

Central American Integration System(SICA)

1. Background:

The Central American Integration System (SICA) was set up in 1991 as the revived institutional framework for Regional Integration in Central America. SICA evolved from the original Organisation of Central American States (ODECA) initially begun in 1951 and Central American Common Market set up in 1960.

SICA consists of seven full members: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama; and Dominican Republic as the Associate Member (Total 8). The 14 observers in SICA include: US, Chile, Mexico, Brazil, Argentina, Peru (as regional Observers) and Spain, France, Italy, Germany, Japan, South Korea, Taiwan and Australia (as non-regional Observers). US joined SICA as Observer in 2012 and France and South Korea's Observer status has been approved by SICA's apex decision-making Body and formal agreements are soon to be signed. SICA Secretariat is based in San Salvador.

2. Objectives of SICA:

The objectives of Central American Integration System (SICA) are to realise the integration of Central America in order for the Isthmus to become a Region of Peace, Freedom, Democracy and Development. It aims, inter-alia:

- to consolidate democracy and strengthen its institutions;
- to set up a new model of regional security;
- to achieve a regional system of welfare and economic and social justice;
- to attain economic union and strengthen the Central American financial system and
- to strengthen the region as an economic bloc in order to insert it successfully into the international economy.

3. Principles of SICA:

SICA has laid down fundamental principles which, inter-alia, expects member states to do "fulfilment of their obligations by refraining from establishing, agreeing or taking any action that is contrary to the provisions of SICA instrument" and to "respect the principles and norms of the charters of the United Nations and the Organisation of American States (OAS), and the

statements issued in the Central American Presidential meetings since May 1986”.

4. **1st India-SICA FM Level Meeting:**

India started establishing linkages in 2004 with the regional block SICA in Central America thus commencing an intensification of relationships with Latin American region. India hosted the visit of an 18 member SICA delegation to India in February 2004 led by the then Foreign Minister of El Salvador and including Secretary General of SICA Oscar Santamaria. A declaration for the Establishment of a Mechanism for Political Cooperation and Dialogue between SICA and India was signed by the then EAM Yashwant Sinha on behalf of India. The visit was a landmark in that all these countries for the first time had sent Ministerial and high level representations to India - an indication of their interest in promoting linkages with India which to date had been hampered by the geographical distance and linguistic barriers. In addition to a substantive and fruitful meeting with the EAM, priority areas of mutual interest to the two sides including, inter alia, Information Technology, Science and Technology, Drugs and Pharmaceuticals, HRD, SMEs, infrastructure and tourism were identified. It was also agreed to promote people to people contacts through holding of Festival of India in Central America and Festival of Central America in India. The visiting delegations were deeply appreciative of the assistance and training received through India's ITEC Programme under which the Indian side pledged to increase the training slots and more if need arises.

The El Salvadorians who were next to hold the revolving Presidency of SICA invited EAM to visit El Salvador in the second half of 2004. During his visit to Latin America, in September 2004, MOS (RIS) had a meeting with the-then Secretary General of SICA Mr. Oscar Santamaria in San Salvador. Conveying our desire to build institutional ties with SICA, based on the framework agreement signed, MOS told our willingness to participate in the infrastructure and other integration projects of SICA.

5. **2nd India-SICA FM Level Meeting:**

Under India's initiative, 2nd Foreign Minister Level Meeting was hosted by India on 10th June 2008 in New Delhi. Of the eight SICA Members, four countries, viz. Panama (at First Vice President-cum-Foreign Minister), Nicaragua (FM), Guatemala (FM), Costa Rica (FM) and three members at Vice Foreign Minister level from El Salvador, Honduras and Dominican Republic attended the meeting. Belize was not represented and one Director from SICA Secretariat also took part.

A Press Statement was released at the end of the Dialogue and several issues of bilateral, regional and international concern were discussed. The attending Heads of Delegations paid a courtesy call on Vice President and Prime Minister. This meeting decided to extend and expand India's assistance and cooperation with SICA members. Having set up IT Training Centres in five SICA

member countries, it was decided to set up IT Training Centre in other three SICA countries, viz., Belize, Costa Rica and the Dominican Republic. India offered to increase ITEC scholarship for all eight SICA member countries from 68 to 100 slots and share India's expertise in priority areas such as Agriculture, Pharmaceuticals, SMEs, Tourism, Renewable Energy, Disaster Management, Distance Education and supply of Satellite Imagery for development purposes. Line of credit arrangements for US \$80 million, already approved by India in the first SICA Meeting in 2004, was to be pursued for such projects. An India-SICA Joint Technical Committee to prepare for implementation was also to be constituted. SICA members accepted India's suggestion to double the volume of India-SICA bilateral trade from \$537 million in 2008 in next three years. Besides, governmental credit line assistance, EXIM Bank was to extend a US \$10 million commercial line of credit to Central American Bank for Economic Integration (CABEI). It was also decided that Foreign Ministers should meet every two years either in India or in a SICA country and that they should continue to meet every year on the margins of UNGA. India agreed to share its experience to meet challenges of food security and energy security with SICA member countries. The meeting also decided to set up an India-SICA business forum.

Five agreements were signed of which three pertained to abolition of visa for Diplomatic and Official passport-holders between India and Honduras, El Salvador and Nicaragua. Two MOUs for Foreign Office Consultations with Costa Rica and Honduras were also signed. The meeting also proposed on an appropriate date a Summit-level meeting between SICA and India.

Under the auspices of the announcement of assistance, IT training centres have been established by MEA in the Central American countries. These countries have benefited owing to this India's assistance. SICA countries welcome and utilise well India's ITEC scholarships and training programmes.

6. **Proposal for 3rd India-SICA FM level Meeting:**

MEA had proposed to host 3rd India-SICA Dialogue in New Delhi in mid-May 2012. Honduras, as pro tem President of SICA for first half of 2012, proposed to host this meeting in Roatan Island, Honduras. The dates were not convenient for Indian side. In early June, Nicaragua as pro tem SICA President-designate for second half of 2012, proposed that India hosted this Meeting in Delhi in July or in September 2012. However, meeting could not take place.

7. **Secretary General, SICA:**

Salvadoran Foreign Minister Hugo Martinez is a serious candidate for the post of SG, SICA. The present SG's term was expiring on Jan 31, 2013, however, it has been extended for six more months from Feb 1, 2013. During the SICA Summit held in Managua on Dec 13, 2012, Panamanian President presented Panama's candidature for the SICA SG. Panama candidate is the former Trade and Commerce Minister. The negotiations are still underway and the tussle continues.

8. **Resident Missions of SICA countries in India:**

Three SICA member countries have diplomatic Missions in Delhi: (a) El Salvador; (b) Costa Rica and (c) Panama. First Lady of El Salvador had requested former MOS (ST) to help open an Indian Mission in San Salvador.

9. **SICA and Honduras:**

During SICA Summit held in Panama in June 2010, as the Honduras' incorporation into SICA could not be finalised in Panama, an extraordinary special summit meeting was called in July 2010 in San Salvador under the Chairmanship of President Funes, basically to consider reintegration of Honduras into SICA. All Central American Head of States agreed for incorporation of Honduras except Nicaragua which felt that all cases against the former President Zelaya need be withdrawn and his return to Honduras made without any glitch. Honduras was subsequently admitted in SICA formally in mid-2010 and ex-President Zelaya returned to Honduras where he lives now under the reconciliation arrangement.

10. **Scope:**

The countries in Central America individually are small populations ranging from 3.5 million (Panama) to 14 million (Guatemala). Collectively the population is about 52 million. But there is potential for economic and trade relations, revealed by the fact that this region collectively has two way bilateral trade amounting to US \$ 25 billion with USA alone larger than with India, Russia and Indonesia.

In terms of language and distance, SICA is far from India but given the technology age, a lot of areas for mutual cooperation can be expanded with India. Although SICA has failed to attract a significant level of foreign direct investment to Central America, SICA's intra-regional free trade programme has proved beneficial to the region.

110. **Indian Assistance:**

Assistance given by India to SICA Countries (under this Mission)

Year	Name of country	Details of assistance	Total cost
1998	Nicaragua	Medicines	Rs. 338,000.00
1998	El Salvador	Medicines	Rs. 338,000.00
1999	Honduras	Medicines	Rs. 338,000.00
2000-01	El Salvador	ADR	Rs. 150,000.00
2001	Panama	Industrial Equipment	Rs. 8,080,000.00
2001	Nicaragua	Medicines	US\$ 10,000
2004	Nicaragua	Waived repayment of	Rs. 125 million

		Line of Credit	
2005	El Salvador, Honduras, Nicaragua, Guatemala, Belice	Medicines	US\$ 10,000 each
2005	Panama, El Salvador, Nicaragua	18 Bajaj three-wheelers each	
2005	Honduras	26 Bajaj three-wheelers	
2006	Panama, El Salvador, Honduras, Nicaragua	IT Training Centres	
2009	El Salvador	Humanitarian aid	US\$ 250,000
2012	El Salvador, Nicaragua	Humanitarian aid	US\$ 100,000

ITEC Scholarships offered to SICA member countries:

Country	2012-13	2011-12 Allotted (used)
Belize	11	11 (02)
Costa Rica	25	25 (18)
Dominican Republic	20	20 (12)
El Salvador	30	20 (12)
Guatemala	25	15 (09)
Honduras	10	10 (08)
Nicaragua	10	10 (04)
Panama	12	12 (8)
Total	143	123 (73)

February 2013