



U.S. – Central America-Dominican Republic Free Trade Agreement (DR-CAFTA) Benefits to the Telecommunications Industry

DR-CAFTA will benefit U.S. communications infrastructure and service providers, providing greater market access and new business opportunities for all signatories. This ultimately means more jobs and improving economic conditions for all countries. The DR-CAFTA countries of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua together are the United States' 12th largest trading partner and 10th largest market for telecommunications equipment exports. The countries represent the 2nd largest export market in the region, after Mexico, and the 6th largest export growth market for the United States.

TIA supports passage of DR-CAFTA for these reasons:

1) Access to and Use of Public Telecommunications Networks Services

DR-CAFTA ensures access to and use of public telecommunications networks and services on a non-discriminatory basis, which allows U.S. businesses the ability to compete on a level playing field.

2) “Negative List” Approach to the Introduction of New Services

DR-CAFTA ensures that agreed trade disciplines are automatically extended to services that have yet to be created or brought to market. Thus, any new services will be considered liberalized, unless specifically exempted. As a result, the principles of market access, transparency and non-discrimination for telecom and other services will be reinforced.

3) Independent Regulatory Body

DR-CAFTA requires that each signatory's telecommunications regulatory body is separate from, and not accountable to, any supplier of public telecommunications services. This is critical to ensuring fairness, impartiality and regulatory integrity in each participating country's communications sector.

4) No Carve-out for Costa Rica on Telecommunications

TIA commends Costa Rica's pledge to implement telecommunications commitments in Internet, private data and wireless services. Ensuring that all parties include telecommunications commitments is critical to the agreement's effectiveness and sets an important precedent for future FTA negotiations.

5) Immediate Market Access for Goods and Services

Upon entry into force, more than 80 percent of U.S. exports of consumer and industrial products will become duty free. The agreement will provide U.S. manufacturers an expected \$1 billion of additional manufactured goods exports, creating some 12,000 related job opportunities for American workers in the process. But without the agreement,

2501 Wilson Boulevard
Suite 300
Arlington, VA 22201-3834
USA

+1.703.907.7700
FAX +1.703.907.7727

the U.S. stands to lose up to \$4 billion in existing exports to CAFTA countries, affecting up to 48,000 U.S. jobs.¹

6) Reduction of Technical Barriers to Trade

DR-CAFTA provides for enhanced cooperation among the parties, consistent with WTO principles of openness, non-discrimination and transparency, in order to remove and streamline standards, technical regulations and procedures that have slowed trade growth in telecommunications products and services in recent years.

7) Expansion of WTO ITA Signatories


Upon implementation of the DR-CAFTA, the Dominican Republic, Guatemala, Honduras and Nicaragua agree to join the World Trade Organization's Information Technology Agreement, which guarantees that nearly all information technology products will be permitted duty-free entry among the participating parties. As a result, U.S. companies will save nearly \$75 million annually in import duties.²

8) Comprehensive FTA, Promotion of World-Class Standards in Development

DR-CAFTA sets some of the highest standards in environmental, labor and services provisions, which will help the United States compete in the global marketplace, as well help DR-CAFTA countries increase their own economic productivity levels.

¹ National Association of Manufacturers, *CAFTA-DR: A Winner for U.S. Manufacturing*, http://www.nam.org/s_nam/bin.asp?CID=202170&DID=233728&DOC=FILE.PDF, April 2005.

² January 26, 2005 High-Tech Trade Coalition letter to Hon. Dennis Hastert



2500 Wilson Boulevard
Suite 300
Arlington, VA 22201-3834
USA

+1.703.907.7700
FAX +1.703.907.7727