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U.S. Official Says Trade Indispensable for Hemispheric Development

USAID Deputy Administrator Frederick Schieck speaks in Miami

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Miami -- Promoting trade between nations is the key to reducing poverty in the developing nations of Latin America and the Caribbean, says Frederick Schieck, deputy administrator of the U.S. Agency for International Development (USAID).

Speaking December 10 at a conference in Miami, Schieck described trade as the "indispensable element" of national development. He noted those countries in the region who have shown a rise in exports over the last seven years are making significant economic strides.

Schieck called economic development "a long and often difficult process," but added that experience shows that, over time, trade and investment are the "principal mechanisms" through which global market forces such as competition, human resource development, and technological innovation have generated growth.

The official cited a World Bank study showing that developing countries that have integrated their economies into the global market saw per capita income grow five percent per year during the 1990s. By contrast, those countries that did not integrate their economies into the global economy saw per capita incomes shrink by 1.5 percent per year.

"When trade grows, jobs and incomes grow, and countries prosper," Schieck told the "Miami Conference on the Caribbean Basin," sponsored by Caribbean-Central American Action (CCAA) -- a Washington-based group that aims to promote economic development and understanding among countries in the region.

Schieck noted the countries of the developing world receive each year some \$50 billion in foreign aid from all sources, then pointed out exports earn these same countries \$2.4 trillion dollars each year.

"That's over 40 times as much" from exports, said Schieck. "This is one reason why an important goal of (U.S.) aid is to keep the trade engine running."

Schieck said that because the United States imports more than it exports to most of its trading partners in Latin America and the Caribbean, new capital keeps flowing to that region every day.

Trade is vitally important to Central America, Schieck said, with 50 percent of that region's exports finding their way to the U.S. market. He added that U.S. trade with its neighbors in Latin America and the Caribbean will be expanded even more once negotiations are completed for the U.S.-Central American Free Trade Agreement (CAFTA) and the Free

Trade Area of the Americas (FTAA).

Regarding CAFTA, Schieck said negotiations on that trade pact have made "significant progress" during 2003, with a new and final round of negotiations underway in Washington during the week of December 8.

Achieving a CAFTA agreement "will not be easy given the complexity of the issues," said Schieck. But he said the United States is hopeful that an understanding will be reached by the end of 2003 and stated that the successful conclusion of CAFTA talks would be a "remarkable achievement and a great benefit to the countries of Central America -- and to the United States."

Human Rights Watch, a non-governmental organization, however, harbors an opposing view about the merits of CAFTA. The group issued a report asserting that the trade pact would not require companies in Central America to enforce existing labor laws, and therefore, would be bad for workers.

Federico Sacasa, CCAA's executive director, disputed Human Rights Watch's claim. Sacasa said that if CAFTA is not enacted, "labor will suffer more than if the agreement is signed." CAFTA, he said, is, "at its essence, about raising labor standards and requiring both sides to make binding commitments to uphold them."

Also strongly supporting CAFTA's enactment was El Salvador's Foreign Minister Maria Eugenia Brizuela. CAFTA, she told the Miami conference, is key to solving the problem of poverty in Central America.

"Free trade is vital to solving our problems, particularly if we want to defend democracy and economic freedom," said Brizuela, adding that free trade "means more jobs and opportunities for Central Americans."

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