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Caribbean Exporters Warned About U.S. Trade Legislation On Countervailing Duties

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At the Miami Conference on the Caribbean on Dec. 1, a US Commerce Department official informed a panel that exporters who attempt to take advantage of the Caribbean Basin Initiative (CBI) must take into consideration US trade laws that require additional duties on imports found to be subsidized or "dumped" on the US market. Susan Kuhbach, policy director at the Department's Import Administration Office, said that CBI beneficiary nations were "vulnerable" to such complaints because they frequently employed subsidy and export incentive programs to offset obstacles caused by underdevelopment. Kuhbach pointed out that US laws which protect domestic producers against unfair foreign competition correspond to rules established by the General Agreement on Tariffs and Trade (GATT). More than 90 countries are members of GATT. The Commerce official stated that while the possibility of penalty duties is a real one, only one of over 200 orders imposing penalty duties since 1980 has been applied against a Caribbean country. That case involved wire rods from Trinidad and Tobago. Panelists acknowledged that imports from the Caribbean countries are small compared to those from other regions and nations, and thus could not constitute a threat to any US industry. However, the "accumulation" provision of 1984 trade legislation allows countervailing duties to be imposed against all countries shipping a given subsidized import which together represent a threat to a US industry. This provision was the basis of a proceeding initiated in 1986 against fresh flowers from Costa Rica. Costa Rican fresh flower imports by themselves constituted no threat to the US flower industry. Legislation recently introduced in Congress would exclude CBI beneficiaries from countries subject to inclusion in "accumulation" provisions.

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