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Caribbean, Central America Fortify Trade, Cooperation

by LADB Staff

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In February, the Central American and Caribbean countries took steps to fortify trade and cooperation between the two regions. The board of directors of the Asociacion de Estados Caribenos (AEC) which includes 25 Caribbean Basin countries met in Guatemala to set priorities for 1998 and 1999. Negotiating delegations from the Central American Common Market (CACM) and the Dominican Republic also met for three days in Costa Rica to push forward free-trade talks, which, they say, will culminate in a final accord in mid-April.

And, delegations from some isthmian business chambers will tour the Dominican Republic and Cuba during the first semester of 1998. The AEC's board of directors held its fourth general conference Feb. 23-24. The AEC was created in mid-1994 by the 14 members of the Caribbean Community (CARICOM), Cuba, the seven Central American nations, and the Grupo de los Tres (G-3), which includes Mexico, Venezuela, and Colombia. However, little progress was made in strengthening relations until late 1995, when the AEC board of directors was created. In 1996 and 1997, nine sectoral commissions were formed: trade, economic relations, environmental protection, science, technology, health, education, culture, and sports.

AEC prioritizes trade, tourism, transportation initiatives

During the February conference, the board reviewed progress of the commissions and recommended that they establish priorities and draw up plans of action for the coming year to expedite integration. More important, the board set three AEC priorities: initiatives to increase trade among member states, design of a regional program for "sustainable tourism" in the Caribbean Basin, and development of efficient transportation systems to link the Caribbean islands with mainland nations. "

AEC members can not eternally negotiate with the US and Canada," said AEC secretary general Simon Molina. "We must prioritize efforts to increase trade and infrastructure links among our countries, because our own markets provide us with highly valuable trade alternatives for our goods and services. In the era of globalization, we need to forge new trade relations in the Western Hemisphere, and the Caribbean Basin is a natural place to start." Among other things, the board will organize a conference in mid-1998 in Guatemala to bring together the chambers of commerce and industry from all AEC member nations.

The conference will focus on increasing trade in goods. In addition, the board will begin preparing the first summit of AEC heads of state for 1999. Final approval for the summit must come from the AEC council of foreign ministers, scheduled to meet in December 1998 in Barbados. Free-trade talks between CACM & Dominican Republic advance Just prior to the AEC conference, the deputy ministers of trade and economy and technical teams from the Dominican Republic and the CACM nations held their second round of negotiations on a free-trade agreement. In November,

the presidents of the Dominican Republic and the five CACM nations Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua agreed to sign an accord during the first semester of 1998.

In early January, the technical delegations held their first round of talks and agreed to complete the accord during the first quarter of this year (see NotiCen, 11/13/97 and 01/15/98). At the meeting Feb. 18-20, the delegations reported substantial progress. "The free-trade agreement is progressing on a fast track, and it will be concluded in early April as scheduled," said Eduardo Ayala Grimaldi, El Salvador's deputy minister of economy. "We can negotiate this accord in record time because our countries are in almost complete agreement on the technical aspects, with only minor problems that need to be worked out, even in areas such as market opening."

Grimaldi said that near final agreements have already been reached on sanitary regulations, unfair trade practices, rules of origin, intellectual property rights, safeguards, and conflict resolution. Although a few matters are still pending, such as government purchases, the delegations only expect substantial negotiations on special tariff schedules for sensitive products. Under the January procedural agreement, all goods become duty free as soon as the accord takes effect, and negotiations will center on a small list of products to be excluded initially. For Central America, these include sugar, grain-based alcohol, coffee beans, wheat flour, and petroleum derivatives.

Guatemalan firms explore trade, investment in Caribbean

Meanwhile, trade negotiations between the isthmus and the Caribbean are encouraging Central American firms to explore investment opportunities in the Caribbean Basin. Business organizations are particularly interested in the Dominican Republic which they see as a gateway to CARICOM markets and in Cuba, which has made a concerted effort to reestablish trade and diplomatic ties to the isthmus (see NotiCen, 02/19/98). While in Guatemala for the AEC conference, Cuban Foreign Minister Roberto Robaina met with government officials and private-sector representatives.

As a result, the Camara de Industria de Guatemala (CIG) and the Asociacion Gremial de Productos de Exportacion No Tradicional (AGEXPRONT) will send delegations to Cuba in mid-1998, both headed by Guatemalan Foreign Minister Eduardo Stein. The two organizations will also tour the Dominican Republic this year. "Our meetings in Guatemala marked an important step toward normalizing ties between Cuba and all of Central America," said Robaina. "Costa Rica has an interest office in Cuba, and Cuba has an interest office in Honduras. El Salvador is the only country in the region that has not made overtures."

In a related development, on Feb. 23, the small carrier Islena Airlines made its first direct flight from Honduras to Cuba. The airline had a special permit for the flight and is awaiting its license from the Secretaria de Comunicaciones, Obras Publicas y Transporte to establish regular flights to Cuba. [Sources: Spanish news service EFE, 02/23/98; Notimex, 01/23/98, 01/28/98, 02/12/98, 02/17/98, 02/19/98, 02/23/98, 02/24/98; Reuter, El Tiempo (Honduras), Prensa Grafica (El Salvador), 02/24/98; Prensa Libre (Guatemala), 02/12/98, 02/24/98, 02/25/98]

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