LUIGI R. EINAUDI, ASSISTANT SECRETARY GENERAL OF 
THE ORGANIZATION OF AMERICAN STATES 
AT THE SIGNING CEREMONY OF THE FREE TRADE 
AGREEMENT BETWEEN THE UNITED STATES AND 
CENTRAL AMERICA 
May 28, 2004 - Washington, DC

Distinguished Ministers of Trade of Costa Rica, El Salvador, Guatemala, 
Honduras and Nicaragua; 
Honorable United States Trade Representative; 
Ambassadors of Central America, of the Dominican Republic, of the Americas as 
a whole, and of the global diplomatic community; 
Former President of Costa Rica; 
Members of Legislative Bodies in Central America and of the United States 
Congress; 
Distinguished representatives of the business community; 
Ladies and gentlemen, friends all

Welcome to the House of the Americas.

It was in this hall that Presidents Jimmy Carter and Omar Torrijos signed the 
treaties putting the Panama Canal on a modern basis. It was here that President 
Ronald Reagan first formulated the Caribbean Basin Initiative. And it was here 
that President Bush announced his administration's desire to explore a Free 
Trade Agreement with Costa Rica, Honduras, El Salvador, Guatemala and 
Nicaragua. Today that aspiration is more than fulfilled.

To put into perspective just how historic and groundbreaking is this Free Trade 
Agreement, recall that in the 1970s and 1980s Central America was one of the 
last battlegrounds of the Cold War. With critical support from the Inter American 
Community, Central Americans rejected war and fratricide for peace and 
development. Adopting a Framework Treaty for Democratic Security in Central 
America, they focused on improving democratic systems and re-launched 
regional integration efforts under a new approach. They opened up economies, 
redefined social policies, and modernized public services, all the while making 
clear that their relationship with the United States was important to their 
prosperity and development.

The Bush Administration should be commended for understanding the 
importance of a new partnership with Central America. When President Bush 
spoke here in January 2002, he said he was seeking three U.S. objectives: to 
strengthen economic ties, to reinforce economic, political and social reform; and 
to take another step toward the Free Trade Area of the Americas.

U.S. and Central American negotiators have created a modern, new generation 
instrument. CAFTA reduces the uncertainty of unilateral preferences, expands 
market access, defines clear rules for business, and promotes transparency and 
rules-based behavior. It also includes full chapters on labor and environmental 
standards. In short, CAFTA reflects our best efforts to take advantage of 
globalization to promote growth, create employment, reduce poverty, and 
improve standards of living while simultaneously reducing its costs.

But CAFTA is not a panacea. It will be a major vehicle for prosperity only if it 
triggers a sequence of other reforms needed to improve the competitive 
fundamentals of the market economies of Central America. Each country will 
need, each in its own sovereign way, to develop effective complementary 
policies in education, health, employment, fiscal policy, and the rule of law. The 
modernization and balance among the region's armed forces and the elimination 
of lingering border and territorial uncertainties will contribute greatly as well.
The transition periods provided by CAFTA should and can be used wisely. For the first time in a trade agreement, the negotiators incorporated a Committee for Trade Capacity-Building which provides a framework to ensure that trade and aid complement each other in developmentally beneficial ways.

At the OAS we have made our contribution to CAFTA. In a coordinated response led by the Trade Unit, different departments within the OAS have developed capacity building activities in services, investment, intellectual property, government procurement, small and medium enterprises, labor and the environment. Now that CAFTA has taken the important step forward of identifying a cooperative environmental agenda that benefits all parties, the OAS will work with appropriate ministries to support environmental laws and institutions, to foster private sector partnerships, and to respond to capacity-building needs. We are also delighted at the designation of the OAS as the depository of CAFTA and its instruments of ratification.

Our immediate task after today is to work with national legislatures and civil societies to pursue the ratification of CAFTA. In each country, the debates will boost democracy and provide opportunities to cement national consensuses about how to pursue the next stages of development.

CAFTA is a proud achievement for both Central America and the United States. But when CAFTA succeeds, as it will, it will prove to be an important building block for hemispheric integration. The benefits associated with the Free Trade Area of the Americas (FTAA) will be above and beyond those associated with bilateral agreements. So today we are taking a critical step towards a more integrated, more prosperous and more democratic Hemisphere.

The OAS looks forward to seeing you all here again when the FTAA is signed.

Thank you.