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DR-CAFTA

Approval would boost FTAA deal

BY JORGE L. ARRIZURIETA

www.floridaftaa.org

On the heels of many successes in 2004 and with the support and encouragement of our partners in the private and public sectors, 2005 is poised to be yet another year of accomplishments for Florida FTAA. Nevertheless, the continued success of FTAA negotiations fundamentally relies on the passage of the U.S.-Dominican Republic-Central America Free Trade Agreement (DR-CAFTA).

The DR-CAFTA was negotiated between the United States, the Dominican Republic, Guatemala, El Salvador, Costa Rica, Honduras and Nicaragua and was signed by all participating nations last summer. The agreement seeks to boost exports, productivity, employment and trade among the member nations by liberalizing their market economies.

After NAFTA's success, DR-CAFTA represents a stepping-stone for the creation of the Free Trade Area of the Americas, an agreement which seeks to liberalize trade among the 34 democracies in the Western Hemisphere.

45 million consumers

For the Dominican Republic and Central American countries, DR-CAFTA represents an invaluable opportunity to become prosperous with more and better tools to fight poverty and increase productivity. The market liberalization of public services and agricultural and manufacturing industries is expected to result in more foreign investment in the region.

Foreign investment will also be spurred by new regulations that grant foreign companies the same rights as domestic ones and more-transparent channels for arbitration and dispute settlement.

At the same time, these nations' exports will be granted greater access to the American market: a market of 280 million people with more purchasing power than any single country's domestic market. With steady long-term growth, these countries will experience increased trade, enjoy the benefits of active and stable economies and find themselves with more resources to fight poverty, illiteracy and hunger.

For the United States, DR-CAFTA represents an invaluable opportunity to enter another multilateral agreement giving U.S. producers and exporters access to a growing market of nearly 45 million consumers, which will be added to the 387 million consumers currently in the NAFTA zone.

As a result of past bilateral trade agreements, 77 percent of the imports to the United States from DR-CAFTA countries already enter the country duty-free. However, passage of DR-CAFTA would immediately eliminate the tariffs on 80 percent of U.S. exports to these countries, thus giving U.S. products a competitive edge compared to global competition.

Furthermore, DR-CAFTA will provide substantial new trade-related economic opportunities for Florida businesses, workers and citizens. Already, the Central American countries and the Dominican Republic together form Florida's largest trading bloc, in total accounting for nearly twice as much trade than with Brazil, Florida's largest trading partner. DR-CAFTA will impact our state tremendously since about 55 percent of the trade between Central America and the United States and 45 percent of U.S-Caribbean trade moves through our airports and seaports.

When all 34 democracies in the Americas sign the Free Trade Area of the Americas agreement, the largest free-trading area in the world will become a reality. With a population of 800 million and a gross national product of more than $14 trillion, the FTAA would represent a unique opportunity for all the countries in the Americas to capitalize on the benefits of free trade on equal terms.

The FTAA will only be possible, however, if Congress ratifies the DR-CAFTA. The pact presents a significant opportunity for Florida's congressional delegation to make a positive contribution to the economic growth of Florida, which stands to benefit tremendously from the passage of this trade plan and even more so by the passage of the FTAA.