

The Office of the United States Trade Representative

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U.S. & Dominican Republic Conclude Trade Talks Integrating the Dominican Republic into CAFTA

03/15/2004

Tariffs & Trade Barriers Phased Out in Cutting Edge Pact Designed to Promote Economic Growth and Expand U.S. Export Opportunities in Important Regional Market

WASHINGTON - The United States and the Dominican Republic today concluded an historic and comprehensive free trade agreement that opens markets, phases out tariffs, strips away trade barriers and promotes economic growth and opportunity by fully integrating the Dominican Republic into the recently concluded Central American Free Trade Agreement (CAFTA). U.S. Trade Representative Robert B. Zoellick and Dominican Secretary for Commerce and Industry Sonia Guzman made the announcement following a week long round of negotiations that finished over the weekend.

"This is a proud day for the people of the Dominican Republic and the United States: with close ties and \$9 billion in trade already, this Free Trade Agreement will help both countries to grow stronger together," Zoellick said.

"The Dominican Republic is a large regional market, with strong ties to the U.S., and this agreement opens many opportunities for American exporters, farmers, workers, consumers and businesses, and it will promote economic growth, opportunity and prosperity in the Dominican Republic and the region. With the addition of the Dominican Republic, the CAFTA will further streamline regional trade; promote investment; slash tariffs on goods; remove barriers to trade in services; provide advanced intellectual property protections; promote regulatory transparency; strengthen labor and environmental conditions; and, provide an effective system to settle disputes," Zoellick said.

"Today, we are enhancing a cutting edge, modern FTA between the United States and Central America by expanding the circle of friends and neighbors who have agreed to tear down the tariff walls that block trade. Market by market, country by country and region by region, the United States is opening markets, and expanding our export opportunities with modern, comprehensive FTAs," added Zoellick.

The agreement expands the benefits of the CAFTA to all seven countries (the United States, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic.) Combined total goods trade between the U.S. and the original five Central American CAFTA countries is \$23.2 billion. The addition of the Dominican Republic to the CAFTA represents an additional \$8.7 billion, totaling approximately \$32 billion in goods trade.

"Secretary Guzman is a very effective and dedicated negotiator. I want to thank her, our chief U.S. negotiator Regina Vargo, U.S. Agriculture Negotiator, Ambassador Allen Johnson, and their respective teams for their hard work in crafting a truly excellent agreement," said Zoellick.

In addition to today's announcement, in the past three months, United States has completed FTAs with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua (CAFTA), Australia and Morocco.

Zoellick thanked two proponents of the FTA, Congressman Charlie Rangel (D-NY), and Congressman Jerry Weller (R-IL) for their leadership, along with House Ways and Means Committee Chairman Bill Thomas (R-CA) and Senate Finance Committee Chairman Charles Grassley (R-IA). Congressman Weller accompanied Zoellick on his visit to the Dominican Republic in January, when the negotiations were launched.

The Dominican Republic is now part of the CAFTA, a state-of-the-art free trade agreement, which will not only reduce barriers to U.S. trade, but also require important reforms of the domestic legal and business environment that are key to encouraging business development and investment. Such reforms include providing greater transparency for government actions and rule making; strengthening the rule of law; and improving the protection and enforcement of intellectual property rights.

The Dominican Republic is the largest beneficiary of the Caribbean Basin Initiative (CBI), a trade preference program in place since 1984 that provides duty free access to products from qualifying countries in the region. Recognizing the importance of the economic relationship between the Dominican Republic and Haiti, as well as the critical role that CBI has played in both countries' economic development, the Administration will work with the Congress to ensure that this agreement will allow Haiti to continue to receive Caribbean Basin Trade Preference Act (CBTPA) for apparel containing Dominican inputs.

New and pending FTAs constitute America's third largest export market and the sixth largest economy in the world (a group that includes the above countries along with the Jordan, Chile, Singapore FTAs that are in place; and, also the current FTA negotiations with five southern African nations; with Bahrain; and negotiations to begin later this year with Thailand; Panama and four Andean nations).

In August of 2003, President Bush informed the Congress of his intent to integrate the Dominican Republic into the CAFTA.

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