

Data Sheet

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| USAID Mission: | Central America Regional Program |
| Program Title: | Regional Trade and Investment |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 596-005 |
| Proposed FY 2004 Obligation: | \$7,616,000 DA |
| Prior Year Unobligated: | \$0 |
| Proposed FY 2005 Obligation: | \$0 |
| Year of Initial Obligation: | FY 2001 |
| Year of Final Obligation: | FY 2004 |

Summary: The Regional Trade and Investment Program for Central America is increasing Central America's competitiveness in global markets by providing technical expertise to: 1) promote more open trade and investment policies; 2) accelerate Central America's process of regional integration; 3) promote more equitable and efficient labor markets; and 4) prepare Central America for free trade negotiations.

Inputs, Outputs, Activities:

FY 2004 Program:

Trade and investment policies (\$1,631,500 DA). USAID will continue to promote more effective participation by the Central American countries in trade negotiations in order to advance the Central America Free Trade Agreement (CAFTA), the Free Trade Area of the Americas (FTAA), and World Trade Organization (WTO) meetings. Technical assistance to the governments of Central America will assist them to: meet WTO and other international trade commitments; monitor and enforce intellectual property rights agreements; and design and enforce a legal framework for competition. These activities are being implemented by the Secretariat for Central American Economic Integration (SIECA) and new technical assistance from Robert Nathan Associates and Booz Allen & Hamilton.

Regional integration (\$3,131,500 DA). USAID will fund technical assistance to: further reduce tariff and non-tariff barriers to trade within Central America; operationalize a regional trade dispute settlement mechanism in SIECA; consolidate and strengthen the regional customs union; harmonize commercial and regional electrical power laws and regulations; and promote integration and harmonization of regional road construction standards. These activities are being implemented by SIECA, PA Consulting (for energy-related assistance), and by new technical assistance from Booz Allen & Hamilton.

Equitable and efficient labor markets (\$721,500 DA). Technical assistance to the Central American Ministries of Labor will increase the Ministries' capabilities to protect workers' rights and prepare them for CAFTA implementation. Technical assistance will also help governments develop harmonized labor skills certification standards, and support technical cooperation between and among the countries of Central America, Mexico, and Panama for best practices in vocational training. These activities are being implemented by SIECA.

Trade negotiations preparation (\$2,131,500 DA). USAID will continue activities such as seminars, conferences, forums, and technical assistance that increase awareness and effective communication between Central American non-governmental organizations, the private sector, and Central American governments about the benefits of free trade negotiations and agreements. This activity is being implemented by SIECA, Carana Corporation, the Organization of American States' Trust for the Americas, and Counterpart International/Humane Society of the United States.

FY 2005 Program:

In FY 2005, activities will be reprogrammed into the new Regional Program Plan (SO 596-022 Economic Freedom: Open, Diversified Expanding Economies) under the Central America and Mexico (CAM) Regional Strategy.

Performance and Results: USAID assistance has directly resulted in harmonization of customs tariffs for 79% of products traded within Central America and elimination of customs tariffs for three (wheat flour, roasted coffee, and ethyl alcohol) of the seven remaining products subject to tariffs in trade within the region. USAID also improved functioning of border customs operations in seven Central American international ports and six integrated customs operations at border crossings between El Salvador, Honduras, and Guatemala.

USAID supported the establishment of a regional trade dispute settlement mechanism in SIECA that will facilitate increased intraregional trade and better transparency in dispute settlement. Establishment of this mechanism brings to fruition a commitment made 40 years ago in the Central American Common Market Treaty.

USAID was instrumental in effectively preparing Central American trade ministers for CAFTA negotiations. USAID provided a total of \$1 million during FY 2003 to the five Central American trade ministries to support public outreach activities to increase public awareness about CAFTA and its benefits. This support helped keep the negotiation process on track and demonstrated clearly to Central American governments the U.S. government commitment to trade capacity building. USAID-funded technical assistance to the Central American Ministers of Labor facilitated negotiation of labor issues in CAFTA, helped harmonize core labor standards, and introduced the concept of private-sector voluntary enforcement of labor standards.

USAID funded the development and approval of two road construction guideline manuals (environmental standards for road construction, maintenance and design, and a study and evaluation of pavement bearing capacity) in FY 2003, which were approved by the Central American Council of Transport Ministers and are now being applied by universities, construction firms and municipalities in Central America.

By the end of activities USAID will have contributed to Central America's economic integration. Central Americans will have applied a better understanding and dialogue about the benefits and costs of free trade to make the region's economies more internationally competitive. CAFTA and FTAA will be in implementation. The staff of Central American labor and trade ministries will be trained in trade and labor issues, such as labor skills certification, labor regulations in CAFTA, customs valuation, and procedures and administration of free trade agreements. The Central American countries will be successfully implementing WTO commitments. The Central American customs union will be functioning well, reducing customs transit time and cost among countries. The region's intellectual property rights laws will be harmonized and enforced. Tariff and non-tariff barriers to intraregional trade will be reduced. The Central American trade dispute resolution mechanism will be fully functional. Regional energy laws and standards will have been developed and implemented, supporting the development of a regional energy market. Regional economic integration will be further enhanced by improved roads made possible in part by harmonized road construction and maintenance standards. Follow-on activities will build on the success of this objective.

US Financing in Thousands of Dollars

Central America Regional Program

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| 596-005 Regional Trade and Investment | DA |
| Through September 30, 2002 | |
| Obligations | 3,400 |
| Expenditures | 1,108 |
| Unliquidated | 2,292 |
| Fiscal Year 2003 | |
| Obligations | 7,300 |
| Expenditures | 2,944 |
| Through September 30, 2003 | |
| Obligations | 10,700 |
| Expenditures | 4,052 |
| Unliquidated | 6,648 |
| Prior Year Unobligated Funds | |
| Obligations | 0 |
| Planned Fiscal Year 2004 NOA | |
| Obligations | 7,616 |
| Total Planned Fiscal Year 2004 | |
| Obligations | 7,616 |
| Proposed Fiscal Year 2005 NOA | |
| Obligations | 0 |
| Future Obligations | 0 |
| Est. Total Cost | 18,316 |