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U.S. GOVERNMENT PROGRAMS FOR THE CARIBBEAN BASIN

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reau for Latin America and the Caribbean
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I. THE CARIBBEAN BASIN INITIATIVE

The Caribbean Basin includes some two dozen small developing nations in Central America, the Caribbean and northern South America. The region forms the third border of the United States, contains vital sea lanes through which three-quarters of our oil imports must flow, is an important market for U.S. exports, and is our second largest source of illegal immigration.

The basin countries have been seriously affected by the escalating cost of imported oil and declining prices for their major exports (sugar, coffee, bauxite, etc.) This has exacerbated their deep-rooted structural problems and caused serious inflation, high unemployment, declining gross domestic product (GDP) enormous balance-of-payments deficits, and a pressing liquidity crisis. This economic crisis threatens political and social stability throughout the region.

Key Elements of Proposed U.S. Program

The Proposed Caribbean Basin Initiative consist of integrated, mutually reinforcing measures in the fields of trade, investment, and financial assitance.

o The centerpiece of the U.S. program is an offer of one-way free trade. Currently the countries of the region are already afforded liberal entry into the U.S. market through the generalized system of preferences (GSP). Nevertheless, some of the duties which remain in the place are in sectors of special interest to the basin countries. They also limit export expansion into many non-traditional products. The President is requesting authority from the Congress to eliminate duties on all imports from the Caribbean Basin except textiles and apparel for a period of 12 years. Sugar imports will receive duty-free treatment but only up to a certain limit in order to protect the U.S. domestic sugar price support program mandated by Congress. A safeguard mechansim will be available to any U.S. industry seriously injured by increased Caribbean Basin imports. Rules of origin will be liberal to encourage investment, but will require a minimum amount of local content (25%). The President will have discretion to designate beneficiaries, taking into account countries own efforts to carry out necessary reform of their internal economic policies.

o The President requested and received a fiscal year 1982 supplemental economic assistance appropriation of $350 million to provide emergency assistance for several key countries whose situation is particularly critical. That will bring proposed 1982 economic assistance to $824.6 million or $403 million above 1981. The Administration's request for economic assistance is $664.5 million in 1983.

o The United States will extend more favorable treatment to Caribbean Basin textile and apparel exports under bilateral and multilateral agreements while continuing our overall policy of seeking tighter limits on import growth from our major supplies.

o The United States will work with multilateral development banks and the private sector to develop insurance facilities to supplement the noncommercial investment risk insurance operation of the Overseas Private Investment Corporation (OPIC).

o The U.S. Export-Import Bank will expand protection, where its lending criteria allow, for short-term credit from commercial banks to basin private-sectors for critical imports.

o The United States will work with each country to develop private sector strategies to coordinate and focus development efforts of local business, U.S. firms, and private voluntary organizations. The strategies will seek to remove impediments to growth including lack of marketing skills, shortages of trained manpower, poor regional transport, and inadequate infrastructure.

Special Measures For Puerto Rico and the U.S. Virgin Islands

A series of measures will support the efforts of Puerto Rico and the Virgin Islands to play a dynamic role in the Caribbean region. For example, involvement of the possessions will be critical to the success of private sector development strategies. In addition, the U.S. Government has consulted closely with Puerto Rico and the Virgin Islands about the Caribbean Basin initiative. Legislation under the initiative will reflect Puerto Rican and Virgin Islands interests in many important ways. In particular, legislation under the Caribbean Basin initiative will reflect Puerto Rican and Virgin Islands interests in the following ways:

o Inclusion of rum in the proposed free trade area is coupled with a proviso that excise taxes on imported rum will be rebated to Puerto Rico and the U.S. Virgin Islands.

o The Administration will support additional tax and investment benefits for the possissions.

o Puerto Rico and Virgin Islands inputs will be considered as Caribbean inputs under the rules-of-origin requirements for duty-free treatment, to encourage the use of Puerto Rican and Virgin Islands products.

In addition, the administration is seeking Congressional authorization for the following measures to foster the development of Puerto Rico and the Virgin Islands:

o Establishment of a tropical agricultural research center in Mayaguez, Puerto Rico;

o Funding for an eastern Caribbean center for educational, cultural, technical, and scientific interchange at the College of the Virgin Islands;

o Use of Puerto Rican and Virgin Islands facilities, personnel, and firms in technical assistance programs and development projects; and

o Expansion of airports in the Virgin Islands and other measures to encourage the development of Puerto Rico and the Virgin Islands as a transportation hub for the Caribbean region.

II. Countries in the Caribbean Basin

The Caribbean countries include more than two dozen territories in the Caribbean Sea, bounded by South America on the south and Central America on the west. Although the region has been a center of commerce for quite some time, many of the nations were part of the Spanish, French and British colonial empires and have not yet achieved diversified economies; several of these countries have become independent only within the last five years.

The Caribbean has long been noted for its magnificent beaches, lush vegetation and scenic vistas. It has become a favorite vacation spot for many North and South American and European tourists during the winter months. The Caribbean countries today are also undergoing a fundamental change in the way their economies function. Historically, agriculture has been the most important sector of these economies. While this is still true for many of the countries, there is a growing awareness that all sectors of the economy should be expanded and developed. the industrial sector is now viewed as a source of generating jobs and sharing in new technologies. And many of the territories have been offering generous tax incentives to encourage industrialization and meet these objectives. These incentives include tax-free profits for a number of years, duty-free importation of plant and equipment and low factory rental rates. Together with the emphasis on economic diversification has come a renewed interest in promoting and strengthening the tourist industry, which is a major employer and foreign exchange earner. Incentives are also offered for this very important sector.

Data on Potential Beneficiaries of the Caribbean Basin Initiative

TOTAL AREA: 494,684 square miles

TOTAL POPULATIONS: 39 million

TOTAL GDP: $45 billion

Country	Area (square miles)	Population (millions persons)	Gross Domestic Product ($ million)	Exports to U.S.	Imports from U.S. (%of total)
Bahamas	5,380	.24	1,267	1.302	11
Barbados	166	.25	815	85	34
Belize	8,866	.16	165	57	44
Cayman Islands	118	.15	---	3	--
Dominican Repubic	19,700	2.24	4,847	348	34
Eastern Caribbean (Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica Grenada, Montserrat, Saint Christopher-Nevis, St. Lucia, St. Vincent and the Grenadines)	18,712	5.43	6,733	634	44
El Salvador	812	.65	500	37	45
Guatemala	8,260	4.50	3,484	404	31
Guyana	42,000	7.26	7,852	423	35
Haiti	83,000	.79	524	123	28
Honduras	10,714	5.01	1,453	240	57
Jamaica	43,277	3.69	2,538	432	41
Netherlands Antilles	4,411	2.19	2,402	380	29
Nicaragua	394	.27	---	2,436	6
Panama	147,888	2.70	1,566	206	34
Suriname	28,753	1.94	3,511	262	22
Trinadad and Tobago	70,060	.39	109	114	29
Turks and Caicos Islands	1,980	.01	6,708	2,326	26
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U.S. Trade Status With Selected Caribbean Basin Countries
(U.S. $ million)

	1980	1981	1982*
Caribbean Basin Total			
U.S. Exports	6,124.5	6,493.4	6,385.4
U.S. Imports	10,308.6	9,898.8	7,769.1
U.S. Trade Balance	-4,184.1	-3,405.6	-1,383.7
Bahamas			
U.S. Exports	391.3	434.5	621.1
U.S. Imports	1,373.5	1,243.2	1,006.8
U.S. Trade Balance	-982.1	-808.6	-394.7
Barbados			
U.S. Exports	134.1	145.9	152.7
U.S. Imports	96.0	80.7	99.7
U.S. Trade Balance	38.1	65.2	53.0
Belize			
U.S. Exports	51.9	65.0	63.7
U.S. Imports	58.0	42.2	47.5
U.S. Trade Balance	-6.0	22.8	16.2
British Virgin Islands			
U.S. Exports	148.5	274.6	174.7
U.S. Imports	34.3	32.2	25.7
U.S. Trade Balance	114.2	242.3	149.0
Cayman Islands			
U.S. Exports	53.8	58.2	64.8
U.S. Imports	2.6	4.6	14.2
U.S. Trade Balance	51.2	53.7	50.6
Costa Rica			
U.S. Exports	493.2	370.4	315.3
U.S. Imports	356.7	365.4	354.6
U.S. Trade Balance	136.4	5.0	-39.3
Dominican Republic			
U.S. Exports	785.9	762.3	620.9
U.S. Imports	798.5	922.4	601.8
U.S. Trade Balance	-3.6	-160.1	19.1
El Salvador			
U.S. Exports	266.6	302.3	265.7
U.S. Imports	426.4	258.5	331.0
U.S. Trade Balance	-159.8	43.7	69.3

U.S. Trade Status with Selected Caribbean Basin Countries
(U.S. $ millions)

	1980	1981	1982*
Guatemala			
U.S. Exports	546.1	550.2	384.9
U.S. Imports	430.7	347.1	298.6
U.S. Trade Balance	115.4	203.1	86.3
Guyana			
U.S. Exports	95.6	105.2	55.9
U.S. Imports	119.8	104.1	76.2
U.S. Trade Balance	-24.2	1.1	-20.3
Haiti			
U.S. Exports	303.4	296.1	291.1
U.S. Imports	252.8	2176.4	309.8
U.S. Trade Balance	50.6	527.5	-18.7
Honduras			
U.S. Exports	396.4	337.8	257.3
U.S. Imports	417.5	431.2	349.5
U.S. Trade Balance	-48.1	-93.4	-91.7
Jamaica			
U.S. Exports	301.7	468.1	435.1
U.S. Imports	378.7	357.0	292.0
U.S. Trade Balance	-77.0	111.1	143.1
Netherlands Antilles			
U.S. Exports	437.7	484.7	669.5
U.S. Imports	2,537.3	2,599.2	1,925.9
U.S Trade Balance	-2,099.7	-2,114.5	-1,256.4
Nicaragua			
U.S. Exports	247.2	182.3	118.3
U.S. Imports	214.0	140.3	79.3
U.S. Trade Balance	33.2	42.1	38.8
Panama			
U.S. Exports	687.9	832.5	884.9
U.S. Imports	324.0	296.6	236.4
U.S. Trade Balance	363.9	535.9	648.5
Suriname			
U.S. Exports	133.9	136.8	128.1
U.S. Imports	108.9	179.4	70.4
U.S. Trade Balance	25.0	-42.6	57.7
Trinidad & Tobago			
U.S. Exports	673.0	681.4	931.4
U.S. Imports	2,384.8	2,214.9	1,666.2
U.S. Trade Balance	-1,711.8	-1,533.5	-734.8
Turks & Caicos Islands			
U.S. Exports	3.3	5.0	8.7
U.S. Imports	3.2	3.5	3.6
U.S. Trade Balance	.1	1.5	5.1

III. CARIBBEAN BASIN COUNTRY PROFILES

ANTIGUA AND BARBUDA

Macroeconomic Indicators

- Gross Domestic Product (GDP); (1980): $83 million
- Growth in Real GDP (1980): Approximately 6 percent
- Population (1981): 76,100
- Inflation rate (1981 est.): 11.5 percent
- Exchange rate (1982): U.S. $1.00=EC$2.70
- U.S. Investment (1980): U.S. The amount is an unidentifiable portion of $60 million (1980) total U.S. investment in Anguilla, Antigua and Barbuda, Dominica, St. Christopher-Nevis, Saint Lucia, and St. Vincent and the Grenadines.

Labor Force

- Size of Labor force (1980): 20,000
- Unemployment rate (1981): 20 percent
- Skill levels: ample supply of unskilled labor. Training programs are expanding the supply of semi-skilled labor.
- Wage rates: They average $22.00 per week for both agricultural and industry workers
- Labor unions: Membership equals the estimated labor force and nearly all equally divided between two unions. Some members may belong to both unions.

Trade and Investment Climate

- Investment incentives: Up to 15 years tax holidays and exemption from customs and other taxes on imports approved firms under the CARICOM Fiscal Incentive Act.
- Corporate taxes: Flat rate of 40 percent unless company has been granted a tax holiday.

ANTIGUA AND BARBUDA

- Repatriation of profits: Allowed in full subject to registration for corporate income tax purposes.

- Import restrictions: Largely limited to higher import duties on luxury goods because the country is dependent upon foreign suppliers except in some basic foods, clothing, and light manufactures.

- Exchange controls: Administered by the Ministry of Finance, permission to make outward transfers is refused only on very rare occasions.

- Local content and export performance requirements: None as such but firms producing exclusively for export outside of the CARICOM region get maximum exemptions from large tax and customs duties.

- Double taxation treaty with U.S.: Yes

- Infrastructure: Government projects in planning and implementation are focused on correcting port and water system deficiencies.

- Form of Government: Elected.

U.S. EXPORTS TO ANTIGUA AND BARBUDA

Top 10 Exports:

1) Manufacturers of Metal
2) Special Industry Machinery
3) Industry Machinery & Parts
4) Meat Preparations
5) General Merchandise
6) Iron and Steel
7) Yarns, Fabrics & Articles
8) Electric Equipment & Parts
9) Road Vehicles & Parts
10) Miscellaneous Manufactured Parts

U.S. IMPORTS FROM ANTIGUA AND BARBUDA

Top 10 Imports:

1) Lace underwear
2) Lace or net body-support garments
3) U.S. goods returned
4) Body-supporting garments
5) Other underwear, not ornamental
6) and, crude or manufactured
7) Wgi wg app, cotton, not knit
8) Shellfish other than clams
9) Coffee, crude, roasted or ground

BARBADOS

Macroeconomic Indicators

- Gross Domestic Product (GDP; 1981): 819 million
- Growth in Real GDP (1981): minus 2.6 percent
- Population (1981 est.): 250,500
- GDP per capita: $3,271
- Inflation rate (1981 est.): 12.3 percent
- Exchange rate (1982): US$1.00 = BD$2.00
- U.S. Investments (1980): $39 million

Labor Force

- Size of Labor force (1980): 91,600
- Unemployment rate (1981): 15 percent
- Skill levels: a major supply of skilled and less-skilled labor.
- Wage rates: Unskilled industrial worker is paid $27.30 per week. Unionized Class A industrial worker, $46 and Class B industrial worker, $39.
- Labor unions: One main union. Other unions include those representing teachers and government workers.

Trade and Investment Climate

- Investment incentives: Up to 10 years tax holiday and exemption from customs and other taxes on imports of approved firms.
- Corporate taxes: Imposed on all companies.
- Repatriation of profits: More freely allowed on return investment than on transfer of capital.
- Availability of local Financing:

- Foreigners may borrow from local sources subject to Central Bank approval although Foreign Financed Projects are more welcome.

- Import restricitons: Largely limited to high import duties on luxury goods because the country is dependent upon foreign suppliers except in some basic foods, clothing, and light manufactures.

- Exchange controls: Presently, foreign currency is freely released for current transactions including goods or services. Interest on royalties arising from approved agreements and profits, dividends and capital remittances are subject to moderating control by the Central Bank.

- Local content and export performance requirements: None as such but firms producing exclusively for export outside of the Caricom region get maximum exemptions from income tax and customs under the Caricom Fiscal Incentives Act.

- Double taxation treaty with U.S.: Yes

- Infrastructure: Amply supports a well-developed light manufacturing sector as well as tourism and export sugar industry.

- Form of Government: Elected

U.S. EXPORTS TO BARBADOS

Top 10 Exports:

1) Southern yellow pine
2) Mechanical shovels
3) General merchandise under $500
4) Corn seed for planting purposes
5) Telephonic apparatus
6) Pipe, seamless, alloyed
7) Woven fabrics, manmade fibers
8) Hangars, of iron or steel
9) Gloves
10) Chicken meat

U.S. IMPORTS FROM BARBADOS

Top 10 Imports

1) Electronic tubes, other,
2) Sugars, syrups, and molasses
3) Electonic tubes, other
4) Lace or net body-support garment
5) Resistors, fixed
6) Electrical articles
7) Crude petroleum
8) Wgi wg app, lace or net, mm fi
9) U.S. goods returned
10) Sugars, syrups and molasses

BELIZE

Macroeconomic Indicators

- Gross National Product (GNP; 1981): $184.5 million
- Growth in Real GNP (1981): 1.0 percent
- Population (1981 est.): 148,000
- GNP per capita: $1,200
- Inflation rate (1981) est.): 12 percent
- Exchange rate: BZ$2.00 per U.S. $1.00

Labor Force

- Size of labor force (1980): 34,000
- Unemployment rate: Not available
- Skill levels: Shortage of professional and technically skilled labor.
- Lanuage: English. Literacy rate is over 80 percent. 60 percent of population is bilingual English/Spanish.
- Wage rates: Unskilled labor may earn $30 per week; skilled may earn $80.
- Labor unions: Only small fractionof the labor force is organized.

Trade and Investment Climate

- Approval for investment: Approval of the Ministry of Trade and Industry is required. Joint-ventures are preferred but not required.
- Investment incentives: Include multi-year exemptinos from income tax and import duties, negotiated on an ad hoc basis.
- Corporate taxes: Income tax is 45 percent. No capital gains or transfer tax.
- Repatriation of profits: Full repatriation allowed on earnings, dividends, and capital.

- Availability of local financing: Restricted
- Import restrictions: License required for products manufactured locally.
- Exchange controls: Liberal
- Local content and export performance requirements: None
- Double taxation treaty with U.S.: Yes
- Infrastructure: Inadequate port facilities and highway networks can make external marketing difficult. Substantial investments may have to include infrastructure construction and provision for interruptions in electricity.
- Form of Government: Parliamentary; universal adult suffrage.

U.S. EXPORTS TO BELIZE

Top 10 Exports:

1) Mechanical Shovels
2) Television Apparatus
3) Men's and Boys' Apparel, synthetic Fabric, not Knit
4) General Merchandise under $500
5) Tape Recorders
6) Lard
7) Wheat
8) Other Animal Feeds
9) Pipe, Seamless Alloyed
10) Cigarettes

U.S. IMPORTS FROM BELIZE

Top 10 Imports

1) Sugars, Syrups, and Molasses
2) Men's and Boys' Apparel, Cotton, not Knit
3) Shellfish Other Than Crabs, Clams, Oysters
4) Citrus Fruit Juices (excluding Lime)
5) Coffee
6) Men's and Boys' Apparel, Synthetic Fabric, not Knit
7) U.S. Goods Returned
8) Men's and Boys' Apparel, Lace or Net, Cotton
9) Non-Alcoholic Beverages
10) Viruses, Serums, Toxins, Antitoxins, etc.

COSTA RICA

Macroeconomic Indicators

- Gross Domestic Product (Est. 1981, current prices): $4.98 billion.
- Growth in Real GDP (1981 est.): -0.9 percent.
- Population (1981 est.): 2.27 million.
- GDP per capita (1981 est.): $2,194
- Inflation rate (1981 est.): 65 percent
- Exchange rates (Colones per U.S. dollar): Official rate 20; commercial rate -40; "free" rate - controlled float, currently 53.
- U.S. Investment (1982; U.S. Embassy est.): $550 million.

Labor Force

- Size of labor force (1981): 891 thousand.
- Unemployment rate (1982): About 20 percent of the workforce is currently either unemployed or underemployed.
- Skilled levels: Semi-skilled and skilled labor and managerial personnel are relatively abundant. The general level of education is the highest in Central America.
- Wage rates: Converted at an exchange rate of 60 colones to the dollar, salaries for middle level wage earners in the industrial sector now receive from $2.21 to $2.27 daily plus 40 percent in fringe benefits.
- Labor unions: The vast majority of unionized workers are in the public sector and in plantation agriculture. Unions are not common in industry.

Trade and Investment Climate

- Investment incentives: Customs duty and tax exemptions and other benefits are available under three basic laws: the Central American Agreement on Fiscal Incentives for Industry, the Export Promotion Law of Costa Rica and the Costa Rican Mining Code. Corporate taxes: Rates range from 15 percent to 50 percent, with standard deductions available.

- Repatriation of profits: While currently taxed at 15 percent, there are no legal restrictions on the repatriation of profits. In practice, however, remittances may be delayed due to a severe shortage of foreign exchange.

- Availability of local financing: Some local currency financing is obtainable, but foreign exchange is not generally available.

- Import restrictions: A formal system of priorities exist to ration foreign exchange payments for imports. Only goods considered essential qualify for importation at the commercial exchange rate; luxury items are excluded.

- Exchange controls: Bank of Costa Rica approval required on all transfers.

- Local content and export performance requirements: Some special requirements are placed on investors taking advantage of benefits offered under local incentive laws.

- Infrastructure: Both a well-developed infrastructural base and a self-sufficent hydroelectric power grid exist. Five major ports provide easy access to world markets.

- Form of Governments: Stable parliamentary democracy.

U.S. EXPORTS TO COSTA RICA

Top 10 Exports:

1) Kraft packaging paper
2) Wheat
3) Brassieres
4) Polyethylene resins
5) General merchandise
6) Registors
7) Vegetable oil cake & meal
8) Printing machines
9) Grain sorghum
10) Women's wearing apparel

U.S. IMPORTS FROM COSTA RICA

1) Bananas
2) Beef and veal, fresh
3) Coffee
4) Sugar
5) Support garments, lace
6) Resistors, fixed
7) Shellfish
8) Support garments
9) Women's wearing apparel
10) Women's wearing apparel non knit

DOMINICA

Macroeconomic Indicators

- Gross Domestic Product (GDP; 1980): Approximately $49.7 million.
- Growth in Real GDP (1981): Minus 1.4 percent
- Population (1981): 74,100
- Inflation rate (1981 est.): 13.9 percent
- Exchange rate (1982): US$1.00 = EC$2.70
- U.S. Investments (1980): The amount is an unidentifiable portion of $60 million (1980) total U.S. investment in Anguilla, Antigua and Barbuda, Dominica, St. Christopher-Nevis, St. Lucia, and St. Vincent and the Grenadines.

Labor Force

- Size of Labor force (1980): Estimated 27,400.
- Umemployed rate (1981): 15-20 percent
- Skill levels: Ample unskilled labor
- Wage rates: Current hourly rates: $0.50-065 for unskilled workers; $0.65-1.00 for semi-skilled operators; and $1.25-2.00 for skilled technicians.
- Labor unions: Represent about 60 percent of workers who may belong to more than one of the five competing unions.

Trade and Investment Climate

- Investment incentives: Up to 15 years tax holiday and exemption from customs and other taxes on imports to approved firms.
- Corporate taxes: Rate is 40 percent unless firm qualifies for a tax holiday under the Caricom Fiscal Incentives Act.
- Repatriation of profits: Generally allowed but firms are encouraged to re-invest a proportion of their earnings in Dominica.
- Availability of local financing: Non-residents may borrow from local sources subject to the approval of the Ministry of Finance.

- Import restrictions: Largely limited to higher import duties on luxury goods because the country is dependent upon foreign suppliers except in some basic foods, clothing, and light manufactures.

- Exchange controls: Direct investment in Dominica by non-residents may be made with exchange control approval. The remittances of earnings, and liquidation proceeds for such investment is permitted, subject to the discharge of any related liabilities.

- Local content and export performance requirements: None as such but firms producing exclusively for export outside of th Caricom region get maximum exemptions from income tax and customs duties.

- Double taxation treation treaty with U.S.: Yes

- Infrastructure: Improvement is underway on facilities for agriculture, tourism, light manufacturing limited. Close proximity of capital city, port airport and industrial park is advantageous.

- Form of Government: Elected.

U.S. EXPORT TO DOMINICA

Top 10 Exports:

1) Manufactures of Metal
2) Special Industrial Machinery
3) Industrial Machinery & Parts
4) Meat Preparations
5) General Merchandise
6) Iron and Steel
7) Yarns, Fabrics & Articles, Textiles
8) Electric Equipment & Parts
9) Road Vehicles & Parts
10) Miscellaneous Manufactured Articles

U.S. IMPORTS FROM DOMINICA

5 Top Imports

1) Other oils
2) Under $251 formal and informal
3) Flavoring extracts and material
4) Coconuts, in shell
5) U.S. goods returned

DOMINICAN REPUBLIC

Macroeconomic Indicators

- Gross Domestic Product (GDP; 1980): $6.6. billion
- Population (1981): 5.6 million
- GNP per capita: $1241
- Exchange rate: offical rate: 1 peso (RD$)=U.S. $1.00
- U.S. Investment (1980): $305 million

Labor Force

- Size of labor force (1980): 1.7 million
- Unemployment rate (1981): 20.5 percent men; 31.8 percent women
  Underemployment (est.): 24 percent
- Skill levels: Unskilled and semi-skilled labor is abundant; shortage of skilled labor and managerial personnel exists.
- Wage rates: Legal monthly minimum wage: RD $124.
- Labor unions: Have not historically played a significant role; only 12 percent of the labor force is unionized.

Trade and Investment Climate

- Investment incentives: Multi-year tax holidays and import duty exemptions for industrial enterprise; incentives are greater for enterprises locating outside the capital city. New law enacted March 1982 to provide incentives for investment in agro-industry.
- Taxes: Personal income tax is comparable to U.S. income tax, with a maximum marginal rate of 70 percent. Corporate income tax is progressive, ranging from 10 to 38 percent. Dividends and interest payments abroad are subject to an 18 percent withholding tax.
- Repatriation of profits: For enterprises outside the free zones, repatriation of profits is limited to 18 percent of the foreign investor's registered capital.
- Import restrictions: Average tariff on dutiable items (1979): 54 percent plus a 20 percent import surcharge. on August 19, 1982 a one-year import ban was established for 150 items, including food products and certain vehicles.

- Exchange controls: A somewhat complicated dual exchange rate system exists: an official rate (1 peso = U.S. $1) and a "parallel market" rate which fluctuates daily and in August 1982 ws 1.50 pesos = U.S. $1. Foreign exchange is available at the offical rate only for certain purposes, and is subject to long delays. Foreign exchange is immediately available ior any purpose without restrictions on the parallel market. All export proceeds must be surrendered to the Central Bank at the official rate. Free zone companies need only convert foreign exchange as needed for local inputs, but must do so at the official rate.

- Local content and export performance requirements: None, but export-oriented investment strongly preferred.

- Infrastructure: Transporation and communication infrastructure good and unlikely to be an obstacle to investment. There can be frequent, but usually brief, electrical outages.

- Form of Government: Stable democracy.

U.S. EXPORTS DOMINICAN REPUBIC

Top 10 Exports:

1) Wheat
2) Rice
3) Corn seed
4) Cottonseed oil
5) Brassjeres
6) Vegetable oilcake
7) Soybean oil
8) Woven fabrics
9) Mechanical shovels
10) Filler tobacco

U.S. IMPORTS FROM DOMINICAN REPUBLIC

Top 10 Imports:

1) Sugar
2) Gold
3) Coffee
4) Ferronickel
5) Cocoa beans
6) Molasses
7) Lace or net body support garments
8) Bauxite
9) Beef and veal
10) Womens apparel, manmade fibers

EL SALVADOR

Macroeconomic Indicators

- Gross Domestic Product (GDP; 1981): $3,385.5 million
- Growth in Real GDP (1981): -.95%
- Population (1980 est.): 4.8 million
- GDP per capita (1980) : $723
- Inflation rate (1981 est.): 14.8%
- Exchange rate (Sept 1982): Colones 2.5: $1 official 4:$1 parallel market
- U.S. Investments (1981): $103 million

Labor Force

- Size of labor force (1980): 1.5 million
- Unemployment rate (1981): 19.0%
- Skill levels: Unskilled and semi-skilled labor available
- Wage rates: Competitive
- Labor unions: Active throughout economy. As of 1980, 124 unions were active with a total of 71,000 members. The 1980 Law of Economic Stabilization froze salaries through March '83.

Trade and Investment Climate

- Investment incentives: As with other CACM countries, El Salvador offers a package of tariff and tax incentives, varying with the nature of the investment.
- Corporate taxes: Apart from those investors covered by incentive packages, taxes include progressive corporate and individual income taxes, a branch tax, partnership tax, and others.
- Repatriation of profits: There are few restrictions on profit remittances, but there is a 38% tax on all profits remitted abroad.
- Availability of local financing: Local financing is generally scarce and costly.
- Import restrictions: Trade among Central American Common Market countries is virtually duty free. Most capital imputs also enter duty-free.

- Exchange controls: Foreign exchange is tight in El Salvador, but the recent legalization of a two-tier exchange system has made more dollars available.

- Local content and export performance requirements: CACM incentives favor 50% local capital participation for industries, especially for those that will generate significant balance of payments benefits.

- Double taxation treaty with U.S.: No treaty at this time.

- Infrastructure: While civil strife has damaged much of the infrastructure, it is widely accepted that an improved domestic security climate will lead to a rapid restoration of El Salvador's traditional rapid growth.

- Form of Government: El Salvador is shifting from a military regime to a democratic system, but is under stress from continued internal and regional conflicts.

U.S. Exports To El Salvador

Top 10 Exports:

1) Electronic tubes, not TV
2) Wheat
3) Nitrogenous fertilizers
4) Tallow
5) Vegetable oilcake
6) Textile fibers
7) Electrical capacitors
8) Corn seed
9) Continuous manmade fibers

U.S. Imports From El Salvador

Top 10 Imports

1) Coffee
2) Electronic Tubes
3) Shellfish
4) Electronic capacitors
5) Sugar
6) Towels
7) Womens & girls apparel
8) Mens and boys apparel
9) Artificial respiration equipment
10) Cotton yarn

GUYANA

Macroeconomic Indicators

- Gross National Product (GNP; 1981): $480 million
- Growth in Real GNP (1980): negative 14 percent
- Population (1981 est.): 794 million
- GNP per capita: $503
- Inflation rate (1981 est.): 9 percent
- Exchange rate (1982): US$1.00 = G $3.00
- U.S. Investment (1980): $7 million

Labor Force

- Size of labor force (1980): 242 million (29 percent - agriculture, 31 percent - manufacturing/mining, 40 percent - services).
- Unemployment rate (1981): 21 percent according to the last estimate, but this rate may have risen.
- Skill levels: There is an abundance of labor at the unskilled level but there is a shortage of technically trained labor. Employers who can provide training are and will be welcome.
- Wage rates: There is no minimum wage rate in Guyana. The government has the authority to intervene in wage disputes and to settle as well regulate wages either directly or through the establishment of wage councils.
- Labor unions: The major labor organization is the Guyana Trade Union, which appears controlled by the ruling party, the Peoples National Congress. Collective bargaining within the state-run enterprises, which make up 80 percent of the economy seems to be limited.

Trade and Investment Climate

- Investment incentives: Generally offered on an ad-hoc basis, the various incentives could include income tax holidays, depreciation allowances and duty exemptions on raw materials and capital equipment.

- Corporate taxes: Commercial companies in Guyana are subject to a tax rate of 55 percent. Non-cmmercial companies are taxed at 45 percent.

- Repatriation of profits: Approval of exchange for repatriationis required. Presently foreign exchange is almost totally unavailable.

- Availability of local financing: Financing assistance is likely to be limited.

- Import restrictions: All imports must have a license:

- Exchange controls: Permission of the Bank of Guyana applies on all outward foreign exchange transfers. Severe shortage of foreign exchange exists.

- Local content and export performance requirements. None but inventives are franted for export-oriented investment.

- Double taxation treaty with U.S.: None
- Investment treaty: Guyana has an investment treaty with the US.

- Infrastructure: Electrical supply is considered inadequate in many areas. The inland road system is poor. The international telcom facilities are good.

- Form of Government: Parlimentary system.

U.S. EXPORTS TO GUYANA

Top 10 Exports

1) Mechanical shovels
2) Wheat
3) Sodium compounds, hydroxide
4) Tractor (wheel type) parts
5) Pulp processing machines
6) Parts of compression ignition engines
7) Machines for cleaning container
8) Vegetable oilcake and oilcake meal
9) Hangar, of iron and steel
10) Wearing apparel

U.S. IMPORTS FROM GUYANA

Top 10 Imports

1) Sugars, syrups and molasses
2) Bauxite, calcined
3) Bauxite
4) Shellfish other than clams
5) Gold and silver bullion
6) Beets or can molasses
7) Cotton lace or net
8) Live birds
9) Coffee roasted or ground
10) Precious metal ores

HAITI

Macroeconomic Indicators

- Gross Domestic Product (GDP; 1980): $1.4 billion
- Population (1980 est.): 5.0 million
- GNP per capita (1980): $270
- Inflation rate (1980 est.): 15-17 percent
- Exchange rate: U.S. $1.00 = 5 Gourdes
- U.S. Investment (1980): $33 million

Labor Force

- Size of labor force (1975): 2.3 million
- Unemployment rate (est.): 14 percent
- Underemployment rate (est.): 65 percent
- Skill levels: Unskilled labor is abundant; skilled labor and managerial personnel may be relatively scarce.
- Wage rates: Minimum wage is $2.64 per day. Fringe benefits add approximately 21 percent to the wage bill.
- Labor unions: Virtually non-existent.

Trade and Investment Climate

- Investment incentives: multi-year tax holidays and import duty exemptions. Inventives are higher for locating outside the capital city.
- Corporate taxes: Progressive marginal tax rate on corporate income ranging from 5 to 50 percent. Unearned income is taxed at 10 percent.
- Repatriation of profits: No restrictions. Unavailability of foreign exchange, during shortages, may create an impediment to repatriation.
- Import restrictions: Average rate of duty is 37 percent. Import quotas established for 78 products (mostly food products, consumer goods, and light industrial goods). Import licenses required for certain items.

- Exchange controls: Traditionally, Haiti imposed no exchange controls. On August 15, 1981 the Central Bank established compulsory surrender of export proceeds, and a priority list for the use of foreign exchange for imports. A parallel market exists with a 5-10% premium.

- Local content and export peformance requirements: None, but export-oriented investment strongly preferred.

- Double taxation treaty with U.S.: Yes

- Infrastructure: Transportation, communication, and water infrastructure generally adequate in the capital city of Port-au-Prince, although electricity shortages occur. Basic infrastructure less developed outside Port-au-Prince.

- Form of Government: Stable Republic with a very strong executive authority, exercised by the President-for-life.

U.S. EXPORTS TO HAITI

Top 10 Exports:

1) Wheat
2) Baseball equipment
3) Soybean oil
4) Brassjeres
5) Leather footwear parts
6) Electrical articles
7) Tallow
8) General merchandise less than $500
9) Soybeans, other
10) Ceramic electrical ware

U.S. IMPORTS FROM HAITI

Top 10 Imports

1) Baseball equipment
2) Electrical switches
3) Bauxite
4) Lace or net body support garments
5) Women's apparel, manmade fibers
6) Women's apparel, lace or net
7) Electrical capacitors
8) Women's apparel, cotton
9) Toys
10) Generators

JAMAICA

Macroeconomic Indicators

- Gross Deomestic Product (GDP; 1981): $3.0 biliion
- Growth in Real GDP (1981): 2.0 percent
- Population (1981 et.): 2.2 million
- GDP per capita: $1360
- Inflation rate: J$1.78 per U.S. $1.00
- U.S. Investment (1981 est.): 400 million

Labor Force

- Size of labor force (1980): 1.0 million
- Unemployment rate (1981): 25.6 percent
- Skill levels: Unskilled and semi-skilled labor is abundant; skilled labor and managerial personnel may be relatively scarce.
- Language: English. Relatively high literacy rate.
- Wage rates: Unskilled average $55 per week including benefits; skilled $100-180 per week, plus up to 30 percent in benefits.
- Labor unions: Active throughout economy.

Trade and Investment Climate

- Investment incentives: Multi-year tax holidays and import duty exemptions; others.
- Corporate taxes: Include 50 percent income tax on non-agricultural companies and 5 percent capital transfer tax limited to 25 percent of capital gain realized; no capital gains tax.
- Repatriation of profits: Guaranteed if investment is duly registered and licensed.
- Availability of local financing: good for joint-ventures with local companies; foreign partner generally is expected to provide all foreign exchange until venture becomes self-supporting.

- Import restrictions: License required for almost all items; many goods may not be imported due to sufficient local production and quantitative restrictions. Exporters usually must provide 360 days credit due to foreign exchange shortages.

- Exchange controls: Bank of Jamaica approval required on most transfers.

- Local content and export performance requirements: None, but export-oriented investment strongly preferred.

- Double taxation treaty with U.S.: Yes

- Infrastructure: Access good to all services. Electricity interruptions and water shortages occur, but situation is expected to improve.

- Form of Government: Stable two-party parliamentary democracy.

U.S. EXPORTS TO JAMAICA

Top 10 Imports

1) Sodium Hydroxide
2) Seed Corn
3) Mechanical Shovels
4) Soybean Products
5) Woven Fabrics (Synthetic)
6) Vegetable Oils
7) Passenger Cars
8) Automobile Trucks
9) Chicken Meat
10) Wheat, Unmilled

U.S. IMPORTS FROM JAMAICA

1) Bauxite
2) Aluminum Hydroxide
3) 806-807 Items
4) Cigars, 23 cents and up
5) Mens and Boys Clothing, Cotton, No Knit
6) Brassieres, Lace or net
7) Cordials, Liqueurs
8) Cigars, 15 cents and up
9) Rum
10) Cigars, under 15 cents

NETHERLANDS ANTILLES

Macroeconomic Indicators

- Gross Domestic Product (GDP; 1981): $1 billion
- Growth in Real GDP (1981): NA
- Population (1981 est.): 253,000
- GDP per capita: (1981) $4320
- Inflation rate (1981 est.): 12.3 percent
- Exchange rate: 1.79 NA florin = U.S. $1.00
- U.S. Investments: Information not disclosed

Labor Force

- Size of labor force (1980): Approximately 90,000
- Unemployment rate (1981): 30 to 60 percent in Curacao, 18 to 20 percent in Aruba
- Skill levels: Unskilled and semi-skilled labor are readily available. The work force has a very high literacy rate.
- Wage rates: The Netherlands Antilles establishes minimum monthly wage rates by category which subject to cost of living adjustments. The rates as of January 1982 were:

Sector	Monthly Wage
a. Industry and handicraft except electronics, textiles and contruction	$ 509
b. Bank, insurance, transport, hotels restaurants	$ 357
c. Agriculture, trade, electronic and textiles	$ 307

- Labor unions: Well organized and found inpractically all enterprises. Generally labor relations are considered good.

Trade and Investment Climate

- Investment incentives: Among the incentives are 10 to 11 years of tax exemption on corporate profits, real estate, occupancy and personal taxes and duty exemption on materials used in construction of new facilities, and on raw materials and semifinished products used in the production process. Other incentive including free zones are available.

- Corporate taxes: The standard rate for companies doing business within the Netherlands Antilles are 31.05 to 39.1%.

- Repatriation of profits: An exchange control license is required from the Central Bank

- Availability of local financing: It is the policy of the Netherlands Antilles Government to let the investor plan the capital structure most suitable for the project. The government offers assistance in finding a local partner.

- Import restrictions: Import licenses are required for all imports except essential goods and those coming from EEC countries and certain others in the Caribbean region. Generally import license are granted for most commodities.

- Exchange controls: Exchange controls when required are issued by the Central Bank. The comercial banks are permitted by the Central Bank to issue exchange for most current transactions.

- Local content and export performance requirements: None

- Double taxation treaty with U.S.: The Netherlands Antilles has favorable double taxation treaties with U.S. and other countries that have been conducive to "offshore" companies operating in finance and investment. Revision of the treaty with the U.S. is presently under negotiation.

- Infrastructure: Transportation and communications faciliteis are excellent. Limited electric power andpotable water supply may be a problem for some potential investors.

- Form of Government: Stable parlimentary system of government. Since 1954 it has been an integral, but internally autonomous part of the Kingdom of the Netherlands. Some form of independence is projected for 1991. There is a strong separatist movement in Aruba.

U.S. EXPORT TO NETHERLANDS ANTILLES

Top 10 Exports

1) Cigarettes
2) Mixtures
3) Chemical mixtures & preparations
4) Mech shovels, nspf
5) Coal tar crudes
6) Passenger cars
7) Refrigerators
8) Chicken meat
9) Chassis, parts
10) Edible preparations

U.S. IMPORTS FROM NETHERLANDS ANTILLES

Top 10 Imports

1) Crude petroleum
2) Motor fuel
3) Napthas
4) Crude petroleum
5) Asphaltum, bitumen and limestone
6) Coffee, crude, roasted or ground
7) Natural gas, methane, ethane
8) Sea herring, smelts and tuna
9) Sugars, syrups, and molasses,
10) Naphthenic acids

NICARAGUA

Macroeconomic Indicators

- Gross Domestic Product (1981): $2,880 million
- Growth in Real GDP (1981): 0%
- Population (1981 est.): 2.65 million
- Inflation rate (1981 est.): 35%
- Exchange rate (8/81): $1 = Colones 10 official/$1 = Colones 30 free

Labor Force

- Umemployment rate (1981): 17%
- Skill levels: Unskilled and skilled labor available
- Wage rates: Competitive
- Labor unions: Only about 6% of work force belong to labor unions.

Trade and Investment Climate

- Investment incentives: As with other CACM countries, Nicaragua offers a package of tariff and tax incentives, varying with the nature of the investment.
- Availability of local financing: Local currency loans are available to investors in priority sectors.
- Import restrictions: Trade among Central American Common Market countries is virtually duty free. Most necessary imports enter duty free regardless of source, while other products are subject to a specific duty, ad valorem duties, and other surcharges.
- Exchange controls: Foreign exchange is tight in Nicaragua, and the Central Bank authorizes payments only for only priority imports.
- Double taxation treaty with U.S.: No treaty at this time.
- Infrastructure: Nicaragua is working at upgrading the condition of the infrastructure, with major road and hydroelectric plans planned for the next few years.
- Form of Government: The current leftist regime came to power in 1979, and has adapted a generally tolerant attitude toward the private sector.

U.S. EXPORTS TO NICARAGUA

Top 10 Exports:

1) Tallow
2) Cottonseed oil
3) Machines for soil preparation
4) Beans
5) Oils
6) Hydrocarbons
7) Soybeans
8) Trousers
9) Aircraft
10) Chicken meat

U.S. IMPORTS FROM NICARAGUA

Top 10 Imports

1) Sugar, syrups and molasses
2) Coffee
3) Beef and veal
4) Shell fish
5) Bananas
6) Men's & boys apparel, cottons
7) Beet or can molasses
8) Sesame seed
9) Wrapped tobacco
10) Filler tobacco

PANAMA

Macroeconomic indicators (1981)

- Gross Domestic Product (current dollars): 33.76 billion.
- Growth in Real GDP: 3.6 percent
- Population: 1.87 million
- GNP per captia: $2,010
- Inflation rate: 7.3% increase in CPI.
- Exchange rate: U.S. dollar circulates freely as Panamanian Balboas
- U.S. Investment: $1,815 million, principally in banking and insurance.

Labor Force

- Size of labor force: Approx. 650,000.
- Umemployment: Both unemployment and underemployment are currently high.
- Skill levels: Unskilled and semi-skilled labor is abundant, but skilled labor and managerial personnel may be scarce. Labor force is relatively well educated and often bilingual.
- Wage rates: The present minimum wage in the Panama City/Colone area is 75 cents per hour, with most workers earning something more than this. Fringe benefits amount to about another 40 percent additional.
- Labor unions: Only about 15 percent of the work force is organized, principally in the transport and service sectors and in banana plantations.

Trade and Investment Climate

- Investment incentives: Several options exist, providing tax exemptions and other benefits to qualifying local and foreign investors.
- Corporate taxes: Rates vary from 20% to 50%, graduated progressively according to taxable income.
- Repatriation of profits: Not controlled in any way.
- Availability of local financing: Only very limited local funds currently available.
- Import restrictions: License required in a few cases, primarily foodstuffs and clothing. Otherwise, the lcoal economy is unusually open by Latin American standards. No restrictions apply to goods shipped to and reexported out of the Colon Free Zone.

- Exchange controls: Since Panama uses the U.S. dollar as its medium of exchange, no controls are in effect.

- Local content and export performance requirements: Embodied in optional investment incentive laws, these minimum requirements have not proved problematical to U.S. investors.

- Bilateral Investment Treaty with U.S.: Signed October 1982, pending ratification by both parties.

- Infrastructure: Good ports, adequate supplies of electric power and water, good internal transportation, extensive air links and highly developed communications are already inplace.

- Form of Government: Centralized republic.

U.S. EXPORTS TO PANAMA

Top 10 Exports:

1) TV apparatus
2) Ships, commercial, small
3) Mechanical shovels
4) Cigarettes
5) Crude petroleum
6) Magnetic recording media, blank
7) Film, not motion picture
8) General merchandise less than $500
9) Kraft packaging paper
10) Wheat

U.S. IMPORTS FROM PANAMA

Top 10 Imports:

1) Shellfish
2) Sugar
3) Bananas, fresh
4) Precious metal sweepings
5) U.S. goods returned
6) Tuna, heering, smelts
7) Crude petroleum
8) Coffee
9) Gold or silver bullion/ore
10) Diamonds less than .5 carat

ST. KITTS-NEVIS

Macroeconomics Indicators

- Gross Domestic Product (GDP) (1980): Approximately $48 million.
- Growth in Real GDP (1980): Not Available
- Population (1980): 42,700
- GDP per capita (1980): Approximately $1,000.
- Inflation rate (1980 est.): 17.8 percent
- Exchange rate (1982): US$1.00 = EC$2.70
- U.S. Investments (1980): The amount is an unidentifiable portion of $60 million (1980) total U.S. investment in Anguilla, Antigua and Barbuda, Dominica, St. Christopher-Nevis, St. Lucia, and St. Vincent and the Grenadines.

Labor Force

- Size of labor force (1980): 20,000.
- Unemployment rate (1981): 15-20 percent
- Skill levels: Ample unskilled labor; increasing semi-skilled labor pool because of training programs.
- Wage rates: They average per week: $27 for machine operator and $50 for semi-skilled assembly on garment worker.
- Labor unions: One union hs 7,600 members. Other three have unknown number of members.

Trade and Investments Climate

- Investment incentives: Up to 15 years tax holidays and exemption from customs and other taxes on imports to approved firms under the CARICOM Fiscal Incentives Act.
- Corporate taxes: Rate is 50 percent unless tax holiday is in effort.
- Repatriationof profits: Totally allowed upon specific arrangement with the Ministry of Finance.
- Availability of local financing: Limited because low domestic interest rate structure and high interest rates in the U.S. are encouraging financial outflows.

- Import restrictions: Largely limited to higher import duties on luxury goods because the country is dependent upon foreign suppliers except in some basic foods, clothing, and light manufacturers.
- Exchange controls: Nominal and administered by the Ministry of Finance.
- Local content and export performance requirements: None as such but firms producing exclusively for export outside of the Caricom region get maximum exemptions from income tax and customs duties.
- Double taxation treaty with U.S.: Yes
- Infrastructure: Generally good although business upturn may require expansion of the existing water and phone service.
- Form of Government: Elected.

U.S. EXPORTS TO ST. KITTS-NEVIS

Top 10 Exports:

1) Manufactures of Metal
2) Special Industrial Machinery
3) Industry Machinery & Parts, NSPF
4) Meat Preparations
5) General Merchandise
6) Iron and Steel
7) Yarn's Fabrics & Articles, Textile
8) Electric Equipment & parts
9) Road Vehicles & Parts
10) Miscellaneous Manufactured Articles

U.S. Imports

Top 10 Imports:

1) Sugars, syrups, and molasses
2) Body-supporting garments
3) Leather, other than patent leather
4) Electrical articles
5) Transformers
6) Wgi wg app, wool, not knot, less than $4--
7) Parts of electric motors
8) Lace or net body-support garments
9) U.S. goods returned
10) Generators

ST. LUCIA

Macroeconomic Indicators

- Gross Domestic Product (GDP); (1981): $131 million
- Growth in Real GDP (198): 3.2 percent
- Population (1981): 122,000
- GDP per capita (1981): $1,071
- Inflation rate (1981 est.): 9.5 percent
- Exchange rate (1982): U.S. $1.00=EC$2.70
- U.S. Investment (1980) = The amount is an unidentifiable protion of $60 million (1980) total U.S. investment in Anguilla, Antigua and Barbuda, Dominica, St. Christopher-Nevis, Saint Lucia, and St. Vincent and the Grenadines.

Labor Force

- Size of labor force (1980): 48,012
- Unemployment rate (1979): 13 percent
- Skill levels: Ample supply of unskilled and semi-skilled labor.
- Wage rates: Under minimum wage law selected wages in U.S. dollars per month are: $42 per shop assistance; $46 for switch broad operations; and $40 for good porters.
- Labor unions: Contain roughly 20 percent of work force. Workers Union of 6,000 and 3 small unions compete with each other for members. Only other union St. Lucia Civil Sevice Association of 850 members.

Trade and Investment Climate

- Investment incentives: Up to 15 years tax holiday and exemption from customs and other taxes on imports approved firms.
- Corporate taxes: Companies subject to tax on income at rate of 45 percent unless qualified for tax holiday under the CARICOM Fiscal Incentives Act.
- Repartriation of profits: Generally permitted for non-residents granted tax holiday status.
- Availability of local financing: Yes, through the two commercial banks and generally not subject to government monitoring.

- Import restrictions: Largely limited to higher import duties on luxury goods because the country is dependent upon foreign suppliers except in some basic foods, clothing, and light manufacturers.

- Exchange controls: None until the totoal exceeds $370,000.

- Local content and export performance requirements: None as such but firms producing exclusively for export outside of the CARICOM region get maximum exemptions from income tax and customs duties under the CARICOM Fiscal Incentives Act.

- Double taxation treaty with U.S.: Yes

- Infrastructure: Generally adequate to sustain several industrial parks and free zone. However, cost of operation are adversely affected by water, transporation and electronic system deficiencies.

- Form of Government: Elected.

U.S. EXPORTS TO SAINT LUCIA

Top 10 Imports

1) Manufactures of Metal
2) Special Industrial Machinery
3) Industrial Machinery & Parts
4) Meat Preparation
5) General Merchandise
6) Iron and Steel
7) Yarns, Fabrics & Articles
8) Electric Eqpt. & Parts
9) Road Vehicles & Parts
10) Miscellaneous Manufactured Articles

U.S. IMPORTS FROM ST. LUCIA

Top 10 Imports

1) U.S. goods returned
2) Lace or net body-support garments
3) Generator, other
4) Bells, sirens, etc
5) Electrical capacitors
6) Resistors, fixed not knit
7) Other NSPF, no ornam
8) Textiles arts
9) Arts nspf or rubber or plastic
10) Textile articles, manmade, other

SURINAME

Macroeconomic Indicators

- Gross National Product (GNP: 1981): $1 billion
- Growth in Real GNP (1980): 1 percent
- Population (1981 est.): 355
- GNP per capita: $3,042
- Inflation rate (1981 est.): 9 percent
- Exchange rate (1982): US$1 = $1.79 SF
- U.S. Investments (1980): Data not available

Labor Force

- Size of labor force (1980): 129 thousand
- Unemployment rate (1981): 15 percent (rought estimate)
- Skill levels: Lack of trained manpower continues to be constraint to growth. Emigration, which has increased as a result of political instability resulting from the 1980 coup hs depleted number of professional and technically trained personnel. There is a substantial supply of unskilled labor. Suriname has an 80 percent literacy rate and U.S. firms with well-conceived training programs have had good experience and found that most of the employees exhibited good work habits and were motivated by the desire for achievement.
- Wage rates: Average income in Paramaribo is approximately $353 per month; in surrounding areas it is $265 per month.
- Labor unions: Widely orgainized with coverage in industrial and business sectors approaching 100 percent. Labor tradtions follow Dutch model, where "co-determination" is sought.

Trade and Investment Climate

- Investment incentives: Presently Suriname is a process of revising the investment code. A Center for Industrial Development (INDEX) has been created to assist potential investors meet the requirements of the many agencies involved with business in Suriname. Incentives that have been offered included: tax exemptions from 5 to 10 years, discretionary depreciation of initial investment, and exemption from import duties on raw materials, capital equipment and raw materials.

- Corporate taxes: Begin at 31.2 percent and reach 41.6 percent on profits in excess of $33,500

- Repatriation of profits: There are no restrictions on repatriation of profits except for exchange control.

- Availability of local financing: The Netherlands government agreed to provide substantial development assistance but due to lack of managerial expertise, Suriname government is interested in the reallocating development money into social welfare and public works programs.

- Import restrictions: Import licenses are required for practically all imports. Licenses are generally approved except for luxury products and for those imports where local production exists.

- Exchange controls: Exchange controls apply on all transfers.

- Local content and export performance requirements: None

- Double taxation treaty with U.S.: None

- Infrastructure: Communicatins and air transporation is generally considered good. Land transportation is limited in many areas.

- Form of Government: Military - civilian executive government, that rules by decree. Political parties and banned.

U.S. EXPORTS TO SURINAME

1) Sodium hydroxide compounds
2) Seed corn
3) Calined petroleum coke
4) Mechanical shovels
5) Elevator hoists
6) Parts for wheel tractors
7) Wheat
8) Animal feed
9) Pumps
10) Woven fabrics of continuous fibre

U.S. IMPORTS FROM SURINAME

1) Baluminum hydroxice and oxide
2) Bauxite
3) Unwrought aluminum
4) Shellfish other than clams
5) Bauxite, Calcined
6) Coffee, crude roasted or grained
7) Silicon carbide
8) Records, diagrams and other
9) Lumber, hardwood rough
10) Fresh fish whole

TRINIDAD AND TOBAGO

Macroeconomic Indicators

- Gross Domestic Product (GDP; 1981): $7.7 billion
- Growth in Real GDP (1981): 0.8 percent
- Population (1981 est.): 1.1. million
- GNP per capita (1981): $7,000
- Inflation rate (1981 est.): 14.4 percent
- Exchange rate: TT$2.40 per U.S. $1.00
- U.S. Investments: &962 million

Labor Force

- Size of labor force (1980): 470,000
- Unemployment rate (1981): 10 percent
- Skill levels: Technicians, highly-skilled labor, and even educated adaptable.
- Language: English. 95 percent literacy rate
- Wage rates: Unskilled labor in manufacturing may earn $75-85 per week plus fringe benefits; skilled labor may earn $180-$250 per week plus benefits; fringe benefits amount to 20-30 percent of wages.
- Labor unions: Active throughout economy.

Trade and Investment Climate

- Joint-venture with local partner required: Yes
- Investment incentives: Multi-year tax holidays and rebates on customs duties; Incentives are negotiated with the Industrial Development Corporation.
- Corporate taxes: Tax on profits is 45 percent, plus 5 percent unemployment levy. Capital gains are subject to taxation only if accrued within one year.
- Repatriation of profits: Regulated by the Central Bank and Ministry of Finance. The rate of repatriation depends on type of industry and level of capitalization.
- Availability of local financing: Good, foreign partners generally expected to provide foriegn exchange.

- Import restrictions: Most items may be imported under open general license; some 400 items on Negative List require specific license.
- Exchange controls: Approval of the Central Bank is required to purchase foreign exchange. Licenses are generally granted without delay.
- Double taxation treaty with U.S.: Yes
- Infrastructure: Access good to all services; electricity interruptions and water shortages occur, but situations expected to improve.
- Form of Government: Stable parliamentary democracy.

U.S. EXPORTS TO TRINIDAD AND TOBAGO

Top 10 Exports:

1) Aircraft
2) Mechanical Shovels
3) Compressors
4) Wheat, Unmilled
5) Miscellaneous Animal Feeds
6) Seed Corn
7) Chemical Mixtures and Preparations
8) Vegetable Oilcake & Meal
9) Woven Fabrics (Synthetic)
10) Southern Yellow Pine

U.S. IMPORTS FROM TRINIDAD AND TOBAGO

1) Crude Petroleum
2) Motor Fuel
3) Napthas
4) Nitrogenous Fertilizers
5) 806-807 Items
6) Lubricating Oils
7) Benzene
8) Gold or Silver Bullion/Ore
9) Natural Gas Condensate
10) Cocoa Beans

IV. U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (AID)

The Agency for International Development will support the CBI by activities in the following areas:

-- Financial assistance for both short term stabilization and economic recovery and longer-term development.

-- Helping to improve the climate for both domestic and foreign investment.

-- Promoting increased trade and investment for greater employment opportunities.

-- Coordinating or facilitating assistance from other USG agencies.

Total concessional assistance to the Caribbean Basin will increase from about $420 million in 1981 to about $825 million in 1982, including a supplemental requst of $350 million. For FY 83, the Administration has requested $664.5 million.

The $350 million supplemental appropriation for the 82 AID budget was approved by the Congress in September, 1982 Funds allocated have already been be provided to 8 countries (Costa Rica, Guatemala, Honduras, El Salvador, Jamaica, Dominican Republic, Haiti and Belize), plus, a regional program for the Eastern Caribbean, and a small amount for activities with the Inter-American Foundation. Most of these supplemental funds will be used for balance of payment support; AID monies will finance raw materials and intermediate good imports for the private sector. Project specific actions in some countries wil also be financed.

From the Development Assistance program, a number of activities are currently underway or planned for 1982 and 1983 to support the CBI. These programs are aimed at overcoming key constraints to increased private investment as well as assisting the governments and private businessmen in recipient counteis to take maximum advantage of the trade and investment components of the CBI. Projects activities in each country will focus on improving the business climate through measures such as improved governmental policies towards exports and investment, by more efficient public sector administration and services, and in some cases, by upgrading the physical infrastructure needed to attract private investments. Specific projects will also be financed -- to upgrade human resource skills and managerial capabilities; to link local and U.S. businesses and business associatinos together for the purpose of stimulating trade and investment co-ventures and to provide improved services to their members. An example would be providing service to overcome technical or marketing obstacles to greater exports; and to capitalize financial intermediaries (banks, leasing companies, trading companies, etc.) which provide technical assistance and credits to indigenous business enterprises. Examples of the kinds of projects underway or in the planning stages are:

- a loan to establish the Caribbean Agricultural Trading Company, and inter-island marketing project which will stimulate increased trade and agricultural production in the Eastern Caribbean.

- a seed capital laon to BANEX, a privately owned bank in Costa Rica established for the purpose of financing and marketing exports.

- a loan to establish a new, privately owned development finance company in Haiti.

- a grant for technical assistance to Jamaica to assist the government to alleviate constraints to economically productive activities, to make more effective use of capital resources, and to attract new investment.

- a loan to Jamaica to provide investment funds for equity and debt financing for medium-size agro-industrial and manufacturing enterprises.

- a grant for sector structural adjustments in the Eastern Caribbean to provide incentives for policy changes needed to encourage increased investment in the productive sectors.

- grants to establish a Caribbean Basin Information Network as well as to support an emerging Twin Chamber Program whereby U.S. Chambers of Commerce are linked to business associations in the Basin countries for the purposes of stimulating trade and investment opportunities.

- a loan to establish a regional development bank in the Eastern Caribbean.

- together with OPIC, AID's Private Enterprise Bureau is supporting a marketing campaign and investment missions to increase the awareness of the U.S. business community about investment opportunities in the Caribbean.

IV. U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
BUREAU FOR LATIN AMERICA AND THE CARIBBEAN

1. RECENT DEVELOPMENT BANKING ACTIVITIES

HAITI

A. Title of Project : Development Finance Corporation (DFC)

Implementing Institution : Development Finance Corporation

Funding Level : $5,000,000

Description

The project established a private investment bank which will provide medium term loans and other necessary financial and technical services to agribusiness and industrial investors in Haiti. The DFC is characterized by a broadly based equity structure, and it will extend credit to entrepreneurs for projects having a potential to generate significant employment.

AID funding will provide $4 million to capitalize the DFC sub-lending fund, and $1 million will be utilized for training and technical assistance programs.

Contact:

Development Finance Corporation
(c/o Comite Du Secteur Prive Pour Le Development)
Mr. Andre S. Apaid, President
P.O. Box 2568
Port-au-Prince, Haiti
Telephone: 6-4509/6-4510

2. Costa Rica

A. Title of Project : Private Sector Credit

Implementing Institution : Costa Rican Industrian Finance Corporation (COFISA).

Funding Level : $10 million through a U.S. dollar loan and $5 million in a local currency loan

Description

The $5 million local currency loan will provide working capital to producers for domestic and Central American markets in order to help them survive the current economic crisis. The $10 million loan will be lent as a dollar denominated credit to expand export marketing which would allow repayment of loans even if devaluation continues. The project will help improve the financial viability of Costa Rica's private sector and reestablish COFISA as a development oriented financial institution.

Contacts: Corporation Costarricense de Financiamiento
Industrial, S.A.
Apartado 10067, San Jose, Costa Rica
Manager, Oscar Gomez A.
General Manager, Ernesto Rohrmoser G.
Telephone 21-22-12

B. Title of Project : Private Sector Productivity

Implementing Institution : Agro-Industrial and Export Bank (BANEX)

Funding Level : $10 million in loan funds.

Description

This loan provides $9.7 million in investment capital and $300,000 in technical assistance to establish a new privately owned export bank. BANEX will provide short and medium term credit, export management assistance, and export oriented banking sevices to producers of non-traditional exports. In addition, BANEX has incorporated into its operations a trading company. The trading company is currently providing quality control analyses, and distribution and marketing services necessary to facilitate Costa Rican non-traditional export trade.

Contact: BANEX
President, Guillermo Von Breymann
Apartado 798-3, San Jose Costa Rica
Telephone 33-43-01

Central America and the Caribbean

A. Title of Project : Export Promotion Fund

Implementing Institution : Banco Latinoamericana De Exportaciones (BLADEX)

Funding Level : $25 Million Loan

Discription

A loan of $25 million to BLADEX, a privately-owned regional bank. BLADEX stimulates non-traditional Latin American exports by providing pre-export and export financing in the form of short-term advances, banker's acceptances and medium term loans.

Contact: Arthur Geraldi, President
Apartado 6-14797, El Dorado, Panama
Telephone 69-6333

Central America and the Caribbean

Title of Projects	:	Agribusiness Expansion and Agribusiness Employment Promotion
Implementing Institution	:	Latin American Agribusiness Development Corporation, S.A.
Funding Level	:	$12 million

Description

LAAD is a financial institution with more than 10 years of experience in financing agribusiness projects in Latin America and the Caribbean.
AID currently has two outstanding loans with LAAD of $6 million each, one for agribusiness projects in Central America and the other for projects in the Caribbean islands.

Contact:

Latin American Agribusiness Development, Co. S.A.
Robert Ross, President
255 Alhambra Circle, Suite 905
Coral Gables, Florida 33134
Telephone (305) 445-1341

2. SCIENCE AND TECHNOLOGY INFORMATION TRANSFER

LAC Regional Project No. 598-0572

This project provides funding to the National Technical Information Service (NTIS) of the U.S. Department of Commerce to provide access to the extensive NTIS data base for users in Latin America and the Caribbean. NTIS operates a constantly-updated computer-based archieve of scientific and technical information resulting from U.S. Government investment in research and development. Over the last six years, NTIS's A.I.D.-sponsored network in Latin America and th Caribbean has grown to encompass nineteen agencies. In 1981, more than 12,000 general technical documents were distributed through that network to users in Latin America and Caribbean countries. A recent field evaluation revealed that 81 percent of end-users of the service directly applied the information received to practical development or research activity. Fifty-four percent of those users represented private firms or industries, with the balance fairly evenly divided among universities, reserch institutes, government ministries, etc.

A.I.D. recently approved an extension of the project for an additional five years, through 1987. In addition to continuing existing services, NTIS will begin to: (1) provide access to other U.S. data bases using information services provided by the Control Data Corporation; (2) develop faster and more economical service for users in Latin America and the Caribbean by substituting "on-line" access to U.S. data bases for the present mail-based system; (3) assist agencies in Latin America and the Caribbean in the development of complementary local data bases; and (4) upgrade the existing distribution network by increasing the number of local access points.

For more infomration: National Technical Information Service
Washington, D.C.

3. THE CHICAGO/CARIBBEAN PRIVATE SECTOR INITIATIVE

A.I.D. authorized a $750.000 Grant to the Chicago Association of Commerce and Industry (CACI), the largest Chamber of Commerce in the United States, to assist in financing CACI's Chicago/Caribbean Private Sector Initiative, whereby the CACI opened a special office in its Chicago headquarters and will set up representation in selected Caribbean and Central American countries to promote business contacts between CACI members and the countries included in the Caribbean Basin Initiative. The CACI represents 6,000 companies in the metropolitan Chicago area, and has a successful record in the promotion of international trade and investment. The Chicago/Caribbean Private Sector initiative began operations in October, 1982, initially focusing on opportunities in the Dominican Republic; and in 1983 will expand to include Costa Rica as well.

For more information: Chicago Association of Industry and Commerce
Caribbean Basin Promotion Center

4. C/CAA TWIN CHAMBER PROGRAM

For the past 2 years A.I.D. has been deeply engaged in a process designed to strengthen moderate business organizations in the Caribbean Basin, and to work closely with them on developmental projects. As a means of achieving these objectives, A.I.D. has authorized a 2-year cooperative agreement with Caribbean Central American Action (C/CAA) to provide support mechanisms for the growing leadership and economic development roles of Caribbean and Central America private sector organizations. The $480,000 A.I.D. grant will be joined by an estimated contribution of $1.2 million from private sector participants.

The funding will provide for a three component project: (1) to create a Caribbean data bank and information system; (2) to establish a technical assistance clearinghouse for the U.S.-Caribbean and U.S.-Central America twin chamber of commerce network; and (3) to create a mechanism to tap the resources of the U.S. Chamber of Commerce as part of an investment and marketing outreach program from the region's private sector into the U.S. business community.

For More Information: Caribbean Center American Action
1333 New Hampshire Avenue, N.W.
Suite 1010
Washington, D.C. 20036
(202) 466-7464

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
BUREAU FOR PRIVATE ENTERPRISE

The following outlines Bureau for Private Enterprise (PRE) activities, planned or underway, in support of the Caribbean Basin Initiative. Several are region-wide (i.e., the Basin countries), while others focus on one or more of the individual countries.

In summary, the Bureau's overall program in the Caribbean consists of several mutually supportive elements:

1. Reconnaissance Missions: To priority countries, the Bureau sends reconnaissance missions made up of experts in key areas which PRE has identified as critical aspects of an environment for business investment, including:

(1) capital market institutions and development;

(2) export promotion

(3) vocational/management training needs for employment;

- PRE/OPIC Investment Promotion Program: Jointly with Overseas Private Investment Corporation pre is implementing a comprehensive information and investment promotion program for the Basin with emphasis on agribusiness, and small-and medium-sized manufacturing industries using various media services, including BIZNET (U.S. Chamber of Commerce).

- International Congress of New Enterprises (ICONE): Tentatively scheduled for Jamaica in mid-1983, ICONE will bring together U.S. and Caribbean businessmen interested in developing joint venture business relationships;

  The Bureau for Latin America and the Caribbean will provide partial financing in conjunction with PRE.

- Fund for Multinational Management Education (FMME): Will conduct workshops in six Latin American countries (co-sponsored with AID's Latin American and Caribbean Bureau) designed to bring together U.S. and local businessmen interested in joint venture relationships in the agribusiness sector. Among the countries in whch workshops will be held are Costa Rica and Panama. Workshops have already been held in Jamaica and the Dominican Republic.

- United Nations Industrial Development Organization (UNIDO): Provides support to UNIDO's program of training investment promotion officers from selected LDCs by participating in the cost of establishing an Eastern Caribbean office to house such staff.

2. Training/Technical Assistance: Bureau programs focus on (1) providing policy level guidance/assistance to governments interested in improving the investment climate; (2) assisting individual LDC private business enterprises in solving management and/or technical problems; and (3) transferring technology through relationships established between U.S. and LDC firms.

- International Executive Service Corps (IESC): Provides PRE and USAID Missions access to U.S. business executives to assist private LDC enterprises in solving specific management and technical problems. A recent increase in the AID grant to IESC will allow them to provide additional assistance to businesses in the Caribbean.

(4) small- and medium-sized enterprise development and financing;

(5) agribusiness development; and

(6) laws, regulations, and policies as related to the climate for investment.

These teams are responsible for identifying constraints in each of these areas to private business development and recommending potential strategies for PRE to assist in their alleviation, through technical assistance, training or actual project loan financing.

The Bureau recently sent a team to Haiti. Their reports have been submitted and are under PRE review to determine appropriate strategies and activities for the Bureau in that country.

Also, tentative planning has begun on a possible team to Costa Rica in 1983.

3. Investment Environment: Critical in any country - particularly LDC's is an investment climate, i.e., a set of policies, laws, and regulations, conducive to private (both foreign and domestic) investment. Business International (BI), under contract PRE recently completed to undertake an analysis of such factors in two Basin countries - Jamaica and Haiti. Also, PRE hs subscribed to BI's "Investing Licensing and Trading Conditions Abroad" service which already includes such analyses for many countries and, pending the outcome of the additional work they will do for the Bureau, we will consider requesting analyses for other countries.

   These analyses will (1) provide a framework within which PRE, USAID Mission and private investors may formulate business proposals; and (2) result in recommendations on needed changes in existing policies, laws, and regulations to make the environment more conducive to positive private investment decisions.

4. Investment Promotion: The Bureau has several activities planned or underway which relate directly to investment promotion in the Caribbean:

- National Academy of Sciences (NAS): Teams are traveling to selected target countries to develop and undertake training programs to address specific, mid-level management problems. An extension to this arrangement has resulted in the addition of several countries. Caribbean countries are likely to be included.

- Young President's Organization (YPO): Will provide a series of short-term (e.g., one to two day) seminars, lectures, and round tabel discussions as well as hands-on problem solving related to entrepreneurial activities/ businesses in several target countries. Jamaica is included on the list of countries to be addressed.

- Joint Agricultural Consultative Corporation: To partially fund establishment of the Joint Agricultural Consultative Corporation (J.A.C. Corp.) and a small secretariat which will work to set up new joint agricultural consultative committees in selected LDCs. Initial focus will be on several countries including Jamaica. Through these committees, U.S. businesses will provide technial assistance to LDC businesses as well as identify investment opportunities.

5. Project Financing: The Bureau has received numerous proposals for project financing from businesses or potential business ventures in the Caribbean. The Bureau has decided not to participate in some of these proposals because they did not meet PRE's project eligibility criteria. Several others are under active consideration, including:

- Jamaica Agribusiness: Establishing an on-lending facility in a local Jamaican institution for small- and medium-sized agribusiness enterprises.

- Women's World Banking: Facilitating, through local commercial financial institutions in selected countries, lending to small business owned (at least 50%) by women entrepreneurs. Potential programs are being analyzed in Jamaica, Haiti, and the Dominican Republic.

Other projects in various stages of development by project sponsors include:

Costa Rica:	Spice processing Processed soups
Dominican Republic:	Pineapple processing
Jamaica:	Shrimp farming Meat processing Dairy Solar Energy Equipment

For more information:

Mr. Bruce Bouchard
U.S. Agency for International Development
Bureau for Private Enterprise
Washington, D.C. 20523
(202) 235-5743

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

TRADE AND DEVELOPMENT PROGRAM

The Trade and Development Program (TDP), an increasingly important component of U.S. international relations over the past several years, has assisted the U.S. private sector and government in providing goods and services for major devleopment projects in more than 40 different countries.

1. Project Planning Services

The Trade and Development Program finances five different kinds of project planning activities:

a. Definitional studies, which involve small teams of experts at the early "idea stage" of project development. They make initial assessments of project potential and many prepare a scope of work for a pre-feasiblity or feasibility study.

b. Pre-feasibility studies, which include preliminary technical, economic and financial analyses to assess whether projects should be undertaken. These studies provide approximations of overall project costs and expected benefits, and define parameters for feasibility studies.

c. Feasibility studies, which provide detailed technical, economic and financial data required for final decisions on whether to proceed with project implementation. These studies provide sufficient engineering analyses to make firm cost estimates, including calculations of cost-benefit ratios, market and cash flow assessments, and plans for organizing raw materials, plant operations, and marketing of final products. Depending on the size and complexity of the project, pre-feasbility and feasbility studies may be combined.

d. Technology workshops are sponsored in instances where host governments are considering major project investments and are interested n exploring a wide range of U.S. technological participation. These workshops typically involve technical presentations by U.S. experts on the application of US.. technology to proposed projects and discussions with host-country officials and private entrepreneurs about their project investment plans and technology needs. Workshops may lead to definitional or prefeasibility studies and directo contracts between U.S. companies and foreign participants.

e. Technology orientation missions are held when a country is considering purchasing U.S. goods and services and seeks knowledge of a specific U.S. technology. TDP may arrange for visits by key host-country decision-makers to review U.S. technology in operation. These visits are typically on to three weeks in length; itineraries include meetings with U.S. firms and agencies. The visits are usually undertaken in conjunction with one or more of the planning services described above.

2. Project Criteria

The Trade and Development Program has estiblished a set of guidelines for selecting the projects that it will support. It focuses on priority development projects

in key economic sectors of developing countries which coincide with U.S. interests and which are most likely to lead to follow-on U.S. private sector sales of goods and services. Specific criteria used to determine TDP-financed activities include: development priority, U.S. export potential, funding availability, facilitative role, country eligibility, and access to natural resources.

a. Development Priority, TDP projects must rank high on the list of development priorities of the host country and be of special importance in the country's development plan. Planning services must be requested or formerly endorsed by the host government as facilitating a priority development project. The U.S. Embassy in the country must endorse TDP's involvement in the proposed project.

b. Export Potential. TDP projects must have a substanial likelihood of resulting in significant U.S. exports of at least 75 to 100 times the value of TDP's participation. The projects may involve one or more of three possible kinds of U.S. trade relations. First, they may offer an opportunity for substantial sales of U.S. goods or sevices through direct contracts with U.S. suppliers, joint ventures, or counter-trade investments by U.S. firms. Second, they may call for the provision of technical services by U.S. Government agencies on a full payment basis by the host country. Third, they might generate open and fair access to critical nutural resources of interest to the United States.

   TDP's involvement at the planning stage of projects is intended to enhance the position of U.S. suppliers in any international competition for follow-on procurement and underscore the early responsiveness of the United States to the host country's development needs.

c. Funding Availability. Before TDP becomes involved in sponsoring planning services, reasonable assurance must be established that funding for project implementa-tion will be available from host-country foreign exchange earnings or from external sources, not including U.S. aid programs. In addition, follow-on procurement must be open to U.S. firms or agencies and not tied to procurement from third-country sources.

d. Facilitation Role. TDP planning services must facilitate and have a direct relationship to promoting project implementation. The Program will not finance studies or other activities which are not reasonably likely to result in devleopment of a specific project. Moreover, TDP activities have to make a difference: the Program will not provide assistance where procurement of U.S. technology is likely to result regardless to its efforts.

e. Country Eligibility. Countries eligible for TDP planning services must be "friendlly," as determined by the Department of State, and be developing nations that have access to substantial resources for procurement of foreign goods and services for major development projects.

Countries generally suitable for TDP activities are middle and upper income developing countrie, particularly those on longer eligible for assistance provided by the Agency for International Development (A.I.D.). However, Program operations are also conducted in countries currently receiving A.I.D. bilateral assistance.

3. Sectors Supported

TDP is emphasizing three broad sectors for its project activities: energy, agriculture, and a cluster including major infrastrucuture, industry and mining.

Energy-TDP operations are divided among coal, gas, and new and renewable energy subsectors. Coal and alternate energy and considered areas in which the United States has a competitive advantage and which provide viable alternatives to oil for the developing countries.

Agriculture TDP is concentrating attention on projects involving the production and processing of food growing and processing technologies are highly regarded overseas. TDP activities in this sector can play a major role in facilitating development, reducing hunger an increasing employment. The Program's world-wide exposure in agriculture has been divided among agribusiness, fisheries, cattle and livestock, food processing and storage, and fertilizers and pesticides subsectors.

Infrastrucuture the Program is concentrating on large projects such as port development and renovation and bsic institutional infrastructure. Operations in this field have been divided among roads and railways, harbors and airports, pipeline and transmission systems, hydropower dams, riverways and industrial development and mineral subsectos.

In Latin America and the Caribbean, TDP engaged in 17 projects in fiscal 1981 in eight countries, obligating $1.1 million, or 29 percent of its budget. Among the results: Browning, Ferris of Houston received a contract with a U.S. firm valued at $80 million for providing residential waste disposal services, and the Caribbean Renewable Energy Symposium, to which TDP contributed $20,000, resulted in the sale of $287,000 in U.S. energy conservation equipment during th symposium.

For more information:

Christian R. Holmes
Director, Trade and Development Program
International Development Cooperation Agency
Washington, D.C. 20523
(703) 235-3663

V. U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

A.I.D. PROGRAM FOR BELIZE

Strategy

1. Improve the investment climate, beginning with the establishment of a centralized New Investment Office offering the potential investor all the information and review/approval he needs to comply with government requirements.

2. Seek new trade opportunities, specifically buyers for products now being produced in Belize.

3. Promote Belizean-U.S. joint ventures in Belize for export production.

The major protion of the CBI will be devoted to two separate programs: (1) approximately $5.0 million to address the Government of Belize present adverse balance of payments problem, and to help cover the GOB's counterpart commitments for several development projects currently being held up because of a lack of GOB financing, and (2) approximately $4.6 million for establishment of a rediscount fund in the GOB for on-lending through private commercial banks to private sector entrepreneurs. These funds, though the total is not large, should provide a firm boost to the Belize economy and its economic development program.

Planned Project (1983 - 84)

Livestock Development

Funding Level: $4 million

Description: This project will be designed to improve the livestock sector through the provision of credit and technical assistance to livestock producers, research, policy studies, training, market development and infrastructure. Priority will be given to beef cattle and pasture improvement.

A.I.D. PROGRAM FOR COSTA RICA

Strategy

1. To help reestablish dynamic growth in the Costa Rican economy; and
2. To assist in the reorientation of the Costa Rican economy from its present industrial import substitution bias to one in which the industrial sector contributes to export growth.

To achieve these overall goals we propose five principal strategy objectives:

1. Economic Stabilization and Recovery
2. Strengthening the Financial System
3. Export and Investment Expansion
4. Improved Pubic/Private Sector Coordination
5. Improved Policy Formulation and Administrative Reform

USAID/Costa Rica is providing foreign exchange to alleviate current shortages of raw materials, intermediate goods, and spare parts. Local currencies gained in the banking system when dollars are purchased for imports are channeled to meet private sector working capital requirements.

Present and Planned Projects

The following projects relate directly to the CBI and AID's attempts to develop the private sector:

Project: Private Sector Productivity

Implementing Institution: Agro-Industrial and Export Bank (BANEX).

Funding Level: $10 million in loan funds committed in FY 1981.

Description: These funds provide $9.7 million in investment capital and $300,000 in technical assistance to establish a new privately owned export bank. BANEX will provide short and medium term credit, export management assistance, and export oriented banking services to producers of nontraditional exports.

Title of Project: Private Sector Export Credit

Implementing Institution: Costa Rican Industrial Finance Cooperation (COFISA).

Funding Level: $10 million in loan funds committed in 1982 and $5 million in a local currency loan also committed in 1982.

Description: the $5 million local currency loan wil provide working capital to producers for domestic and Central Ameican markets in order to help them survive the current economic crisis. The $10 million loan will be lent as dollar denominated credit to expand export marketing which would allow repayment of loans even if devaluation continues. The project will help improve the financial viability of Costa Rica's private sector and reestablish COFISA as a development oriented financial institution.

Project: Economic Stabilization fand Recovery

Implementing Institution: Central Bank of Costa Rica

Funding Level: Projected totoal is $220 million through 1984 as follows: $20 million in 1982, $70 million under the 1982 supplemental appropriation, $60 million in 1983, and $70 million in 1984.

Description: Funds will be provided to the Central Bank of Costa Rica for balance of payments support and credit to the private sector in Costa Rica. Emphasis will be placed on meeting the foreign exchange an credit needs of net exporters.

Title: Economic and Policy Reform

Implementing Institution: Various ministries within the Government of Costa Rica.

Funding Level: $3,600,000 in grant funds over 1983-1986.

Description: In line with the broader objectives of the Caribbean Basin Initiative, this project wil finance technical assistance and training to deal with economic, fiscal, administrative and other policy problems detrimental to stability and revewed growth in Costa Rica.

A.I.D. PROGRAM FOR THE DOMINICAN REPUBLIC

STRATEGY

The Mission's CBI strategy pursues the goals of increased employment, increased income in private enterprises, improvement in the Dominican Republic's foreign exchange position, and promotion of non-traditional exports. These goals will be achieved through the following actions.

1. Improve the environment within which the business community operates by encouraging removal of legal and policy obstacles and encouraging appropriate incentives to private enterprise.

2. Develop access to financing for high priority private sector requirements for credit, technical assistance, training and planning studies, as well as private voluntary activity and productive infrastructure necessary to expanded private sector participation in the economy and increased productivity.

3. Improve the productivity of selected sectors of private enterprise which have a high potential for contribution to the nation's economy.

Ongoing and Planned Activities

Private Enterprise Sector Development

Implementing Institution: Dominican Central Bank

Funding Level: $41 million - Loan

Description: There are three main development activities to be funded under this loan. The 441 million will provide immediate balance-of-payment relief to the Dominican economy. The Central Bank will utilize these funds to pay for imports of U.S. goods and services for goods and sevices for the private sector. The Central Bank will then provide as counterpart funding the peso equivalent of the $41 million to help finance priority development needs as follows.

(1) Four facilities totaling $29.5 million will be established within the Dominican Central Bank to provide credit and technical assistance for activities which directly aand significantly assist private sector development. The emphasis on activities supporting agricultural investment and export promotion and will include: (a) a credit facility ($25 million), particularly for smaller firms which offer significant opportunities for development in agriculture, export promotion, and small industry; (b) a technical assistance facility ($1.0 millon), which will promote Dominican exports and the flow of investment capital into the country; (c) a training facility ($3.0 million), which will finance data gathering and analysis work in such fields as sugar diversification, agriculture price policy and tourism, etc.

(2) Private voluntary organizations involved in education, health, small business, and agriculture will be supported by $1.5 million.

(3) Up to $10 million will be used to fund investments in infrastructure in such fields as agricultural exports, transportation, irrigation, etc.

Planned Projects

One of the general objectives of A.I.D.'s assistance under the CBI involves direct intervention to improve the productivity of various key elements of the private sector.

-- In agriculture, A.I.D. will seek to promote non-traditional agricultural exports, promote more efficient use of irrigation, improve training in agriculture, and develop approaches to soil conservation.

-- In energy, A.I.D. will seek to improve energy planning, promote energy conservation, explore mini-hydro resources, initiate an energy training program. and develop convertion technology.

-- In industry, A.I.D. will seek to help develop small businesses through technical assistance and credit, establish a graduate business and public administration school, promote exports of manufactured products, and promote private sector paticipation in technical and vocational education.

A.I.D. PROGRAM FOR THE EASTERN CARIBBEAN

Strategy

(1) Seek commitment and mobilization of Caribbean private sector resources which, together with USAID and other donor assistance, can address the principal constraints;

(2) Create or expand opportunities which involve the U.S. private sector with its Caribbean counterpart to stimulate increased investment, enlarge markets, and facilitate the transfer of managerial and technical skills;

(3) Undertake such regional or country specific initiatives that will support private sector growth utilizing both aid and non-aid tools of development; and

(4) Encourage and facilitate coordination of other donor and USG agencies involved in development of the region's private sector.

Within the operational context of these strategy components, the Mission has identified the following set of targets with respect to increased private sector investment, production, export activity and employment.

(1) The Mission will take the lead in establishing a forum or business roundtable for each island that will provide a channel for regular dialogue among business, government and labor that includes potential U.S. investors and potential investors.

(2) The Mission will examine with each government the benefits and objectives of a bilateral investment treaty and will negotiate a treaty as warranted.

(3) The Mission will direct most of USAID funding toward support of the CBI. Technical assistance, training and capital assistance will focus on the productive sectors, private investment and employment expansion to include:

a) continuing to finance technical assistance in new project identification, export promotion, investor sector related institution-building;

b) financing private sector infrastructure development;

c) financing management and skills training for the private and productive sectors; and

d) providing credit, equity and venture captial support to financial institutions serving the private sector.

(4) The Mission will engage in new bilateral assistance directed at government policy reforms in areas affecting growth and development of the private sector.

(5) The Mission will direct increased Peace Corps assistance toward support of CBI objectives.

(6) The Mission will maintain regular communication and coordination with other U.S. government and private agencies implementing th CBI, including Export-Import Bank, Overseas Private Investment Corporation, U.S. Department of Commerce, Central America/Caribbean Action. International Executive Service Corps and the Council of the Americas.

Within the framework of the Caribbean Group for Cooperation in Economic Development the A.I.D. strategy calls for the expansion of international trade opportunities through increased exports, an improved climate for private sector investment, and expanded productive capacity. The CBI program in the Eastern Caribbean is designed to address each of these objectives through increased availability of capital for private investment and through selective use of technical assistance, training, and innovative technology. In addition, various of A.I.D.'s ongoing assistance programs relate directly to A.I.D.'s objectives and the CBI program, including assistance through such varied Private Voluntary Organizaitions as the International Executive Service Corps, Credit Union National Association (CUNA), and the National Office for Social Responsibility which operates a Youth Skills Training program in St. Lucia.

Ongoing and Planned Activities

Following are brief descriptions of various A.I.D.-financed activities being implemented in the Eastern Caribbean, which are related to and support the CBI.

Ongoing Projects

1. Agribusiness Expansion

Implementing Institution: Latin American Agribusiness Development Corporation

Funding Level: $60 million - loan

Description: This U.S. corporation makes loans and equity investments to locally owned enterprises in the Caribbean. A co-financing feature whereby LAAD will match A.I.D. funding is incorporated in this program.

2. Caribbean Agriculture Trading Company (CATCO)

Implementing Institution: CATCO

Funding Level: $4.0 million 0 Loan
$.5 million - Grant

Description: This project will assist in establishing a regional trading company for agricultural commodities. The company is expected to play major leadership role in transforming a high cost and poorly coordinated production-marketing system for fruit and vegetables in the Eastern Caribbean.

3. Caribbean Regional Training Development

Implementing Institution: Caribbean Community Secretariat (CARICOM)

Funding Level: $4.0 million - Grant

Description: This project provides training assistance, including private sector support, through CARICOM. It is directed at upgrading technical and managerial skills through training grants and special services.

4. Employment Investment Promotion

Implementing Institution: Caribbean Development Bank (CDB)

Funding Level: $8.4 million - Loan
$3.0 million - Grant

Description: This project finances the construction of factory shells for industry in the Eastern Caribbean developing countries, small industry credit programs, advisors for small business, and an export promotion program.

5. Project Development Assistance Program (PDAP)

Implementing Institution: Coopers and Lybrand

Funding Level: $5.8 million - Grant

Description: Project provides for both long-term and short-term advisors to expedite project development in the productive sectors. Principal areas of focus are industrial promotion, agribusiness, alternative energy, and infrastructure in support of productive enterprise. An important dimension of the project is the linking of U.S. investors with local opportunities.

6. Private Sector Investment Assistance Program

Implementing Institution: Caribbean Association of Industry and Commerce (CAIC)

Funding Level: $2.0 million - Grant

Description: This project is designed to strengthen CIAC, an indigenous Caribbean private sector institution which acts as the

Funding Level: 1.0 million - Grant

Description: Funding under this project, along with support from other donors, will allow the International Finance Corporation (IFC), the World Bank Group's private enterprise bank, to identify, appraise, and seek financing for private investment in the $500,000 to $3.0 million range throughout the region.

8. Banana Industry Rehabilitation

Implementing Institution: Government of Dominica

Funding Level: $1.7 million - Grant

Description: This project is assisting the private Banana Growers Association in Dominica to regain a sound financial footing and to reorganize their management and help the association in market expansion.

9. Productive Infrastructure Rehabilitation

Implementing Institution: Government of St. Lucia and St. Vincent

Funding Level: $7.6 million - Grant

Description: Road networks in the islands are critical to continued stable economic development and for the support of new private investment opportunities and employment. This project provides financing for road reconstruction in St. Lucia and St. Vincent to serve industrial estates and productive agricultural areas.

10. Dominica Road Rehabilitation

Implementing Institution: Government of Dominica

Funding Level: $9.6 million - Grant

Description: This project responds to a major constraint to the expansion of private investment and the rehabilitation of the agricultural sector in Dominica.

Planned Projects (1983 and 1984)

1. Agricultural Enterprise Development
Implementing Institution: undetermined
Funding Level: $6.0 million - Loan
$4.0 million - Grant

Description: This project will provide resident technical assistance in each of the developing countries of the Eastern Caribbean to assist in identifying and developing commercially viable investments in agricultural and agricultural related enterprises, including diversified production, marketing processing, and related services, such as farm supp;y and machinery. Loan funds would be used for a pilot investment prgram.

1. Agribusiness Expansion II

Implementing Institutin: undetermined

Funding Level: $10.0 million - Loan

Description: A.I.D. funds will be loaned to the Latin Ameican Agribusiness Development Corporation for lending to private agribusiness that have high employment potential.

3. Regional Development Training II

Implementing Institution: undetermined

Funding Level: $5.0 million - Grant

Description: This project will assist the private sector in training and upgrading management and technical skills which are critical for business expansion, new investment, and employment opportunities.

4. Inter-Island Shipping and Marketing

Funding Level: $8.9 million - Loan
$5.0 million - Grant

Description: This project will assist in the establishment of an inter-island trading system that includes regularly scheduled shipping services between the Eastern Caribbean states and regional and extra-regional markets. The project will support related infrastructure development, including wharf improvement and warehousing, as well as inventory and export financing.

5. Private Sector Industrial Infrastructure

Funding Level: $14.0 million - Loan

Description: This project will be implemented in conjunction with other A.I.D. activities that promote private enterprise development. The project will finance factory shells, industrial estates, marketing and transportation infrastructure, and export promotion.

A.I.D. PROGRAM FOR EL SALVADOR

STRATEGY

In brief, the strategy of USAID/El Salvador in implementing the Caribbean Basin Initiative will be to provide the resources necessary to allow the Salvadoran and U.S. private sector to make the most productive and equitable use possible of the Initiative's key policy and financial assistance elements.

The CBI Implementation Plan and Strategy for El Salavor is based on a two year time frame. The Mission's basic approach to implementation of the CBI will be to make priority use of the balance of payments and trade promotion aspects of the Initiative with longer term goals being set for the investment element.

Economic Support Funds - Private Support Programs

The Mission will provide $264 million in economic support funds for specific private sector programs for the implementation of raw materials, and intermediate and capital goods. Those imports will in turn allow Salvadoran businessmen to keep their doors open while they work with the Government and the Mission to devise longer term measurers for economic recovery.

Economic Support Funds - Industrial Recovery Program

Longer term balance of payments assistance will go to the private sector through this Project which will provide credit, technical and training resources through the National Industrial Bank or an alternate institution to businessmen seeking to reopen or rehabilitate industries in El Salvador. Balance of payment impact under this Program will be significant since a major protion of the credit will probably be used for import of capital goods and parts. While the balance of payments targeting complements the Private Sector Support Programs, the nature of this Program is such that the dollar flow will be somewhat slower than in other programs. Approximately $35 million will be disbursed under this Project over the next two years.

Economic Support Funds - Public Service Restoration Project

The private sector will also receive indirect balance of payment support from this project which finances the import of maintenance, repair and construction goods needed for the country's infrastructure. Maintenance of El Salvador's transportation, power, and communications systems are essential to the private sector's continued operations.

Economic Support Funds - Employment Generation

Less direct balance of payment assistance will also be used during the next year to address another symptom of El Salvador's depressed economy, the high level of unemployment. As with the basic foreign exchange problem, immediate and continuing measures must be taken if further declines in employment levels and their political consequences are to be averted. At the same time it should be realized

that recovery of the private sector and its ability to provide employment at pre-1979 levels will require several years. The Mission therefore, intends to continue financing a public works support program through 1983-1984. The program will help maintain employment and income levels while recovery and reactivation measurers take effect. The program will be similar in essence and intent to that of the Public Sector Employment Project, but will focus on devloping public work projects producing positive economic returns. Economic Support Funds will also be used to finance this program. Finally, since the costs involved in the program are local currency costs in the main, most of the dollars provided will have a positive effect on El Salvador's international reserve situation.

PL-480 Title I

The Mission has programmed a substantial PL-480 Title I Program in FY 1983 of up to $30.0 million. Because El Salvador probably will continue to encounter problems in importing essential food commodities normally procured through commercial term credit, PL-480 assistance will help provide substantial balance of payments relief in an important element of the country's economy. Although final needs have not yet been projected, it is estimated that an additional $32 million of Title I funds will be used in 1984.

Commodity Credit Guarantees

The Mission also proposes a Commodity Credit Guaranty Program for the next two fiscal years. If approved at the levels proposed ($25 million in FY 1983 and $25 million in 1984), this program would provide major assistance in encouraging short term suppliers credit for foodstuffs and agricultural comodities.

Trade and Investment Development

The Mission will be working with the Salvadoran private sector and the Government of El Salvador to use other CBI program resources and policies in stimulating trade and investment in El Salvador. The following initiatives are being or will be taken in the next two years as part of the Mission's medium term recovery and reactivation strategy for trade and investment under the CBI:

1. Private Sector Organization and Planning Project

The purpose of the Project is to enable the private sector itself to increase production and increase employment levels. Realization of this purpose will entail provision of technical assistance and training in management andorganization techniques. Private sector beneficiaries of the Project would also use services provided under a complementary LAC Bureau Project, Private Sector Initiatives, which would help bring Salvadoran Businessmen in contact with the U.S. business community. These contacts would be used to develop new export and marketing prospects and formulate industrial recovery programs.

2. Reforms and Policy Planning Project

As part of its CBI strategy, the Mission will be using some funds from this existing project in working with the Government of El Salvador to develop new policies and strategies or modify old ones in such a way as to encourage the private sector to assure a longer responsibility in moving the Salvadoran economy forward.

3. Agrarian Reform Support

This Project willuse dome Project resources to carry out research in the production of non-traditional crops and greater private sector involvement in the management of Agrarian Reform farms. The Mission will seek to develop these ideas inconjunction with the intersectoral committee idea.

4. Trade and Investment Development Project

This Project will complement the various Projects and Programs described above and serve as the focal point of A.I.D.'s medium term strategy of reactivating the economy.

Key components in the Project include:

a) Intersectoral Policy Development

b) Institutional Support

c) Marketing Investment Information and Promotion

d) Research, Analysis and Devleopment

The following activities relate directly to the CBI and AID's attempts to develop the private sector:

Title: Private Sector Support Program

Implementing Institution: El Salvador's Central Reserve Bank

Funding Level: Projected total $26.9 million. Committed to date: $24.9 million as a loan, and $120 million as a grant (including $75 million from the CBI). Projected: Grants of $62 million in 1983, and $63 million in 1984.

Description: These funds allow the Government of El Salvador to allocate dollars for private sector imports of raw materials, and intermediate and capital goods. The local currencies gained by the Central Bank, when imports are purchased for dollars are used to finance local credit programs and other priority domestic activities.

Title: Industrial Recovery Program

Implementing Institution: The Salvadoran Institute for Industrial Development

Funding Level: $56 million in grant funds over 1983-1984.

Description: This project will establish an industrial recovery fund for businesses which have closed, prepare investment feasibility studies as necessary, and assist in reactivating and expanding El Salvador's industrial sector.

A.I.D. PROGRAM FOR GUATEMALA

STRATEGY

In an effort to improve the investment climate and encourage greater Guatemalan participation under the CBI program, the country team proposes a high level policy dialogue with the Government of Guatemala concerning macro-economic policy and measures to increase trade and investment with the United States.

1. Improvement of the Business Climate

2. Investment Promotion

3. Export Promotion and Marketing

4. Import/Export Financing

5. Infrastrucuture Improvement

6. Private Sector Devlopment

The CBI action program for 1982-83 will consist of the following private sector projects and activities:

1. Private Sector Development Initiatives FY 82/83 (Grant $850,000)

Purpose: To strengthen private sector capacity to promote investment and productive employment in Guatemala.

Description: The institutional vehicle for this project is the newly formed Chamber of Enterprise (CAEM) representing affiliated sectoral chambers and their memberships. The CAEM will develop private sector programs which will be implemented through five operational divisions'.

CAEM was legally constituted in March 1982 and the first President and Board of Directors were elected in April of this year. The new Chamber of Enterprise will interface with counterpart U.S. chambers of Houston and San Antonio, Texas and will represent the organized local private sector vis-a-vis the Government of Guatemala.

2. Private Sector Productivity (loan $10.0 million; Grant $0.5 Million)
Purpose: To stimulate greater export diversification and export-oriented investment through the creation of a trading company supported by an export/import credit facility.

Description: The project will be part of an integrated export promotion program designed to help organize, motivate and facilitate domestic production for the international market.

3. Export/Import Credit Facility ($50.0 Million)

Purpose: To provide a trade support mechanism to finance private sector imports and working capital.

Description: The proposed Export/Import Credit Facility would be administered by the Bank of Guatemala to better meet the trade financing requirements of the private sector. The $50.0 million contribution beginning in 1983 would be matched by a local currency counterpart of the same amount. The fund would finance imports of agricultural and industrial inputs, spare parts and intermediate products. Priority would be given to those private sector enterprises which require the imported items in order to export. The local currency counterpart would be used to finance the working capital needs of export oriented farms and industries. The fund would replenish itself in the currency in which the original credit was provided.

A.I.D. PROGRAM FOR HAITI

STRATEGY

1. Improve The Business Climate
2. Promote Investment and Exports
3. Support Infrastructure and Human Resource Development
4. Strengthen Public and Private Sector Institutions

On-Going and Planned Projects

Project: Haitian Development Foundation

Implementing Institution: Haitian Development Foundation

Funding Level: $500,000 (Grant through Pan American Development Foundation)

Description: The foundation trains loan extension workers and disburses loans to small businesses and artisans to meet their credit needs. The foundation was created in 1979 by prominent Haitian businessmen concerned by the fact that small businesses were crippled by inadequate business management skills and non-availability of credit from the regular commercial lending sources.

Project: Development Finance Corporation

Implementing Institution: Development Finance Corporation

Funding Level: $5,000,000

Description: The project will establish a private investment bank which will provide medium term loans and other necessry financial and technical services to agribusiness and industrial investors in Haiti. The Corporation is characterized by a broadly based equity structure; and it will extend credit to entrepreneurs for projects having a potential to generate significant employment.

Planned Projects

Title of Project: National Housing Bank (NHB)

Implementing Institution: National Housing Bank to be established)

Funding Level: $1 million (Grant). $10 million Housing Guarantee

Description: The project will establish a national housing bank to provide low cost loans for lower income housing in Haiti. The grant will finance the initial technical assistance costs and will finance some of the costs of sites and services for low income housing. A housing guarantee is proposed after the bank is established and operating.

Project: Local Private Sector Support

Implementing Institution: Private Sector Committee for Development

Funding Level: $1 million (Grant)

Description: The project will provide technical assistance and promotional support by facilitating the flow of information to potential local and foreign investors interested in priority investment areas (especially agro-industrial and employment generating industrial opportunities).

Additional projects include:

Regional Development Authority

Project Purpose

To develop an institutional capability to plan, coordinate and facilitate private and public sector development activities, in the Southwest region of Haiti.

Major Activities

The Regional Development Authority, as presently conceived, would plan and coordinate project development, investment promotion, information and training, and technical/financial support.

Under full scale operation, the RDA would: (a) plan activities in coordination with regional offices of the Ministry of Plan tries and specialized agencies; (b) help promote development activities and investment in the major towns of the region - Les Caynes, Jeremie, and Miragoane - and the rural areas around them; (c) transmit information resources and technology to support regional and local initiatives; (d) undertake technical and economic feasibility studies for agro-industrial and other development activities; (e) carry out various investment and export promotion functions; (f) provide a consultative/coordinating mechanism to mesh national objectives with local needs and capacities; and (g) assist in the mobilization an enhancement of local skills and resources.

Technical Support and Training

Project Purpose

To provide short-term technical assistance and training to private sector entities and public sector agencies whose activities affect upon the private sector.

Major Activities

Market studies, demand assessments, pre-feasibility studies and various in country and overseas training to promote a healthier and freer market economy in Haiti.

A major element of the the Mission's private enterprise development program will be to provide continuing support for the Florida - Haiti Program. Principle activities of this joint effort between the private and public sectors of Florida and Haiti will include the following:

-- Sponsoring investment opportunity and joint venture seminars in Florida

-- Organizing private investment Missions to Haiti

-- Providing technical assistance and marketing information to selected industries and firms in Haiti.

-- Brokering potential co-ventures between Florida and Haitian entrepreneurs

-- Providing technical assistance and support for investment and tourism promotion programs.

AID will also undertake to support Government of Haiti policy and institutional reforms which assist private sector development.

A.I.D. PROGRAM FOR HONDURAS

STRATEGY

During the short term, efforts will be concentrated on accomplishing five interrelated objectives aimed at short run domestic economic stimulation and creating a climate conducive to expanded trade and investment over the medium and long term. These objectives are to:

1. Bring the Government of Honduras fiscal deficit back to manageable levels, ensure that sufficient foreign exchange is available for the private sector, and encourage a resumption of domestic credit growth for the private sector.

2. Stimulate investment by smaller firms that produce for internal consumption and are willing to invest but are currently frozen out of access to technical assistance and capital markets;

3. Create the incentives and institutional structures (e.g. adoption of investment incentives, improved export promotion and services, development of strong private sector leadership) necessary to increase trade and attract new investment when the overall climate improves;

4. Stimulate productive activities that don't require major investment or long term commitments by entrepreneurs (e.g. housing, short cycle agricultural production for spot market); and

5. Increase Government of Honduras contracting of services which are now provided by its own employees.

Ongoing Projects

1. Cooperative Development Project

The purpose of the project is to strengthen the extension and educational services of the Federation of Savings and Credit Cooperatives of Honduras, and to strengthen the internal administration and management of its rural affiliates, to ensure that these institutions will continue to provide agricultural credit to their farm members.

2. Small Enterprise Credit Fund

The purpose of the project is to provide credit resources to and strengthen the institutional capability of the Honduran Development Institute. The Institute provides supervised credit to farm and rural non-farm enterprises that do not have access to commercial credit sources. A total of $164,000 was obligated in 1981 subject to increasing the interest rate to the final borrower prior to AID disbursement of the first of three tranches, and requiring the institute to make a reasonable effort to raise $15,000 in capital from indigenous sources prior to the third tranche of $54,000.

3. ANACH Regional Cooperative Development

The purpose of the project is to strengthen the administrative and technical capability of the Honduran National Campesino Organization (ANACH) by employing capable central office administrative and technical services to ANACH members in general and, especially to ANACH Regional Cooperatives. A grant of $200,000 was made in July, 1982 to the American Institute for Free Labor Development (AIFLD) to carry out the project. An additional increment of $100,000 is planned for obligation in 1983.

B. New Projects Planned for Initial Financing in 1983

1. Small Farmer Agricultural Development. The purpose of this project is to help small farmers learn new agricultural techniques which will result in increased productivity and the cutivation of more diversified crops, and decrease their reliance on basic grains. The Vermont Partners have submitted a proposal for $700,000 which the Mission expects to obligate in 1983. Under the project, extensive training in improved hillside agriculture will be provided to campesinos who practice hillside agriculture in the country's countainious interior, and a farm service center will be established in a rural area about 30 km. from Tegucigalpa. The center will start out as a demonstration of the markets for non-traditional products. Eventually, it will provide market analysis, input supply, and technologies assistance to some 200 farm families near where it is located, and will operate a demonstration plot from which it will derive part of its financial resources.

2. Private Sector Employment Related Training

Implementing Institution: National Training Institute (INFOP)

Funding Level: $2 million (Grant)

Description: Improve skills training to meet the need for mid-level managers and technicians, i.e. mechanics, carpenters, electricians and machine operators. Project funds will be used for training and technical assistance and to improve administration.

1. Private Sector Promotion II

Implementing Institution: Central Bank of Honduras

Funding level: $55 million loan during 1983-1984

Description: The project will help to meet essential investment capital needs for the private sector while providing balance of payment support. the foreign exchange component of the ESF assistance will be made available through the Central Bank for private sector needs, particularly capital goods for new ventures.

A.I.D. PROGRAM FOR JAMAICA

STRATEGY

The private sector development strategy of USAID/Jamaica is designed to support and promote a competitive, free market domestic environment to attract new foreign investment and to stimulate new domestic investment and increased Jamaican exports. Six areas are targeted for action:

1. Financing for activities designed to improve information flows, such as technical consultancies and feasibility studies.

2. Providing access to business financing based on project merit.

3. Assistance in developing new ventures, as through risk sharing and packaging of investment requirements

4. Improving the efficiency of private markets.

5. Export marketing development.

6. Encouraging and influencing policy reform to facilitate the development of efficient market mechanisms.

On-Going Projects

Title of Project: Agro-Industrial Development

Implementing Institutions: Agricultural Credit Bank

Funding Level: $8.5 million laon

Description: The project will promote agribusiness enterprises in Jamaica by restoring their productivity. The project provides (1) foreign exchange and credit needed by existing agribusiness and a guarantee mechanism for insuring a portion of the subloans extended by participating commercial banks; (2) consultant services for agribusiness to assist in improving operations and management; (3) training for agri-business related staff of selected financial institutions involved in agribusiness investment.

Title of Program: Production of Employment II

Implementing Institution: Bank of Jamaica

Funding Level: $88 million loan

Description: The purposes of the cash transfer to the Government of Jamaica (GOJ) are (1) to provide immediate balance-of-payments support to allow critically needed imports of spare parts, industrial and agricultural inputs and capital goods; and (2) to stimulate production, exports and employment in the country.

Title of Project: Technical Consultants and Training

Implementing Institution: Jamaica National Investment Promotion Ltd.

Funding Level: $9.0 million grant

Description: This project is designed to compliment the Production and Employment program loan discussed above. Its purpose is to provide technical assistance, training, and studies to address key bottlenecks to private sector recovery in Jamaica. The project wil address such areas as: improvements in managements of infrastructure ports, airports, enterprises; rationalization of various agencies involved in promoting exports; tourism expansion; and feasibility studies

Title of Project: Agricultural Marketing Development

Implementing Institution: Ministry of Agriculture

Funding Level: $13.8 million loan

Description: The project purpose is to develop and implement improved marketing practices for food crops and meat and fish products for comestic and export markets. This will be accomplished by (1) strengthening the institutional capacity of the Ministry, by creating a Marketing and Credit Division and (2) supporting the construction of a marketing system composed of four Subterminal Wholesale Distribution Markets and 25 Assembly and grading Stations for farm organizations. The Division will provide a range of sevices to facilitate greater efficiencies in the marketing system (including market research and information, support producer's organizations, establish grades and standards).

Title of Project: Jamaican National Development Foundation

Implementing Institution: Pan American Development Foundation

Funding Level: $500,000 grant

Description: The purpose of this project is to build a national development foundation (NDF) in Jamaica which will respond to the need for technical assistance and credit by the small business sector and create jobs and raise incomes for marginal entrepreneurial groups. A.I.D. resources will finance externalk technical assistance and training needs of the foundation, a portion of its initial operating costs, and a revolving loan fund for projects of proven feasibility from the small business sector.

Planned Projects

Title of Project: Small Scale Manufacturing Sector Assistance

Implementing: National Development Bank

Funding Level: $15.0 million loan

Description: The purpose of this project is to increase production, productivity, and employment in the small scale manufacturing sector. The project will support the creation of a foreign exchange facility that will provide essential foreign exchange to small manufacturers to allow them to import needed raw materials and spare parts. In addition, the project will address certain policy and procedural constraints adversely affecting the small manufacturer.

Title of Project: Basic Skills Training

Implementing Agency: National Training Board (NTB)

Funding Level: $13.8 million loan and $2.8 million grant

Description: The project will establish an improved skills training system responsive to Jamaica's economic recovery objectives and labor market needs. The project will (1) establish the National Training Board to ensure better coordination among skills training institutions and increase the relevance of training provided by institutions involved in meeting Jamaica's labor market requirements, (2) strengthen the capacity of selected institutions which provide skills training in Jamaica, and (3) assist private and voluntary organizations to carry out skills training programs of particular interest to the board. The board will be composed of representatives from both the public and private sector to ensure that private sector needs are reflected in the training programs offered.

Title of Project: Private Sector Investment Fund

Implenting Agency: An Intermediate Credit Institution and local commercial banks.

Funding Level: $10 = 20 million Loan

Description: The project will support Jamaica's economic recovery by providing investment funds needed by medium-size private sector enterprises for equity and debt financing. The project will provide (1) credit and equity investment for medium-size enterprises for improving productivity, and (2) technical assistance and training for upgrading the skills of the Institution and establishing an investment program.

A.I.D. PROGRAM FOR PANAMA

STRATEGY

The U.S. CBI assistance strategy will be directed to support achievement of the following objectives:

1. Maintenance and Improvement of a Favorable Investment Climate.

2. Creation of Market Linkages and Exporter/Investor Services.

3. Strengthening the International Competitive Advantage of the Private Sector.

USAID/Panama and the Government of Panama recognize the constraints to increasing industrial development in Panama and the AID Mission is responding to the Governm,ent's request for assistance in improving the situation. In addition, the Mission is presently implementing the following projects which would benefit from the trade and investment areas of the CBI, and is engaged in developing additional projects in the private sector area.

On-Going and Planned Projects

On-Going Projects: Employment Planning and Generation

Implementing Institution: Ministry of Commerce

Funding Level: $3.5 million (Loan) $1.75 million (Grant)

Description: The project will improve the administrative and human resource capabilities of four priority ministries: Ministry of Commerce, Ministry of Labor, Ministry of Housing, and Ministry of Planning.

Planned Projects

Title of Project: CBI-National Investment Council

Implementing Institution: National Investment Council

Funding Level: $1.2 million (Grant)

Description: This project will support the organization and operation of the National Investment Council which will establish national investment promotion policy and provide "one-stop" investor services.

Title of Project: Small Business Credit

Implementing Institution: Ministry of Commerce

Funding Level: $9.4 million (Loan) $800,000 (Grant)

Description: This project will establish an institutional capacity within the Ministry of Commerce to provide financing and complementary techical assistance for small business development.

Title of Project: Export Promotion

Implementing Institution: Government of Pamana

Funding Level: $500,000 (Grant)

Description: the proposed project would help the Government establish a special high-level public-private sector organization which will prepare a master action plan for the land and assets reverting to Panama from the Panama Canal. The project would assist the Ministry of Commerce in market identification and access and provide technical assistance to trade associations in producing export goods to international specifications.

Title of Project: Private Enterprise Training

Implementing Institution: Private sector foundation

Funding Level: $2.2 million (Grant)

Description: The project will establish a foundation under the direction of a broadly based private sector Panamanian businessmen's organization which will select trainees and administer financial assistance.

VI. U.S. GOVERNMENT AGENCY PROGRAMS FOR THE CARIBBEAN BASIN

U.S. DEPARTMENT OF ~~COMMERCE~~ AGRICULTURE

The Caribbean Basin initiative accords a high priority to the problems of the region's food and agriculture sector. The U.S. Department of Agriculture (USDA) has special expertise which can help modernize the basin's agriculture.

Although the agricultural sector's contribution to the economies of the region has been steadly declining (and nowhere exceeds 40 percent), about 57 percent of the region's population is still rural. Modernization of the agricultural sector is vital to meeting the food needs of the region's growing populace and to enhance export earnings.

1. Improving Animal and Plant Health and Quality

Plant and animal products exported to the United States must meet U.S. agricultural health and sanitary regulations which USDA enforces. USDA is prepared to make concerted effort to increase regional understanding of U.S. agricultural health and sanitary regulations, to provide technical assistance on plant inspection procedures and on operating fumigation facilities, and to offer training in enforcing health and sanitary regulations.

An Animal disease-free Caribbean Basin would be mutually beneficial to the region and the United States. The U.S. Agency for International Development (AID) and USDA currently have programs to contain and eradicate swine fever and hoof-and-mouth disease. Additional cooperation in this field is envisioned.

Caribbean Basin countries need to better gear their agricultural production to the standards of the world market, to better serve their domestic and export needs both in terms of quality and seasonal availability to to aid these countries. Technical assistance will be offered from USDA to achieve acceptable standards and grades. This involves assistance n how to achieve acceptable quality standards, procedures for proper labeling and testing and techniques for minimizing losses during distribution and storage.

2. Coordinating Bilateral Agriculatural Programs with Multilateral Organizations

USDA experts, as well as short-term consultants, work with international organizations involved in the Caribbean Basin. USDA is represented on the governing bodies of the the Inter-American Institute for Cooperation on Agriculture, as well as other such organizations, and thereby helps direct the organizations' programs and policies of assistance. Discussions are now underway with the staffs of World Bank and the Inter-American Development Bank to establish sub-committees on food and agriculture.

3. Expanded Agricultural Research and Training Opportunities

Expanded agricultural research and training activities are anticipated as a result of the Caribbean Basin Initiative. Examples of USDA's involvement include a recent agricultural credit course in Haiti, a comprehensive agricultural training plan in Guyana, and a tropical forestry curriculum developed in cooperation with the Forest Service's Tropical Forestry Station in Puerto Rico. An additional role of USDA might involve training of plant health inspectors from the Caribbean can also be envisioned.

4. Technical Assistance

USDA is ready to provide technical assistance to Caribbean Basin governments or private institutions to develop or improve crop credit insurance schemes. This will help to stimulate farmers to use more modern technology and increase productivity. USDA will also assist governments on the management and conservation of forest, soil and water resources.

5. Promotion of Agro-Industries

USDA has begun to play an important role in facilitating the involvement of U.S. agribusiness in developing countries. Technical expertise found in U.S. agribusiness can help solve agricultural problems in developing countries and to provide additional opportunities for U.S. firms. Given the relatively small economies of the Caribbean countries, agro-industries must be carefully designed with regard to location and scale. USDA is already actively involved in providing agribusiness development assistance to Jamaica, including the formulation of joint ventures , provision of management expertise, and the sale of U.S. capital goods.

A recently established Agribusiness Promotion Council will advise USDA on policies and programs by which private agribusiness can foster the agricultural development and economic growth of Caribbean Island and Central American countries. The Council will cooperate with counterpart councils in the Caribbean Basin.

The Council will also help to establish an International Agribusiness Center within USDA's Office of International Cooperation and Development (OICD) to provide expanded services to U.S. agribusiness firms. These services will include identifying investment opportunities, organizing a series of agricultural investment missions to the Caribbean Basin area and conducting follow-up support activities.

For additional information on the Agribusiness program contact:

U.S. Department of Agriculture
Office of International Cooperation and Development
Agribusiness Program
Room 1080 South Building
Washington, D.C. 20250
(202) 447-4515

VI. U.S. Government Agency Programs for the Caribbean Bsin

U.S. DEPARTMENT OF COMMERCE

In March 1982, the Department of Commerce (DOC) established a Caribbean Basin Information Center (CBIC) to assist U.S. companies seeking business opportunities in the Caribbean Basin. The CBIC has launched an active private sector outreach program that expands upon the traditional DOC export promotion programs to include facilitating joint-ventures, contract manufacturing, and importing activities of U.S. and Caribbean companies. CBIC activities include:

- Business counseling and referral. CBIC country specialists are available for discussions with business representatives by telephone or in person regarding the trade and investment practices of Caribbean countries. Information on general economic conditions, trade and investment opportunities, and services available from other USG and private sector agencies is also available. CBIC country specialists are in frequent contact with their counterparts in United States embassies throughout the region to keep up-to-date on developments affecting U.S. commercial interests abroad.

- Publications program. The CBIC has an active Commerce Department pubications program to make commercial information broadly available to the business community on an efficient, cost-effective basis. The centerpiece of the CBIC publications program is the Caribbean Basin Business Information Starter Kit, a compendium to key U.S. and Caribbean Basin business contacts and information sources. CBIC country specialists also offer reports on Caribbean Basin country economic trends and investment conditions prepared by U.S. Embassy Commercial Officers overseas, as well as a series of in-house fact sheets and business profiles on individual Caribbean Bsin countries. A regular series of articles in Business America magazine provide news of trade and investment opportunities and U.S. business successes in the region.

- Caribbean Basin Business Opportunity Seminar series. The CBIC is planning and participating in regional seminars on trade and investment opportunities created by the Caribbean Basin Initiative. Three seminars already have been held under the sponsorship of DOC district offices and international business organizations in New Orleans, Greensboro and Omaha, with more scheduled in the near future. The seminars give the local business community an opportunity to hear from representatives of U.S. Government agencies offering CBI-related commercial support services. The highlight of each seminar is a panel discussion featuring experienced business representatives from Caribbean Basin countries.

- Business development missions. The CBIC encourages business development missions to and from the Caribbean Basin countries and with the support of U.S. Embassy Commercial Officers work to insure the success of the mission.

- Business facilitatin services. CBIC country specialists will work with U.S. Embassy Commercial Officers and appropriate government agencies in Caribbean Basin countries to facilitate the resolution of specific problems.

- Caribbean Basin Information Network. The CBIC is cooperating in an effort to organize a network of priate sector groups throughout the Caribbean Basin (mainly Chambers of Commerce) with access to a common computer database for the storage and exchange of trade and investment information. The CBIC expects to use the network mainly to publicize the capabilities of U.S. firms interested in doing business in the Caribbean and to expand the information available to U.S. firms regarding specific business opportunities.

- Business Opportunity Referral File. We have established an automated business opportunity referral file containing information on the specific business interests of individual companies. These files are organized according to the Standard Industry Code (SIC) and will be made available to appropriate inquirers. U.S. companies most likely to benefit from this referral service are those interestd in licensing U.S. technology, co-production, joint ventures, investing, as well as finding new sources for imported products and markets for U.S. products and services. Business inquiries are being generated through direct contacts with the CBIC and from our network of 47 domestic offices and Foreign Commercial Service posts in the Basin. The most likely foreign participants and users of the file will be Caribbean Basin firms, official organizations (e.g. industrial or investment development agencies), and multilateral institutions.

- Other activities involve support for the Caribbean Basin Initiative legislation currently before Congress, participation in the negotiation of Bilateral Investment Treaties guaranteeing U.S. investor's rights in Caribbean Basin countries, providing speakers for business audiences nationwide, and recommending specific U.S. and Government policies in support of U.S. commercial interests throughout the region.

For More Information:

Caribbean Basin Business Information Center
Room 3027
14th Street. and Constitution Avenue
Washington, D.C. 20230
(202) 377-2527

VI. U.S. GOVERNMENT AGENCY PROGRAMS FOR THE CARIBBEAN BASIN

U.S. EXPORT-IMPORT (EXIM[redacted] BANK

Within the Caribbean Basin countries there is a demand for short-term U.S. credits. To induce the reopening of short-term credits, there is a need for reasonably priced and effective insurance which would protect the U.S. banks against these extra-ordinary risks.

The Export-Import Bank has already been providing medium-term credit or credit guarantees through U.S. exporters and banks to borrowers in the Caribbean Basin which meet Eximbank's statutory standard of "reasonable assurance of repayment." This amounted to $365.5 million in 1981. All of Eximbank's programs are available to U.S. suppliers exporting to those countries, and Emimbank will intensify its efforts in increase the use of its programs by the private sector.

In addition, Eximbank will expand its present protection by considering cover for short-term credits to indigenous commercial banks in creditworthy markets. Eximbank is taking a positive attitude towards facilitating U.S. exports to CBI countries and especially those which will foster private business activitiy essential to the viability of CBI economies. As a result Eximbank has agreed that in creditworthy countries where existing Eximbank programs need augmenting, Eximbank will be prepared to consider expanding its short term FCIA insurance program to cover US commercial bank lines of credit to CBI banks for the short term financing of critical imports. Short term insurance typically involves raw materials and spare parts with a repayment term not exceeding 180 days. This insurance facility will not be made available to local institutions but rather would be extended to US banks providing credit lines to local institutions. Thus, in countries where special short term financing is needed, local banks should contact their US correspondents who would in turn approach the FCIA as to the appropriateness, and terms and conditions of insurance coverage.

As of April 30, 1982, Eximbank's total exposure was $907 million in the Caribbean Basin.

For Mor Information:

Export-Import Bank of the United States

U.S. GOVERNMENT AGENCY PROGRAMS FOR THE CARIBBEAN BASIN

OFFICE OF THE U.S. TRADE REPRESENTATIVE (USTR)

The Office of the U.S. Trade Representative administers several programs which affect trade and investment in the Caribbean Basin.

1. U.S. TARIFF SCHEDULE-ITEMS 806.30 AND 807.00

Tariff Item 806.30

Tarriff Item 806.30 applies to articles of metal manufactured in the United States, exported for further processing and then imported back into the U.S. for still further processing. Import duty is levied only on the amount of value added during processing outside the U.S. Operations which qualify as "processing" include melting, machining, grinding, drilling, tapping, threading, cutting, punching, rolling, forming, plating and galvanizing.
Examples of products which would qualify are listed below:

- Aluminum sheets processed from ingots of U.S. orgin and returned to the U.S. to be cut to size and shape.
- Lead ingots produced from lead scrap of U.S. origin and returned for further processing.
- Metal screws made abroad from domestic wire and returned for plating.
- Tungsten carbide powder sent abroad for sintering and returned for further processing.
- Electronic circuits printed on silicon wafers exported for splitting and returned.

OFFICE OF THE U.S. TRADE REPRESENTATIVE

Tariff Item 807.00

Tariff item 807.00 applies to U.S. fabricated components that:

a. were exported in condition ready for assembly without further processing.

b. have not lost their physical identity in such articles by change in form, shape or otherwise.

c. have not been advanced in value or improved in condition abroad except by being assembled and except by operations incidental to the assembly process such as cleaning, lubricating and painting.

The duty levied is equal to "the full value of the imported article less the cost or value of such products of the United States". Operations which qualify as assembly include:

- Assembly of cut parts of wearing apparel by sewing, hemming or stitching.
- Installation of U.S. products on articles of foreign manufacture such as U.S. engines and equipment on foreign made commercial aircraft.
- Assembly of baseball and softball covers and their cores by sewing or stitching.
- Assembly of U.S. electrical components by soldering and other operations.

VI. U.S. GOVERNMENT AGENCY PROGRAMS FOR THE CARIBBEAN BASIN

OFFICE OF THE U.S. TRADE REPRESENTATIVE

2. GENERALIZED SYSTEM OF PREFEENCES (GSP)

The U.S. Generalized System of Preferences grants manufactured and semi-manufactured goods, from eligible countries, duty-free access to U.S. markets. To be eligible, a product or country must fulfill the following requirements:

a. The product and the country must appear on the list of eligible beneficiaries. Negotiations for the GSP are on a product-by-product basis. For a country to be eligible, it must be a member of the General Agreement on Trade and Tariffs (GATT) and must have most favored nation (MFN) status.

b. The product must be imported directly into the United States from the beneficiary country without any intermediate processsing or trading.

c. The product must have had 35% of it's appraised value added in the beneficiary country.

d. Importers should request GSP treatment.

e. Imports from the beneficiary country should not exceed $45.8 millin (adjusted annually in relation to the U.S. GNP) and must not exceed 50% of U.S. imports of the product.

Eligible members of regional associations may request and receive cumulative origin treatment under the terms of the GSP. In such situations, articles produced in two or more eligible member countries of an association will be accorded duty-free entry if the countries together accunt for at least 35% (25% under the CBI) of the appraised value of the article. The twelve member countries of the Caribbean Common Market (CARICOM) are treated as one country for GSP purposes.

The following Caribbean Basin countries are eligible fo GSP treatment:

Antigua and Barbuda
Bahamas
Barbdos
Belize
British Virgin Islands
Cayman Islands
Costa Rica
Dominica
Dominican Republic
El Salvador
Grenada
Guatemala
Guyana
Honduras

Jamaica
Montserrat
Netherlands Antilles
Nicaragua
St. Lucia
St. Kitts-Nevis
St. Vincent and the Grenadines
Trinidad and Tobago
Turks and Caicos

3. Textiles and Apparel

International textile trade is governed by the provisions of the GATT arrangement commonly known as the Multi-Fiber Arrangement (MFA). The MFA provides a framework for insuring orderly development of textile and apparel trade while avoiding disruption of importing country markets. For this reason, textile and apparel products are not included in the duty-free provisions of the CBI. The Office of the U.S. Trade Representative, however, intends to allow more favorable access for Caribbean Basin products, on a case-by-case basis within the context of overall Administration textile policy implementing the MFA.

U.S. imports of textile and apparel from Caribbean Basin countries currently represent less than 6% of total imports of those products. The U.S. Government intends to extend more liberal access to Caribbean Basin textile and apparel exports while continuing its overall policy of seeking tighter limits on import growth from its major suppliers. The U.S. Government currently has textile trade agreements with Haiti, Costa Rica and the Dominican Republican and as such, these are the only countries in the Caribbean Basin facing quotas on their exports to the U.S. The exports quotas for these countries are permitted to grow at an annual rate of 7%. By comparison, textile and apparel products coming from Korea, Taiwan and Hong Kong are permitted to grow at a .5% annual rate for the most sensitive product areas and 1.5% for all other product categories.

Exports from Caribbean Basin countries not facing quotas will be permitted to grow unrestrained except in cases where they might acuse disruption of the U.S. market. Disruption is measured in terms of the effect of imports on domestic production, employment and capacity utilization.

4. Bilateral Investment Treaties (BITS)

In late 1981, USTR launched a worldwide program to negotiate bilateral investment treaties (BITS) with developing countries in an effort to improve the investment climate for American business. The most recent model treaty (January 21, 1983), contains the following key elements regarding treatment of American investment:

1. Provisions concerning entry and duration of investment.
2. Treatment for established U.S. investors which is no less favorable than that given domestic investors and other foreign investors.
3. Prompt, adequate and effective compensation in the event of nationalization.
4. Unrestricted repatriation and other transfers of assets.

5. Settlement provisions that provide for international arbitration in the event of disputes.

The BITS program is similar to treaties currently existing between several European governments and developing countries throughout the world. Although the BITS program is independent of the CBI, several Caribbean Basin governments have expressed an interest in the treaties. An agreement has already been signed with the government of Panama and negotiations are currently under way with the governments of Antigua, Costa Rica, El Salvador and Honduras. In addition, USTR is currently holding discussions with the governments of Jamaica, Trinidad and Tobago, Barbados, Belize, Haiti and the Domincan Republic regarding possible BITS treaties.

For more Information:
Office of the U.S. Trade Representative
Executive Office of the President
600 17th Street, N.W.
Washington, D.C. 20506
(202) 395-6971

VI. U.S. GOVERNMENT AGENCY PROGRAMS FOR THE CARIBBEAN BASIN

OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)

The Overseas Private Investment Corporation is a self-sustaining U.S. Government agency which provides a variety of services to encourage private-sector investment in the growing markets of the devloping world, including the Caribbean Basin.

- Feasibility studies -- OPIC will provide funding for up to 75% of the cost of feasibility studies to a maximum of $100,000.

- Direct Investment Fund - OPIC has the authority to loan up to $4 million for promising investments. This fund is set up exclusively for loans to small and medium sized businesses.

- Loan Guaranties - OPIC can guaranty up to $50 million on loans by U.S. financial institutions to U.S. sponsored projects.

- Insurance - OPIC can provide insurance for convertibility of investment and earnings, loss due to expropriation and damage caused by war, revolution or insurrection.

- Letter of Credit Insurance--Many countries require exporters and contractors doing business with them to post bid, performance and advance payment guaranties. OPIC can insure these guaranties against arbitrary drawings.

- Business Education and Training - OPIC can provide funding for up to 75% of the cost of management training and personnel, with a $100,000 limit per project.

- Investment Mission Program - An opportunity to learn about the investment climate and economic and political outlook of developing countries through meetings with host country officials, U.S. ambassador and embassy staff and local business leaders. OPIC has already sponsored investment missions to Jamaica, Haiti, and the Eastern Caribbean.

OPIC is increasing its activities in the Caribbean Basin in both the insurance and other programs. However, for legislative and other reasons, there are gaps in insurance coverage available to Caribbean Basin investment. To expand insurance coverage available to eligible U.S. investors, OPIC is working with private sector insurers to establish informal consortia, where appropriate, on a project-by-project basis.

OPIC currently has agreements with the following Governments in the Caribbean Basin to permit the operation of its insurance and finance programs:

Antigua and Barbuda
Barbados
Belize
Costa Rica
Dominica
Dominican Republic
El Salvador
Grenada
Guatemala

Haiti
Honduras
Jamaica
Netherlands Antilles
Nicaragua
Panama
St. Kitts-Nevis
St. Lucia
St. Vincent and the Grenadines
Trinidad and Tobago

For More Information:

Overseas Private Investment Corporation
1129 20th Street, N.W.
Washington, D.C. 20527
1-800-424-6742