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## Onset Of Central America Free Trade Agreement Delayed

by Mike Leffert

Category/Department: Central America

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The Central America Free Trade Agreement (CAFTA) was to begin Jan. 1, 2006, the triumphant culmination of two years of negotiations and politicking. But it did not begin, and it is uncertain when it will begin. US Rep. Charles Rangel (D-NY) called the setback an "atrocious failure," while US Trade Representative Rob Portman tried to minimize the disappointment saying the agreement would come into effect "progressively to the extent that the countries make sufficient advances" in compliance with what they agreed to.

Rangel and other US legislators faulted Portman for the delay. Rangel said that when the battle for ratification was raging in the US Congress, Portman had testified that the Central Americans and Dominicans would only have to modify their labor laws, but after achieving ratification by only two votes in the House of Representatives, the USTR demanded changes in almost all sectors of the laws of the CAFTA nations. Not one of the countries, which include Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua, has done this. Costa Rica has not even ratified the agreement (see NotiCen, 2003-12-18, 2005-09-29).

El Salvador, perhaps closest of all to having made all the necessary revisions, is still not ready to implement the agreement. President Antonio Saca is scheduled to sign the new laws sometime in January and then begin a new phase of adjustment. After Saca signs, said USTR spokesman Stephen Norton, "El Salvador will be ready to emit major regulations and complete its internal procedures and the process of final revision of CAFTA with the United States."

CAFTA was meant to be a multilateral agreement but evolved as a collection of bilateral agreements between each of the countries and the US after the Latin nations failed to negotiate as a block. US offends a partner, changes its rhetoric After months of applying threats to the various governments to hurry up or lose out, Norton appears to have reversed course in the face of the across-the-board failure of the countries. After announcing the delay, he said, "The United States will continue working intensely with its CAFTA partners to move forward together as soon as possible.

At the same time, the implementation process should not be rushed. Otherwise, the benefits of CAFTA to farmers, workers, businesses, and consumers in the US and its partner countries could be jeopardized." Norton also observed, "Jan. 1 was not fixed in statute. It was simply a way of making the signatory countries focus on the necessary changes to statute and regulation to make sure commitments to CAFTA were met." Adding what was for Costa Rica insult to injury, Norton said that the countries could "continue enjoying the existing trade preferences." This was in reference to the Caribbean Basin Initiative (CBI), a 23-year-old system still in effect from the Reagan years. Costa Rican lawmakers were infuriated when US Rep. Gregory Meeks (D-NY) told them they should not rely on the CBI.

Jose Miguel Corrales, a Partido Union Patriotica (PUP) deputy, complained that the statement was a veiled threat that if Costa Rica did not sign up, their access to US markets under the initiative could be cancelled. Meeks was one of seven US representatives sent to Costa Rica to pressure the government. At around the same time, US Ambassador to Costa Rica Mark Langdale told the national newspaper La Nacion that the country's international reputation could be ruined if it did not move on CAFTA.

The Asociacion Nacional de Empleados Publicos (ANEP) protested both statements as meddling in their country's internal affairs. Meeks got himself in trouble at home as well. As one of very few Democrats to vote for CAFTA, he angered his own union constituents. Union official James Conigliaro of the International Association of Machinists and Aerospace Workers (IAMAW) said of Meeks and other pro-CAFTA Democrats, "They're sellouts. They want to run for re-election? I'm a Brooklyn guy, so I'll give you a Brooklyn saying: Fuggedaboutit!" CAFTA passed in the house with only 15 Democrat votes, but they were definitive because the final count was 217-215.

### *Projected readiness varies*

There is no timetable set for the Latin countries to finish their work. Costa Rica will not debate ratification until after February. Honduras has passed most of the legal reforms, but President Ricardo Maduro, whose term expires in January, must still approve a series of regulations. Nicaragua is still debating reforms on intellectual property and copyright. Guatemala has put the whole thing off for the holidays. The Dominican Republic has projected readiness for July 2006. The delay in implementation gives dissidents some small hope that the treaty might be derailed by the details.

Businesspeople in Nicaragua are concerned that legislators might balk at increasing or creating penalties for activities that must now be considered serious crimes under the provisions of the treaty, particularly with respect to intellectual property. There are already some indications this might be the case. The ruling Partido Liberal Constitucionalista (PLC) has vowed to pass whatever laws are necessary, but the Frente Sandinista para la Liberacion Nacional (FSLN), which opposed CAFTA, may call for a national referendum on the issues.

FSLN Deputy Alba Palacios told the media, "We don't know the reform, and they have not yet presented it to us, but I believe this will have to be submitted to the consensus of civil society, artists, and the rest of the actors." The possibility for problems leading to even further delays also exists in Guatemala, where Economy Minister Marcio Cuevas told reporters that the US has asked for modifications related to "the subject of intellectual property, telecommunications, and government purchases, but we consider that this is not necessary. It is the US that is not ready for the treaty to come into effect on Jan. 1, because we have always been." Cuevas has taken the position that the Guatemalan laws that the US wants modified do not impede implementation of the treaty in the country, and it remains unclear how the US will respond.

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