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Region Unifies Against Guatemala on Trade

by LADB Staff

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With the curtain about to fall on a year that is now officially the worst, economically, in decades for Latin America, Central American presidents took center stage in San Jose, Costa Rica, to perform the finale, the XXII Cumbre de Jefes de Estado y Presidentes de Centroamerica. The opening act was relegated to the ministers of foreign affairs and economy, who hammered out the final touches on the Free Trade Agreement (FTA) accords that the presidents would later sign.

"One of the principal themes is the Free Trade Agreement with the United States, and how we have moved forward on it," said El Salvador's Economy Minister Miguel Lacayo. This was their last chance before the official start of negotiations with the US (see NotiCen, 2002-11-14). This year's summit is playing out against a somber backdrop painted by the World Bank (WB). The bank's year-end report said that Argentina's economic crisis was the pathogen that caused Latin America its most severe contractions in the last 20 years.

Regional prospects for 2003 were equally gloomy, with the possibility of a world recession on the horizon. Taken as a whole, GDP fell 1.1% in Latin America in 2002. The bright spots were Caribbean countries, which grew 3.5%, and Central America, where an expansion of 2.1% partially eclipsed the devastating effects of the coffee crisis (see NotiCen, 2002-08-01). Guatemala added some drama to the summit opening with the revelation that it had unilaterally negotiated a trade agreement with Brazil.

The prospect of Guatemala's going off on its own, at the moment when official Central America is hunkering down over crafting a policy of integration, furrowed the collective presidential brow just prior to the meeting. The unilateralism that concerned the other presidents was in fact multidimensional. Not only did Guatemalan President Alfonso Portillo leave his homologues behind in his pursuit of a deal with Brazil, but he also left the private sector of his own country out at a time when private sectors throughout the region were clamoring for more input to the proceedings. Rigoberto Monge, private-sector negotiator for El Salvador, confirmed that the Consejo Empresarial Centroamericano (Ceca) was very concerned by the commercial and political consequences that might derive from an accord with Brazil.

Ceca sees Brazil as the principal opposition to the US vision for a Free Trade Agreement of the Americas (FTAA) and fears the conclusions that US negotiators might draw from the alliance. Another concern is that Brazil is the world's largest producer of some of the same agricultural products (see NotiSur, 2002-11-08) that Central America produces, opening the door to a host of contraband and import- quota manipulation schemes.

Ceca convened a strategy session with the other presidents. They determined that precedent existed to exclude Guatemala from the integration efforts and from any subsequent agreement with the US. Portillo had gone ahead with his embrace of Brazil in apparent violation of the 1992 Protocol de

Guatemala, which requires that, although any country may negotiate accords with third countries, it must first consult with the Consejo de Ministros de Comercio Exterior (Comieco); Guatemala failed to do this. That was the rock; George W. Bush provided the hard place last March when he warned that he would not wait for countries that fell behind in the process.

Amid denials of evil intent, Guatemala bowed to the will of the majority, abandoned Brazil, denying that there were any formal negotiations but only an informal exchange, and the summit went on as planned. It would be the last meeting of the presidents before the start of negotiations with the US scheduled for Jan. 8, 2003. "We're going ahead with everything necessary to be prepared in January," said Lacayo. Not all the presidents attended the summit, however. Ricardo Maduro of Honduras had a prior commitment in the US to attend his daughter's graduation. Francisco Flores of El Salvador, Abel Pacheco of Costa Rica, and Alfonso Portillo of Guatemala were there, while vice presidents Arturo Vallarino, Jose Rizo, and Vicente Williams represented Panama, Nicaragua, and Honduras, respectively. Prime Minister Said Musa of Belize was also there, because his country was seeking membership in the Cumbre Iberoamericana de Jefes de Estado y de Gobierno.

The summit also had to take up the private sector's demands for greater participation in the trade-agreement negotiations. "We have sensitive sectors that must be heard, therefore this 'cuarto de al lado' is essential, and we must be there to contribute and to say, 'here are our businesses, our interests, and our economic future,'" said Antonio Saca, president of the Federacion de Cupulas Empresariales de Centroamerica, Panama, y Republica Dominicana (FEDEPRICAP). (The 'cuarto de al lado' is the name given the mechanism through which official negotiators have contact with the private sector during negotiations.)

Enrique Lacs from Guatemala added, "This is not a cuarto that is going to receive reports, that is going to await what the governments care to tell us. It is an interactive group that will try to resolve with the governments the problems that come up, and make proposals." The demand resulted in a 15-minute meeting between the business people and the presidents. Roberto Ardon, executive director of Guatemala's Comité de Asociaciones Comerciales Industriales y Financieras (Cacif), said they had obtained a promise from the presidents that they would be taken into consideration. This issue appeared to have been resolved formally with a later statement by the presidents that said the business community and the ministers of agriculture would participate in the negotiations. A statement from Miguel Lacayo said that the business sector had always formed a part of the process and that the productive sector has had an active role.

Trade with the North aside, the summit had other issues to deal with. By its conclusion on Dec. 13, it had agreed to make culture and tourism the focus of economic and social development in the region and to find common strategies to prevent and mitigate food insecurity brought on by drought and climatic change. The presidents also met with Lucio Gutierrez, president-elect of Ecuador.

At the concluding news conference, the presidents, reading from the closing document, the Declaracion de San Jose, said they had agreed to "integrate culture and sustainable tourism as strategic priorities in the framework of policies and plans for economic and social development at the national and regional level." This would mean the "facilitation of transport of tourists in migratory, customs, and air, sea, and ground transportation." There was also agreement on creating

a "tourists' free transit zone." There was also an agreement to "instruct the appropriate agencies in matters of childhood and adolescence to draw up, in the shortest possible time, a ten-year Regional Action Plan" that guarantees respect for the rights of minors in Central America.

Turning to the jewel in the lotus, the presidents read from the declaration, "The negotiation of a free-trade agreement between Central America and the United States constitutes an important effort toward the creation of the Free Trade Agreement of the Americas in the year 2005." They went on to express their view that by this means they would "construct an alliance between two regions that will consolidate the principles that promote human and social development with justice." Along with this will come "the strengthening of democratic institutions and the creation of bigger and better opportunities that will provide a better quality of life to the people of the countries of the region."

Notimex concluded its coverage of the reading of the declaration with the reminder that this exchange between the region and its principal trading partner has historically put Central America, with its more than 30 million people most of whom live in poverty or extreme poverty firmly on the deficit side of the ledger (see NotiCen, 2002-10-17).

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