



## **Joint Statement from the Meeting of the Dominican Republic-Central America-United States Free Trade Commission**

San Salvador – February 23, 2011

Anabel González, Minister of Foreign Trade of Costa Rica; Marcelo Puello, Vice Minister of Dominican Republic; Héctor Miguel Antonio Dada Hirezi, Minister of Economy for El Salvador; Raúl Trejo Esquivel, Vice Minister of Integration and Foreign Trade for Guatemala; José Francisco Zelaya, Secretary of State, Offices of Industry and Commerce for Honduras; Orlando Solórzano Delgadillo, Minister of Development, Industry and Commerce for Nicaragua; and Ambassador Miriam E. Sapiro, Deputy Trade Representative for the United States, are pleased to release the following Joint Statement, highlighting the work accomplished at the first meeting of the Dominican Republic-Central America-United States (CAFTA-DR) Free Trade Commission held on February 22-23, 2011, in San Salvador, El Salvador.

### **Increasing Trade and Investment under CAFTA-DR**

On March 1, the CAFTA-DR will complete its 5<sup>th</sup> year since first implementation. It has yielded positive results for all seven trading partners and has contributed to significant increases in trade and investment among our countries. When we signed the CAFTA-DR Agreement in 2004, we committed to promote economic growth and prosperity, expand trade and investment opportunities, and intensify regional integration and competitiveness. Much has been achieved but there is more work to be done, and we stand ready to meet this challenge.

At the CAFTA-DR Free Trade Commission (FTC) meeting today, we celebrated the five year anniversary since El Salvador and the United States implemented the Agreement. Despite the economic challenges faced by the global economy in recent years, total (two way) trade between the United States and the Central American partners and the Dominican Republic grew from \$35 billion in 2005 prior to the implementation of the Agreement to \$48 billion in 2010. Intra-regional trade among the Central American countries and the Dominican Republic increased from \$4.2 billion to over \$6.3 billion over the same period. Foreign investment flows in the region have also been impressive. The average annual investment inflows into the Central American countries and the Dominican Republic in the first four years of the Agreement were \$6.3 billion, or 123 percent higher than the \$2.8 billion annual average during 2000-2005 before implementation.

We have reviewed the trade and economic impact of the Agreement and underscored the importance of ensuring its effective implementation among our countries. We discussed the key role that the CAFTA-DR Agreement plays in facilitating sustainable, broad-based economic growth in our region, and acknowledged that such sustained economic growth depends on making the types of policy and institutional changes contained in the CAFTA-

DR Agreement. The Agreement has been an important catalyst in facilitating our competitiveness in the new global environment.

### **Expanding and Broadening Benefits**

While we recognize the economic benefits of increased trade and investment under CAFTA-DR and the importance to all of our countries of continued commitment to its implementation, we also discussed remaining challenges to enhance effectiveness and new opportunities to further enhance trade in the region.

The CAFTA-DR Agreement is designed to boost long-term growth and reduce poverty, and this goal has been bolstered by trade capacity building assistance from multilateral donors and the United States. The ability for our importers, exporters and producers to take full advantage of new opportunities is critical to the success of the Agreement and the region.

### **Trade Facilitation**

The CAFTA-DR Agreement includes a Committee on Trade Capacity Building in recognition of the importance of such assistance in promoting economic growth, reducing poverty, and taking full advantage of liberalized trade. In the region, such assistance is aimed at expanding the benefits to Small and Medium-sized Enterprises (SMEs), facilitating rural diversification, and improving customs procedures, among other things.

To expand and broaden the benefits of the Agreement and support jobs in our respective countries, we agreed to cooperate on several new initiatives. We endorsed regional trade facilitation initiatives to foster greater regional integration, enhance competitiveness and expand the benefits of the Agreement, with special attention to promoting greater participation by SMEs.

We welcomed the inventory of trade facilitation projects prepared with the support of the Inter-American Development Bank, which will facilitate future discussions and activities. We thanked the Inter-American Development Bank for the valuable support that it has provided thus far as part of this phase, and we requested their continued support as we move forward with the second phase. Therefore, we instructed our senior officials to undertake a process of consultation with stakeholders and self assessments to identify remaining challenges and to share best practices, including policies, programs and practices that countries can adopt to facilitate trade.

We have identified initial cooperative actions in the context of the CAFTA-DR Trade in Goods and Technical Barriers to Trade Committees to be implemented in the short term. We look forward to identifying further cooperative endeavors and to receiving a report on progress at the next Free Trade Commission meeting.

Recognizing the essential role that SMEs play in creating jobs in all of our countries, we discussed ways to help SMEs take advantage of the export opportunities that the Agreement provides. One of the challenges that SMEs face is access to relevant information on the opportunities that the Agreement offers and how to pursue these opportunities. To help

address this, we released a brochure entitled “Frequently Asked Questions About Opportunities for Small Businesses to Export in the CAFTA-DR Region”, a publication designed to answer basic questions for firms that are considering exporting for the first time. This document will be available on each of our websites in both Spanish and English.

El Salvador presented information on its experience in establishing Development Centers for Micro- and Small-Businesses as a potential model for strengthening SMEs. We endorsed sharing country best practices for supporting small businesses which seek to engage in trade. We discussed the establishment of Small Business Development Centers (SBDC) in the region, with the goal of linking to an online trade assistance and information portal for SBDC centers and small businesses in the United States at [www.SBDCglobal.com](http://www.SBDCglobal.com). We instructed our senior officials to further explore these and other activities to foster greater participation of SMEs in CAFTA-DR trade. We have also requested those entities responsible for SMEs in each of our countries to meet to explore regional projects and approaches to advance this initiative.

We also welcomed the support and assistance of the Inter-American Development Bank in developing a CAFTA-DR textile and apparel sourcing directory to enhance communication and sourcing between buyers and manufacturers within the region. This collaborative effort among governments and industry in the region aims to encourage integrated supply chains, and to grow regional textiles trade and assist producers to capitalize on the benefits of the Agreement and increase regional competitiveness.

### **Implementation of the Agreement**

We reaffirmed our obligation and shared goal of effective implementation of the Agreement, which is critical to making our economies more competitive and creating new opportunities for our businesses, farmers, ranchers, workers and consumers. We want to see the CAFTA-DR Agreement succeed in fostering job creation and increasing the economic prosperity of all of our citizens.

We reviewed the reports of the Trade in Goods Committee, the Technical Barriers to Trade Committee, and reports of the informal meetings of the Committee on Agricultural Trade and the Committee on Sanitary and Phytosanitary (SPS) Matters. These committees constitute an essential tool to ensure that stakeholders in all our countries benefit from the opportunities created by the Agreement. We recognized the importance of the Common Guidelines for the interpretation, application, and administration of the chapters on rules of origin and market access and instructed our technical teams to conclude these Common Guidelines for our signature within 30 days.

Recognizing the critical importance of trade in agricultural products and the jobs and workers that are sustained by agriculture in all our countries, we formally established the Committees on Agricultural Trade and SPS Matters as required by the Agreement. These committees will lead the way in promoting cooperation and communication between our countries on the implementation of our obligations so that our respective agricultural sectors can realize fully the opportunities offered by the CAFTA-DR Agreement.

We approved a series of changes to the Agreement's rules-of-origin for textile and apparel goods that will facilitate regional trade and integration. These changes will expand opportunities under the CAFTA-DR Agreement and encourage a vibrant textile and apparel supply chain in the Western Hemisphere that can face effectively the challenge posed by competitors in Asia. We also agreed to increase the cumulation limits to encourage greater integration of regional production through limited reciprocal duty-free access with Mexico and Canada to be used in Central American and Dominican Republic apparel, as called for under the Agreement.

We established four rosters of potential panelists for disputes that may arise under the Agreement concerning general matters, or under the labor or environment chapters, or under the financial services provisions of the Agreement. We also established model rules of procedure for dispute settlement panels and a code of conduct for panelists to guide dispute settlement proceedings under the Agreement.

We welcomed the reports and commend the work of the Labor Council, the Environmental Council and the Trade Capacity Building Committee. We recognize the importance of transparency and maintaining communication with all stakeholders. We will continue to use existing mechanisms for receiving meaningful public comment as part of our commitment to engagement with stakeholders.