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Guatemala Catches US in CAFTA

by LADB Staff

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Guatemala appears to have caught the US in a subterfuge and has warned that it will not sign the Central America Free Trade Agreement (CAFTA) if the US persists in violating the agreements negotiated last year.

Enrique Lacs, Guatemalan negotiator during the yearlong process of drafting an agreement, said that agreements for implementation of the Special Agricultural Safeguard (SAE, for its initials in Spanish) have been altered in a way that will hurt producers. He explained that the US had proposed a revised edit of the agreement for "better clarity" but had introduced a new paragraph that would have Guatemala relinquish the application of World Trade Organization (WTO) agricultural safeguards.

Lacs said Guatemala never agreed to give up the WTO provision in the negotiations and cannot now accept the document in its current form because "it gives a lot of advantage to the United States." Not all sensitive goods are protected by SAE, but they are by the Special Agricultural Safeguard (SAS), as the WTO safeguard is also known. SAS not only gives the right to apply protections in cases where volume of imports is the problem but also where prices fall below acceptable levels. Guatemala will only give up SAS if the US gives up agricultural subsidies, he said.

Guatemala, like Costa Rica (see NotiCen, 2003-12-18), negotiated separately from El Salvador, Nicaragua, and Honduras at the conclusion of scheduled talks. El Salvador's Vice Minister of Economy Eduardo Ayala Grimaldi said that in the US agreement with his country, CAFTA only permits the negotiated safeguard, not that of the WTO. For non-SAE products, however, a general safeguard based on WTO guidelines applies.

The US has announced a ceremonial signing on May 28 at the headquarters of the Organization of American States (OAS), but Minister of Economy Marcio Cuevas has said that Guatemala is not going to conform to the date the US set and announced on the Office of the US Trade Representative (USTR) Web page unless it respects the texts as negotiated. He characterized the subterfuge as a demand that the Central American countries give up their rights under WTO. He said he would just continue to meet with US negotiators until they reach agreement.

The other countries apparently considered the negotiations closed upon having achieved a legal revision that holds Central America not subject to retroactive return of taxes on exported textiles and a redefinition of sleepwear that includes nightgowns as well as pajamas. Guatemalan negotiator Eduardo Sperison said that the safeguard in contention would become important in the future for the protection of the country's basic grains, chicken, dairy products, meats, and other products. The US has said that a provision of the agreement having to do with poultry quotas is against US law. Sperison said that is not an issue for US negotiators to resolve, but for the US courts.

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