,194	1,657	1,698	1,923	1,528	1,828	1,376	1,209	-1.0%	-6.6%
All Nontraditionals	796	1,458	1,417	1,339	1,465	1,747	1,871	2,021	2,399	2,756	6.3%	13.5%
Apparel	89	332	354	355	395	488	612	771	1,049	1,324	16.0%	27.3%
Other Manufactures	395	608	534	460	561	680	716	707	786	881	3.6%	9.4%
Primary Products	312	518	529	524	508	579	542	544	564	551	5.0%	1.6%
Total Exports	2,683	4,184	3,611	2,996	3,162	3,671	3,399	3,849	3,775	3,966	1.7%	4.6%
Nontrad. Share (%)	29.7%	34.9%	39.2%	44.7%	46.3%	47.6%	55.0%	52.5%	63.6%	69.5%		

Note: U.S. GDP Deflator used to convert nominal exports into constant value.
Source: U.S. Department of Commerce, Schedule A Imports for Consumption

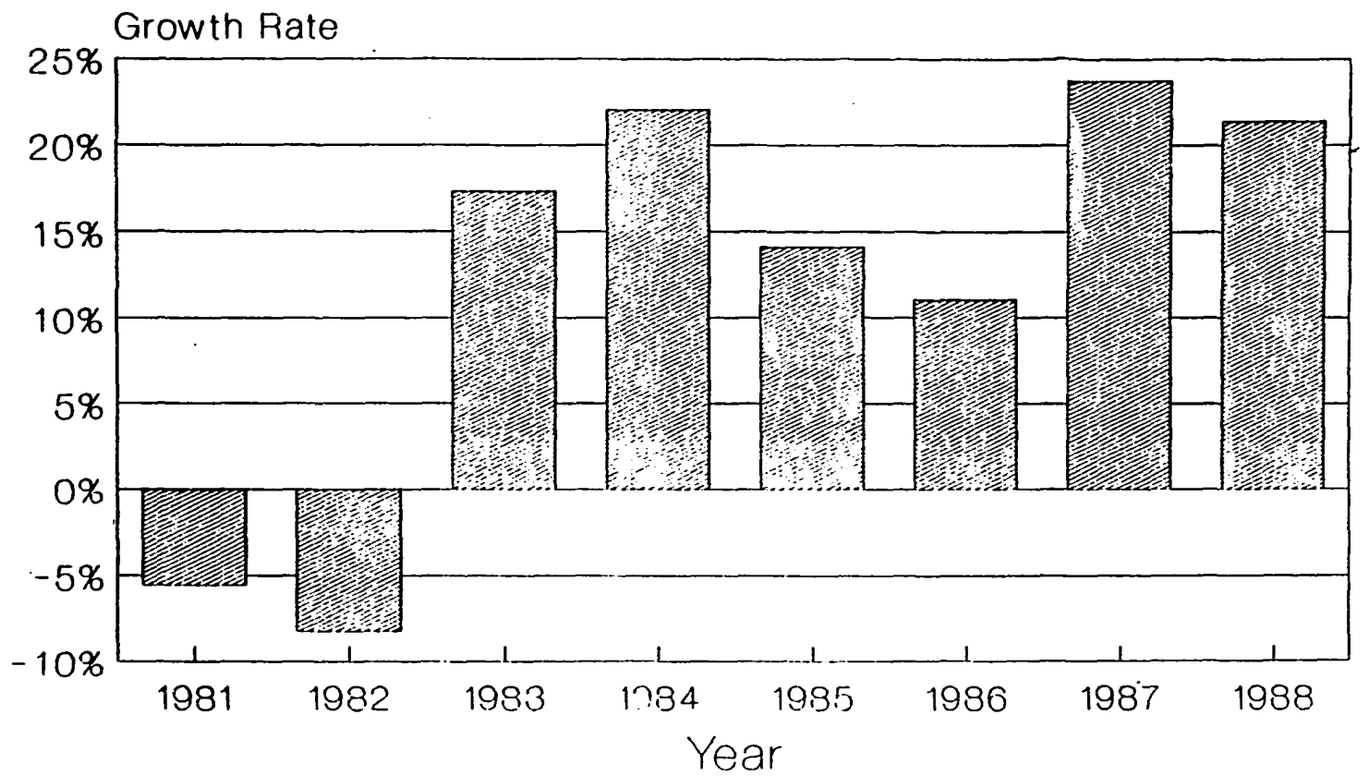
constant 1987 dollars, using the U.S. GDP deflator. This provides a much sharper indication that the CBI has had an important effect on the region. Nontraditional exports grew in real terms at an annual rate of 13.5% during the 1984-88 period, compared to a real growth rate of 6.3% during the decade prior to 1984. This exceeds the 12.3% standard for success defined earlier. If 13.5% growth can be sustained over the remaining seven years of the Initiative, it will mean that nontraditional exports will have increased by 355% over the period, compared with the goal of 300%.

Chart I summarizes the year-by-year growth rates for manufactured products for all A.I.D. CBI countries. Noteworthy from Chart I is the acceleration of growth in 1987-88 to above 20%, after declining growth in 1985 and 1986. The chart suggests a continuing dynamic from the Initiative and not, as some suggested, simply a one-time jump in the early years of the Initiative followed by a levelling off of exports.

Table II shows the dynamism of apparel, rising from $395 million in 1983 to $1,324 million in 1988. Other manufactures rose respectably, by 9.4% per year, while nontraditional primary product exports grew little. This grouping is a combination of some true nontraditional products with minor traditional ones (e.g., extractive industries and petroleum). In general, the minor extractive products did poorly over 1984-88, while new ones -- winter fruits and vegetables, ornamental plants, and cut flowers -- have been growing at about 20% per year.

Chart I

All A.I.D. CBI Countries
Growth Rate of Manufactured Exports



In 1987 dollars using U.S. GDP Deflator

b. Country by Country Experience

Many expected the CBI to automatically lead to rapid nontraditional export growth. In fact -- as with any other market-based initiative -- it only offered a favorable opportunity for such growth. The actual extent to which exports from any country can grow will depend heavily upon internal policies and institutions.

The CBI-wide averages mask great variation among countries. Some individual countries, have far exceeded the average, while others -- most notably, El Salvador and Haiti -- have shown little or no growth. Some countries have been exceeding the 20% per year real growth rate of the Asian exporters during the 1965-80 boom years. Table III shows the country-by-country breakdown of the real value, in 1987 prices, of exports of manufactures. Costa Rica, Guatemala, the Dominican Republic, and Jamaica all had average growth rates of 20% per year for manufactures. Jamaica is the most dramatic case. Despite substantial losses in 1988 due to hurricane damage, its manufactured exports grew at an astonishing real rate of 60% per year.

Table IV provides country trends for all nontraditional products. Belize, Costa Rica, and Jamaica all averaged more than 20% per year real growth. It should be noted that the term "nontraditional" is applied to all primary products except the five major ones, and thus includes minor traditional products.

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Table III

Constant Dollar CBI Manufactured Exports to U.S.A.

(Million 1987 dollars)

	1973	1980	1981	1982	1983	1984	1985	1986	1987	1988	Growth Rate 1973-83	Growth Rate 1983-88
BELIZE	7.4	16.3	12.3	7.2	7.7	17.0	24.8	21.1	16.0	18.1	0.4%	18.6%
COSTA RICA	26.6	79.4	82.5	85.9	116.0	146.8	176.8	225.9	271.3	361.5	15.9%	25.5%
EL SALVADOR	18.1	146.8	106.6	105.1	106.5	132.8	96.2	59.2	78.2	85.5	19.4%	-4.3%
GUATEMALA	20.9	19.1	15.5	18.7	15.6	31.1	30.1	39.9	67.5	109.3	-2.9%	47.5%
HONDURAS	7.8	42.0	46.8	45.9	42.4	43.1	48.6	57.4	68.7	88.5	18.4%	15.9%
TOTAL, CENTRAL AMERICA	80.8	303.7	263.7	262.8	288.2	370.8	376.6	403.4	501.7	662.9	13.6%	18.1%
DOM. REPUBLIC	117.9	310.3	290.5	219.5	293.9	362.7	447.5	534.0	687.2	915.0	9.6%	25.5%
JAMAICA	180.0	24.4	26.2	19.5	22.5	37.4	83.6	133.9	219.2	234.5	-18.8%	59.7%
HAITI	97.0	283.6	289.9	293.4	325.0	361.5	370.0	351.3	364.5	346.2	12.9%	1.3%
EASTERN CARIBBEAN	9.7	20.3	19.7	21.3	28.5	37.0	57.1	59.7	61.7	67.9	11.3%	18.9%
TOTAL, CARIBBEAN	404.7	638.6	626.2	553.8	669.9	798.7	958.2	1079.0	1332.6	1563.7	5.2%	18.5%
ALL A.I.D. COUNTRIES	485.5	942.3	889.9	816.6	958.1	1169.5	1334.7	1482.5	1834.3	2226.5	7.0%	18.4%
Annual Growth Rate		*9.9%*	*-5.6%*	*-8.2%*	*17.3%*	*22.1%*	*14.1%*	*11.1%*	*23.7%*	*21.4%*		

Source: U.S. Department of Commerce

Note: U.S. GDP Deflator was used to convert current dollars into 1987 dollars.

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Table IV

Constant Dollar CBI Nontraditional Exports to U.S.A.

(Million 1987 Dollars)

	1973	1980	1981	1982	1983	1984	1985	1986	1987	1988	Average Growth Rate 1973–83	Average Growth Rate 1983–88
BELIZE	14.5	24.6	23.5	15.2	16.0	29.8	41.0	38.5	37.0	43.9	1.0%	22.4%
COSTA RICA	56.4	127.5	123.5	131.1	151.6	201.8	245.5	296.3	358.3	481.7	10.4%	26.0%
EL SALVADOR	39.5	181.0	143.9	142.1	131.9	166.3	124.2	91.7	103.8	118.6	12.8%	-2.1%
GUATEMALA	52.1	105.9	110.4	134.4	119.5	136.5	106.7	117.2	160.9	183.3	8.7%	8.9%
HONDURAS	78.5	159.6	169.7	141.4	160.3	150.9	151.9	165.0	175.7	174.2	7.4%	1.7%
TOTAL, CENTRAL AMERICA	240.9	598.5	571.0	564.1	579.2	685.4	669.2	708.7	835.7	1001.7	9.2%	11.6%
DOM. REPUBLIC	226.1	468.7	454.6	379.3	443.3	561.5	608.6	694.9	819.3	1055.9	7.0%	19.0%
JAMAICA	203.5	59.6	66.4	64.3	69.1	88.7	136.2	193.5	261.5	283.8	-10.2%	32.6%
HAITI	105.6	301.2	305.9	311.6	342.0	375.4	383.5	361.2	378.2	354.6	12.5%	0.7%
EASTERN CARIBBEAN	21.6	32.8	21.5	22.4	33.4	38.7	70.6	60.4	65.4	72.8	4.4%	16.9%
CARIBBEAN	556.9	862.4	848.4	777.5	887.8	1064.3	1198.9	1310.1	1524.4	1767.0	4.8%	14.8%
ALL A.I.D. COUNTRIES	797.7	1460.9	1419.4	1341.7	1467.0	1749.8	1868.1	2018.7	2360.1	2768.7	6.3%	13.5%
Annual Growth Rate		*9.0%*	*-2.8%*	*-5.5%*	*9.3%*	*19.3%*	*6.8%*	*8.1%*	*16.9%*	*17.3%*		

Source: U.S. Department of Commerce

Note: U.S. GDP Deflator was used to convert current dollars into constant 1987 dollars

Guatemala's modest performance in overall nontraditional growth, for example, is due to a drop in petroleum exports, despite annual growth of nontraditional fruits and vegetables of around 20% per year.

A striking characteristic of the four countries that achieved 20% real annual growth in manufactured exports is the steady year-by-year rapid growth. Charts II and III show year-by-year annual real growth rates for each country. The four countries shown in Chart II are characterized as successful because of the consistency of high rates of growth. Costa Rica and the Dominican Republic have showing consistent growth throughout the period. Guatemala has shown it since its economic reforms following the 1986 democratic transition, and Jamaica's rapid growth was consistent until temporarily interrupted by an August 1988 hurricane. (During the first seven months of 1988, Jamaican manufactured exports had risen xx% over the same period of 1987.)

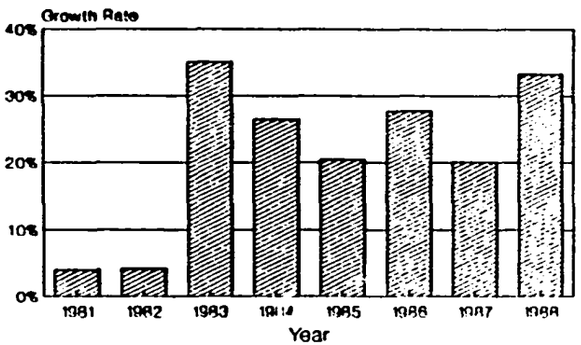
The consistent, steady growth of the four countries in Chart I can be contrasted with the countries in Chart II, most notably Belize and the Eastern Caribbean. For the latter countries, the rapid growth in 1984 and 1985 followed by slow growth is suggestive that initial enthusiasm for exports quickly ran into bottlenecks or inadequate policy frameworks. For the Chart II countries, the sustained growth appears to be not just the result of a few one-time investments, but of a process which sustains export momentum. Our conception of the process of

Chart II

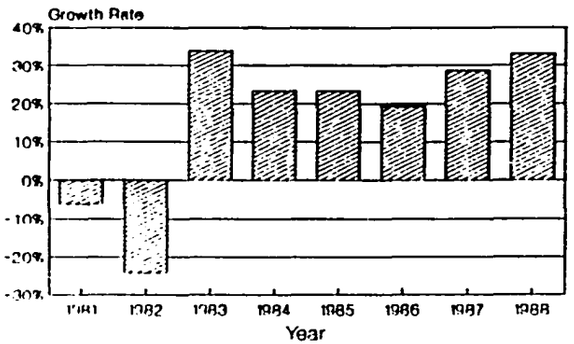
SUCCESSFUL CBI MANUFACTURED EXPORTERS

Annual Real Rates of Export Growth, 1981-88

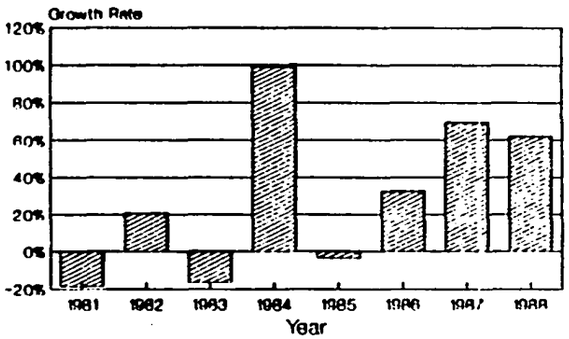
Costa Rica



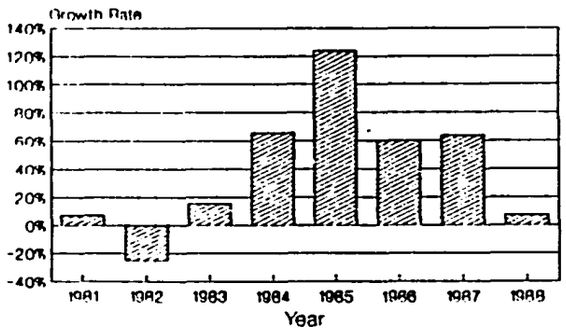
Dominican Republic



Guatemala



Jamaica



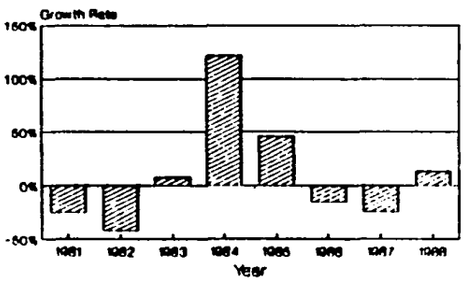
1988 Affected by Hurricane

Chart III

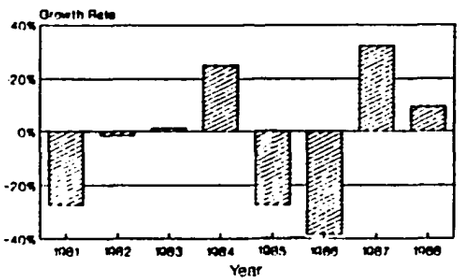
LESS SUCCESSFUL CBI MANUFACTURED EXPORTERS

Annual real Rates of Manufactured Export Growth, 1981-88

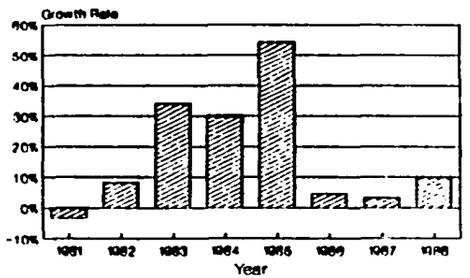
Belize



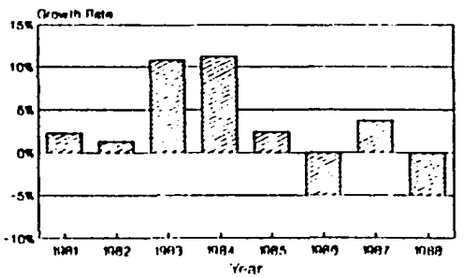
El Salvador



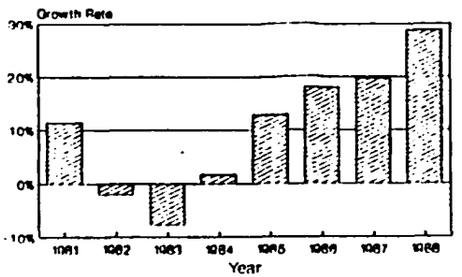
Eastern Caribbean



Haiti



Honduras



export-led growth (described in a related paper, "The Theory of Export-Led Growth in the Caribbean Basin") attributes this differing experience to whether or not feedback systems develop whereby initial success leads to policy improvements which then lay the basis for further success.

The success of Costa Rica, Jamaica and the Dominican Republic, would, in this view, be due to the fact that these countries have developed a process of adaptation that generates a continual stream of new opportunities. Each of the three shows some distinct characteristics, which are described briefly below. In addition, Annex 1 provides some detail on the specific composition of the export growth in the case of Costa Rica.

The Dominican Republic was already the major exporter of manufactures in the Caribbean Basin prior to the CBI. The real value of manufactured exports to the U.S. had been growing nearly 10% per year during the 1973-83 decade, and already represented more than half of all exports in 1983. Despite this substantial base, the real annual growth rate accelerated to 25% during 1984-88. Apparel represented slightly more than half of total manufactured exports, but both apparel and other manufactures grew at more than 20% per year. On the other hand, nontraditional primary product exports were relatively stagnant during 1983-87. This suggests that free zones have been quite successful, but the expansion from free zone to production from domestic firms has not occurred appreciably. The macroeconomic

policy environment in the Dominican Republic, characterized by inflation, sharp fluctuations in the real exchange rate, and administered controls on imports, may have retarded the opportunities for new exporters outside the free zones.

Jamaica showed the highest annual real growth rate for manufactures of any CBI country -- 60% per year between 1983 and 1988 -- but this growth was from a small base. This base had deteriorated over the previous decade, when manufactured exports fell from $76 million in 1973 to $18 million in 1980, before recovery began. Apparel has been the fastest growing category, although other manufactures have also grown sharply. Nontraditional primary products have shown little dynamism, and, as in the Dominican Republic, an overvalued exchange rate may be a factor. Although the share of nontraditional products in total export value added (a concept discussed below) had fallen to only 11% in 1980, the tremendous dynamism of these products (combined with a sharp decline in bauxite) raised its share to 50% of the total by 1988. Clearly, if Jamaica can continue to sustain the rapid growth of the nontraditional export sector, it will quickly become a source of rapid overall economic growth.

Costa Rica differs from the other two rapid-growth cases in that all three nontraditional sectors -- apparel, other manufactures, and nontraditional primary products -- have grown at roughly similar rates. Fruits, vegetables, flowers and ornamental plants have been major growth products. This diversification suggests that the Costa Rican experience should

be studied more closely for factors that led to this greater diversity of rapid growth. The fact that Costa Rica used a crawling-peg system that maintained an almost fixed real exchange rate during the rapid growth period, and eliminated numerous other biases against exports (including a high and variable import tariff structure) may be a major explanatory factor.

Economic Effects of Export Growth

i. Value Added

The export growth data in Table II are impressive, but they overstate the economic impact of the export growth. Put simply, the new exports typically embody much less domestic content, or value added, than the traditional products exported by the CBI countries. Table V addresses this issue, using estimates of domestic value added for the main export categories. For example, coffee is estimated to have domestic value added of 90%, while apparel has only 25%. The results, though less dramatic, are still impressive. Nontraditional production rose from 34% of all export value added in 1983 to 52% in 1988. Both the expansion of new exports and the decline in the traditional ones contributed to this shift. Chart IV summarizes the data in Table V.

The dramatic rise in apparel as an export sector for trade with the United States should be noted in particular. It

TABLE V

09-Oct-89 ESTIMATED VALUE ADDED IN 1987 DOLLARS

EXPORTS BY A.I.D.-ASSISTED CBI COUNTRIES TO THE U.S.A.

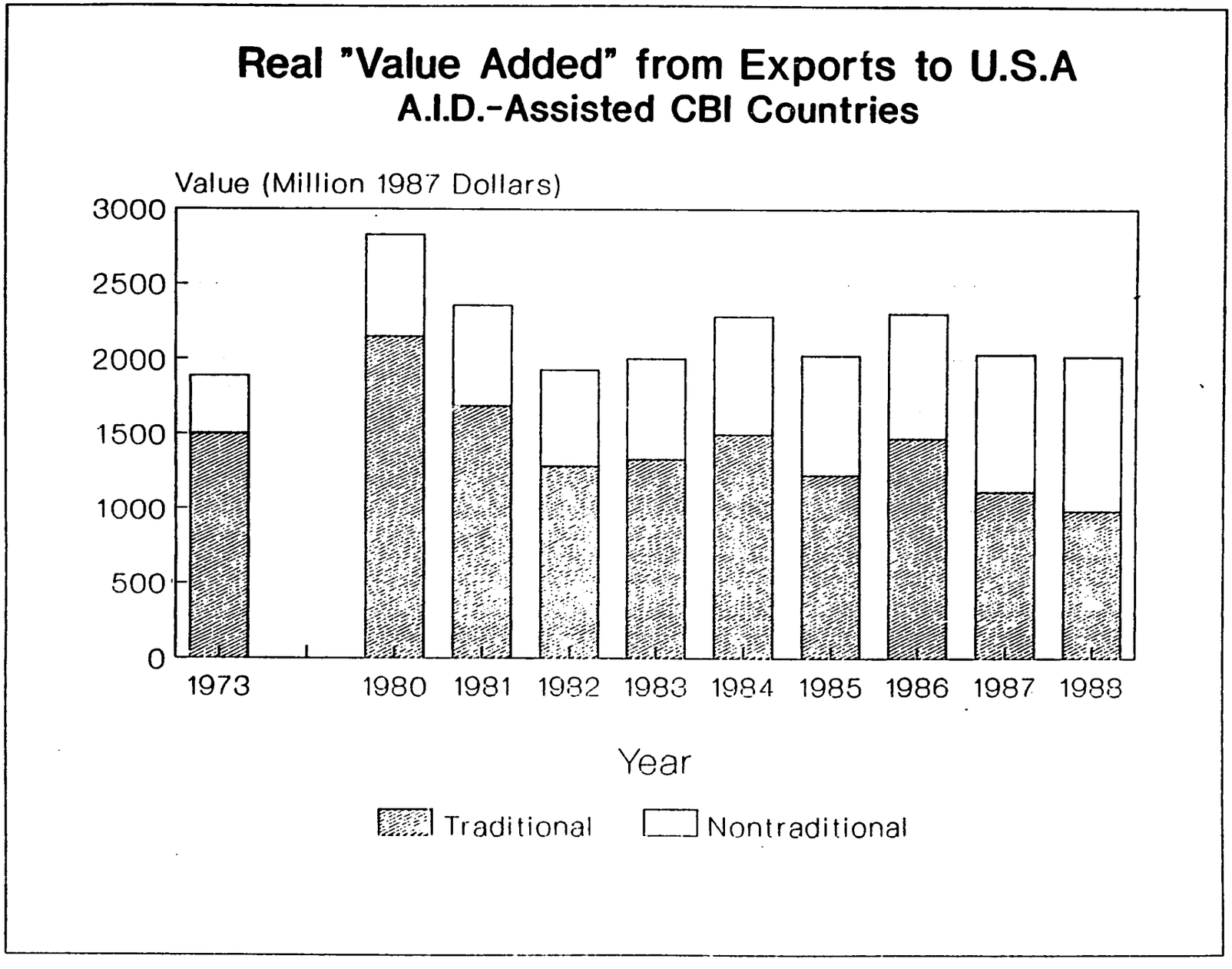
(Millions of Constant 1987 Dollars)

	1973	1980	1981	1982	1983	1984	1985	1986	1987	1988	Annual Growth Rate 1973-83	Annual Growth Rate 1983-88
Traditional Exports	1,498	2,151	1,684	1,284	1,330	1,497	1,226	1,489	1,086	936	-1.2%	-6.8%
All Nontraditionals	390	680	672	646	674	789	802	840	949	1,036	5.6%	9.0%
Apparel	22	83	89	89	99	122	153	193	262	331	16.0%	27.3%
Other Manufactures	119	183	160	138	168	204	215	212	236	264	3.6%	9.4%
Primary Products	249	414	423	419	406	463	434	435	451	441	5.0%	1.6%
Total Exports	1,888	2,831	2,355	1,930	2,004	2,286	2,028	2,329	2,035	1,971	0.6%	-0.3%
Nontrad. Share (%)	20.7%	24.0%	28.5%	33.5%	33.6%	34.5%	39.5%	36.1%	46.6%	52.5%		

Note: Value added calculations based on following assumed shares of domestic content for exports:

coffee	90%
Bananas	65%
Sugar	80%
Beef	90%
Bauxite	60%
Apparel	25%
Other Manufactures	30%
Nontraditional Primary	80%

Chart IV


Real "Value Added" from Exports to U.S.A
A.I.D.-Assisted CBI Countries
Value (Million 1987 Dollars)
3000
2500
2000
1500
1000
500
0
1973
1980
1981
1982
1983
1984
1985
1986
1987
1988
Year
Traditional
Nontraditional

produced an estimated $331 in real value added in 1988, virtually equalling the largest traditional export, coffee ($338 million). Thus, for jobs and incomes, apparel has quickly come to rival coffee in economic importance for trade with the U.S. It is important to emphasize, however, that this refers only to trade with the United States. Because virtually all the apparel exports of the region flow to the U.S., while less than half of coffee does so, coffee exports to the world are still a much larger source of overall foreign exchange earnings than apparel.

Thus, the CBI has achieved a substantial re-orientation of export production in the recipient countries, and promoting dynamic restructuring of these economies. The poor performance of traditional exports expected at the outset of the CBI has been borne out by subsequent trends. Despite the clear success of the CBI in creating new export opportunities, Table V and Chart IV also show clearly why the CBI governments are neither pleased with recent trends nor optimistic about the near future. While the CBI has been successful beyond reasonable expectations, it has not solved the severe balance of payments problem of the CBI countries. As indicated by Table V, the real value added of total CBI exports actually fell slightly between 1983 and 1988. Moreover, even the 1988 value was about 30% lower than it had been in 1980. Most of this poor performance is simply due to historically-low real commodity prices, but section (d) below discusses the one commodity -- sugar -- where U.S. policy contributed importantly to this result.

ii. Employment

Direct Employment

A basic premise behind the CBI was that it would create employment, generating additional income and reducing pressure for migration to the United States. The only overall estimate of employment creation from the export expansion was made in early 1988 by a U.S. Department of Commerce survey of firms exporting under the CBI. This study found that 96,000 full-time and 21,000 part-time jobs created by firms identified in the survey. As with other aspects of the survey, the authors considered the data conservative, as no data were obtained from 20% of the exporting firms identified and other exporters may have been missed altogether. No estimates for excluded firms were made. The Commerce data is summarized in Table VI, with part-time jobs treated as one-half of a full-time job.

As shown by the table, these figures would represent about 1.3% of the total employment as reported by the Commerce Department -- not insignificant, but also not dramatic. The employment impact of activity during the first several years should be relatively small, however, because of the small base from which growth is occurring. The continued rapid expansion of new exports should mean that more jobs are being created each year than in the previous year, so that job creation in 1988 and 1989 would be considerably larger. Extrapolating the trend in exports and job creation throughout the 12 years of the CBI

Table VI

CBI EMPLOYMENT CREATION

January 1984 – February 1988

Country	Export Job Creation	Total Country Employment	CBI Share
Costa Rica	11,825	660,000	1.8%
Dominican Republic	35,333	1,800,000	2.0%
El Salvador	3,337	920,000	0.4%
Guatemala	8,345	1,250,000	0.7%
Honduras	7,239	1,140,000	0.6%
Jamaica	21,237	570,000	3.7%
Antigua	1,462	24,000	6.1%
Belize	1,036	45,000	2.3%
Dominica	700	20,000	3.5%
Grenada	1,244	29,000	4.3%
Haiti	3,605	1,200,000	0.3%
Montserrat	36	5,000	0.7%
St. Kitts	1,234	15,000	8.2%
St. Lucia	3,872	31,000	12.5%
St. Vincent	1,650	44,000	3.8%
Total A.I.D. Countries	102,154	7,753,000	1.3%
Aruba	871	18,000	4.8%
Bahamas	1,568	92,000	1.7%
Barbados	1,149	92,000	1.2%
British V.I.	93	5,000	1.9%
Neth. Antillies	21	62,000	0.0%
Trinidad	235	400,000	0.1%
Total, Non-A.I.D.	3,937	669,000	0.6%
Total, All CBI	106,091	8,422,000	1.3%

Reported by Commerce Department Survey

would yield on the order of 500,000 new jobs for the full CBI period, and on the order of 75,000 direct new jobs created annually by 1995. Such results would be dramatic.

Fragmentary data from other sources suggest substantially larger direct employment creation so far in some countries than found by the Commerce Department survey. In the Dominican Republic, employment in free-trade zones reportedly rose by 60,000 between 1983 and 1988, compared to 35,000 jobs found by the Commerce Department. In Guatemala, employment in apparel exports alone is reported to have risen from 1,500 to 15,000 over the same period, while the Commerce Department found only 8,300 for all export industries.

Overall Employment

The direct job creation may give little clue to the overall economic effects of new investment in export industries. Two extremes are possible. With substantial unemployment in an economy, the new jobs could have a multiplier effect, as the additional earnings being spent by the new employees generate additional jobs elsewhere in the economy. Multipliers in the range of 3 to 4 have been used by some to guess at this effect. Alternatively, in the presence of full employment with no additional entrants into the labor force lured by higher wages, the net impact of such investment would be zero. Workers in the new plants would simply be drawn by higher wages from other jobs, and the employment-losing sectors

would contract by the necessary amount. In this case, the investment would still be beneficial to the workers and the economy through higher wages and productivity, but no additional economy-wide employment would result.

This is an issue which must be settled empirically through labor market surveys, but such surveys measure the impact of all changes in economic conditions, not just those in the export sector. Only two of the countries -- Costa Rica and Jamaica -- have a long time series of employment data.

Jamaica data is summarized in Table VII. Overall employment rose sharply over the period between 1985 and 1988, with 99,000 jobs being added, representing a 4.1% annual growth rate -- twice the historic average. Chart V indicates that this growth produced a significant decline in unemployment, with the "job seeker" unemployment rate falling below 10% for the first time in more than a decade. Manufacturing, with employment up by 35%, or 39,000 jobs, was the most dynamic sector.

Chart VI provides sectoral data for sub-periods. As that chart indicates, the drop in unemployment is all the more remarkable given the dramatic drop in employment in public administration during the 1985-88 period. This had been the only dynamic urban sector during the 1970s. Employment rose by more than 50%, from 67,000 in 1972 to 109,000 in 1980 -- representing 84% of all jobs created outside of agriculture during the period. The growth in agricultural employment during

Table VII

Jamaican Employment by Sector, 1968–88

(Thousands)

Annual Average	1968	1972	1980	1981	1982	1983	1984	1985	1986	1987	1988	CHANGE IN EMPLOYMENT 68–74	74–80	80–85	85–88
Agriculture,Forestry,Fishing	220.5	204.4	263.5	273.1	263.8	246.6	257.8	279.8	272.7	272.0	259.3	17.8	25.3	16.3	-20.5
Mining			7.8	8.0	8.0	7.8	7.7	6.5	5.8	6.0	6.1	7.8	0.0	-1.3	-0.5
Manufacuring	64.8	76.9	76.7	82.2	86.9	90.8	97.1	98.6	110.0	131.4	138.0	16.5	-4.6	21.9	39.4
Construction	39.4	40.2	25.4	29.1	33.3	33.4	36.3	33.6	32.6	39.6	45.1	1.3	-15.4	8.2	11.5
Transp.Comm.&Pub.Util.	25.7	26.2	34.3	33.1	33.3	34.6	32.7	35.5	36.4	41.1	44.1	1.2	7.4	1.2	8.6
Commerce	67.6	83.7	91.2	102.0	102.9	107.7	109.4	113.7	124.2	123.7	138.1	9.8	13.9	22.5	24.4
Public Administration	56.2	67.4	108.7	105.6	104.5	102.0	100.5	81.9	77.8	74.0	76.4	20.3	32.2	-26.9	-5.5
Other Services	108.3	109.2	108.1	115.9	118.2	120.1	137.7	130.0	146.0	155.0	170.6	-10.7	10.5	21.8	40.6
Not Specified	0.0	3.1	4.6	3.6	5.9	0.0	0.0	2.3	3.1	2.9	3.0	-0.0	4.6	-2.4	0.8
Total	582.4	611.0	720.2	752.4	756.7	742.9	779.0	781.7	808.5	845.4	880.4	64.0	73.9	61.4	98.7

Source: Jamaican Statictical Institute. Data for 1988 are average of April and July survey data. For all other years, surveys were in April and October.

Chart V

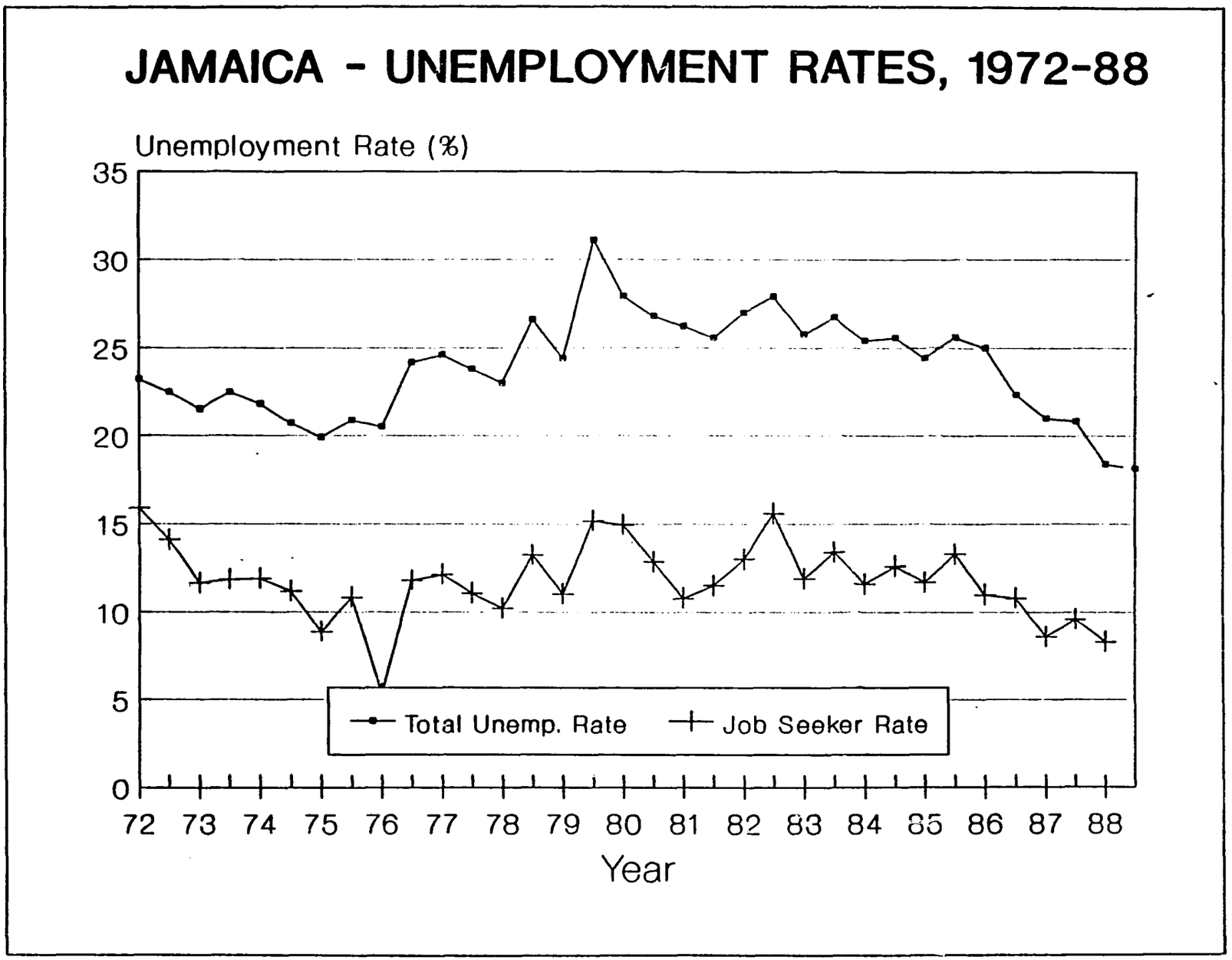
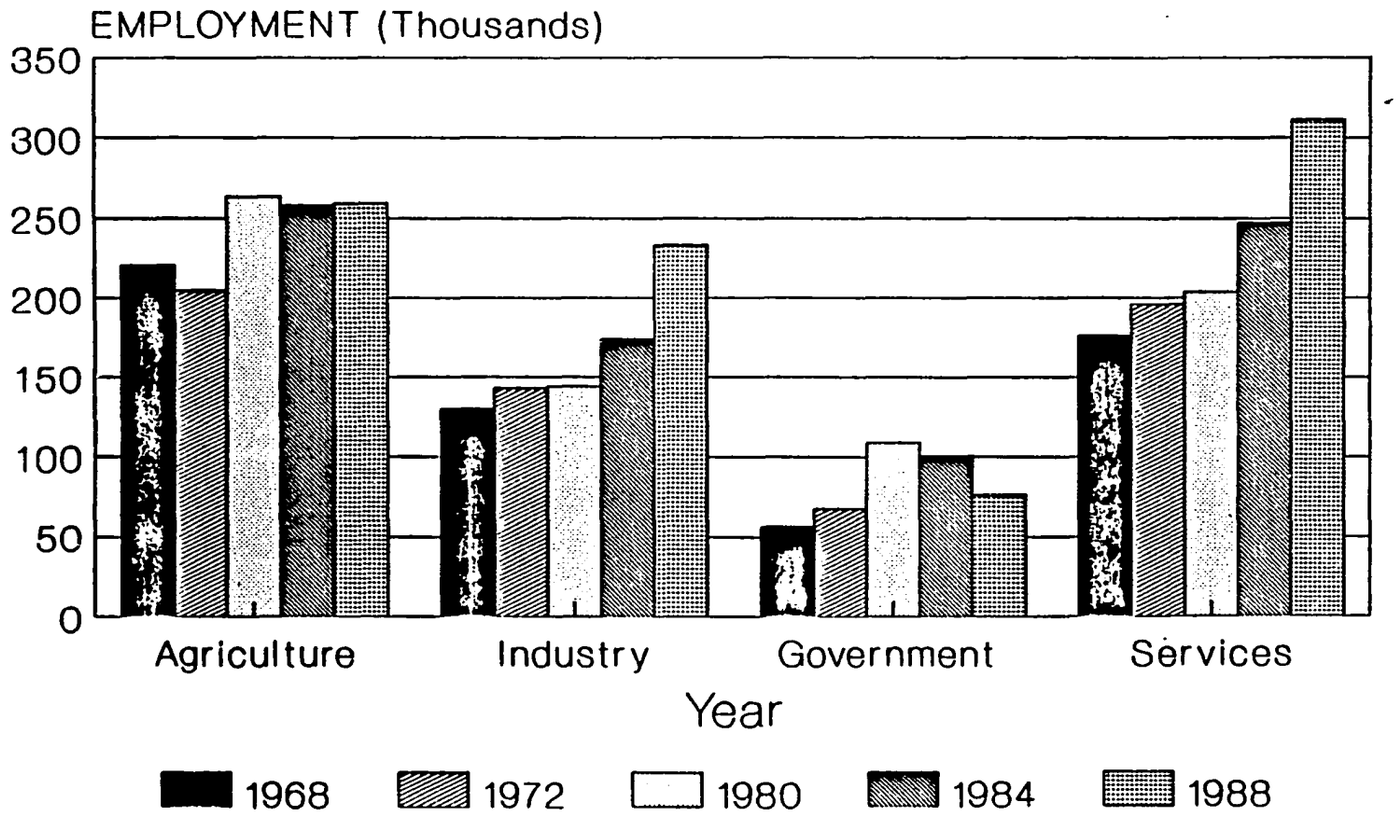

JAMAICA - UNEMPLOYMENT RATES, 1972-88
Unemployment Rate (%)
35
30
25
20
15
10
5
0
72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88
Year
Total Unemp. Rate
Job Seeker Rate

Chart VI

EMPLOYMENT BY SECTOR
JAMAICA, 1968-1988



Source: Jamaican Household Surveys

1972-80 is probably symptomatic of a growth in underemployment due to a lack of urban jobs. The Seaga government only marginally cut public employment between 1980 and 1984, but did so dramatically at the beginning of 1985 when faced with a severe budget crisis.

Costa Rica. Recorded total employment in Costa Rica rose by 6.5% in 1987 and 5.7% in 1988, faster in each year than GDP growth, so the trend suggests that economic growth may be following a labor-intensive expansion path. A significant change in methodology of the Costa Rican surveys occurred between 1986 and 1987, however, so the reliability of the 1987 employment growth figure may be questionable. Further investigation of the Costa Rican data is needed, but the available evidence is clearly encouraging.

d. The Special Case of Sugar

While much of the poor performance of traditional exports was due to low world prices for these commodities, sugar is one product where U.S. actions contributed importantly to the decline. At the same time that the CBI has promoted nontraditional exports to the United States, U.S. legislation has sharply reduced access to the preferential U.S. market for sugar, one of the principal traditional commodities. After a number of years with free import of sugar, the U.S. re-imposed sugar quotas in 1981. The quotas were steadily reduced, cutting CBI country exports to the U.S. about 75% between 1981 and

1987. In 1988, quotas were increased because of the U.S. drought.

Table VIII summarizes the impact, in terms of the real value added concept used in Table III, of steadily declining U.S. import quotas for access to its preferential market. As seen by the table, U.S. sugar policy during the 1984-87 period has cost the region more than the real value added benefit of the CBI. This may explain part of the failure of the CBI to significantly improve economic trends in the region.

Nevertheless, the losses from sugar have now largely been absorbed, and further declines in sugar are likely to be much smaller than the benefits of CBI exports (mainly because sugar exports to the U.S. have already fallen to low levels -- from $577 million in 1981 to $175 million in 1988. Consequently, the CBI in the future should begin to have an appreciable positive impact on the region. Moreover, the expanding sectors offer much greater potential for higher wages, productivity growth and use of skilled labor than does sugar. One recent sign of progress was the complaint by the Costa Rican sugar growers' association of a shortage of cane cutters.

The data in the table substantially overstate the real cost to the CBI countries of the U.S. sugar quotas, for sugar not sold in the U.S. is disposed of on world markets. While U.S. prices over the period were in the 18-22¢ range, world prices have fluctuated in the 7-12¢ range. Consequently, sugar

TABLE VIII

ANNUAL CHANGE IN VALUE ADDED SUGAR AND NONTRADITIONAL PRODUCTS

(All Figures in Millions of 1987 Dollars)

Year	Sugar	Nontraditional Products	Total	Cumulative Total
1982	-354	-25	-379	-379
1983	114	27	141	-238
1984	35	116	151	-87
1985	-158	15	-143	-230
1986	-29	27	-2	-232
1987	-78	107	29	-203
1988	26	96	122	-81

Note: The data used are imports for consumption, which do not correspond neatly with quota levels. The general trend, however, is similar.

not sold in the U.S. is disposed of on world markets, with a price reduction of 50-60%.

e. Effects on the U.S. Trade Balance

Growth of exports to the United States of nontraditional products is of importance to the CBI region, but the impact on the U.S. trade balance is a potential source of adverse reaction in the United States. In economic theory, the benefits of trade come from increases in trade in both directions, due to the increased specialization, and therefore productivity, that increased trade implies. In the theoretical model, the trade balance is seen as adjusting automatically toward an equilibrium position. Nevertheless, the sustainability of support for the CBI is likely to depend upon evidence that U.S. exports to CBI countries also grow. So far, this has occurred, and U.S. exports to A.I.D. CBI countries have risen sharply, from $3.6 billion in 1983 to $5.1 billion in 1988.

As a result of the export growth, the U.S. moved from a trade deficit with the region during 1983-86 to a trade surplus in 1987-88, as shown in Table IX. This growth in U.S. exports is likely to be due to several factors: revival of the economies of the region, increased exports of U.S. materials for assembly in free zones, and closer commercial links between the CBI countries and the U.S. as a result of the growth of access to the U.S. market.

Table IX

U.S. Trade with A.I.D.–Assisted CBI Countries, 1984–88

	U.S. Exports, FAS ($ Million)					U.S. Imports, Customs value ($ Million)					U.S. Trade Balance ($ Million)				
	1984	1985	1986	1987	1988	1984	1985	1986	1987	1988	1984	1985	1986	1987	1988
Belize	53	56	59	72	103	46	47	51	42	51	7	9	9	30	52
Costa Rica	423	422	483	582	696	473	501	641	670	775	-50	-79	-157	-88	-79
El Salvador	427	445	518	390	483	390	396	385	284	284	37	49	133	106	199
Guatemala	377	405	400	480	591	444	409	601	495	433	-67	-4	-201	-15	158
Honduras	322	308	363	418	478	393	375	433	489	443	-71	-67	-69	-71	36
Sub-Total	1,602	1,636	1,824	1,942	2,351	1,746	1,728	2,111	1,980	1,985	-144	-92	-287	-38	366
Dom. Rep.	646	742	921	1,142	1,362	1,018	982	1,085	1,163	1,417	-372	-240	-164	-21	-55
Haiti	419	396	387	459	479	377	390	375	395	384	42	6	12	64	95
Jamaica	495	404	457	601	758	377	273	299	395	444	118	131	158	206	314
Sub-Total	1,560	1,542	1,765	2,203	2,598	1,772	1,645	1,760	1,953	2,244	-212	-103	5	250	354
Antigua					68					7					61
Dominica			Not		3			Not		9			Not		-6
Grenada			Shown		26			Shown		7			Shown		18
Montserrat			Separately		6			Separately		2			Separately		3
St. Kitts			for 1984-87		37			for 1984-87		21			for 1984-87		16
St. Lucia					71					26					45
St. Vincent					36					16					20
LWI Sub-Total	209	199	225	238	245	45	95	84	87	88	164	104	141	152	157
Total, AID CBI	3,371	3,377	3,813	4,382	5,194	3,563	3,468	3,954	4,019	4,317	-192	-91	-141	363	877

15-Oct-89

AID/LAC/DP

Source: U.S. Department of Commerce

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III. Prospects for the Future

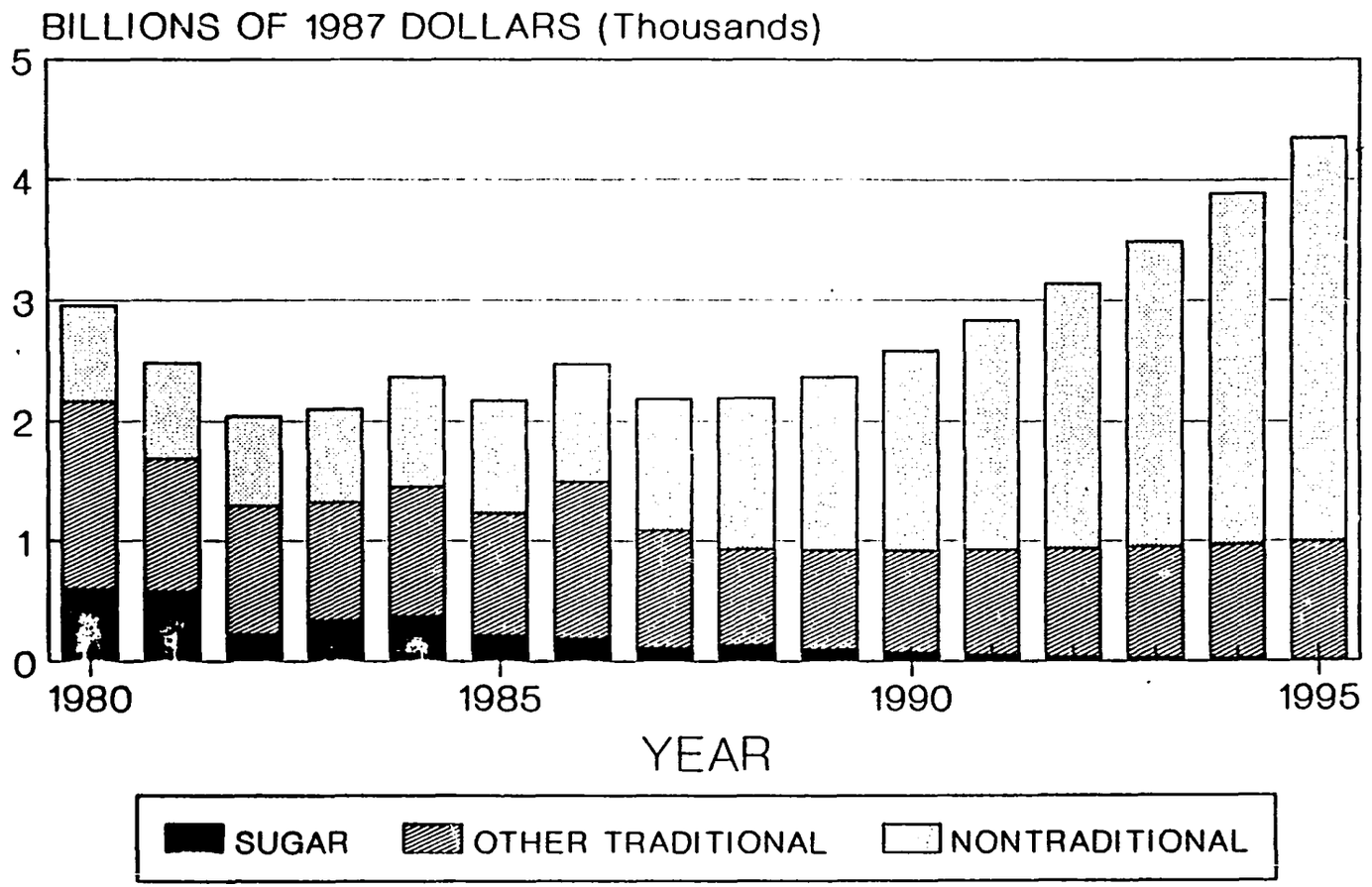
If the past trends in growth of nontraditional exports continue for the 12-year life of the Initiative, this growth will substantially alter the productive structure, increase employment and income, and enhance the growth prospects of the CBI countries. Chart IV summarizes the effect of continuation of the 1984-88 trend, in terms of real value added. By 1995, real export value added will have doubled from 1983, and nontraditional products will account for two-thirds of value added. The region's dependence on sugar and other primary products will have been ended. Moreover, total real export value added will again be growing respectably, following the decline of the 1980-88 period.

For the individual countries that have benefitted most from the export boom, the outcome of continued growth through 1995 would be far more dramatic. For Costa Rica, coffee, bananas and beef would have become relatively unimportant. From providing around 85% of the direct export-related employment, their share would have shrunk to only 33% under plausible assumptions.

Can this past growth be sustained? There are several reasons for believing that it can be maintained, or even accelerated. The trade data itself suggests possibly faster growth in the future, for nontraditional exports grew faster in both 1987, 1988 and the first half of 1989 than during the 1984-86 period. In addition, two external factors are probably

Chart VII

REAL VALUE ADDED FROM EXPORTS TO U.S.A.
A.I.D. CARIBBEAN BASIN COUNTRIES



favorable for acceleration. First, as of 1989, the "Asian tigers" will lose GSP privileges, making the CBI potentially competitive in a range of products where the Asian countries now have dominance. Second, the U.S. Congress is considering legislation that would expand the scope of the CBI. Moreover, the major downside problem in export growth -- saturation of the export market -- seems far from being reached. In 1987, the CBI countries accounted for only about 1% of U.S. imports of manufactures. The CBI total is still far less than the annual increase in U.S. imports from the Asian exporters.

With a continued favorable external environment, it appears that the major obstacles to faster export growth are internal to CBI countries. As discussed above, several of the CBI countries have maintained "Asian tiger" growth rates for nontraditional exports to the U.S. during the first five years of the Initiative. The CBI-legislated duty-free treatment itself has been only a minor factor in this export growth -- accounting for less than 20% of the export growth found by the Commerce Department study. Other factors -- export promotion efforts, improved macroeconomic policies, favorable U.S. treatment of apparel made from U.S. materials -- appear primarily responsible. A related paper ("The Theory of Export-Led Growth in the Caribbean Basin") argues that such growth can continue into the future as long as step-by-step improvements in policy, infrastructure and institutions continue to be made, in line with problems in these areas identified by successful exporters.

Finally, it is important to emphasize that the free-trade provisions of the CBI have been relatively unimportant in the growth of nontraditional exports. The CBERA might well be considered a successful placebo, for it served mainly to galvanize internal efforts to toward exports, and overcome the mistaken belief that export-led growth was not possible. Viewed in this context, proposals to "enhance" the CBI push on an open door.

Countries that have not successfully exported under the current conditions are unlikely to do much better with greater access. The task for policymakers in these countries is to identify ways in which they can attract the investment and incrementally develop the human resources that would put them on a course that would imitate the success of Costa Rica, Jamaica, and the Dominican Republic.

Annex 1

COSTA RICA'S NEW EXPORTS

This annex provides more detailed analysis of the specific commodities that have generated the rapid growth of Costa Rican nontraditional exports. Overall, nontraditional exports (all products except coffee, bananas, beef and sugar) have grown from $134 million in 1983 to $475 million in 1988. This represents an annual growth rate of 28.8%. As indicated also by Table I, the growth rate has been sustained, and Costa Rican investment promotion officials believe that investments now being made assure continuation of such rates of growth over the next 1-2 years.

Commodity Composition. Table II provides the commodity composition of Costa Rican exports for 1980-88. Apparel is the leading sector, accounting for about 65% of the manufactured total. Nevertheless, other nontraditional exports have grown at a faster rate, so that the share of apparel in the total has declined moderately over the period. Three other notable facts can be drawn from the table:

--export growth has been quite diversified, with nontraditional agriculture (primarily fruits and vegetables and ornamental plants) keeping pace with apparel and other manufactures;

--for particular sectors, ups and downs have occurred. While the rapid growth for total nontraditional exports has been relatively stable, individual commodities, such as footwear and wood products, show irregular trends.

--among manufactures, the commodity composition is very diversified by commodity type. The "other manufactures" category, which has been the fastest growing, includes a variety of small items for which exports are growing rapidly. Probably, the labor-intensity of a particular manufacturing process, rather than the commodity itself, is the factor that leads to Costa Rican production for export.

Other Destinations. Among the industrial countries, the United States is the overwhelming destination for Costa Rican manufactures. In 1986, 97% of the manufactured exports went to the United States, 3% went to Western Europe, and 0.2% went to Japan. Information on Costa Rican exports to other Latin American countries outside the Central American common Market is not available, but this is also likely to be small. Europe has been a major market for ornamental plants, however. Of the $34 million in these exports in 1986, more than 60% went to Europe. Thus, in general, the United States can be considered the effective market for Costa Rican nontraditional exports.

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Table I

09-Oct-89
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COSTA RICAN EXPORTS TO THE UNITED STATES

(Based on U.S. Import Data)

($ Million)

Costa Rica	1980	1981	1982	1983	1984	1985	1986	1987	1988	Annual Growth Rate 1983-88
Primary Products										
Four Traditional*	257.0	260.8	241.9	250.9	283.9	253.1	331.7	301.3	287.3	4.7%
Fish	8.6	11.0	14.2	10.9	19.5	30.5	38.8	33.3	40.4	30.0%
Ornamental Plants	8.1	5.8	6.3	6.1	11.0	11.8	13.1	15.2	15.3	20.2%
Fruits and Vegetables*	5.3	5.9	6.7	8.9	10.8	11.9	20.8	26.9	40.1	35.1%
Other Primary Products	13.0	10.0	11.2	5.5	9.1	11.3	16.7	9.8	8.9	10.1%
All Primary Products	292.0	293.5	280.3	282.3	334.3	318.6	421.1	386.5	392.0	6.8%
Manufactures										
Apparel	39.3	41.5	45.8	64.3	78.9	96.9	141.8	180.6	249.8	31.2%
Electrical Equipment	8.1	12.5	13.7	17.3	25.4	24.8	19.1	22.6	32.7	13.6%
Jewelry	0.0	0.0	0.0	0.0	0.3	2.6	3.9	8.5	14.1	n.m.
yarns and fabrics	0.1	0.2	0.2	1.5	4.2	4.4	9.3	10.0	10.4	47.3%
Furniture and Parts	1.2	0.6	0.7	1.4	1.7	3.9	4.8	6.9	8.7	44.1%
plastic, rubber articles	1.0	1.4	2.0	4.4	6.6	9.7	10.3	9.4	7.9	12.7%
Other wood mnfrs.	2.4	2.9	2.4	2.2	2.8	3.9	3.7	4.4	6.9	25.7%
Footwear	2.0	1.1	2.2	3.9	1.9	1.0	1.1	2.5	4.3	2.0%
Listed Manufactures	54.1	60.2	67.0	95.0	121.8	147.2	194.0	244.9	334.8	28.7%
Other Manufactures	3.7	5.8	6.0	7.4	12.5	19.4	24.6	26.4	39.0	39.3%
Total Manufactures	57.8	65.9	73.0	102.4	134.3	166.6	218.6	271.3	373.8	27.6%
Apparel Share of Mnfrs	68.0%	63.0%	62.7%	62.8%	58.7%	58.2%	64.9%	66.6%	66.8%	
Total Exports	**349.8**	**359.4**	**353.3**	**384.7**	**468.6**	**485.2**	**639.7**	**657.8**	**765.8**	**14.4%**
Traditional Share	73.5%	72.6%	68.5%	65.2%	60.6%	52.2%	51.9%	45.8%	37.5%	

*Coffee, Sugar, Bananas and Beef
**Excludes Bananas

Source: U.S. Department of Commerce, Imports for Consumption, Customs Value

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Table II

ESTIMATED REAL VALUE ADDED
COSTA RICAN EXPORTS TO THE UNITED STATES

09-Oct-89
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(Based on U.S. Import Data)
($ Million)

Assumed Domestic Content	1980	1981	1982	1983	1984	1985	1986	1987	1988	Annual Growth Rate 1983-88
All Primary Products	316.6	284.1	253.3	238.3	277.3	259.7	341.0	301.5	356.8	8.4%
Four Traditional*	278.2	251.4	217.2	209.9	233.3	204.3	267.3	233.3	276.3	5.6%
80% Fish	9.4	11.0	13.3	9.9	17.0	25.8	32.0	26.6	31.1	25.8%
80% Ornamental Plants	8.9	5.8	5.9	5.5	9.6	10.0	10.8	12.2	11.8	16.4%
80% Fruits and Vegetables**	5.8	5.9	6.3	8.1	9.4	10.1	17.1	21.5	30.8	30.8%
80% Other Primary Products	14.3	10.0	10.5	5.0	7.9	9.6	13.8	7.8	6.8	6.6%
Manufactures										
25% Apparel	13.5	13.0	13.5	18.2	21.5	25.6	36.5	45.2	60.0	27.0%
20% Electrical Equipment	2.2	3.1	3.2	3.9	5.5	5.2	3.9	4.5	6.3	10.0%
40% Jewelry	0.0	0.0	0.0	0.0	0.1	1.1	1.6	3.4	5.4	n.m.
80% yarns and fabrics	0.1	0.2	0.2	1.4	3.7	3.7	7.7	8.0	8.0	42.6%
90% Furniture and Parts	1.5	0.7	0.7	1.4	1.7	3.7	4.4	6.2	7.5	39.5%
40% plastic, rubber articles	0.5	0.7	1.0	2.0	2.9	4.1	4.2	3.8	3.1	9.1%
90% Other wood mnfrs.	3.0	3.3	2.5	2.2	2.7	3.7	3.4	4.0	6.0	21.7%
80% Footwear	2.2	1.1	2.1	3.5	1.7	0.8	0.9	2.0	3.3	-1.3%
Listed Manufactures	23.0	22.0	23.2	32.6	39.8	48.0	62.7	77.0	99.6	25.0%
30% Other Manufactures	1.5	2.2	2.1	2.5	4.1	6.1	7.6	7.9	11.2	34.8%
Total Manufactures	24.5	24.1	25.3	35.1	43.9	54.2	70.3	84.9	110.9	24.7%
Apparel Share of Mnfrs	55.0%	53.7%	53.2%	51.7%	49.0%	47.3%	51.9%	53.2%	54.2%	
Total Exports	341.1	308.2	278.6	273.4	321.2	313.8	411.3	386.4	467.6	9.0%
Traditional Share	81.6%	81.6%	78.0%	76.8%	72.6%	65.1%	65.0%	60.4%	59.1%	

*Coffee, Sugar, Bananas and Beef. Assumed value added percentages are 90% for coffee and beef, 80% for sugar, and 65% for bananas

**Excludes Bananas

Source: U.S. Department of Commerce, Imports for Consumption, Customs Value