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Regional integration came closer to completion on March 10, when the Guatemala-El Salvador border was thrown open to the free flow of people and goods. The event followed an agreement between the two countries on Feb. 26 at a meeting of the Sistema de Integracion Centroamericana (SICA) in Guatemala. The reduction in paperwork and legendary bizarre procedures will translate into a reduction in time wasted for people moving goods across the Ciudad Pedro de Alvarado-La Hachadora border crossing from four hours to about 15 minutes.

Average costs, exclusive of bribes, will shrink from US$60 to about US$9. Noncommercial travelers on foot or in cars will see their time to cross reduced to five minutes. Guatemala is the largest intraregional exporter, having moved US$916.1 million last year. El Salvador is the largest importer, having bought US$864.1 million of its neighbor's goods during the period. The region as a whole exports about US$3 billion intraregionally and imports a nearly equal amount. Guatemala accounts for the largest share of the Central American market with 30.5%, and El Salvador is third with 25.6%. Costa Rica, with 25.9%, is second.

In ceremonies at the border marking the occasion, speeches by both presidents emphasized that this opening was meant as a first step in the construction of a customs union essential to any concept of Central American integration (see NotiCen, 2000-05-11). Honduras and Nicaragua intend to join the union before May 31, according to statements from their presidents. "That would just leave Costa Rica," said Guatemalan President Oscar Berger, "which has also expressed the intention to participate in the customs union, but has asked for more time to adjust its systems for opening customs."

Speaking to the potential for corruption, Berger said the new system should not be taken as a pretext for the regionalization of crime. He said that the fight against international crime would continue unabated and that opening customs should not interfere with that issue. He also said that, in the case of the Guatemala-El Salvador opening, a bilateral commission would be formed to study development projects for border populations on both sides. Berger also tried his hand at making the new system work. He cleared a fully loaded 18-wheeler for crossing in just five minutes. That time can be shortened still. Truckers can make their declarations in advance on the Internet so that all they have to do at the border is show their permits.

Berger, as well as those of the region's other presidents who are betting on the Central America Free Trade Agreement (CAFTA) to lift their countries out of poverty (see NotiCen, 2003-12-11), has a lot riding on the completion of this cornerstone of integration, a move that should have been completed prior to the CAFTA negotiations. "We don't want to see a disunited Central America anymore," he said. "Only by integrating ourselves, as a bloc, are we going to be able to compete given the challenges of an increasingly globalized world. We all must get together, Central America cannot continue to be separated."

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A surfing analogy

Focusing on one of the issues used in the past to keep the isthmus divided, outgoing El Salvador President Francisco Flores said, "Central America cannot continue with the false excuse of not uniting because of sovereignty questions. Sovereignty is not a question of regulations and bureaucracy. If Central America keeps this straightjacket on, it's going to miss the wave of development."

Just a week later, Organizacion de Apoyo al Sector Privado para las Negociaciones Comerciales Internacionales (ODASP) coordinator Rigoberto Monge told the media that, by May 1, three countries would have new integration measures operational, and the other two would follow in succeeding months. Beginning in May, Nicaragua will join Guatemala and El Salvador and will permit the free transit of non-Central American goods that already carry a 0% tariff and of Central American goods subject to free trade. Honduras has committed to implement the transit of Central American goods starting in June but will defer lifting rules on nonregional products. Costa Rica has no target dates for these measures. However, all five countries will begin to apply identical measures and lists of products subject to national controls for health, security, or police purposes. This will be the only regional norm in effect.

All countries except Costa Rica will begin to use a single sanitary and phytosanitary certification. This has been a sore point when the exporting country issues one certificate and the importing country issues another. Now, the exporting country's certificate will suffice in whichever of the four countries the product goes. In all, there will be ten integrating measures implemented. Salvadoran private-sector representatives will do consulting and training on the specifics, so that all concerned will be able to deal with the new procedures when they come into play. The vice ministers of economy of Central America will meet March 31 and April 1 to adopt the enabling resolutions. Customs directors, tax officials, and other technical groups will meet ahead of them, on March 29-30, to prepare the ten-point package for the ministers.

The ten new customs rules will be:

1. Free movement of non-Central American products with harmonized tariff of 0%. Free circulation of Central American goods that already have 0% tariff. Both will become effective in El Salvador, Guatemala, and Nicaragua on May 1. Costa Rica has no target date. Honduras starts in June with regional goods only.

2. Internal tax-collection mechanism. Guatemala, El Salvador, Nicaragua come on line together; Honduras and Costa Rica are still working on it.

3. Harmonization of tariffs. El Salvador and Guatemala will be ready May 1. The rest are working on it.

4. Elimination of 13 remaining trade obstacles. Costa Rica now, Honduras working on it, the rest in May.

5. Harmonization of methods and lists of products subject to national controls. All will comply.

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6. Recognition of sanitary and phytosanitary certificates issued by exporting country. All countries except Costa Rica.

7. Adoption of customs valuations of goods. Nicaragua immediately, Costa Rica working on it, the rest May 1.

8. Penalties on contraband and customs fraud. Costa Rica immediately, the rest May 1.

9. Common customs treatment. All except Costa Rica.

10. Product inspections. All but Honduras begin immediately.

The 13 remaining trade obstacles in item four above refers to complaints the countries have made against each other to the Secretaria de Integracion Economica Centroamericana (SIECA). Most of these are against Honduras. El Salvador has lodged three against Honduras, Costa Rica two, Guatemala one, and Nicaragua one. Costa Rica has three against Nicaragua, one against Guatemala, and one against El Salvador. No one has a bad thing to say against Costa Rica. The charges against Honduras have to do with fines levied against truckers, failure to issue certifications, charges for business visas, payments to customs officials, charges for vehicle entry and exit, and charges for phytosanitary permits. Cleaning up their act In conjunction with the unity movement, Central American customs directors met in Puerto Cortes, Honduras, to facilitate the adoption of a law against contraband and against undervaluation of merchandise. The uniform law will impose large fines for both offenses and will have to be passed separately in each of the legislatures of the region. The customs chiefs also used the meeting to study the Guatemala-El Salvador process in preparation for the entry of the remaining countries. They made some headway on the 13 issues, and Nicaragua agreed with Costa Rica on simplifying procedures along their common border, as did Honduras with El Salvador. They also laid plans for a regional customs committee to administer the forthcoming customs union.

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