CAFTA-DR Facts

Office of the United States Trade Representative www.ustr.gov
CAFTA Policy Brief – July 2007

THE CAFTA-DR: PROTECTING AMERICAN INVESTORS

The investment chapter of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) supports several key U.S. economic policy objectives, including the protection of U.S. investment overseas, the promotion of market-oriented policies that treat private investment in a non-discriminatory and transparent manner, and the promotion of exports of U.S. goods and services.

Leveling the playing field benefits millions of American investors

A rules-based investment climate is important for promoting economic growth and job creation, and for encouraging savings. Americans and foreigners who invest in the United States have access to a fair, transparent, and rules-based legal system. But the playing field is often not level for the millions of Americans whose savings, jobs, and pay are linked to the foreign investments of U.S. companies. U.S. investors and investments cannot always count on being treated as fairly in foreign markets as foreign investors can count on being treated in the U.S. market. Trade agreements like the CAFTA-DR help level the playing field for Americans and their investments by strengthening the rule of law, basic property rights, anticorruption efforts, and the transparency of government action. And when all else fails, these agreements provide investors with access to fair and independent international arbitration to settle disputes with governments.

FDI benefits developing countries and encourages policy reform

The efforts to attract FDI helps developing countries reduce corruption and improve their legal framework. Foreign direct investment also can help strengthen the business environment in developing countries -- for example, by promoting efficiency gains through the modernization of warehousing, distribution, and inventory management; by stimulating increased use of information technology in supply management; and by spurring other innovations that improve productivity.