GENERALIZED SYSTEM OF PREFERENCES (GSP)
CARRIBEAN BASIN ECONOMIC RECOVERY ACT (CBERA)
CARRIBEAN BASIN TRADE AND PARTNERSHIP ACT (CBTPA)

BACKGROUND: There are several U.S. programs that facilitate preferential access to U.S. markets for imports from designated countries, including in Latin America and the Caribbean. The largest of these is the U.S. Generalized System of Preferences (GSP), which is a global initiative that provides preferential duty-free entry for more than 4,650 products from approximately 140 designated beneficiary countries and territories. This program was instituted in 1976 and has been renewed several times since.

The Caribbean Basin Economic Recovery Act (CBERA) was enacted in 1984 to promote the economic revitalization of the Caribbean basin.[1] Product eligibility under the CBERA is more extensive than under the GSP, and the rules of origin are less stringent. In effect, CBERA places zero duties on most products imported by the U.S. from the Caribbean and Central America.

The Caribbean Basin Trade and Partnership Act (CBTPA) was enacted in 2000 and is intended to address the concerns of beneficiary countries of CBERA of the impact of NAFTA on their economies, especially in the textile and apparel sectors. The CBTPA extends NAFTA-equivalent treatment to a number of products previously excluded under the CBERA. Its most significant feature is duty free access for textile and garment products manufactured with U.S. components.

Countries (and products) must satisfy certain criteria to be eligible for benefits under the three programs, including affording internationally recognized worker rights, and may be removed from beneficiary status for failure to meet these benchmarks.[2]

RECENT DEVELOPMENTS: Submissions to remove countries from beneficiary status are usually initiated by labor or non-governmental organizations (NGOs), though they may be self-initiated by the USTR. An interagency group, operating under the USTR's Trade Policy Staff Committee (TPSC), in which the DOL participates, reviews submissions. The TPSC makes recommendations on extending or suspending beneficiary status to the USTR, who in turn makes recommendations to the President. In the Western Hemisphere, recent complaints have been filed against El Salvador, Honduras, Nicaragua, Paraguay and Peru. All were rejected, except for Peru, where a decision to review the case was deferred. In the case of Guatemala, the USTR self-

[1] For the purposes of the legislation, the Caribbean basin includes, besides the island nations of the Caribbean, the Central American countries as well, namely: Guatemala, Nicaragua, Honduras, El Salvador, Belize, Costa Rica, and Panama.

[2] The three laws differ slightly, but, in essence, require that beneficiary countries take steps to afford, or effectively provide for, the right of association; the right to organize and bargain collectively; prohibition in the use of any form of forced or compulsory labor; a minimum age for the employment of children; and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

initiated a review of that country's beneficiary status under all three trade laws, due to continued and egregious violations of labor rights, including murder and other acts of violence committed against trade union officers and members, as well the failure to effectively enforce labor laws that protect rights of association and collective bargaining.[3] Following intensive negotiations, that resulted in the enactment of significant labor law reforms and the initiation of measures to address the violence issue, the review was suspended on May 31 of this year, and Guatemala retains full eligibility for preferences constituting, for the moment at least, a significant U.S. policy success in the trade and labor arena in the region. USTR will continue to monitor developments, however.

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[3] The AFL-CIO had previously filed a number of petitions against Guatemala. In the earlier reviews, the TPSC accepted Guatemalan assertions that the government was taking steps to address the problems raised. However, the failure to deliver on earlier promises and commitments eroded the credibility of the Guatemalan authorities, resulting in the self-initiation.