

# **Memorandum of Understanding on Trade and Investment (MOUTI)**

## **Central America (the Governments of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua)**

**Signed at San Jose, Costa Rica, March 18, 1998**

### **Memorandum of Understanding on Trade and Investment Between the Government of Canada and the Governments of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua**

#### Introduction

The Government of Canada and the Governments of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, Designated hereafter as "the Parties";

Inspired by the strong desire to strengthen the traditional ties of friendship and cooperation existing between them;

Determined to contribute, through cooperation, trade and investment, to achieving greater well-being for their peoples;

Building on their mutual commitment to the World Trade Organization;

Resolved to build the Free Trade Area of the Americas by 2005;

Considering that the Central American Alliance for Sustainable Development constitutes the integral regional strategy of development whose objectives are shared fully by the Parties;

Convinced of the importance of reinforcing the trade flow of goods and services;

Recognizing the value of promoting a favourable environment for trade and investment;

Recognizing that direct foreign investment provides benefits to each of the Parties;

Recognizing the progress reached by the Parties in the areas of environmental protection and sustainable development and the significance of these to the application of agreements concerning trade and investment;

Have signed the following Memorandum of Understanding on Trade and Investment.

#### **Article I. Objectives**

This Memorandum of Understanding on Trade and Investment will have the following objectives:

1. To enhance economic relations in the fields of trade and investment.
2. To strengthen their cooperation with a view to liberalizing trade and investment between the Parties, in accordance with the principles of the World Trade Organization and the process to establish the Free Trade Area of the Americas.
3. To maintain the operation of free market economies and highlight the importance of private sector initiatives as sources of prosperity, in order to promote economic development.
4. To strengthen and diversify cooperative actions between the Parties, as defined in Article II of this Memorandum of

Understanding.

5. To promote a favourable environment and complementary activities to encourage private sector investment between the Parties.

6. To agree on formal mechanisms for the promotion and protection of investment.

## **Article II. Trade and Investment Cooperation**

In order to support actions to encourage trade, the Parties will undertake, among others, initiatives such as the following:

1. Promotion of business meetings and other complementary activities that will expand trade and investment relations between the private sectors of our countries;
2. Encouragement and support for trade promotion activities, such as seminars, symposia, fairs and trade and industrial exhibitions, trade missions, site visits and marketing studies,
3. Exchange of information on regional and global trade in goods and services;
4. Development of training courses in trade-related areas, including aspects of information technology;
5. Identification of possible areas of trade and investment that will help generate trade flows between the Parties and to third markets.

Complete negotiations on bilateral investment promotion and protection agreements between Canada and Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

## **Article III. Organization**

1. In order to meet the objectives of this Memorandum of Understanding, the Parties will establish a Council on Trade and Investment at the ministerial level (hereafter referred to as "the Council"), comprising the Ministers of Economy or Foreign Trade of Central America and the Minister for International Trade of Canada. The Council will meet annually or as the Parties may agree. In addition, the Parties will establish an Executive Committee comprising the Deputy Ministers of Economy or Foreign Trade of Central America and the Deputy

Minister for International Trade of Canada, which will meet periodically, at least once a year, or as the Parties may agree.

2. The Parties may consult, in accordance with their internal mechanisms, their respective private sectors concerning matters related to the work of the Council and of the Executive Committee.

## **Article IV. Work Program**

The Executive Committee will prepare and implement a Work Program to initiate the implementation tasks for this Memorandum of Understanding and will place it for consideration before the Council for its approval. As a matter of priority, the Work Program should include a proposal to facilitate, using the private sector expertise of the Parties, the development of trade capacity in priority sectors.

## **Article V. Final Clauses**

1. Nothing in this Memorandum of Understanding affects the respective rights and obligations of any Party under Agreements, Conventions or other Instruments to which they are Party, either individually or collectively.

2. This Memorandum of Understanding may be amended by the written concurrence of all Parties.

3. The Memorandum of Understanding comes into effect upon signature and will remain in effect unless terminated by consensus. Any Party may withdraw from this Arrangement with previous written notification, six months in advance to the other Parties.

Done at San Jose, Costa Rica, on March 18, 1998, in six copies in each of the English, French and Spanish languages, each language version being equally valid.

For the Government of Canada

For the Government of Costa Rica

For the Government of the Republic of El Salvador

For the Government of Guatemala

For the Government of the republic of Honduras

For the Government of the republic of Nicaragua