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USTR Announces Agreement on Extension of Time for Costa Rica to Join the CAFTA-DR

WASHINGTON – U.S. Trade Representative Susan C. Schwab made the following statement today on a multi-party agreement that will provide more time for Costa Rica to join the Dominican Republic – Central America – United States Free Trade Agreement (CAFTA-DR):

“I am very pleased to announce that the United States and its five CAFTA-DR partners (the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) have agreed to provide additional time for Costa Rica to complete the steps required to join the CAFTA-DR. We look forward to welcoming Costa Rica as a full member of this important regional free trade agreement in the next few months.

“The people of Costa Rica approved the CAFTA-DR in a national referendum in October 2007. The referendum was a welcome step. Since then Costa Rica has been working hard to adopt the measures required to carry out its obligations under the CAFTA-DR. While it has already made considerable progress, the Costa Rican government needs more time to adopt necessary implementing legislation before the CAFTA-DR can enter into force for Costa Rica. We don’t want Costa Rica to be left behind. Today’s agreement will give Costa Rica until January 1, 2009 to complete its implementing process. It is time for Costa Rica to join its Central American partners and the Dominican Republic in seizing the economic opportunities provided by the CAFTA-DR.

“The Administration is committed to ensuring that our free trade agreement partners take the steps necessary to meet their obligations. We will continue to work closely with the Costa Rican government to ensure it completes the appropriate implementing measures.”

Background:

Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and the United States signed the CAFTA-DR on August 5, 2004. The CAFTA-DR is now in force for all signatories, except Costa Rica. The United States and El Salvador put the CAFTA-DR into force on March 1, 2006. The agreement entered into force for Honduras and Nicaragua on April 1, 2006, for Guatemala on July 1, 2006, and for the Dominican Republic on March 1, 2007.

The CAFTA-DR establishes a two-year period for signatory countries to join the agreement after it first takes effect. A country may join after the two-year deadline, but only if the countries that have already joined agree. The CAFTA-DR first took effect on March 1, 2006. Therefore, the two-year period closed on March 1, 2008. In February, the six current CAFTA-DR countries (the United States, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) agreed to extend this period until October 1, 2008. Today's agreement grants Costa Rica until January 1, 2009 to join the CAFTA-DR.

Trade and commercial opportunities have grown under the CAFTA-DR. The total volume of trade between the United States and its current CAFTA-DR partners increased 16.7 percent in 2007 as compared to 2005, from \$27.9 billion to \$32.6 billion. During January through July 2008, U.S. two-way trade with these countries reached \$21.0 billion, an increase of 14 percent from the corresponding period in 2007.

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