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LADB Staff

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CAFTA Negotiations Begin

by LADB Staff

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President George W. Bush notified the US Congress in October of his intention to start negotiations for a Central America Free Trade Agreement (CAFTA). The notification was transmitted through the office of Robert Zoellick, US trade representative. Zoellick stressed the potential benefits to the US, saying, "It will give us the capacity to confront impediments of access to the market in Central America, including high tariffs in agricultural goods, restrictive licensing practices, and inadequate protections for property rights."

Zoellick said that the initiative includes Guatemala, Costa Rica, Nicaragua, Honduras, El Salvador, Belize, and Panama. Zoellick characterized it as a step toward the consolidation of the Free Trade Agreement of the Americas (FTAA). The FTAA, with a tentative completion date in 2005, will, if realized, engulf all of Latin America, as well as the US and Canada (see NotiCen, 2001-04-26).

Guatemalan Foreign Minister Gabriel Orellana welcomed the news, telling reporters, "The existence of a free trade agreement, with all the mechanisms that it implies, will bring stability and formality to the relationship between the Central American countries and the US." Orellana was in Washington during the announcement. Bush proposed exploring CAFTA in January (see NotiCen, 2002-01-31). Since then, there have been about a dozen meetings, both in Washington and on the isthmus, seeking common ground.

For the US, the potential benefits are substantial. It exported US\$8.8 billion to the region in 2000, more than to Russia, Indonesia, and India combined. Imports totaled US\$11.8 billion; US businesses have more than US\$4 billion invested in Central America.

Another view

The view from Central American civil society, however, is different. In Costa Rica, at a rally protesting Columbus Day, the organization Asamblea del Pueblo called FTAA a process of slavery for Latin America. On Oct. 12, the Asamblea called upon its 70 organizations along with the rest of the popular movements to coordinate actions against the proposal.

Director Esmeralda Tasiz called the FTAA "a process of social, cultural, economic, and political change that represents a process of slavery for Latin America." Opposition to the FTAA extends to the Plan Puebla-Panama (PPP) as well. Tasiz said, "Central America knows that the PPP is an immediate object of imperialism, and therefore, we oppose it." The Asamblea considers PPP a "facilitating element" of the FTAA.

Another organization, the Asociacion Nacional de Empleados Publicos y Privados (ANEP), said, through its secretary general Albino Vargas, that Central American governments do not understand the magnitude of the asymmetries between their own and the US economies. "Our governments,"

he said, "are either so sold-out but totally sold-out or they are so obtuse as to fail to understand that the asymmetries between these economies are practically hopeless." He said that the breach between the economies is impossible to close, "no matter what they propose."

Taking a longer view, historian and labor leader Jorge Montoya told the crowd, "On Oct. 12, Spain introduces us to capitalism, financed by the Spanish Crown and the bankers of Genoa. America experiences westernization after this historical deed, converting us into poor third-world countries." Montoya was speaking for the Sindicato de Empleados Universitarios de Costa Rica. He referred to the fact that Columbus had landed just 160 km from where he was speaking, at Limon, on Sept. 25, 1502. "The discovery and conquest of Costa Rica is the result of the Western expansion of the sixteenth century," he said, both facts "that caused the submission of the American continent." This theme reverberated throughout the region.

In Managua, at a Columbus day protest, La Red de Defensa de los Consumidores said that the poor countries are suffering "the worst epoch of neocolonial subjugation characterized by the looting, slavery, and massive assassination of the original peoples." The demonstration took place in front of the Inter-American Bank (IDB) headquarters, and focused on privatizations. The civic group charged that the International Monetary Fund (IMF), the World Bank, and the IDB were pressing the government to privatize water service, warning that the move would carry grave consequences for the poor, as had similar efforts with electric service. Electricity in Nicaragua became the most expensive in Central America, they charged, after privatization.

In El Salvador, demonstrators blocked highways throughout the country in protest of the free trade agenda. Calling the protest "El Grito de los Excluidos" (the cry of the excluded), speakers characterized the treaty proposals as just a US strategy to extend privatization throughout the continent to benefit only the commercial sector. Similar actions occurred in Honduras and Guatemala.

In Tegucigalpa, popular organizations marched carrying picket signs reading, "with privatization more than 80% of the population will fall into misery." Coordinator of the Bloque Popular Carlos Reyes told reporters that they were preparing for regional strikes. "A Central American strike that involves all the workers, together with a regional mobilization of campesinos, would be powerful and mortal blow to imperialism's plans of subordination," he said. Actions against the free trade agreements were not limited to demonstrations.

At a Universidad Nacional de Honduras (UNAH) conference analyzing the various plans CAFTA, FTAA, and PPP political leader Yani Rosenthal told the assembly, "The big countries like the US are pushing the treaties to increase sales of their businesses and strengthen their economies: we must be aware that they are not motivated to protect our economy, nor our businesses, nor our workers." He continued, "There are great asymmetries between the American economy and the Honduran, this is very worrisome. Honduras is 1,700 times smaller than the North American economy; we are at an absolute disadvantage at the moment of entering into a treaty with them."

Rosenthal noted that Honduras enjoys a positive trade balance with the US of about US\$500 million. He suggested that dollarization would be a better way to go in the effort to maintain competitiveness

than would be the treaties (see other article in this issue). The free trade approach to development has endured severe criticism in the US as well.

Anticipating the Bush initiative in March of this year, Marc Edelman, author of *Peasants Against Globalization* and professor of anthropology at Hunter College, wrote in the *Los Angeles Times*, "Central America is in the grip of famine, and if President Bush mentions it when he visits El Salvador on Sunday (see NotiCen, 2002-03-28), he will likely suggest that free trade is the solution." Edelman singled out unregulated markets as a large part of the reason why 700,000 Central Americans face starvation and a million more suffer serious food shortages.

Subsequent research has shown these numbers to be low (see NotiCen, 2002-10-10). He cited 1998 Nobel Prize winner in economics Amartya Sen in saying that famine is always rooted in economic policies and political decisions, and pointed to polls showing that only 35% of Hondurans, 24% of Nicaraguans, 21% of Salvadorans, and 16% of Guatemalans are satisfied with how democracy functions in their countries. He wrote, "Central American land could produce decent living standards for small farmers if they could obtain irrigation systems, access to land, secure title to property, low-cost credit, and shelter from unfair competition and the ravages of global market forces, but that would require elites to take popular needs seriously. Public sectors eviscerated by privatization and budget cuts can't address the inequalities that globalization generates. Rural Central Americans are already reeling after a decade or more of free-market reforms. President Bush's proposals could be the knockout blow."

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