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Region's Presidents Meet with President Bush

by LADB Staff

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The five Central American presidents whose countries are negotiating the Central American Free Trade Agreement (CAFTA) met with US President George W. Bush in Washington on April 10. At the conclusion of the audience, which lasted for almost an hour and twenty minutes, the five told the press that the trade agreement would be "a mechanism for development and reduction of poverty" (see NotiCen, 2003-03-06). The meeting was not meant to be a negotiating session, and the Central Americans were instructed in advance not to bring up any subject with Bush not related to CAFTA.

Guatemalan President Alfonso Portillo had anticipated talking to Bush about the ill treatment his country had received at the hands of Otto Reich, former assistant secretary of state for Western Hemisphere affairs (see NotiCen, 2002-12-19), and there was speculation that President Abel Pacheco of Costa Rica might ask that his country be removed from Bush's list of "coalition countries," but neither happened. Instead, the agenda for public consumption centered on tweaking the definition of CAFTA.

"President Bush told us that he is not interested in an agreement to benefit those who are doing well, but rather one to benefit those who are not doing well," said Portillo. "We see in President Bush a great deal of good will to help Central America," said Pacheco. "The trade agreement is going to mean for us a way out of underdevelopment." President Enrique Bolanos of Nicaragua said he was satisfied with the assurances from the US to protect the weakest sectors of his society, particularly the campesinos, as part of the free-trade framework.

El Salvador's President Francisco Flores said that Bush "committed himself to helping to reduce poverty." Ricardo Maduro of Honduras said that Bush shared with the five "a very uniform vision about the need to push the development of Central America." He went on to analyze how the agreement was a win-win. "CAFTA is a mechanism for reduction of poverty for us," he said, "but for the United States it is a mechanism for security, to create a more stable and prosperous region in its neighborhood." Those statements were all the substance to come out of the meeting, attended not only by the five and their entourages, but also by US Secretary of State Colin Powell, National Security Advisor Condoleezza Rice, and US Trade Representative Robert Zoellick.

There was some evidence that, behind the smiles and expression of concern for the less fortunate, there was no change in the basic premises of the negotiations. The Central Americans remain in the position of having to appear to defend their agricultural sectors against the highly subsidized and productive US producers, while the stated US intention to help the poor continues to mask a strategy of leaving no commodity behind. The major problems, which the five are constrained to face at home, are pushed into the future, for the next generation of leaders to deal with. This is the position that Mexico's President Vicente Fox now finds himself in, as he now tries to reopen the

North American Free Trade Agreement (NAFTA) to save his foundering agricultural sector (see Sourcemex, 2003-04-23).

For example, Bolanos told reporters after the meeting that the trade agreement would contain protections for Central American agriculture, and he was backed up by Pacheco, who said that what was needed was more time and technical help to make campesinos competitive with US transnational agribusiness. But after they met with the US trade representative, Zoellick reiterated that the US would not take agriculture out of the negotiations and would not modify subsidies as long as the European Union (EU) maintained its subsidies. What would likely happen would be a phasing out of trade barriers, giving current administrations the opportunity to retire before the full impact of the agreement is felt. The trade representative also had some recommendations, if not marching orders, for what the presidents could do to facilitate CAFTA's smooth passage into law in time to meet the suggested deadline of December 2003.

Costa Rica's foreign trade minister Alberto Trejos said that Zoellick told the presidents to take care of any problems within each of their countries that could delay or impede the signing of a treaty, and also to collaborate more to "promote a favorable environment for the approval of CAFTA in the US Congress."

Lastly, Zoellick wanted the presidents to be "more active" with the World Trade Organization (WTO) in relation to the Free Trade Area of the Americas (FTAA), the larger and more extensive agreement of which CAFTA is said to be a precursor. Among the issues that have the potential to retard the negotiations within each country, the one singled out by Zoellick for attention was that of telecommunications in Costa Rica. That country is alone in having failed to privatize the sector and as such faces significant resistance from the industry to changes that free trade might impose. Zoellick said the US did not expect privatization but did expect an opening to competition, because he did not want Costa Rica to fall behind in this area "if it wants more foreign investment."

Pacheco rose to Zoellick's challenge, only to be slapped down upon his return home. Pacheco made public statements in the US that the Instituto Costarricense de Electricidad (ICE) was engaged in a possible alliance that would demonstrate just such an opening. He said talks were underway between ICE and a Canadian firm. That firm, however, is a Canadian state electric company, not a private enterprise; that is to say, not what Zoellick had in mind. But a week later, ICE union representatives firmly denied any such conversations and were emphatic that they would not support any opening up to the private sector of the ICE monopoly.

The denials came from Jorge Arguedas and Fabio Chaves, leaders of the Frente Interno de Trabajadores del ICE, the same persons whom Pacheco had named in Washington as being involved in negotiations with the Canadian company. "This is the question we are going to ask the president," said Chaves. "We want to know what are these conversations." He said that ICE has for years had various compacts with Hydroquebec, a state enterprise, but that was nothing new. Pacheco got no help from his own man in the controversy either. Pablo Urena, an advisor to the president and his representative on the ICE board, told the press that he did not know what Pacheco was talking about. Arguedas said that relationships like the one with Hydroquebec had always existed

because ICE cannot by itself fund large projects and requires alliances, but he added, "An alliance is an international loan."

Another of the presidents who will have to scramble to measure up to Zoellick's dictum is El Salvador's Flores. The last round of negotiations was held in his country, where popular opposition had reached unprecedented levels (see NotiCen, 2003-04-03). To address the widespread sentiment that civil society has been locked out of the free-trade discourse, Flores' government has initiated a consultative process by which citizens can "participate" by filing documents expressing their proposals or complaints with trade-policy offices in the capital. The citizens have until May 16 to make these filings, or, in the case of those who cannot write or prefer to give an oral presentation, they will have two days to do so. In view of the size of the protests that attended the last negotiations and the secrecy with which, at the behest of the US, the negotiation agenda is being guarded, it is unlikely that this process will be entirely successful.

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