

Speech

Organization of American States



**LUIGI R. EINAUDI, ASSISTANT SECRETARY GENERAL OF
THE ORGANIZATION OF AMERICAN STATES
AT THE SIGNING CEREMONY OF THE FREE TRADE
AGREEMENT BETWEEN THE UNITED STATES AND
CENTRAL AMERICA
May 28, 2004 - Washington, DC**

Distinguished Ministers of Trade of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua;
Honorable United States Trade Representative;
Ambassadors of Central America, of the Dominican Republic, of the Americas as a whole, and of the global diplomatic community;
Former President of Costa Rica;
Members of Legislative Bodies in Central America and of the United States Congress;
Distinguished representatives of the business community;
Ladies and gentlemen, friends all

Welcome to the House of the Americas.

It was in this hall that Presidents Jimmy Carter and Omar Torrijos signed the treaties putting the Panama Canal on a modern basis. It was here that President Ronald Reagan first formulated the Caribbean Basin Initiative. And it was here that President Bush announced his administration's desire to explore a Free Trade Agreement with Costa Rica, Honduras, El Salvador, Guatemala and Nicaragua. Today that aspiration is more than fulfilled.

To put into perspective just how historic and groundbreaking is this Free Trade Agreement, recall that in the 1970s and 1980s Central America was one of the last battlegrounds of the Cold War. With critical support from the Inter American Community, Central Americans rejected war and fratricide for peace and development. Adopting a Framework Treaty for Democratic Security in Central America, they focused on improving democratic systems and re-launched regional integration efforts under a new approach. They opened up economies, redefined social policies, and modernized public services, all the while making clear that their relationship with the United States was important to their prosperity and development.

The Bush Administration should be commended for understanding the importance of a new partnership with Central America. When President Bush spoke here in January 2002, he said he was seeking three U.S. objectives: to strengthen economic ties, to reinforce economic, political and social reform; and to take another step toward the Free Trade Area of the Americas.

U.S. and Central American negotiators have created a modern, new generation instrument. CAFTA reduces the uncertainty of unilateral preferences, expands market access, defines clear rules for business, and promotes transparency and rules-based behavior. It also includes full chapters on labor and environmental standards. In short, CAFTA reflects our best efforts to take advantage of globalization to promote growth, create employment, reduce poverty, and improve standards of living while simultaneously reducing its costs.

But CAFTA is not a panacea. It will be a major vehicle for prosperity only if it triggers a sequence of other reforms needed to improve the competitive fundamentals of the market economies of Central America. Each country will need, each in its own sovereign way, to develop effective complementary policies in education, health, employment, fiscal policy, and the rule of law. The modernization and balance among the region's armed forces and the elimination of lingering border and territorial uncertainties will contribute greatly as well.

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The transition periods provided by CAFTA should and can be used wisely. For the first time in a trade agreement, the negotiators incorporated a Committee for Trade Capacity-Building which provides a framework to ensure that trade and aid complement each other in developmentally beneficial ways.

At the OAS we have made our contribution to CAFTA. In a coordinated response led by the Trade Unit, different departments within the OAS have developed capacity building activities in services, investment, intellectual property, government procurement, small and medium enterprises, labor and the environment. Now that CAFTA has taken the important step forward of identifying a cooperative environmental agenda that benefits all parties, the OAS will work with appropriate ministries to support environmental laws and institutions, to foster private sector partnerships, and to respond to capacity-building needs. We are also delighted at the designation of the OAS as the depository of CAFTA and its instruments of ratification.

Our immediate task after today is to work with national legislatures and civil societies to pursue the ratification of CAFTA. In each country, the debates will boost democracy and provide opportunities to cement national consensus about how to pursue the next stages of development.

CAFTA is a proud achievement for both Central America and the United States. But when CAFTA succeeds, as it will, it will prove to be an important building block for hemispheric integration. The benefits associated with the Free Trade Area of the Americas (FTAA) will be above and beyond those associated with bilateral agreements. So today we are taking a critical step towards a more integrated, more prosperous and more democratic Hemisphere.

The OAS looks forward to seeing you all here again when the FTAA is signed.

Thank you.

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