

Focusing on Central America

By RT HON HUGO SWIRE MP

MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE



HUGO SWIRE is the Minister of State at the Foreign & Commonwealth Office, with responsibilities for relations with Latin America, Southern Asia, Australia and the Commonwealth. He has been Member of Parliament for South Devon since 2001. Before moving to the FCO in 2012, he was previously Minister of State for Northern Ireland. He attended the University of St Andrews, and before entering parliament served in the Grenadier Guards, and as a director of the auction house Sotheby's.

The Foreign Secretary set out in his speech to Canning House in 2010 our determination to reinvigorate Britain's relationship with Latin America. As Minister of State for Latin America, a crucial part of my role is to deliver on this vision by encouraging British companies to think afresh about the region and the opportunities it presents for people-to-people cooperation and trade and investment that will benefit all our citizens.

That is why I am delighted that the Foreign and Commonwealth Office has worked with the Central American Business Council and with the Embassies of Central America and the Dominican Republic to host this first major High-Level Business Conference in London.

The eight countries that make up the Central American Integration System (SICA) form an important region for realising our vision for deepening political relations with Latin America and helping to meet our prosperity objectives. Together, they represent a combined market of some 52 million people and form a region that has seen solid GDP growth of approximately 4 per cent per annum over the past ten years, with Panama performing exceptionally strongly. There is real potential for the countries in the region to move up the value chain and develop exports in the manufacturing and services sectors in particular.

Despite the diversity across the region, I am hugely encouraged by the progress made towards trade integration over the past few years, most recently with the EU-Central America Association Agreement (EU-CAAA) that was signed in June 2012 and which I hope the UK will ratify later this year. This Agreement will help generate prosperity for both regions, strengthening political dialogue and cooperation, and promoting trade and investment flows. It will allow Central American countries to consolidate and improve access to EU markets and will also provide more certainty both to producers and buyers, increasing the likelihood of partnerships between British and regional companies.

Greater legal certainty provided by the EU-CAAA means that firms will also be in a better position to locate regional operations in Central America. There may be triangulation opportunities, for example, for companies to produce at low cost in Central America to sell in American markets, as well as greater potential

for supply of back office services in the region.

The countries are also committed to reducing technical barriers to trade and developing harmonised regulations and standards with a view to facilitating the free movement of goods. The requirements for marking and permanent labelling, for example, have been simplified and Central America has agreed to promote the development of regional customs regulations, including a single administrative document.

There are undoubtedly exciting opportunities for British firms to do business in Central America. Its strategic position between North and South America makes it a natural hub. Like other parts of the continent, Central America has seen the emergence of a developing middle class, often English-speaking and with an increasing desire for European and high quality products. There are also major infrastructure investments that the UK can support and opportunities across the education, agriculture, energy and retail sectors in particular.

I have seen for myself the abundant opportunities available on my visits to the region, and I will return later this year. I was particularly delighted to re-open our Embassy in San Salvador in November 2012 and to engage with the SICA Secretariat located there. I am honoured that SICA Secretary General Hugo Martínez will participate in the Central America Business Conference, in recognition of our strengthened political ties since the UK was admitted as an extra-regional observer of SICA in June last year.

There is no doubt that Central America still faces a number of significant challenges, including poverty alleviation, tackling crime, drug trafficking and insecurity, improving education and developing competition policy and enforcement. The UK has a lot of valuable experience in these areas that we would like to share with you all as we seek to position ourselves as a leading partner of choice for the region. We are also privileged to have a network of proactive and pro-business British Embassies in the region, and I would encourage you to link up with them.

The range of challenges and opportunities is why networking events such as this Conference are so important. I am confident that initiatives such as the UK-Central America High-Level Business Conference will help our relations go from strength to strength in the coming years.