Caribbean Basin Initiative (CBI)

The Caribbean Basin Initiative was an independent program in the United States of America that was initiated by The Caribbean Basin Economic Recovery Act of 1983 (CBERA). CBERA provides duty free entry of textile goods and certain non-textile goods into the United States from designated beneficiary countries. However, CBERA was later expanded in 2000 to the U.S-Caribbean Basin Trade Partnership Act of 2000 (CBTPA), which also provides duty free entry of textile and certain non-textile goods into the United States. Collectively, these two acts are known as the Caribbean Basin Initiative which is a vital element in United States economic relations, intended to facilitate the economic development and export diversification with Central America and the Caribbean. It also aims to expand foreign and domestic investment in non-traditional sectors, thus expanding their exports. Central America and the Caribbean will continue to export under the CBI until September 30th, 2020.

There are twenty-four (24) beneficiary countries under the CBI, inclusive of:

- Antigua and Barbuda
- Aruba
- Bahamas
- Barbados
- Belize
- British Virgin Islands
- Costa Rica
- Curacao
- Dominica
- Dominican Republic
- El Salvador
- Grenada
- Guatemala
- Guyana
- Haiti
- Honduras
- Jamaica
- Montserrat
- Netherlands Antilles
- Panama
- St. Kitts and Nevis
- St. Lucia
- St. Vincent and the Grenadines
- Trinidad and Tobago

Products eligible for duty free entry into the United States and Caribbean Basin Companies under the CBI are as follows:

- Electronic and electro- mechanical assembly
- Handicrafts, giftware, and decorative accessories
- Wood products, including furniture and building materials
- Recreational items such as, sporting goods and toys
- Fresh and frozen seafood
- Tropical fruit products and winter vegetables
- Ethnic and specialty foods, such as, sauces, spices, liqueurs, jams and confectionary items
- Ornamental horticulture

- Medical and surgical supplies

Products are deemed eligible for CBI duty-free treatment if the following conditions are met:

- The merchandise must be imported directly from a beneficiary country into the customs territory of the United States.
- The merchandise must have been produced in a beneficiary country. This requirement is satisfied when (a) goods are wholly the growth, product, or manufacture of a beneficiary country or (b) the goods have been substantially transformed into a new and different article of commerce in a beneficiary country, as determined by U.S. Customs.

- At least 35% of the appraised value of the article imported into the United States must consist of the cost or value of materials produced in one or more beneficial countries and/or the direct costs of processing operations performed in one or more beneficiary countries. The Commonwealth of Puerto Rico and the U.S. Virgin Islands are defined as beneficiary countries for purposes of this requirement; therefore, value attributed to Puerto Rico or the Virgin Islands may also be counted.

In addition, the cost or value of materials produced in the customs territory of the United States (other than Puerto Rico) may be counted, but only to a maximum of 15% of the appraised value of the imported article. The cost or value of materials imported into a beneficiary country from a non-beneficiary country may be included in calculating the 35% value-added requirement for an eligible article, if the materials are first substantially transformed into new and different articles of commerce and are then used as constituent materials in the production of the eligible article.