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## President Pacheco Doubtful On CAFTA

by LADB Staff

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A reluctant President Abel Pacheco rode along with other Central American presidents to the US to lobby for the passage of the Central America Free Trade Agreement (CAFTA). He makes the trip with the memory of a May 1 celebration of International Labor Day, when many thousands turned out in San Jose to voice their opposition to the pact. The demonstrations are an annual affair, but are usually of a diverse nature, with a wide variety of issues being advocated or denounced. This year it was mostly about CAFTA.

True enough, demonstrations of this kind have occurred in each of the other CAFTA countries, but Pacheco seems to be uniquely sensitive to the feelings of the masses. In his annual May 1 speech, the president said little about the trade agreement, other than that it would be considered "at the opportune moment when we are sure it will benefit the whole population." Pacheco may also be sensitive to a poll taken for La Nacion, the largest national daily paper, in early April and released May 6.

Conducted by the firm Unimer, the poll sought to determine the likely outcome of a national referendum on the trade agreement. It was conducted between April 1 and April 10, among a sample of 1,415 people. With a margin of error of 2.6%, it found a virtual tie; 49% said they would vote for the pact, while 46% said they would vote against. Another 5% either did not respond, or said they knew nothing about CAFTA.

### *Who likes it, and who doesn't*

The highest degree of support came from the more formally educated, higher-income urban sector, where 55% would vote in favor, and 41% would vote against. Among the lower socioeconomic sectors, 47% would vote for, and 45% against. At the middle level, the split widens to 51% versus 46%. Across age groups, younger people tend to warm to CAFTA; 51% under age 30 favor the pact, and 55% of those in the 30-39 range like it too. But among the 40-49 group, only 44% support it. 47% of people between 50 and 69 would vote for it.

By political affiliation, Pacheco's party, the Partido Unidad Social Cristiana, and Movimiento Libertario sympathizers strongly support CAFTA, 57-40, and 58-31, respectively. Partido Accion Ciudadana, to the contrary, was 55% against and 43% in favor. About 55% of people living in the gran area metropolitana (GAM) are in support, but those in the more rural environs of GAM are only 48% supportive. In the rest of the country, the fraction of the population who like CAFTA drops to 42%. These results do not add up to an incentive for Pacheco to go either way on the matter.

He is reported to be more doubtful than ever about the agreement (see NotiCen, 2005-03-17). He said after announcing the trip to the US that he intends to tell US President George W. Bush that he will not send the text to his legislature until he is sure it will benefit all Costa Ricans. Costa Rican

analysts agree this means that submission of CAFTA is wholly contingent on prior passage of tax reforms. Free trade with CARICOM It isn't as though Costa Rica does not support free trade.

On May 10, the legislature approved a free-trade agreement with the Caribbean Community (CARICOM). The pact was approved unanimously by the 41 legislators present. Costa Rica has a unicameral legislature with 57 total members. The measure sailed through on its first debate, and now goes on the Sala Constitucional for constitutional scrutiny. From there, it returns to the floor for final ratification.

Deputies agreed this deal "constitutes a balanced juridical framework by means of which the commercial and investment flows between Costa Rica and the Caribbean will be supported and promoted," said an accompanying resolution. The resolution acknowledged that the Caribbean nations "have productive systems complementary to those of Costa Rica, so that with the coming into effect of this treaty the trade flows between both partners will increase considerably." There was no hint of the CAFTA rancor in celebrating this accord.

Said Vice Minister of Foreign Trade Amparo Pacheco, "The FTA with CARICOM is a very important agreement for the objective of Costa Rica's trade policy. We have always thought that the Caribbean is a natural market for Costa Rican products." Unlike CAFTA, this agreement is "particularly important because it facilitates the incorporation of small and mid-sized agricultural businesses into the export activity," said the vice minister.

As of 2004, Costa Rica had a positive trade balance with the CARICOM nations. Costa Rica exported US\$70 million, and imported just US\$17 million. Principal export products to the area include agricultural products, medicines, food, cheese, butter, refrigerators, cleaning supplies, and leather. The agreement was signed in March 2003, and presented to the Asamblea Legislativa on June 25, 2004.

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