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Costa Rica Free Trade Referendum Challenged; Nation Divided

by Mike Leffert

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In a highly contested Oct. 7 referendum, Costa Ricans approved entry of their country into the Central American Free Trade Agreement (CAFTA). At least that's what the official results showed. According to preliminary totals released by Costa Rica's Tribunal Supremo de Elecciones (TSE), 51.6% of the voters, or 797,464 people, voted to join CAFTA, while 48.4%, or 747,826, voted to stay out of the agreement with the US.

49,000-vote margin in favor of joining CAFTA "The people of Costa Rica have said yes to the free trade agreement and for me this is a sacred will," declared Costa Rican President Oscar Arias. CAFTA's opponents, including trade unionists, farmers, students, feminists and small business people, denounced the vote as fraudulent. Eugenio Trejos, rector of the Instituto Tecnológico de Costa Rica (ITCR) and leader of the opposition, initially demanded a "vote-by-vote" recount of the ballots.

The controversial referendum occurred on the day before Costa Rica won a seat on the United Nations (UN) Security Council for the 2008-09 period. "It is sad to see these movements continue with their position of not accepting what the majority approved with its votes," said Alfredo Volio, leader of the pro-CAFTA campaign. While some anti-CAFTA activists filed legal challenges with the TSE, others announced plans to call a general strike by early next year if the government begins implementing CAFTA's provisions. Under Costa Rican law, 13 implementing provisions will have to be approved by the nation's congress before the treaty takes effect.

Lawmakers have until March 2008 to approve the measures or Costa Rica will remain outside CAFTA. Of 57 legislative votes, 38 are needed to make CAFTA law. In one sense, the referendum revived the tension between President Arias' camp and followers of Otton Solís, who lost by a narrow margin to Arias in last year's controversial presidential election (see NotiCen, 2006-03-02 and 2006-05-11). Solís's Partido Acción Ciudadana (PAC) was one of the main promoters of the anti-CAFTA campaign. On Oct. 12, the PAC filed 10 legal challenges against the referendum with the TSE.

The complaints charged that TSE workers in San José did not sign the voters' list in eight instances, while in two other cases the election material packages did not even contain the required voters' rolls. On referendum day, the first time a population anywhere went to the polls to decide on a free trade agreement, official observers reported a generally tranquil atmosphere. Approximately 60% of voters turned out to the ballot booths, about 5% less than last year's presidential election.

Luis Antonio Sobrado, president of the TSE, characterized the voting process as normal. "The people have spoken. Their political and social leaders are now obliged more than ever to hear them

and treat the verdict of sovereignty with prudence," Sobrado said. A delegation of almost 100 observers from the Organization of American States (OAS) also gave a wink of approval to the vote. "I am satisfied with what I have observed and with the way I have been treated in this country," said Fernanda Zavaleta, a Mexican national and chief of one of the OAS observer groups. However, a non-governmental observer delegation from the Plataforma Interamericana de Derechos Humanos Democracia y Desarrollo (PIDHDD) was denied official accreditation by the TSE.

Opponents allege fraud and dirty tricks CAFTA opponents charged that dirty campaigning, irregularities and US interference prior to and during the vote render the results fraudulent (see NotiCen, 2007-08-09 and 2007-09-27). A poll taken several weeks prior to the election by the University of Costa Rica showed the anti-CAFTA side winning by 10 points, but another survey conducted by the Nacion newspaper gave free trade supporters a narrow victory margin by just over 50%.

Displaying their strength, anti-CAFTA activists staged a march of between 100-150,000 people in the streets of the nation's capital city of San Jose one week before the referendum. It was the largest political demonstration held in recent memory in the small nation of approximately 4.5 million people. Convened on the 147th anniversary of the execution of national hero Juanito Mora, who led resistance against the North American invader William Walker, the demonstration exhibited a growing nationalist fervor as well as the ability of civil society organizations to upstage the traditional political parties.

Leading up to the election, opponents contended that pro-CAFTA employers were pressuring their workers to vote yes under threats of job loss. A government memo, leaked earlier to the Los Angeles Times, recommended threats of job loss be used as a campaign tactic, creating a scandal. Suggestions by US Trade Representative Susan Schwab and other officials in the administration of George W. Bush that Costa Rica could lose its most-favored nation trading status fueled the highly charged atmosphere. Three days prior to the vote, Schwab said that it would be "difficult to imagine" Washington negotiating a new trade pact with Costa Rica if CAFTA was rejected.

Vermont Sen. Bernie Sanders, a long-time foe of free trade regimes, and Maine Rep. Mike Michaud traveled to Costa Rica to assure Costa Ricans that the US Congress would not economically or politically isolate them in the event of a no vote. Sen. Sanders said the purpose of his visit was "to help counter the lies" being spread in Costa Rica. The Oct. 7 referendum intensified mounting economic and political divisions in Costa Rica, a tranquil and relatively prosperous nation in a region beset by the legacies of civil war, underdevelopment and social decomposition.

Known as the "Switzerland of Central America," Costa Ricans enjoy a literacy rate of 96% and well-regarded educational and social security systems. Energy, water, railway, telecommunications, and insurance industries are run by the state, and free trade opponents fear that opening up the sectors to foreign investment will erode their country's "solidarity" state and social safety net.

Free trade finds its share of boosters in Costa Rica. Hosting Intel and Hewlett-Packard plants, Costa Rica is emerging as an important niche in the high-tech global assembly line. Computer microchips

are now the nation's biggest export, and foreign investment has increased to US\$1.5 billion in comparison to just US\$100 million 20 years ago. Driven by retiring US baby boomers and other affluent foreigners, the real estate market is a prominent feature of today's economy. Internet users are often bombarded with offers to buy a piece of the Costa Rican "paradise." Anti-CAFTA activists insist that pro-free trade forces wildly exaggerated the potential benefits of a trade deal.

An analysis prepared by the PIDHDD contends that merely 2% of Costa Rican exports to the US currently face high barriers, with only tuna, sugar and ethanol all relatively labor-thrifty sectors standing to benefit the most from CAFTA (see NotiCen, 2007-10-04). Conversely, the PIHDD estimates that 250,000 jobs could be lost in the agricultural and small business sectors, even as 15,000 jobs in the textile industry are likely to be wiped out anyway when China's expected sales to the US escalate next year. Chinese labor is six times cheaper than Costa Rican labor.

Internationally, the Oct. 7 referendum touched off immediate political ripples. Talking to the radio, Bush renewed his push to convince the US Congress to approve free trade agreements with Colombia, Peru and South Korea (see NotiSur, 2007-10-19). "Hopefully the vote in Costa Rica will help us with Peru, Panama and Colombia," added US Secretary of Commerce Carlos Gutierrez. The Washington Post and Wall Street Journal praised the yes vote, with the Post interpreting the results as a setback to Venezuelan President Hugo Chavez and his Alternativa Bolivariana para las Americas (ALBA). The influential newspaper called on US Congressional Democrats to use "common sense" and drop opposition to approving trade agreements like the pending accord with Colombia.

Some free-trade supporters grasped the apparent CAFTA victory as a stepping stone for a free trade deal with the European Union (EU). Enrique Zamora, president of the Asociacion de Productores y Exportadores de Nicaragua (APEN) said the vote made Central America "ripe" for a negotiating an agreement with the EU. Opposition plans next steps In Costa Rica, the battle over CAFTA is far from over.

Debates over strategy are raging within the opposition, with some pushing for wholesale rejection of the referendum. Meanwhile, others are mulling compensatory measures in the national legislature that would grant subsidies to agricultural and other sectors expected to be hurt by the pact. Trejos is out as the anti-CAFTA movement's national spokesman, and an Oct. 27 meeting has been called to elect a new leadership and define a coherent strategy. Organizations active in the movement include the Central General de Trabajadores (CGT), the Federacion de Estudiantes de Secundaria, the Federacion de Estudiantes de la Universidad Nacional, the Federacion de Estudiantes de la Universidad de Costa Rica. Significantly, the movement is largely independent of the political parties. "The entire movement is in a process of re-composition, of evaluation, of critical analysis of what happened and what is going to happen," said Trejos shortly after the vote.

Some activists have stated they are considering taking their case to the human rights commission of the UN if CAFTA is enacted. "If this happens and the committee does nothing, a danger exists that the people won't be so peaceful, because the people are fed up," said Aida Facio Montejo, a prominent feminist attorney. "I believe that after having for so many years a more or less stable and fair democracy, which they are now losing, the people aren't going to take it."

-- End --