



## **Joint Statement**

### **Third Meeting of the Dominican Republic - Central America - United States Free Trade Agreement (CAFTA-DR) Free Trade Commission**

**March 26, 2015**

**Santo Domingo, Dominican Republic**

**Yahaira Sosa Machado**, Vice Minister of Foreign Trade of the Dominican Republic; **Jhon Fonseca**, Vice Minister of Foreign Trade of Costa Rica; **Luz Estrella Rodríguez**, Vice Minister of Economy of El Salvador; **María Luisa Flores**, Vice Minister for Integration and Foreign Trade of Guatemala; **Melvin Enrique Redondo**, Under Secretary for Economic Integration and Foreign Trade of Honduras; **Jesús Bermúdez Carvajal**, Vice Minister of Development, Industry and Commerce of Nicaragua, and **John M. Melle**, Assistant U.S. Trade Representative for the Western Hemisphere, are pleased to release the following Joint Statement, highlighting the accomplishments of the Third Meeting of the Dominican Republic - Central America - United States Free Trade Agreement (CAFTA-DR) Free Trade Commission, on March 26, 2015 in Santo Domingo, Dominican Republic.

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

Eleven years have passed since the August 2004 signing of the Dominican Republic - Central America - United States Free Trade Agreement (CAFTA-DR), when, our countries committed to promote economic growth, expand trade and investment opportunities and strengthen both regional integration and competitiveness of the parties, yielding positive results for the seven partners of this trading bloc.

We welcome the Third Meeting of the CAFTA-DR Free Trade Commission, in the Dominican Republic.

Despite the economic challenges faced by the world economy in recent years, the intra-regional trade among Central American countries and the Dominican Republic increased from US\$6.3 billion in 2010 to more than US\$8 billion by 2014. Exports from Central America and the Dominican Republic to the United States grew from US\$24.8 billion in 2010 to US\$29.1 billion by 2014. Imports into Central America and the Dominican Republic from the United States increased from US\$22.8 billion to US\$28.8 billion in the same period.

The trade balance between the United States and the other members of the CAFTA-DR has almost leveled out. During 2014, goods exports to the United States exceeded imports by US\$331 million, while in 2013 this difference amounted to US\$3.6 billion. US Foreign Direct Investment in the other CAFTA-DR member countries reached a height of US\$8.6 billion in 2008. Investment gradually decreased until 2012, and recovered by 4 percent in 2013.

Assessing the economic and commercial impact of the Agreement, we highlight the importance of ensuring the effective implementation among countries, recognizing the fundamental role of the CAFTA-DR in facilitating sustainable, broad-based economic growth in the region, which depends on the policies and institutional changes that have been generated by the Agreement, resulting in facilitating competitiveness in the new global environment.

### **Market Access and Commission Decisions**

We approved a series of changes to the CAFTA-DR rules-of-origin, to reflect updates to the 2012 Harmonized Tariff System and to ensure proper implementation of the Agreement, and facilitate use of the CAFTA-DR preferences.

We approved the immediate elimination of Costa Rica's tariffs on certain crude vegetable oils, promoting increased trade and competitiveness. In addition, we reviewed the work of the Ad Hoc technical group established at our last FTC meeting to consider rules-of-origin modifications proposed by stakeholders, and we endorse their recommendation to amend rules applicable to certain products, and express our intention to carry out, as soon as possible, our respective domestic procedures required to implement these changes that will further promote trade and competitiveness within the region.

### **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.

#### *CAFTA-DR Committees and Technical Groups*

The Free Trade Commission welcomed reports on the accomplishments of the Committees and Technical Groups under the CAFTA-DR.

We received reports on the Committee of Agriculture and the Committee on Sanitary and Phytosanitary Measures (SPS). Recognizing the importance to all of our countries of trade and employment in agriculture and we highlighted the essential role of these Committees to ensure stakeholders benefit from the opportunities created by the Agreement. We emphasized the importance of the

effective administration of the tariff rate quotas (TRQs) to provide traders with opportunities to fully utilize the TRQs. We acknowledge the Article 3.17 provision for review of the implementation and operation of the Agreement as it relates to chicken trade during the ninth year after entry into force and agree to undertake consultations with stakeholders and determine any appropriate actions.

Regarding the work of the SPS Committee, we stress the importance of strengthening science based SPS systems, including national inspection procedures based on international standards, and discussion of the US Food Safety Modernization Act (FMSA), for which trade capacity building assistance has been ongoing.

Regarding the work of the Trade Capacity Building Committee, we discussed various project activities executed and underway in areas such as training related to FMSA, agriculture market information systems, trade facilitation, customs modernization, border management, agriculture and SPS (as noted above), and compliance and promotion of environmental standards and regulations under the provisions of Chapter 19. This work will continue to strengthen the trade capacities in the public and private sectors in the region.

We welcome the report on the activities of the Environment Affairs Council and Labor Affairs Council. We emphasized that trade policy can promote environmental management and reaffirmed our commitment to continue working together to improve environmental protection and promotion of sustainable development. We note that after the CAFTA-DR's entry into force, the Ministries of Labor of the countries have made efforts to strengthen labor capacity and monitor the commitments set out in the Report of the Working Group of the Trade and Labor Vice Ministers, called: "*The Labor Dimension in Central America and the Dominican Republic, from progress to strengthen compliance and improved capacity, also known as the White Paper*". We stress the importance of the implementation of Chapter 16 of the CAFTA-DR and the importance of collaboration among countries for the effective implementation of the Agreement.

## **Negotiations and Trade Agreements outside the CAFTA-DR**

### ***WTO Trade Facilitation Agreement***

We recognize the importance of trade facilitation and the entry into force of the Trade Facilitation Agreement (TFA) of the WTO, particularly for the prosperity of the region. The TFA has the potential to fundamentally reform global customs practices, to substantially reduce the costs and time associated with goods crossing borders, and improving the transparency and predictability of trade and doing business. We have identified inefficiencies and obstacles to cross-border trade, that increase the cost of trade in the CAFTA-DR region, and we are committed to addressing them. Highly integrated trade and manufacturing within the CAFTA-DR

region will amplify the benefits of trade facilitation and expand the benefits of trade under the Agreement.

We are conscious of the importance of the TFA and the entry in force of this Agreement as it is of great importance to our economies and the region, in order to improve our competitiveness in the global market.

We announce our intention to notify the WTO of our respective acceptances of the Trade Facilitation Agreement, before the WTO Ministerial Conference in December 2015, within the framework of our domestic regulations. We encourage all countries of the Western Hemisphere to do the same as soon as possible so that the Trade Facilitation Agreement enters into force. With the early acceptance of the Trade Facilitation Agreement, we demonstrate our commitment and leadership on trade facilitation matters.

We also reviewed the negotiations and agreements on Trade in Services, WTO Environmental Goods, Pacific Alliance, Trans-Pacific Partnership, Trans-Atlantic Trade and Investment Partnership and the European Union-Central America Association Agreement. In this regard, countries recognized the changing competitive situation we all face as each of us negotiates new agreements. We discussed the importance of the CAFTA-DR supply chains and regional integration for all of our countries, and the need to strengthen existing supply chains to take advantage of existing benefits, and to advance in trade facilitation to maintain competitiveness.

We committed to continuing to share information about ongoing and future negotiations. We recognize the importance to all our countries of exploring resulting opportunities to work to deepen and expand our supply chains as CAFTA-DR regional and global integration advance. The United States has received communications from governments regarding the Trans-Pacific Partnership and we have agreed to work with all countries on this issue.

### **Expanding and broadening the benefits of the CAFTA-DR**

While we recognize the overall benefits of increased trade and investment under the CAFTA-DR and the importance to all of our countries of continued commitment to its implementation, we also recognize remaining challenges to enhance effectiveness and build new opportunities to 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. We reviewed and endorsed various projects ongoing and future that will support trade facilitation and provide trade capacity building in the region. We emphasized the need for greater regional integration, expanding competitiveness, and increasing benefits of the Agreement. We agreed to support the supply chain systems in the region, including by

reactivating the CAFTA-DR textiles sourcing database to benefit the textile and clothing sector in the CAFTA-DR countries. This will encourage and facilitate textile and apparel industry integration among the Dominican Republic, Central America and the United States, as well as regional cooperation to provide TCB technical assistance to assist stakeholders to strengthen textiles short supply applications to make better use of the CAFTA-DR provision.

Standards Alliance project assistance, based on countries requests, is designed to strengthen the capacities of developing countries, to implement WTO Technical Barriers to Trade commitments. We reviewed the content for a Regional Workshop on Standards and Customs Procedures for Textiles, being planned for Guatemala in June of this year, with the support of the Standards Alliance.

We will cooperate to exchange information and best practices regarding disputes that arise under the Agreement, including in the administration of dispute settlement under Chapter 20 (State-State) and Chapter 10 (Investor-State) to preserve our rights, foster consistency in interpretation and administration of the Agreement. We endorsed trade capacity building to enhance security and facilitate trade by exchanging best practices in intellectual property customs border enforcement and to facilitate trade and create jobs by exchanging information on the protection and enforcement of trademarks.

We agreed to explore in the short term the establishment of the Advisory Committee on Private Commercial Disputes as permitted under Article 20.22.4 of CAFTA-DR, including the scope, function, and membership of such Committee, consistent with Article 20.22.5, recognizing that each Party shall, to the maximum extent possible, encourage and facilitate the use of arbitration and other means of alternative dispute resolution for the settlement of international commercial disputes between private parties in the free trade area.

We are pleased to conclude this meeting highlighting these actions to promote competitiveness and innovation in our territories, with the clear goal of nurturing our economies and regional trade, which will allow us to continue taking advantage of the significant opportunities of the CAFTA-DR.