

2-26-1993

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### Recommended Citation

Tyroler, Deborah. "New Agreements On Free Trade Among G-3 Countries & Central America." (1993).  
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## **New Agreements On Free Trade Among G-3 Countries & Central America**

*by Deborah Tyroler*

*Category/Department: General*

*Published: Friday, February 26, 1993*

On Feb. 12, the presidents of Mexico, Venezuela, and Colombia known as the Group of Three (Grupo de los Tres, G-3) met with Central American heads of state. At the summit, Colombia and Venezuela signed a new multilateral trade accord with five of the Central American countries. That accord will be implemented alongside a separate free trade pact between Central America and Mexico scheduled to take effect in 1996 thus paving the way for a broad free trade zone in northern Latin America by the end of the decade. (For previous coverage of the G-3 negotiations and the Caracas summit, see Chronicle of Latin American Economic Affairs 02/11/92.) On Feb. 12, the G-3 presidents met with the heads of state of Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama. All attending presidents signed the Caracas Declaration (Declaracion de Caracas), which calls for an eventual multilateral free trade pact among all those countries. In addition, the declaration calls for talks with the heads of the 13 member states of the Caribbean Community (Caricom) to eventually draw those countries into the free trade zone as well. Caricom states will be invited to attend the next G-3/Central America conference. Parallel to the Caracas Declaration, Colombia and Venezuela signed a new free trade accord with five of the Central American countries. (Panama was excluded, pending that nation's eventual entry into the Central American Integration System Sistema de Integracion Centroamericana, SICA.) The parallel accord calls for elimination of tariffs on products exchanged between both regions over a 10 year period. Under the agreement, Colombia and Venezuela will steadily eliminate tariffs on some 1,200 Central American products within three to five years, beginning with an immediate tariff reduction to below 20% on about 500 products by July 1, 1993. Central America will in turn eliminate tariffs on some 4,000 Venezuelan and Colombian imports within five to 10 years, with the first tariff reductions to begin in 1996. The parallel accord is thus timed to coincide with free trade agreements already negotiated between Mexico and Central America last year. Under the Mexico-Central America accords, a free trade zone is to be established between Mexico and the isthmus by January 1996. "The trade negotiations between Mexico and Central America and the new accord signed by Central America, Colombia, and Venezuela are deliberately convergent agreements," said Rosario Green, Mexico's deputy foreign relations secretary. "The idea is to take advantage of the bilateral negotiations among those regions so that by 1996, they will harmoniously coincide." (Sources: Inter Press Service, 02/10/93, 02/12/93; New York Times, 02/15/93; Agencia Centroamericana de Noticias-Spanish news service EFE, 02/17/93; Spanish news service EFE, 02/10/93, 02/12/93, 02/18/93; Agence France-Presse, 02/08/93, 02/10/93, 02/12/93, 02/14/93, 02/18/93, 02/19/93; Notimex, 02/07/93- 02/12/93, 02/18/93, 02/19/93, 02/21/93)

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