

NON-TARIFF BARRIERS IN CENTRAL AMERICA

Reducing non-tariff barriers and harmonizing export and import processes in Central America are key to promoting regional trade, investment, and job growth in the region.

CEPA supports the [2019 report](#) of the Commercial Customs Operations Advisory Committee (COAC) Rapid Response Subcommittee Northern Triangle Working Group. Which provides “recommendations on reducing the non-tariff trade barriers and improving Customs processes in the Northern Triangle region of Central America, comprised of Guatemala, El Salvador, and Honduras, for the purpose of reducing migration driven by economic push factors”.

The report identifies challenges and opportunities in five key areas:

1. **Trade Finance and Economic Growth** - (banking and foreign direct investment, tax system)
2. **Trade Facilitation** - (Customs and non-tariff trade barriers, legal and regulatory, Free Trade Agreements and regional integration)
3. **Infrastructure** - (ports and roads, congestion, technology, energy)
4. **Security and Corruption** - (smuggling and counterfeit trade, transparency, AEO, administrative and judicial process)
5. **Capacity Building** - (trade education, building manufacturing base, in-country and external engagement)

TRADE AND CUSTOMS FACILITATION

Challenges Identified by CEPA:

- Border Policies and requirements regarding documentation, such as permits and licenses, are inconsistent from one country to another, and in some cases from port to port within the same country which in turn, causes delays. They often differ in interpretation and application of the law.
- Customs hours of operation within free zones do not align with the hours worked by company employees; thereby, delaying the shipment of containers from the free zone to the port of export and delaying the process to get available import containers in the free zones.
- Regulatory policies impede transfers from one free zone to another free zone.
- Congestion occurs at the border crossing between Honduras and El Salvador due to inconsistent Customs work hours within the two countries, which causes significant processing delays.
 - *In many cases, passengers and cargo are processed in the same crossing.*
- Containers at the Port of Cortes are not fully released until the entire vessel is unloaded and reloaded with outbound containers causing 48-hour delays.

TRADE AND CUSTOMS FACILITATION

Opportunities Identified by CEPA:

- Harmonize Customs processes and port operations across the three countries.
 - *Avoid the duplicate Customs process between Honduras and El Salvador during which the same documents are submitted to both Customs offices. There should only be one process to expedite the movement of containers.*
 - Align hours of Customs operations at border crossings among all three countries, especially the Honduras and El Salvador border crossing at El Poy, El Salvador.
- Review of current foreign trade zone processes and regulations.
 - *Extend or align the Customs hours of operations to match the hours of companies that operate within the free zones.*
 - Cargo movement between free zones should not be treated as new free zone admission but expedited through a transfer process.
 - The movement of machinery and equipment between free zones in El Salvador requires authorization from the Labor Minister. Waiting for this authorization can delay the movement by a month or more. There is an initiative to remove this requirement.
- Work closely with CBP to understand and implement new processes and procedures to better facilitate the release of goods. CBP/DHS should sign a MOU on facilitation of trade and investment built on partnership as well as praising the growth of CTPAT partners operating in the region, as well as provide express trade facilitation.
- Improve the roads between the Port of Cortes, Honduras, and the border crossing at El Poy, El Salvador.
 - *Consider a "FAST" lane for trucks moving goods between free zones from Honduras and El Salvador.*
 - *Improve Customs facilities at the Honduras and El Salvador borders.*
- Enhance systems and/or port infrastructure to allow the dispatching and release of containers as they are unloaded from the vessel.

INFRASTRUCTURE

Challenges Identified by CEPA:

- Road conditions, specifically the road from El Salvador to the Port of Cortes, Honduras requires significant financial investment. This road transports materials from the port to manufacturing facilities in El Salvador and containers of finished goods from El Salvador to the Port of Cortes for export.
- Energy reliability and accessibility are challenging due to high costs.

Opportunities Identified by CEPA:

- Improve the roads between the Port of Cortes, Honduras, and the border crossing at El Poy, El Salvador.
 - *Consider a "FAST" lane for trucks moving goods between free zones from Honduras and El Salvador or have 3 lanes in each direction.*
- Add an additional entrance and exit to the Port of Cortes to allow for the volume of containers arriving and departing the port.
- Improve Customs facilities at the Honduras and El Salvador borders.
- Enhance systems and/or port infrastructure to allow the dispatching and release of containers as they are unloaded from the vessel.
- Improve energy reliability and accessibility at a lower cost.