



# *CAFTA-DR Facts*

Office of the United States Trade Representative  
CAFTA Policy Brief – July 2007

[www.ustr.gov](http://www.ustr.gov)

## **Building Trade Capacity under the CAFTA-DR**

### **The CAFTA-DR Created a Trade Capacity Building Committee to Coordinate Support**

- In a first for any free trade agreement, the CAFTA-DR created a Committee on Trade Capacity Building (TCB), in recognition of the importance of such assistance in promoting economic growth, reducing poverty, and adjusting to liberalized trade.
- The Committee ensures that TCB activities respond to needs identified by the CAFTA-DR member countries in their “National Trade Capacity Building Strategies.” It strengthens CAFTA-DR partnerships not only with agencies of the United States Government, but also with non-governmental organizations, private sector representatives, and four multilateral institutions: the Inter-American Development Bank (IDB), World Bank, Organization of American States (OAS), and the Economic Commission for Latin America and the Caribbean (ECLAC).
- The Committee concluded its first meeting in February 2007 in Guatemala and is scheduled to meet again in Washington, DC, in October 2007. At the first Committee meeting, the CAFTA-DR partners reviewed progress in implementing TCB programs with representatives of nine U.S. Government agencies and the four multilateral institutions.

### **U.S. Government Agencies Provide Substantial TCB Support to CAFTA-DR Partner Countries**

- The U.S. Government has provided more than \$650 million in trade-related assistance to the CAFTA-DR countries since 2003. Agencies providing support include the U.S. Agency for International Development (USAID); the Departments of Agriculture, State, Commerce, Treasury and Homeland Security; the Overseas Private Investment Corporation; the Trade and Development Agency; and, the Millennium Challenge Corporation.
- One of the newest and largest U.S. Government contributors of TCB support to the CAFTA-DR countries is the Millennium Challenge Corporation (MCC). A large proportion of MCC funding for the CAFTA-DR countries is trade-related. For example, the \$215 million compact with Honduras signed in June 2005 promotes rural development including upgrading trade-supportive infrastructure. Nicaragua’s \$175 million compact, signed in July 2005, is improving highways to link producers in the northwest part of the country with regional markets. In November 2006, the MCC signed a \$461 million compact with El Salvador which will support equitable growth in the country’s northern zone by promoting education, enterprise development and transport infrastructure.

- The Dominican Republic and Guatemala are the two potentially MCC-qualifying countries party to the CAFTA-DR that have not yet met eligibility criteria for a compact. To address their rural development needs, the Administration is supporting an additional \$10 million per year in USAID funding for each country starting in FY 2007 for up to five years total (or until the two countries sign compacts).

## **A Sampling of Projects Highlights the Broad Range of TCB Activities in CAFTA-DR Countries**

### **Facilitating Trade**

- USAID assistance is strengthening the ability of customs officials in the CAFTA-DR countries to implement the free trade agreement by improving customs administration and customs infrastructure. This improvement also will enhance transparency and reduce administrative costs which will further aid U.S. exporters.
- In August 2006, the U.S. Trade and Development Agency (USTDA) committed \$1.2 million to the first phase of projects in its CAFTA-DR Trade Integration Initiative aimed to aid the transportation sector, including grants to the National Port Authority of Honduras to fund technical assistance related to the modernization of port operations and safety management systems at the Port of Cortés, a premier Caribbean port for the country and region as well as to the Nicaraguan Airport Administration to support airport modernization.

### **Sharing the Benefits of Trade with Small Business**

- USAID helps small and medium enterprises (SMEs) in the CAFTA-DR countries benefit from trade with the United States. For example, USAID projects are encouraging financial institutions in the CAFTA-DR countries to introduce micro-finance products that create opportunities for SMEs to obtain credit to start or expand their businesses.
- The Overseas Private Investment Corporation (OPIC) also supports programs which provide commercial credit for micro-enterprises and mortgage financing for lower-income households.

### **Helping Small Farmers**

- USAID and the U.S. Department of Agriculture (USDA) assist small farmers in the CAFTA-DR countries to develop local, regional and international markets for their products. Programs also support the construction of irrigation and other infrastructure to allow these small farmers to participate in the global marketplace.
- For example, in Guatemala and Nicaragua, USAID assistance is raising the quality of coffee produced by farmers' associations. With their additional income, farm families are improving their houses, providing better educational opportunities for their children, and contributing financial support to community projects such as a new preschool in the Nicaraguan community of El Naranjo.

## **Improving Food Safety**

- USDA is working with USAID to provide assistance to the CAFTA-DR member country agricultural officials in several technical areas to help them improve their food safety and pest risk management systems, ensuring that such systems are science-based and do not disrupt agricultural trade.
- USDA sponsors technical training for key regulatory agencies in the CAFTA-DR governments to better understand and meet international obligations related to sanitary and phytosanitary (SPS) regulatory procedures and practices.