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BARRIERS TO LATIN AMERICAN AND CARIBBEAN EXPORTS IN THE U.S. MARKET 2000-2001

I. INTRODUCTION

Barriers to Latin American and the Caribbean Exports in the U.S. market, 2000-2001 is the seventh annual report released by the ECLAC Washington Office, updating information contained in previous reports. Its aim is to compile and make available information on trade inhibiting measures that Latin American and Caribbean exports encounter in the United States.

The report needs to be placed in the context of a trade relationship between the United States and Latin America and the Caribbean, which has grown strongly over the years to the benefit of both economies. Moreover, it must be viewed against the background of the commitment to achieve the Free Trade Area of the Americas (FTAA), through which barriers to trade and investment will be progressively eliminated. In this regard, it is hoped that this report will further contribute to transparency and the elimination of obstacles to the free flow of trade in the Americas.

The classification of trade inhibiting measures follows the definition used in the U.S. Trade Representative's yearly publication National Trade Estimate Report on Foreign Trade Barriers. Based on this classification, the report focuses on the three areas of greatest relevance for Latin America and the Caribbean:

- Imports Policies (e.g., tariffs and other import charges, quantitative restrictions, import licensing, customs barriers).

- Standards, testing, labeling and certification (e.g., unnecessarily restrictive application of phytosanitary standards).

- Export subsidies (e.g., export financing on preferential terms and agricultural export subsidies that displace other foreign exports in third country markets).

II. IMPORT POLICIES

1. Tariffs

As it is well known, U.S tariffs do not constitute a major barrier to Latin American countries' (LAC) exports. In 2000, 74.7% of all U.S. imports from the LAC region entered duty free[1], down slightly from the 1999 level of 76.5%. The trade-weighted tariff for all U.S. imports has gone down from 1.81% in 1999, to 1.64 % in 2000. Furthermore, the collected duties on exports from Latin America and the Caribbean to the U.S. have been reduced to about 0.87 % of the total value in 2000 (Table 1).

While the Ad Valorem Equivalent (AVE)[2] total for U.S. imports from the LAC region in 2000 was 0.87%, U.S. imports from the world paid an average duty rate of 1.64%. Within the region, countries from the Central American Common Market (CACM) paid an AVE total of 5.72%. Exports from MERCOSUR paid 2.08%, CARICOM 0.83 % and the Andean Community 0.67%. Overall, the North American Free Trade Agreement (NAFTA), which includes Canada and Mexico, has the lowest duty rate of 0.11%.

In 2000, 65% of all U.S. imports from Central America entered the market duty free, but the AVE on dutiable goods[3] from the CACM countries was 16.19%, the highest among all Latin American regions. The countries with the highest Ad Valorem duty rates, each above 16%, are El Salvador, Guatemala, Honduras and Nicaragua, mostly due to textile and apparel imports.

Over 60% of all imports from South America entered duty free to the U.S. in 2000, and over 73% from the Caribbean. U.S. duty free imports from Venezuela only amounted to 39%, in part due to the high volume of petroleum exports from this country that did not enter duty free. The share for the other Andean countries is considerably higher.

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[1] The share of duty free imports is calculated by the (Total value - Dutiable value) / Total value.

[2] The Ad Valorem Equivalent is the average duty rate, expressed as the percentage of duties collected over the total value of all imports entering the U.S.

[3] The AVE dutiable is the average duty rate, expressed as a percentage of duties collected over the amount of the dutiable value of imports.

Ad Valorem Duty Rates for U.S. Imports 2000

(Thousands of dollars, Customs Value)

	Total Value	Dutiable Value	Duties Collected	% Duty Free	A. V. E Dutiable	A. V. E Total
World	1,205,339,019	407,734,091	19,753,669	66.17%	4.84%	1.64%
Western Hemisphere	435,147,111	60,031,328	1,881,408	86.20%	3.13%	0.43%
NAFTA	**363,794,331**	**27,907,387**	**395,350**	**92.33%**	**1.42%**	**0.11%**
Canada	229,059,929	6,482,606	81,502	97.17%	1.26%	0.04%
México	134,734,402	21,424,781	313,848	84.10%	1.46%	0.23%
LAC (including Mexico)	**206,087,180**	**52,231,042**	**1,799,904**	**74.66%**	**3.45%**	**0.87%**
Andean Pact	**28,545,756**	**15,152,631**	**192,508**	**46.92%**	**1.27%**	**0.67%**
Bolivia	184,250	33,578	3,546	81.78%	10.56%	1.92%
Colombia	6,680,611	2,645,002	60,297	60.41%	2.28%	0.90%
Ecuador	2,266,975	1,259,662	6,380	44.43%	0.51%	0.28%
Peru	1,985,389	578,919	72,144	70.84%	12.46%	3.63%
Venezuela	17,428,531	10,635,470	50,140	38.98%	0.47%	0.29%
MERCOSUR	**17,177,475**	**6,487,317**	**357,801**	**62.23%**	**5.52%**	**2.08%**
Argentina	3,094,608	1,928,299	55,549	37.69%	2.88%	1.80%
Brazil	13,731,571	4,481,580	296,184	67.36%	6.61%	2.16%
Paraguay	42,055	1,995	105	95.26%	5.26%	0.25%
Uruguay	309,241	75,443	5,963	75.60%	7.90%	1.93%
Chile	3,257,520	1,128,829	20,052	65.35%	1.78%	0.62%
CACM	**11,771,512**	**4,157,401**	**673,146**	**64.68%**	**16.19%**	**5.72%**
Costa Rica	3,555,153	429,119	46,374	87.93%	10.81%	1.30%
El Salvador	1,925,054	866,234	146,806	55%	16.95%	7.63%
Guatemala	2,603,452	1,450,451	237,658	44.29%	16.39%	9.13%
Honduras	3,090,922	1,117,259	192,389	63.85%	17.22%	6.22%
Nicaragua	596,931	294,338	49,919	50.69%	16.96%	8.36%
CARICOM	**3,875,613**	**1,062,754**	**32,178**	**72.58%**	**3.03%**	**0.83%**
Antigua & Barbuda	2,286	231	8	89.90%	3.46%	0.35%
Bahamas	272,794	60,406	367	77.86%	0.61%	0.13%
Barbados	38,451	4,341	474	88.71%	10.92%	1.23%
Belice	91,073	13,021	1,310	85.70%	10.06%	1.44%
Dominica	6,938	3,555	62	48.76%	1.74%	0.89%
Grenada	27,072	2,940	8	89.14%	0.27%	0.03%
Guyana	126,700	17,396	551	86.27%	3.17%	0.43%
Haití	296,713	82,289	13,074	72.27%	15.89%	4.41%
Jamaica	631,452	108,182	11,636	82.87%	10.76%	1.84%
St. Kitts	36,808	2,521	117	93.15%	4.64%	0.32%
St. Lucia	22,208	7,452	1,066	66.44%	14.30%	4.80%
St. Vin. & Grenadines	8,800	216	7	97.55%	3.24%	0.08%
Suriname	135,279	872	34	99.36%	3.90%	0.03%
Trinidad & Tobago	2,179,039	759,332	3,464	65.15%	0.46%	0.16%
Other Countries	**4,675,152**	**1,382,606**	**204,215**	**70.43%**	**14.77%**	**4.37%**
Dominican Republic	4,378,235	1,319,946	203,427	69.85%	15.41%	4.65%
Panama	296,917	62,660	788	78.90%	1.26%	0.27%
All other West. Hem (1).	2,049,752	1,434,722	6,158	30.01%	0.43%	0.30%

Source: U.S. Department of Commerce, International Trade Administration.

(1) Anguilla, Aruba, Bermuda, British Virgin Islands, Cayman Is., Falkland Is., French Guyana, Guadeloupe, Martinique, Montserrat, Netherlands Antilles, St Pierre & Miquelon, Turks & Caicos, Cuba.

2. Trade Remedy Legislation

In 2000-2001, two final negative AD/CVD determinations were reached, while five new antidumping (AD) and three countervailing duty cases (CVD) were initiated[4]. Nine Administrative Reviews were announced, as well as a Suspension Agreement with Brazil regarding steel. In addition, under the Sunset Review, the U.S. Department of Commerce (USDOC) and the International Trade Commission (ITC), as of July 2001, revoked 24 AD/CVD cases and issued continuances in 18 others from Latin America and the Caribbean.

Antidumping & Countervailing Duties

Under the antidumping (AD) law, duties are imposed on U.S. imported products when the Department of Commerce determines that the merchandise is being sold at a price that is below that producer's sales in the country of origin (home market), or at a price that is lower than the cost of production. The difference between the price in the foreign market and the price in the U.S.market is called the "dumping" margin.

An antidumping or countervailing duty petition may be filed with both the U.S. Department of Commerce and the International Trade Commission, by domestic industries that believe imports are sold at less than fair value, or are subsidized by a foreign government. The domestic industry may claim that it is being materially injured, that it is in threat of such injury, or that the establishment of a domestic industry is prevented by the above actions.

After an initial review, a preliminary determination is made either rejecting the petition and dropping the case, or agreeing that either dumping or subsidization has occurred and has or will cause harm to the domestic industry. At that point a preliminary duty is established.

For the AD case the duty amount should equal the difference between the good's price in its home market and the price of the import in the United States. For CVD the duty should equal the amount of the subsidy per unit produced. A final review is then issued and final duties are determined in the same manner as above if the preliminary duty is upheld. If the decision dismisses the case, all bonds posted at the U.S. Customs office during the temporary duty period are returned.

A. Positive AD and CVD Determinations

The USDOC started investigations on 7 cases requested by U.S. industry, issued preliminary duty margins and in one case, final duty margins. The ITC also announced two