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Caribbean Region: Issues in U.S. Relations

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Caribbean Region: Issues in U.S. Relations

Summary

With some 34 million people and 16 independent nations sharing an African ethnic heritage, the Caribbean is a diverse region that includes some of the hemisphere's richest and poorest nations. The region consists of 13 island nations, from the Bahamas in the north to Trinidad and Tobago in the south; Belize, which is geographically located in Central America; and the two nations of Guyana and Suriname, located on the north central coast of South America. With the exception of Cuba and Haiti, Caribbean governments have generally respected the human rights of their citizens. Regular elections are the norm, and for the most part have been free and fair. Nevertheless, while many Caribbean nations have long democratic traditions, they are not immune to threats to their political stability, including terrorism. Many nations in the region experienced economic decline in 2001-2002 due to downturns in the tourism and agriculture sectors. The extensive damage resulting from several storms in 2004 caused an economic setback for several Caribbean nations.

U.S. interests in the Caribbean are diverse, and include economic, political, and security concerns. The Bush Administration describes the Caribbean as America's "third border," with events in the region having a direct impact on the homeland security of the United States. According to the Administration, the United States has an interest in bolstering political and economic stability in the region because instability would heighten the region's vulnerability to drug trafficking, financial crimes, and illegal immigration.

The U.S.-Caribbean relationship is characterized by extensive economic linkages, cooperation on counter-narcotics efforts and security, and a sizeable U.S. foreign assistance program. U.S. aid supports a variety of projects to strengthen democracy, promote economic growth and development, alleviate poverty, and combat the AIDS epidemic in the region. Despite close U.S. relations with most Caribbean nations, there has been tension at times on such issues as the lack of widespread Caribbean support for U.S. military operations in Iraq and policy differences regarding Cuba. Caribbean Community (CARICOM) nations also expressed concern about the circumstances regarding the departure of President Jean Bertrand Aristide from Haiti in February 2004. In the aftermath of several devastating storms in 2004 (Hurricanes Charley, Frances and Ivan, and Tropical Storm Jeanne), the United States is providing humanitarian assistance to the afflicted countries, including Haiti, Grenada, Jamaica, and the Bahamas. Congress approved $100 million in emergency supplemental funding for the region in the aftermath of the storms (P.L. 108-324).

This report deals with broader issues in U.S. relations with the Caribbean and does not include an extensive discussion of Haiti and Cuba. U.S. policy toward these Caribbean nations is covered in two CRS products: CRS Report RL32294, *Haiti: Developments and U.S. Policy Since 1991 and Current Congressional Concerns*, and CRS Report RL32730, *Cuba: Issues for the 109th Congress.*

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Most Recent Developments

Suriname will hold national elections on May 25, 2005. Voters will elect members of the 51-seat National Assembly, which in turn will elect a President, with a two-thirds vote of the legislature required. Former military dictator Desi Bouterse is among the candidates running for president in addition to current President Ronald Venetiaan and former President Jules Wijdenbosch. In early March 2005, U.S. officials warned that U.S. relations with Suriname would be affected if the new government was headed by a convicted drug trafficker. Bouterse was tried in absentia in the Netherlands in 1999 and sentenced to 11 years in prison. He is also implicated in the December 1982 killings in Suriname of 15 prominent political, business, labor, and media leaders. No trial date has been set, but Bouterse could face up to 20 years in prison if convicted.

Dominica held general elections on May 5, 2005, with the Dominican Labor Party led by Prime Minister Roosevelt Skerrit winning re-election and capturing 13 of 21 seats in parliament.

Belize experienced unrest and violence beginning in mid-April 2005. A telecommunications union strike left the country without telephone or Internet service for several days. Subsequent demonstrations led to looting and violence in the capital of Belize City, and some acts of sabotage led to cuts in water and electricity services. The unrest was prompted by a labor dispute with workers of the Belize Telecommunications Limited (BTL) who were calling on the government to sell or grant them a stake in the company. In February, the government had seized control of the company from a U.S. investor, Innovative Communications Corporation, which had missed a payment to the government. The OAS approved a resolution on April 27, expressing full support for the government of Belize led by Said Musa and the country's democratic institutions. The Caribbean Community also expressed deep concern over the situation and called for all Belizeans to respect the rule of law.

Background

The Caribbean, encompassing 16 independent nations, is a diverse region of some 34 million people that includes some of the hemisphere's richest and poorest nations (see **Table 1**). The region consists of 13 island nations, from the Bahamas in the north to Trinidad and Tobago in the south; Belize, which is geographically located in Central America; and the two nations of Guyana and Suriname, located on the north central coast of South America. Many countries in the region share a common African ethnic and British colonial heritage, while Cuba and the Dominican Republic were Spanish colonies, Haiti was French, and Suriname was Dutch. The dates of independence of these countries range from Haiti in 1804 to St. Kitts and Nevis in 1983. The largest nations in terms of land area are Guyana and Suriname, while those with the largest populations are Cuba, the Dominican Republic, and Haiti. The island nations of the Eastern Caribbean are among the smallest countries in the world. Politically, all Caribbean nations, with the exception of communist Cuba, have elected democratic governments. Most of the former British colonies have parliamentary forms of government, with the exception of Guyana, the Dominican Republic, Haiti, and Suriname, which are republics headed by presidents.

In terms of regional integration, 14 of the region's independent nations belong to the Caribbean Community (CARICOM), with the exception of the Dominican Republic (which has observer status) and Cuba. CARICOM was formed in 1973 to spur regional economic integration. Some critics argue that it has been slow to promote integration, compared to other regional economic groupings, but progress has been made in moving toward a single economic market and in establishing a Caribbean Court of Justice. In addition to CARICOM, six Eastern Caribbean nations are members of the Organization of Eastern Caribbean States (OECS), the subregional organization designed to stimulate economic integration and foreign policy harmonization. The six OECS nations also share a common currency, the Eastern Caribbean dollar, with monetary policy managed by the Eastern Caribbean Central Bank. The Caribbean Development Bank (CDB), headquartered in Barbados, promotes economic development and regional integration.

With the exception of Cuba and Haiti, Caribbean governments generally respect the human rights of their citizens. Regular elections are the norm, and for the most part have been free and fair. In 2004, Antigua and Barbuda held free and fair elections in March (this contrasted to the 1999 elections in Antigua and Barbuda that were tainted by irregularities involving inflated voting rolls); the Dominican Republic held presidential elections in May; and St. Kitts and Nevis held general elections in late October. This year, Dominica held elections on May 5, and Suriname will hold elections on May 25. Haiti is expected to hold elections in 2005, although that goal could prove illusive amid continued political violence.

Although many Caribbean nations have maintained long democratic traditions, they are not immune from terrorist and other threats to their political stability. In 1993, stability on St. Kitts was threatened following violent protests after disputed elections; order was restored with the assistance of security forces from neighboring states. In 1990, the government of Trinidad and Tobago was endangered by a coup attempt by a radical Muslim sect. Earlier in the 1980s, the government of Eugenia Charles in Dominica was threatened by a bizarre coup plot involving foreign mercenaries. And of course, Grenada, under the socialist-oriented government of Maurice Bishop, experienced a break from the democratic norm after it assumed power in a nearly bloodless coup in 1979 and installed a people's revolutionary government. After the violent overthrow and murder of Bishop in 1983, the United States intervened to restore order and end the Cuban presence on the island.

Many Caribbean nations experienced an economic slump in 2001-2002 due to downturns in the tourism and agriculture sectors. Countries that depend on tourism were hurt by the aftermath of the September 2001 terrorist attacks in the United States and the subsequent U.S. economic recession and sluggish recovery. The banana and sugar sectors in the Eastern Caribbean were damaged by a tropical storm in 2002 and a drought in 2003. Both sectors face uncertain futures in light of the European Union's plan to phase out preferred access from former Caribbean colonies to its market by 2006 for bananas and 2009 for sugar. The Haitian economy has been in decline since 2001, with political stability exacerbating already poor economic conditions. The strongest performing economies in recent years have been those in the Dominican Republic, fueled by the apparel sector, and in Trinidad and Tobago, with substantial energy resources. In 2003, however, the economy of the Dominican Republic experienced a decline in economic growth due to the financial strains caused by the collapse of one of the largest domestic banks.

For 2004, the region's strongest economic performers were Belize, with 7% economic growth, and Trinidad and Tobago, with 6.2% growth, while Antigua and Barbuda, St. Kitts, St. Lucia, and St. Vincent all had growth rates over 5%. Those countries not faring well economically included Haiti, with an estimated 3% decline in gross domestic product (GDP); Grenada, with a GDP decline of 1.4% because of the devastation caused by Hurricane Ivan; and Dominica, also hit by natural disasters, with no economic growth.[1]

Overview of U.S.-Caribbean Relations

U.S. interests in the Caribbean are diverse, and include economic, political, and security concerns. During the Cold War, security concerns tended to eclipse other policy interests. In the aftermath of the Cold War, other U.S. policy interests emerged from the shadow of the East-West conflict in the Caribbean that focused on concerns about the Soviet and Cuban threat. U.S. policy priorities shifted from one emphasizing security concerns to a new focus on strengthened economic relations through trade and investment. Today, in the aftermath of the September 2001 terrorist attacks in the United States, security concerns have re-emerged as a major U.S. interest in the Caribbean. The Administration describes the Caribbean as America's "third border," with events in the region having a direct impact on the homeland security of the United States. According to the Administration, the United States has an interest in bolstering political and economic stability in the region because setbacks in these areas heighten the region's vulnerability to drug trafficking, financial crimes, and illegal immigration.[2]

The United States has close relations with most Caribbean nations, with the exception of Cuba under Fidel Castro. The U.S.-Caribbean relationship is

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[1] U.N. Economic Commission for Latin America and the Caribbean (ECLAC), "Preliminary Overview of the Economies of Latin America and the Caribbean," December 15, 2004.

[2] U.S. Department of State, *Congressional Budget Justification, Foreign Operations, FY2004,* "Third Border Initiative," pp. 496-497.

characterized by extensive economic linkages, cooperation on counter-narcotics efforts and security, and a sizeable U.S. foreign assistance program supporting a variety of projects to strengthen democracy, promote economic growth and development, alleviate poverty, and combat the AIDS epidemic in the region. The region has had preferential treatment of its exports to the U.S. market since the early 1980s, and U.S. efforts are now focused on helping the region prepare for hemispheric free trade.

Despite close U.S. relations with most Caribbean nations, there has been tension at times in the relationship; examples follow.

- Leading up to the war in Iraq, the United States was disappointed with the lack of CARICOM support for U.S. military operations, while Caribbean officials stressed that their opposition to U.S. policy should not be considered hostile, but as a vibrant example of democratic decision-making. In contrast, the Dominican Republic was a member of the "coalition of willing" supporting U.S. action in Iraq, and contributed 300 troops until May 2004.

- In June 2003, U.S. officials were displeased by the reluctance of CARICOM nations to support an Organization of American States resolution criticizing Cuba for its human rights crackdown. While critical of Cuba's human rights situation, Caribbean nations did not think that the Organization of American States (OAS) was the appropriate forum for the issue since Cuba has been suspended from participation in the OAS for many years.

- CARICOM support for the Brazil-led G-21 position at the September World Trade Organization (WTO) ministerial meeting in Cancún also exacerbated tensions in relations with the region. The G-21 group had called for concessions from developed countries in opening up agricultural markets and eliminating agricultural subsidies and was one of the factors in the deadlock at the Cancún ministerial.

- Relations between CARICOM nations and the United States also became strained in the aftermath of the departure of President Jean Bertrand Aristide from power in February 2004. CARICOM nations called for an investigation into the circumstances surrounding Aristide's departure. There has been disagreement within CARICOM over whether the organization should recognize Haiti's interim government, with St. Vincent, St. Lucia, and Guyana remaining opposed to such recognition.

U.S. relations with Haiti were strained under the government of Jean Bertrand Aristide because of concerns over corruption and human rights, but there has been renewed cooperation under the new Haitian government that took office in February 2004. A U.S.-led Multilateral Interim Force was superceded with a United Nations Stabilization Mission in Haiti (MINUSTAH) in June 2004. The mission will continue to provide security for humanitarian aid workers and maintain stability as the country prepares for elections by the end of 2005. Migrant interdiction has been a key component of U.S. policy toward Haitian migrants. (For further background on U.S. policy toward Haiti, see CRS Report RL32294, *Haiti: Developments and U.S. Policy Since 1991 and Current Congressional Concerns*; CRS Report RS21751, *Humanitarian Crisis in Haiti: 2004*; and CRS Report RS21349, *U.S. Immigration Policy on Haitian Migrants*.)

Since the early 1960s, U.S. policy toward Cuba has consisted largely of isolating the island nation through economic sanctions, including a trade embargo. The Bush Administration has essentially continued this policy, although it further tightened economic sanctions, especially on travel. Another component of U.S. policy consists of support measures for the Cuban people, including private humanitarian donations, U.S.-sponsored radio and television broadcasting to Cuba, and U.S. funding to support democracy and human rights. U.S. immigration policy toward Cuban migrants has been described as a "wet foot/dry foot policy," with the U.S. Coast Guard interdicting Cuban migrants at sea and returning them to Cuba, while those Cubans who reach shore are generally allowed to apply for permanent resident status. (For further information on policy toward Cuba, see CRS Report RL32730, *Cuba: Issues for the 109th Congress*; CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances;* and CRS Report RS20468, *Cuban Migration Policy and Issues.*)

Drug Trafficking and Money Laundering Issues

Because of their geographic location, many Caribbean nations are transit countries for cocaine and heroin from South America destined for the U.S. and European markets. In addition, two Caribbean nations — Jamaica and St. Vincent and the Grenadines — are large producers and exporters of marijuana. Of the 16 countries in the Caribbean region, President Bush in September 2004 designated four of them as major drug-producing or drug-transit countries pursuant to annual legislative drug certification requirements: the Bahamas, the Dominican Republic, Haiti, and Jamaica. The President noted that the new interim government of Haiti had taken substantive counter-narcotics actions in the few months that it has been in office, although he expressed concern about the ability of Haitian law enforcement institutions to reorganize and restructure sufficiently to carry out sustained counter-narcotics efforts. In contrast, the President had determined in September 2003 that Haiti had "failed demonstrably" to cooperate in the past 12 months on counternarcotics efforts, but he waived any foreign aid sanctions for Haiti, stating that such assistance was vital to U.S. national interests.

All four designated Caribbean countries are major transit countries for illicit drugs to the U.S. market, and Jamaica is the largest marijuana producer and exporter in the Caribbean. The Bahamas cooperates extensively with the United States on counternarcotics measures, including interdiction efforts through Operation Bahamas and Turks and Caicos (OPBAT), a multinational interdiction effort, and efforts that target Bahamian drug trafficking organizations. The Dominican Republic, a major transit country for both cocaine and heroin, cooperates closely with the United States, although the State Department's March 2005 *International Narcotics Control*

Strategy Report notes that "corruption and weak governmental institutions remained an impediment to controlling the flow of illegal narcotics" through the country. Jamaican cooperation with U.S. law enforcement agencies on counternarcotics efforts is described by the State Department report as excellent in most cases, but areas of U.S. concern include the prosecution of drug traffickers, the amount of drug seizures, and eradication efforts. In Haiti, anti-drug efforts have been hampered over the years by weak institutions, poor economic conditions, and political instability. Under the interim government of President Boniface Alexandre, Haiti arrested and expelled a major drug trafficker and established two new anti-drug law enforcement entities, but continued political instability has impeded the fight against drug trafficking.

Many other Caribbean nations, while not designated major transit countries, are still vulnerable to drug trafficking and associated crimes because of their geographic location. In particular, the State Department's March 2005 report maintains that such crimes have the potential to threaten the stability of the small states of the Eastern Caribbean, and to varying degrees, have damaged civil society in some of these countries. Given the poor outlook for the banana industry in the Caribbean, some observers believe that it will be difficult to contain marijuana production unless there is adequate support to diversify these economies away from banana production.

Efforts to crack down on money laundering also constitute a major component of U.S. anti-drug strategy, and became increasingly important as a counter-terrorist strategy in the aftermath of the September 2001 terrorist attacks in the United States. The State Department's list of major money laundering countries (also categorized as "jurisdictions of primary concern") includes five Caribbean countries — Antigua and Barbuda, the Bahamas, Belize, the Dominican Republic, and Haiti — and one British Caribbean dependency, the Cayman Islands. Being on the list (which includes the United States and many other industrialized countries) signifies that financial institutions in the country engage in transactions involving significant amounts of proceeds from all serious crimes, not just crimes involving drug money. The Department of State maintains that although Antigua and Barbuda has comprehensive legislation to regulate its financial sector, the country remains vulnerable to money laundering because the sector is loosely regulated and because of its Internet gaming industry. The Bahamas has enacted legislation substantial reforms that could make its large financial sector less susceptible to money laundering, but the State Department maintains that it needs to effectively implement these reforms. In Belize, money laundering is believed to occur primarily in the country's growing offshore financial center. Money laundering in both the Dominican Republic and Haiti stem from their roles as major drug transhipment points. In the Dominican Republic, financial institutions engage in transactions with money derived from illegal drug sales in the United States, with courier and wire transfers the primary methods for moving the funds.

Some Caribbean officials and others have complained that pressure to strengthen and enforce anti-money laundering regimes in the region will have a detrimental effect on its offshore financial sectors. They maintain that the anti-money laundering measures required have been indiscriminate and constitute an attack on legitimate business conducted in the small financial sectors of the region. In particular, after the U.S. congressional passage of new anti-money laundering provisions in the USA PATRIOT Act (P.L. 107-56, Title III), approved in the aftermath of the September 11 terrorist attacks, some feared that the stricter scrutiny of transactions between U.S. and Caribbean financial institutions would threaten the offshore financial industry in the Caribbean.[3] The act's anti-money laundering provisions include a prohibition on U.S. correspondent accounts with shell banks (banks that have no physical presence in the chartering country) and tighter bank record keeping requirements. Since the anti-money laundering provisions require the Treasury Department to issue new regulations, which takes a significant amount of time, the full impact of the provisions will become known over time.[4] For example, although the legislation was enacted in October 2001, the final rule on prohibitions on U.S. correspondent accounts with shell banks did not become effective until October 28, 2002.[5] Rules for many other anti-money laundering provisions have yet to be finalized.[6]

Although there has been a decline in the number of offshore banks and the number of newly registered international business companies in the Caribbean[7] and there are reports that business confidence in the offshore sector has fallen, the decline is likely attributable to the broad array of multilateral anti-money laundering efforts that have been going on for several years, and which only most recently includes new anti- money laundering provisions under the USA PATRIOT Act. Most significantly, the Financial Action Task Force on Money Laundering (FATF), an inter-governmental body with the objective of combating money laundering and terrorist financing, has published a list of non-cooperative countries and territories in the fight against money laundering since 2000. There also has been increasing collaboration between the FATF and the International Monetary Fund, which has been involved in conducting assessments of the adherence of offshore financial centers to international standards, including recommendations of the FATF.

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[3] For example, see "Barbados — Weighed Down by Money Laundering Controls — Bankers and Government Officials Are Worried that Hasty Decisions in the War Against Money Laundering Could Threaten the Financial Services Industry in Small Jurisdictions Like Barbados," *The Banker*, July 1, 2003; "U.S. Lawmaker: Antiterror Laws May Hurt Offshore Banking," *Dow Jones International News*, January 5, 2003.

[4] CRS Report RL31208, *International Money Laundering Abatement and Anti-Terrorist Financing Act of 2002*, Title III of P.L. 107-56 (USA PATRIOT Act), by M. Maureen Murphy. For additional information on the USA PATRIOT Act's money laundering provisions, see CRS Report RS21032, *Money Laundering: Current Law and Proposals*, by M. Maureen Murphy, and CRS Report RS21547, *Financial Institution Customer Identification Programs Mandated by the USA PATRIOT Act*, by M. Maureen Murphy.

[5] *Federal Register*, Vol. 67, No. 187, September 26, 2002, pp. 60562-60579.

[6] The website of the Treasury Department's Financial Crimes Enforcement Network contains the various proposed and final rules of the PATRIOT Act: [http://www.fincen.gov/reg_bsaregulations.html].

[7] U.S. Department of State, *International Narcotics Control Strategy Report*, Volume II: Money Laundering and Financial Crimes, March 2003; Ian James, "New Scrutiny on Caribbean Offshore Business, But Critics Warn that Crimes Continue," *Associated Press Newswires*, February 14, 2003.

The FATF evaluative process has been a major factor in Caribbean countries improving their anti-money laundering regimes. There were four Caribbean nations and one dependent territory on the first FATF non-cooperative list issued in 2000: the Bahamas, the Cayman Islands, Dominica, St. Kitts and Nevis, and St. Vincent and the Grenadines. Grenada was added to the list in September 2001. Subsequent actions by all these nations to improve their anti-money laundering regimes resulted in all of them being removed from the list by June 2003. The Bahamas and the Cayman Islands were removed from the list in June 2001; St. Kitts and Nevis in June 2002; Dominica in October 2002; Grenada in February 2003; and St. Vincent in June 2003. Once a nation is removed from the list, the FATF continues to monitor developments in the country to ensure compliance.

Some observers maintain that the strengthening of anti-money laundering regimes in the Caribbean will have the end result of increasing the attractiveness of the region's offshore financial sectors for legitimate business transactions. According to this view, such efforts as the FATF evaluative process and the newer anti-money laundering measures under the PATRIOT Act will help change the reputation of the Caribbean as being a haven for money launderers and tax evaders.

Trade Issues

The United States has offered a one way duty-free preferential trade arrangement for a wide range of products from Caribbean Basin nations since the early 1980s as an incentive for increased investment and export production in the region. In 1983, Congress enacted the Caribbean Basin Economic Recovery Act (CBERA) (P.L. 98-67), the centerpiece of a broader U.S. foreign policy initiative known as the Caribbean Basin Initiative (CBI) linking Central America and Caribbean nations together under one preferential trade program. The CBERA allowed duty-free importation of many categories of products with certain exceptions. Most apparel and textile goods were ineligible under the CBERA, but in the late 1980s imports of apparel from CBERA countries that were assembled from U.S. components were eligible for reduced duties. These production-sharing arrangements boosted the apparel sectors of several Caribbean Basin countries, including most significantly the Dominican Republic. In 1990, Congress enacted so-called CBI II legislation, the Caribbean Basin Economic Recovery Expansion Act of 1990 (P.L. 101-382, Title II), that enhanced the benefits of CBERA and made its provisions permanent.

Most recently, in 2000, Congress enacted the Caribbean Basin Trade Partnership Act (CBTPA) (P.L. 106-200, Title II), which expanded preferential tariff treatment for Caribbean Basin nations, providing them with NAFTA-like tariff treatment. This includes preferential treatment for qualifying textile and apparel products. The CBTPA benefits are scheduled to expire in September 2008, or upon entry into force of the Free Trade Area of the Americas, whichever comes first. Of the 15 independent Caribbean countries eligible for CBTPA benefits (Cuba is not eligible), only 8 have been designated to participate in the program because they fully meet the eligibility criteria[8] set forth in the CBTPA. Belize, the Dominican Republic, Haiti, and Jamaica were designated in October 2000; Guyana was designated in November 2000; Trinidad and Tobago was designated in February 2001; and Barbados and St. Lucia were designated in June 2001. The remaining Caribbean countries continue to benefit from the CBERA program, with the exception of Cuba, which is not eligible, and Suriname, a former Dutch colony which has never elected to participate in the CBI trade program. (For further information, see CRS Issue Brief IB95050, *Caribbean Basin Interim Trade Program: CBI/NAFTA Parity*.)

Since the United States first implemented a preferential trade program for Caribbean Basin imports in 1984, the overall performance of exports has been mixed (see **Table 2**). The Dominican Republic has been the Caribbean country that has benefitted most from the program, and its apparel sector expanded significantly because of production-sharing arrangements. Overall U.S. imports from the Caribbean (not including Central America) amounted to about $4.7 billion in 1984 and to about $12.2 billion in 2004, an increase of about $7.5 billion. The Dominican Republic accounted for $3.5 billion of the increase. Trinidad and Tobago, an oil and gas exporter, increased its exports destined for the United States, from $1.4 billion in 1984 to about $5.9 billion in 2004. For other Caribbean nations, however, such as Haiti and the Bahamas, overall exports to the United States have declined since the early 1980s. Bahamian exports to the United States fell when the country's oil refinery closed in 1985; the country's economy remains based on tourism and financial services.

U.S. exports to the region rose from $8.9 billion in 2001 to $10.1 billion in 2004 (see **Table 3**). Four Caribbean countries — Dominican Republic, Trinidad and Tobago, Jamaica, and the Bahamas — are the destination for the lion's share of U.S. exports to the region. In 2004, U.S. exports to these four countries accounted for 81% of total U.S. exports to the Caribbean. The United States ran a trade deficit of $2.1 billion with the Caribbean in 2004, largely because of the increase in the value of oil and gas imports from Trinidad and Tobago. For most other Caribbean nations, the United States ran a trade surplus.

Movement Toward Free Trade

All Caribbean nations with the exception of Cuba are participating in the negotiations for a Free Trade Area of the Americas (FTAA).[9] Within CARICOM, while some governments, like Trinidad and Tobago, are enthusiastic about the FTAA, other Caribbean governments, especially the smaller countries of the region, have reservations about the FTAA and its impact on the region. While participating in the FTAA negotiations, Caribbean nations argue for special and differential treatment for small economies, including longer phase-in periods. CARICOM has

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[8] The criteria cover a wide spectrum of issues, including WTO obligations; intellectual property rights; worker rights; child labor; and counter-narcotics, anti-corruption, and transparency efforts.

[9] For background and status of the FTAA negotiations, see CRS Report RS20864, *A Free Trade Areas of the Americas: Status of Negotiations and Major Policy Issues*, by J.F. Hornbeck.

also called for a Regional Integration Fund to be established that would help the smaller economies meet their needs for human resources, technology, and infrastructure.

In the meantime, CARICOM, which often has been criticized for acting too slowly, is trying to prepare itself for the hemispheric integration by moving ahead with its own regional integration. In mid-April 2005, CARICOM members established the Caribbean Court of Justice, headquartered in Port-of-Spain in Trinidad and Tobago, that will serve as region's final court of appeal and replace the Privy Council based in London. The Court will play an important role in the region's economic integration by ruling on trade disputes in the forthcoming CARICOM Single Market and Economy (CSME). Barbados, Jamaica, and Trinidad are leading the way in moving ahead with the implementation of the CSME, and other Caribbean states are expected to become compliant by the end of 2005.

In addition to the FTAA negotiations, the Dominican Republic and the United States completed negotiations for a Free Trade Agreement on March 15, 2004, that was ultimately integrated with the U.S.-Central America Free Trade Agreement (CAFTA). The United States signed the CAFTA with the five Central American countries on May 28, 2004, while on August 5, 2004, all seven countries signed the combined U.S.-Dominican Republic-Central America Free Trade Agreement (DR-CAFTA). The Dominican Republic views an FTA with the United States as a means of ensuring the continuation of U.S. preferential treatment for textiles and apparel and a means to attract U.S. investment.

The next step is for the President to forward Congress draft implementing legislation for the combined DR-CAFTA, but it is up to Congress if and when it will consider such legislation. The agreement has faced political uncertainty in Congress because of divergent U.S. views on relaxing trade rules for sensitive agricultural and textile imports and on labor provisions. The Bush Administration and some Members of Congress had threatened to withdraw their support for including the Dominican Republic in the agreement unless the country repealed a recently enacted tax on beverages containing high fructose corn syrup, a major U.S. product. Ultimately, the Dominican tax was repealed in late December 2004. (For further information, see CRS Report RL31870, *The Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA)*; and CRS Report RL32322, *Central America and the Dominican Republic in the Context of the Free Trade Agreement (DR-CAFTA) with the United States*.)

In the 109th Congress, two identical bills referred to as the Caribbean Basin Trade Enhancement Act of 2005 — H.R. 1213 (Hyde), introduced March 10, 2005, and S. 704 (Martinez), introduced April 5, 2005 — would authorize up to $10 million in FY2006 for the Organization of American States (OAS) to establish a Center for Caribbean Basin Trade and up to $10 million for the OAS to establish a skills-training program for Caribbean Basin countries.

Third Border Initiative and Homeland Security

As first announced by President Bush at the April 2001 Summit of the Americas, the "Third Border Initiative" (TBI) had the goals of deepening cooperation in fighting the spread of HIV/AIDS, responding to natural disasters, and making sure the benefits of globalization are felt in even the smallest economies. The Caribbean was described as an often overlooked "third border," where illegal drug trafficking, migrant smuggling, and financial crime threaten U.S. and regional security interests. The initiative consisted of a package of programs to enhance diplomatic, economic, health, education, and law enforcement cooperation and collaboration. Most significantly, the initiative included increased funding to combat HIV/AIDS in the region.[10]

In the aftermath of the September 2001 terrorist attacks in the United States, the Third Border Initiative expanded to focus on issues affecting U.S. homeland security in the fields of administration of justice and security. Economic Support Funds (ESF) under the TBI have been used to help Caribbean airports modernize their safety and security regulations and oversight, which is viewed an important measure to improve the security of visiting Americans. TBI funds have also been used to support border security such as the strengthening of immigration controls; to help Caribbean economies move toward greater competitiveness; and to support an improvement of environmental management.[11] TBI funding amounted to $3 million in FY2003, almost $5 million in FY2004, and an estimated $8.9 million in FY2005. The FY2006 request for the TBI is $6 million. (See **Tables 4-5** on U.S. assistance to the Caribbean at the end of this report.)

In addition to the TBI, the United States has also provided support to improve port security in the Caribbean region, with the objective of helping ports comply with the more stringent set of maritime regulations embodied in new International Ship and Port Facility Security (ISPS) Code, which went into effect on July 1, 2004. The ISPS is a set of maritime regulations for ships and port facilities with the objective of preventing terrorist incidents. There has been concern among Caribbean nations about the high cost of implementing these security regulations. Some of the larger, richer countries in the Caribbean will be better equipped to afford these extra security costs, while some of the smaller and poorer nations will have difficulty coming into compliance.

The U.S. Coast Guard has responsibility for conducting foreign port security assessments to see whether the ports are in compliance with the ISPS standards. Possible trade sanctions are an option if the port is not in compliance. As of early November 2004, all Caribbean nations had reported that they were in compliance with the more stringent standards of the ISPS Code. However, the U.S. Coast Guard had announced in September that vessels from 13 flag states would be targeted for

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[10] U.S. Department of State, International Information Programs, Washington File, "Fact Sheet: Caribbean Third Border Initiative," April 21, 2001.

[11] U.S. Department of State. Congressional Budget Justification for Foreign Operations. FY2003-FY2006.

increased boardings because these nations' compliance with new security standards has been below average. This includes flag vessels from the two Caribbean nations of Antigua and Barbuda and the Cayman Islands.

The United States is providing some support to help Caribbean nations come into compliance with the ISPS Code. The U.S. Maritime Administration (MARAD) in the Department of Transportation organizes, manages, and implements the Inter-American Port Security Training Program (IAPSTP) for the Organization of American States; some U.S. assistance has supported this effort. MARAD has also conducted hemispheric port security conferences and took the lead in developing a hemispheric port security framework. The State Department's Bureau for International Narcotics and Law Enforcement Affairs funds a port security technical assistance program for Western Hemisphere countries. The U.S. Agency for International Development (USAID) is funding a project specifically for Eastern Caribbean nations to help assess the status of each port's security requirements and its security plans. This project, spearheaded by a partnership known as the Caribbean Basin Maritime Security Alliance, also has private sector funding and could include multilateral development bank funding in the future. It has been lauded as a model for the private and public sectors working together in the area of port security.

Some Members in the 108th Congress wanted to approve legislation calling for additional foreign assistance in order to improve foreign port security worldwide; however, no final action was completed before the end of the session. The Senate approved the Maritime Transportation Security Act, S. 2279 (Hollings), in September 2004, which would have provided for the Administrator of the Maritime Administration, in coordination with the Secretary of State, to identify foreign assistance programs that could facilitate implementation of port security antiterrorism measures in foreign countries. The act also would have called for a report on the security of ports in the Caribbean Basin, including an assessment of the effectiveness of the measures employed to improved security at such ports and an assessment of the resources and program changes needed to maximize security at Caribbean Basin ports.

In the 109th Congress, two bills would provide for foreign assistance programs for Caribbean Basin ports. S. 744 (Nelson, Bill), introduced April 11, 2005, would establish a Caribbean Basin Port Assistance Program. Under the legislative initiative, the Administrator of MARAD in the Department of Transportation, in coordination with the Secretary of State, would identify foreign assistance programs that could facilitate implementation of port security antiterrorism measures at Caribbean Basin ports. The Administrator and the Secretary would establish a program for such assistance in consultation with the Organization of American States. In addition, the Secretary of Homeland Security would be required to submit a report to Congress on status of port security in Caribbean Basin countries. S. 1052 (Stevens), introduced May 17, 2005, as the Transportation Security Improvement Act of 2005, includes a provision (Section 504) that would establish a program to facilitate implementation of port security antiterrorism measures in foreign countries, with particular emphasis on ports in the Caribbean Basin.

U.S. Foreign Assistance

The United States has provided considerable amounts of foreign assistance to the Caribbean since the 1980s, although the annual level of assistance has declined in recent years. In the 1980s, U.S. assistance to the region amounted to about $3.2 billion, with most concentrated in Jamaica, the Dominican Republic, and Haiti. An aid program for the Eastern Caribbean also provided considerable assistance, especially in the aftermath of the 1983 U.S.-led military intervention in Grenada. In the 1990s, U.S. assistance to Caribbean nations declined to about $2 billion, or an annual average of $205 million. Haiti was the largest recipient of assistance during this period, receiving about $1.1 billion in assistance or 54% of the total. Jamaica was the second largest U.S. aid recipient in the 1990s, receiving about $507 million, almost 25% of the total, while the Dominican Republic received about $352 million, about 17% of the total. Eastern Caribbean nations received about $178 million in assistance, almost 9% of the total. The bulk of U.S. assistance was economic assistance, including development aid, economic support funds (ESF), and food aid. Military assistance to the region amounted to less than $60 million during the 1990s.

Since FY2000, U.S. aid to the Caribbean region (including FY2005 aid estimates) has again increased, amounting to about $1.2 billion, because of increased HIV/AIDS assistance to the region (especially to Guyana and Haiti), disaster and reconstruction assistance in the aftermath of several hurricanes and tropical storms in 2004, and increased support for the interim government in Haiti following the departure of President Jean-Bertrand Aristide from power. Haiti accounted for some 47% of assistance to the Caribbean region during this period. As in the 1990s, the bulk of assistance to the region consisted of economic assistance. With regard to hurricane disaster assistance, Congress appropriated $100 million in October 2004 in emergency assistance for Caribbean nations (P.L. 108-324), with $42 million for Grenada, $38 million for Haiti, $18 million for Jamaica, and $2 million for other countries affected by the storms. (See **Tables 4 and 5**.)

The FY2005 omnibus appropriations measure (P.L. 108-447, Division D) earmarked ESF assistance for several countries and programs in the Caribbean, including $9 million for the Third Border Initiative, $9 million for Cuba democracy programs, $3 million for the Dominican Republic, and $40 million for Haiti for judicial reform, police training, and national elections. The measure also earmarked $20 million in Child Survival and Health funds and $25 million in Development Assistance for Haiti.

For FY2006, the Bush Administration requested about $316 million in assistance for the region, with $196 million for Haiti, $28 million for the Dominican Republic, $27 million for Guyana, and $19 million for Jamaica. Assistance to the seven small nations of the Eastern Caribbean (Antigua and Barbuda, Barbados Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines) would be provided through USAID's Caribbean Regional program, which also funds some region-wide projects; for FY2005, the Administration requested almost $10 million for the regional program. The Eastern Caribbean would also receive almost $5 million in military assistance and a Peace Corps program.

The FY2006 request of $6 million for a "Third Border Initiative" (TBI) would fund regional projects for the 14-nation Caribbean Community (CARICOM) plus the Dominican Republic that focus on administration of justice; safety and security for the flow of people, goods, and services in the region; and disaster preparedness. The TBI program would also help support smaller economies move toward greater competitiveness and also support improvement in environmental management. Operation Enduring Friendship, a new military assistance program, would support efforts to increase maritime security in the region. For FY2006, the request would provide assistance to the Dominican Republic and Panama and to a lesser extent the Bahamas and Jamaica to help them improve maritime security.

Looking ahead to future years, several Caribbean nations are potential recipients for Millennium Challenge Account (MCA) assistance, an initiative to target foreign assistance to countries with strong records of performance in the areas of governance, economic policy, and investment in people. While Haiti and Guyana were potentially eligible for MCA funds in FY2004 (because their per capita income was below $1,415) neither country was approved to participate. Guyana could be approved in future years, but Haiti would likely have difficulty meeting the criteria for MCA funding. Beginning in FY2006, four additional Caribbean countries could become eligible for MCA funding, because their per capita income levels are below $3,035: Belize, the Dominican Republic, Jamaica, and Suriname.

An obstacle in the provision of U.S. military assistance to the Caribbean is that several Caribbean nations that are parties to the International Criminal Court (ICC) have not signed agreements to exempt Americans from ICC prosecution, so-called "Article 98 agreements." Pursuant to the American Servicemembers' Protection Act (P.L. 107-206, title II), the Administration terminated military assistance to these nations on July 1, 2003: Antigua and Barbuda, Barbados, Belize, Dominica, St. Vincent and the Grenadines, and Trinidad and Tobago. Subsequently, Antigua and Barbuda signed an Article 98 agreement in September 2003; Belize signed one in December 2003; and Dominica signed one in May 2004. Trinidad and Tobago, which played a leading role in the establishment of the ICC, has strongly resisted signing an agreement, as has Barbados.

AIDS in the Caribbean

The AIDS epidemic in the Caribbean, where infection rates are among the highest outside of sub-Saharan Africa, has already begun to have negative consequences for economic and social development in the region. An estimated 430,000 people in the region are living with HIV. At year end 2003, the Caribbean countries with the highest prevalence or infection rates were Haiti, with a rate or 5.6%; Trinidad and Tobago, with a rate of 3.2%; the Bahamas, with a rate of 3%; Guyana, with a rate of 2.5%; and Belize, with a rate of 2.4%. Four other countries in the region, Suriname, Barbados, the Dominican Republic, and Jamaica, have rates over 1%.[12] In contrast to other parts of Latin America, the mode of transmission in several Caribbean countries has been primarily through heterosexual contact, making the disease difficult to contain, because it affects the general population.

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[12] UNAIDS, "2004 Report on the Global AIDS Epidemic," July 2004, p. 203.

Haiti and the Dominican Republic, with a combined 380,000 adults and children living with HIV/AIDS, account for about 84% of the infected Caribbean population. The U.S. Agency for International Development (USAID) notes that Haiti's poverty, conflict, and unstable governance have contributed to the rapid spread of AIDS; in some urban areas, HIV infection rates are almost 10%. In the Dominican Republic, there are indications that the epidemic could be stabilizing because of prevention efforts.[13]

In Haiti, life expectancy is almost six years lower than it would be without the epidemic, and in the Bahamas and Guyana, the number of deaths among 15-34 year olds is two and one half times higher because of the epidemic.[14] As the epidemic continues, already-strained health systems will be further burdened with new cases of AIDS. As a result of the epidemic, there are some 250,000 AIDS orphans in the Caribbean, with 200,000 of those in Haiti.

Sex tourism is reportedly a factor contributing to rising HIV infection rates in some Caribbean countries. Officials in Trinidad and Tobago have expressed concern about the growth of sex tourism, the so-called "beach bum" phenomenon, and the link to the spread of AIDS.[15] In Jamaica, the resort town of Montego Bay has the highest HIV infection rates in the country.[16] In the Dominican Republic, AIDS activists are concerned about child prostitution in resort areas and the spread of HIV.[17]

According to the World Bank, continued increases in HIV prevalence in the Caribbean will negatively affect economic growth. The epidemic, according to the Bank, will have a negative impact on such economic sectors as agriculture, tourism, lumber production, finance, and trade because of lost productivity of economically active adults with the disease. In particular, the labor market in the region will be dealt a shock because of deaths from AIDS. The Prime Minister of St. Kitts and Nevis, Denzil Douglas, maintains that the epidemic threatens to cripple the labor force just as the region needs to become more competitive in world markets amid the momentum toward hemispheric free trade.[18] Looking ahead, the World Bank warned

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[13] Ibid. p. 37.

[14] UNAIDS, *Latin America and the Caribbean Fact Sheet*, July 2002.

[15] "Sex Tourism Cause of HIV Spread, Says T&T Minister," *The Weekly Gleaner* (Jamaica), February 19, 2003. The commercial sex industry linked to tourism reportedly is well established in the Caribbean, with increasing male prostitution by so-called "beach boys." See "The Caribbean Regional Strategic Framework for HIV/AIDS," Pan Caribbean Partnership on HIV/AIDS and CARICOM, March 2002, p. 7. Also see Annan Boodram, "The Beach Bum Phenomena," *Caribbean Voice*, August 3, 2002, and Julie Bindel, "The Price of a Holiday Fling," *Guardian* (London), July 5, 2003.

[16] "Rising Rate of AIDS in the Caribbean," *All Things Considered, National Public Radio*, July 2, 2003.

[17] "AIDS Activists Worried Over Child Prostitution in Dominican Republic," *Boston Haitian Reporter*, January 31, 2003.

[18] "Caribbean Leaders Call AIDS 'Single Biggest Threat' to Development, Announce Push

(continued...)

in 2001 that "what happened in Africa in less than two decades could now happen in the Caribbean if action is not taken while the epidemic is in the early stages."[19]

The U.S. Agency for International Development (USAID) has been the lead U.S. agency fighting the epidemic abroad since 1986. USAID's funding for HIV/AIDS in Central America and the Caribbean region rose from $11.2 million in FY2000 to $33.8 million in FY2003. In May 2003, Congress approved the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003 (P.L. 108-25), which authorized $3 billion per year for FY2003 through FY2008 to fight the three diseases worldwide. The legislation and the President's Emergency Plan for AIDS Relief (PEPFAR) focus on assisting 12 African countries plus Guyana and Haiti, although the legislation notes that other countries may be designated by the President.

Because of the inclusion of Guyana and Haiti in PEPFAR, funded largely through the new Global HIV/AIDS Initiative (GHAI) account, overall U.S. HIV/AIDS assistance to the region in FY2004 amounted to at least $18 million and will amount to at least $53 million in FY2005 (see **Table 5**). For the FY2006 request, the Administration is requesting $21.4 million in GHAI assistance for Guyana and $47 million for Haiti, bringing the total GHAI request for the region to $68.4 million. These amounts do not include additional HIV/AIDS assistance funded through Development Assistance and ESF accounts for other countries and regional programs in the Caribbean and Central America.

Some Members of Congress wanted to expand the list of Caribbean countries in the 2003 HIV/AIDS legislation. In the 108th Congress, both the House-passed FY2004-FY2005 Foreign Relations Authorization Act, H.R. 1950 (Section 1818), and the Senate Foreign Relations Committee's reported FY2005 Foreign Relations Authorization Act, S. 2144 (Section 2518), had provisions that would have added 14 Caribbean countries to those listed in the May 2003 legislation, but no final action was taken on these measures. In the 109th Congress, S. 600, the Foreign Affairs Authorization Act, FY2006 and FY2007, contains a provision (Section 2516) that would add14 Caribbean countries to the list of focus countries targeted for increased HIV/AIDS assistance.

For further information, see CRS Report RL32001, *AIDS in the Caribbean and Central America*; and CRS Report RS21181, *HIV/AIDS International Programs: Appropriations, FY2003 - FY2006.*

Hurricane Disaster Assistance

Several hurricanes caused devastating damage to nations across the Caribbean in the 2004 hurricane season — Hurricanes Charley, Frances and Ivan, and Tropical Storm Jeanne. Hurricane Charley struck western Cuba in mid-August 2004 causing damage to over 70,000 homes and thousands hectares of crops. Hurricane Frances

[18] (...continued)
for Low-Cost Antiretrovirals", *Kaiser Daily HIV/AIDS Report*, July 8, 2003.

[19] World Bank, *HIV/AIDS in the Caribbean: Issues and Options*, March 2001, p.xii.

struck the Bahamas on September 2, 2004, with maximum sustained winds of 140 miles per hour causing widespread damage throughout the country's islands, but especially affecting the islands of Grand Bahamas (Freeport), New Providence (Nassau), San Salvador, Cat Island, Eleuthera, and Abaco. Two people were killed and hundreds were left homeless.

Hurricane Ivan caused severe damage across the Caribbean before striking the U.S. mainland on September 15, 2004. The hurricane devastated Grenada on September 7, with between 37-48 reported deaths, and some 80-90% of the nation's buildings destroyed. On September 11-12, the hurricane passed over Jamaica causing damage in the western part of the island and in southern coastal towns. Eleven deaths have been confirmed in Jamaica; some 70,000 families were affected; and 8,000 houses were completely destroyed. On September 12, Hurricane Ivan struck the British dependency of the Cayman Islands (located south of Cuba) causing damage to 50% of homes on the island of Grand Cayman. On September 13, 2004, the storm affected western Cuba, damaging houses and crops. Other countries affected to a lesser degree by the hurricane include Barbados, St. Lucia, St. Vincent, Trinidad and Tobago, and Venezuela.

On September 18, 2004, Tropical Storm Jeanne caused devastating mudslides and floods in northern Haiti that killed some 3,000 people, with over 2,800 of those in the city of Gonaives. Some 300,000 people were affected by the flooding. Troops of the United Nations Stabilization Mission in Haiti (MINUSTAH) worked to restore order and set up food distribution sites. Tropical Storm Jeanne also caused flooding and damage in the Dominican Republic, with several people killed.

U.S. Relief Efforts. The United States provided humanitarian assistance to several Caribbean nations in the aftermath of these storms and floods. The U.S. Agency for International Development (USAID) set up a Disaster Assistance Response Team (DART) to respond to the disasters, with team members located in the various islands. Through October 2004, the United States committed or obligated $22.6 million in assistance to Caribbean nations in the aftermath of the storms, with $11.8 million for Haiti, $6 million for Grenada, $4.2 million for Jamaica, almost $445,000 for the Bahamas, and $50,000 each for the Dominican Republic and Cuba. The $22.6 million total includes $9 million in disaster relief provided by USAID's Office of Foreign Disaster Assistance (OFDA); $9.8 million in USAID rehabilitation and reconstruction assistance; and about $3.4 million in emergency food assistance for Haiti. (For information on U.S. disaster assistance, see USAID's website available at [http://hurricane.info.usaid.gov/]; for background on U.S. and international relief efforts during Haiti's February 2004 humanitarian crisis amid the country's political conflict, see CRS Report RS21751, *Humanitarian Crisis in Haiti: 2004*.)

In addition, the 108th Congress appropriated $100 million in emergency assistance for Caribbean nations afflicted by the storms. The White House submitted two supplemental budget requests to Congress — the first on September 27, 2004, and the second on October 5, 2004 — each of which included $50 million in international disaster and famine assistance funds to mitigate the effects of the storms on Caribbean nations. The assistance, according to the request, would provide for the temporary provision of electricity; housing rehabilitation and reconstruction;

agriculture sector reconstruction; water and sanitation systems reconstruction; and the rehabilitation of roads, irrigation, and rural infrastructure, schools, and health facilities. On October 4, 2004, the House approved H.Con.Res. 496 (Lee) by voice vote expressing the sense of Congress in support of the provision of humanitarian assistance to the Caribbean in the aftermath of the storms. Subsequently, on October 6, 2004, the House approved an emergency supplemental appropriations measure, H.R. 5212, that included the $100 million in assistance for the Caribbean. Ultimately, Congress included the $100 million for the Caribbean in the FY2005 Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act (H.R. 4837, P.L. 108-324). The hurricane assistance was included in the conference report (H.Rept. 108-773) to H.R. 4837, which was approved by the House on October 9 and the Senate on October 11, 2004.

The State Department announced on November 10, 2004, that the $100 million appropriated by Congress would be targeted as follows: $42 million for Grenada, $38 million for Haiti, $18 million for Jamaica, and $2 million for other countries affected by the storms, such as the Bahamas.

Some observers and Members of Congress have criticized current U.S. assistance efforts for the Caribbean as too small in light of the devastation caused by the storms. The Congressional Black Caucus has called for $500 million in assistance to Caribbean nations affected by the storms.[20] Former President Jimmy Carter has urged the United States and other international lenders to forgive part of Grenada's foreign debt.

In addition to assistance, some called on the Bush Administration to provide Temporary Protected Status (TPS) or "deferred enforced departure" to nationals of several of the affected countries, especially Haiti.[21] Haiti's interim Prime Minister Gerard LaTortue appealed to the Administration requesting TPS for some 20,000 Haitians in the United States.

Other Donors. Numerous other bilateral, regional, and multilateral donors are making contributions to the Caribbean in the aftermath of the hurricanes. The Caribbean Disaster Emergency Response Agency (CDERA), an inter-governmental agency headquartered in Barbados, helped mobilize and coordinate disaster relief from governmental and non-governmental organizations. The U.N. Office for the Coordination of Humanitarian Affairs (OCHA) dispatched United Nations Disaster Assessment and Coordination (UNDAC) teams to the affected countries. On October 1, 2004, the U.N. issued an emergency appeal for $32 million for Haiti and $27 million for Grenada for food, shelter, water, sanitation, and medicine.[22] The Inter-American Development Bank provided emergency financing to assist the Bahamas,

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[20] Congressional Record, October 4, 2004, p. H7999.

[21] Jacqueline Charles and Alfonso Chardy, "Immigration Advocates: Allow Migrants from Storm Damaged Islands to Stay in the United States," Miami Herald, September 22, 2004; For further background on TPS, see CRS Report RS20844, *Temporary Protected Status: Current Immigration Policy and Issues*, by Ruth Ellen Wasem.

[22] UN Office for the Coordination of Humanitarian Affairs, "United Nations Launches Humanitarian Appeals for Storm-ravaged Haiti, Grenada," October 1, 2004.

Jamaica, Grenada, St. Lucia, and St. Vincent, and it provided emergency grant assistance to Haiti. The Organization of American States also pledged support to mobilize disaster relief aid. The Pan American Health Organization supported relief efforts in nine Caribbean countries affected by the storms. The World Bank announced that it would provide assistance to countries affected by Hurricane Ivan. The International Federation of Red Cross and Crescent Societies (IFRC) issued an appeal for donations.

See ReliefWeb, a project of the U.N.'s OCHA at [http://www.reliefweb.i4nt/w/rwb.nsf], for information on international humanitarian relief being provided to the Caribbean.

Legislative Initiatives in the 109th Congress

General. **H.Con.Res. 60 (Rangel)**, introduced Feb. 14, 2005, would acknowledge African descendants of the transatlantic slave trade in all of the Americas with an emphasis on descendants in Latin America and the Caribbean, recognize the injustices suffered by these African descendants, and recommend that the United States and the international community work to improve the situation of Afro-descendant communities in Latin America and the Caribbean. **H.Con.Res. 71 (Lee)**, introduced Feb. 17, 2005, would express the sense of Congress that there should be established a Caribbean-American Heritage Month. **H.R. 953 (Menendez)**, introduced Feb. 17, 2005, and **S. 682 (Dodd)**, introduced Mar. 17, 2005, would authorize the establishment of a Social Investment and Economic Development Fund for the Americas to proved assistance to reduce poverty and foster increased economic opportunity in Western Hemisphere countries, including in the Caribbean. **H.R. 1130 (Waters)**, introduced Mar. 3, 2005, would provide for the cancellation of debts owed to international financial institutions by eligible poor countries, including the Caribbean nations of Guyana, Haiti, and Jamaica.

Trade. Two identical bills referred to as the Caribbean Basin Trade Enhancement Act of 2005 — **H.R. 1213 (Hyde)**, introduced Mar. 10, 2005, and **S. 704 (Martinez)**, introduced April 5, 2005 — would authorize up to $10 million in FY2006 for the Organization of American States (OAS) to establish a Center for Caribbean Basin Trade and up to $10 million for the OAS to establish a skills-training program for Caribbean Basin countries.

Port Security. **S. 744 (Nelson, Bill)**, introduced April 11, 2005, would establish a Caribbean Basin Port Assistance Program. **S. 1052 (Stevens)**, introduced May 17, 2005, as the Transportation Security Improvement Act of 2005, includes a provision (Section 504) that would establish a program to facilitate implementation of port security antiterrorism measures in foreign countries, with particular emphasis on ports in the Caribbean Basin.

HIV/AIDS. **H.R. 164 (Millender-McDonald)**, introduced Jan. 4, 2005, would amend the Foreign Assistance Act of 1961 to provide for the establishment of pediatric centers in certain developing countries, including Guyana, to provide treatment and care for children with HIV/AIDS. **S. 350 (Lugar)**, introduced Feb.

10, 2005, and **H.R. 1409 (Lee)**, introduced Mar. 17, 2005, would amend the Foreign Assistance Act of 1961 to provide assistance for orphans and other vulnerable children in developing countries, including in the Caribbean. **H.R. 945 (Lee)**, introduced Feb. 17, 2005, would provide assistance to combat infectious diseases in Haiti, including HIV/AIDS, and to establish a comprehensive health infrastructure. **S. 600 (Lugar)**, introduced Mar. 10, 2005, the Foreign Affairs Authorization Act, FY2006 and FY2007, contains a provision (Section 2516) that would add 14 Caribbean countries to the list of focus countries targeted for increased HIV/AIDS assistance. The list already includes Guyana and Haiti.

Cuba. Numerous legislative initiatives have been introduced in the 109th Congress regarding Cuba's human rights situation, U.S. economic sanctions (including the overall embargo, travel restrictions, and restrictions on financing for U.S. agricultural exports to Cuba), and radio and television broadcasting. For further information, see CRS Report RL32730, *Cuba: Issues for the 109th Congress*.

Guyana. **H.Con.Res. 74 (Meeks)**, introduced Feb. 17, 2005, would express the sense of Congress with respect to the urgency of providing adequate assistance to Guyana, devastated by severe flooding. Also see **H.R. 164** in the "HIV/AIDS" section above; and **H.R. 1130** in the "General" section above.

Haiti. Numerous legislative initiatives have been introduced in the 109th Congress regarding Haiti, including on migration, reconstruction assistance, health assistance, and on the establishment of an independent commission examining the U.S. role in the 2004 "coup" in Haiti. For additional information, see CRS Report RL32294, *Haiti: Developments and U.S. Policy Since 1991 and Current Congressional Concerns*.

Montserrat. Two bills — **H.R. 342 (Owens)**, introduced Jan. 25, 2005, and **S. 297 (Schumer)**, introduced Feb. 7, 2005, would provide for adjustment of immigration status for certain aliens granted temporary protected status in the United States because of conditions in Montserrat.

For Additional Reading

CRS Report RL32001, *AIDS in the Caribbean and Central America*, by Mark P. Sullivan.

CRS Issue Brief IB95050, *Caribbean Basin Interim Trade Program: CBI/NAFTA Parity*, by Vladimir Pregelj.

CRS Report RL32322, *Central America and the Dominican Republic in the Context of the Free Trade Agreement (DR-CAFTA) with the United States*, coordinated by K. Larry Storrs.

CRS Report RL32730, *Cuba: Issues for the 109th Congress*, by Mark P. Sullivan

CRS Report RS21718, *Dominican Republic: Political and Economic Conditions and U.S. Relations*, by Clare Ribando.

CRS Report RL31870, *The Dominican Republic-Central America-United States Free Trade Agreement (DR-CAFTA)*, by J.F. Hornbeck.

CRS Report RS21930, *Ethanol Imports and the Caribbean Basin Initiative*, by Brent D. Yacobucci.

CRS Report RL32294, *Haiti: Developments and U.S. Policy Since 1991 and Current Congressional Concerns*, by Maureen Taft-Morales.

CRS Report 98-684, *Latin America and the Caribbean: Fact Sheet on Leaders and Elections*, by Mark Sullivan and Barbara Salazar Torreon.

CRS Report RL32733, *Latin America and the Caribbean: Issues for the 109th Congress*, coordinated by Mark P. Sullivan.

CRS Report RL32487, *U.S. Foreign Assistance to Latin America and the Caribbean*, coordinated by Connie Veillette.

Table 1. Caribbean Countries: Basic Facts

Country	Area (sq. miles)	Population (2003, thousands)	Per Capita Income (U.S. $, 2003 est.)	Head of Government	Last Election
Antigua and Barbuda	170	79	9,160	Baldwin Spencer	Mar. 2004
Bahamas	5,382	317	15,110	Perry Christie	May 2002
Barbados	166	271	9,270	Owen Arthur	May 2003
Belize	8,867	259	3,190	Said Musa	Mar. 2003
Cuba	44,200	11,299	a	Fidel Castro	b
Dominica	290	71	3,360	Roosevelt Skerrit	May 5, 2005
Dominican Republic	18,704	8,700	2,070	Leonel Fernandez	May 2004
Grenada	133	105	3,790	Keith Mitchell	Nov. 27, 2003
Guyana	82,980	769	900	Jagdeo Bharrat	Mar. 2001
Haiti	10,714	8,400	380	Boniface Alexandre[c]	Nov. 2000
Jamaica	4,244	2,600	2,760	Percival James Patterson	Oct. 2002
St. Kitts and Nevis	101	47	6,880	Denzil Douglas	Oct. 2004
St. Lucia	238	161	4,050	Kenny Anthony	Dec. 2001
St. Vincent	130	109	3,300	Ralph Gonsalves	Mar. 2001
Suriname	63,037	438	1,990	Ronald Venetiaan	May 2000
Trinidad and Tobago	1,980	1,313	7,260	Patrick Manning	Oct. 2002

Sources: Area statistics are drawn from the U.S. Department of State Background Notes for each country; population and per capita income statistics are from the World Bank's *World Development Report 2005*.

a. estimated by the World Bank to be between $766 - $3,035.
b. Castro has served as head of government since the 1959 Cuban Revolution. Since that time, there have been no elections for head of government.
c. Alexandre became president February 29, 2004, following the resignation of President Jean Bertrand Aristide.

Table 2. U.S. Imports from Caribbean Countries

(U.S. $ millions)

Country	1984	2001	2002	2003	2004
Antigua & Barbuda	7.898	3.741	3.527	12.767	4.366
Bahamas	1,154.282	313.889	449.697	479.305	637.331
Barbados	252.598	39.546	34.438	43.428	36.872
Belize	42.843	97.401	77.668	101.443	107.103
Dominica	.086	5.268	4.670	5.252	2.883
Dom. Republic	994.427	4,183.435	4,168.881	4,455.230	4,528.420
Grenada	.766	24.117	6.886	7.602	5.101
Guyana	74.417	140.344	115.615	118.690	122.667
Haiti	377.413	263.108	255.007	332.340	370.666
Jamaica	396.949	460.559	396.317	422.749	320.304
St. Kitts & Nevis	23.135	41.096	48.627	44.588	41.701
St. Lucia	7.397	28.911	19.180	12.999	14.347
St. Vincent	2.958	22.493	16.475	4.142	4.130
Suriname*	104.636	142.918	132.722	140.064	140.804
Trinidad & Tobago	1,360.106	2,380.010	2,440.304	4,333.753	5,854.311
Total	4,695.275	8,146.836	8,170.016	10,514.352	12,191.006

Source: 1984 statistics are from U.S. International Trade Commission, *The Impact of the Caribbean Basin Economic Recovery Act, Fifteenth Report*, 1999-2000, September 2001; 2000-2004 trade statistics are from the Department of Commerce, as presented by World Trade Atlas.

* Suriname has not been a beneficiary of the Caribbean Basin Initiative preferential trade program.

Table 3. U.S. Exports to Caribbean Countries

(U.S. $ millions)

Country	**2001**	**2002**	**2003**	**2004**
Antigua & Barbuda	95.526	81.359	127.314	125.270
Bahamas	1,026.342	975.309	1,074.694	1,182.066
Barbados	286.613	267.646	300.095	347.579
Belize	173.167	137.667	198.808	151.675
Dominica	30.690	44.972	34.332	35.890
Dominican Republic	3,757.045	4,250.068	4,205.449	4,342.882
Grenada	59.873	56.406	68.420	69.910
Guyana	141.252	128.208	117.148	135.620
Haiti	550.383	573.185	639.441	663.001
Jamaica	1,405.522	1,420.187	1,469.545	1,431.596
St. Kitts & Nevis	46.338	49.461	58.768	60.417
St. Lucia	86.743	99.499	119.544	103.304
St. Vincent	38.836	40.449	46.216	45.396
Suriname	155.306	124.757	192.655	178.561
Trinidad & Tobago	1,087.143	1,020.211	1,063.297	1,207.194
Total	8,940.779	9,269.384	9,715.726	10,080.361

Source: Trade statistics are from the Department of Commerce, as presented by World Trade Atlas.

Table 4. U.S. Foreign Assistance to the Caribbean, FY2002-FY2006

(U.S. $ millions)

Country	FY2002	FY2003	FY2004	FY2005 (estimate)	FY2006 (request)
Bahamas	1.444	1.336	1.264	1.331	0.840
Belize	1.876	2.046	2.082	2.116	2.085
Cuba	5.000	6.000	21.369	8.928	15.00
Dominican Republic	22.280	28.099	33.968	29.095	28.078
Guyana	5.677	8.407	11.590	18.548	27.215
Haiti	55.925	71.887	132.324	163.596	196.473
Jamaica	19.102	22.337	24.186	23.151	19.364
Suriname	1.140	1.397	1.471	1.504	1.495
Trinidad and Tobago	0.432	0.540	0	0	0.050
Caribbean Regional	3.550	13.008	10.310	107.540	9.655
Eastern Caribbean[a]	15.491	4.255	6.900	4.851	4.978
Third Border	—	3.000	4.976	8.928	6.000
OAS Special Mission in Haiti	—	—	4.971	—	—
Operation Enduring Friendship	—	—	—	—	5.00
Total	131.917	162.312	255.411	369.588	316.233

Source: U.S. Department of State. FY2004-2006 Congressional Budget Justifications for Foreign Operations.

a. The Eastern Caribbean category funds military assistance and Peace Corp programs for seven countries. Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. Development assistance for these nations is funded under U.S. AID's Caribbean Regional program.

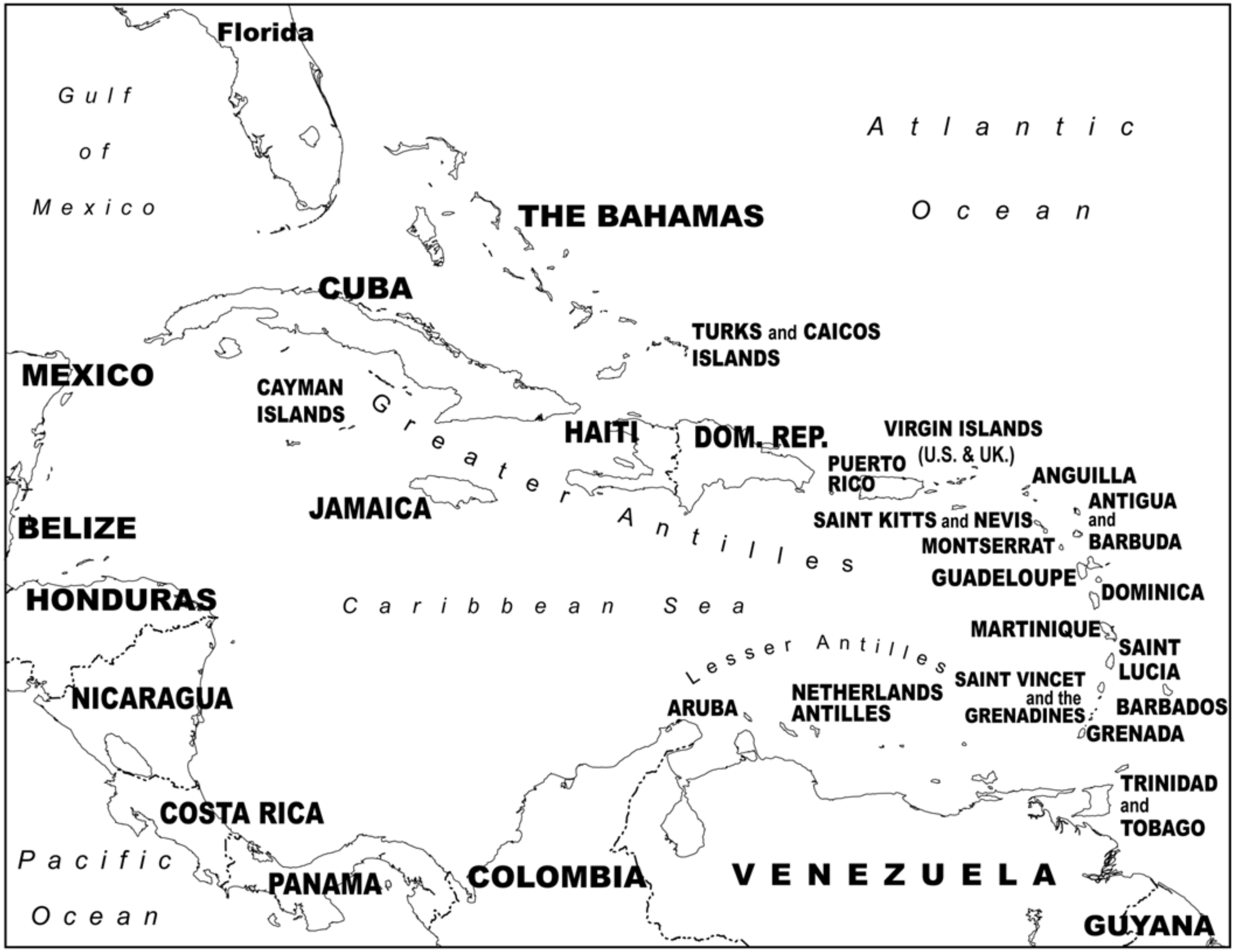
Table 5. U.S. Foreign Assistance to the Caribbean by Program, FY2005 Estimates and FY2006 Requests

(U.S. $ millions)

Country	DA	CSH	GHAI	ESF	PL480	IMET	INCLE	FMF	Other	Total
Bahamas 05 FY2006 Req						.24 .24	.99 .50	.10 .10		1.33 .84
Belize 05 FY2006 Req						.20 .20		.20 .20	1.72 1.69	2.12 2.09
Cuba 05 FY2006 Req				8.93 15.00						8.93 15.00
DR 05 FY2006 Req	7.06 9.08	13.00 10.55		2.98 3.00		1.10 1.10		.99 1.00	3.36 3.35	29.09 28.08
Guyana 05 FY2006 Req	3.46 3.94		13.15 21.36			.30 .30		.10 .10	1.54 1.52	18.55 27.22
Haiti 05 FY2006 Req	25.00	20.00 19.32	39.37 47.00	39.68 50.00	37.70 32.53	.15 .22	 15.00	.30 1.00	1.39 31.41	163.59 196.48
Jamaica 05 FY2006 Req	12.88 10.91	4.56 3.29				.70 .70	1.48 1.00	.60 .60	2.93 2.87	23.15 19.37
Suriname 05 FY2006 Req						.15 .15		.10 .10	1.26 1.25	1.51 1.50
Trinidad & Tobago 05[a] FY2006 Req						 .05				 .05
Third Border 05 FY2006 Req				8.93 6.00						8.93 6.00
Op. Enduring Friendship 05 FY2006 Req								 5.00		 5.00
Carib. Region 05 FY2006 Req	2.81 4.92	4.73 4.73							100.00	107.54 9.65
East. Carib. 05 FY2006 Req						.80 .78		.99 1.25	3.06 2.95	4.85 4.98
Total - 2005	51.81	42.29	52.52	60.52	37.70	3.64	2.47	3.38	115.26	369.59
Total - 2006	28.85	37.89	68.36	74.00	32.53	3.74	16.50	9.35	45.04	316.26

Source: Figures are drawn from Congressional Budget Justification, Foreign Operations, Summary Tables, Fiscal Year 2006 U.S. Department of State. Table prepared by CRS, March 29, 2005. "Other" includes Peace Corps; $100 million for Caribbean Regional assistance was for disaster assistance; and $30 million for Haiti is for Transition Initiatives. Operation Enduring Friendship includes activities in Panama.

Figure 1. Caribbean Region



Source: Map Resources. Adapted by CRS. (K.Yancey 9/7/04)