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Lagging Integration and Resistance To International-rights Conventions Retarding Region's Global Participation

by LADB Staff

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As Central America seeks to cast a wider net across the planet, negotiating its relationship with other regions, there is some concern that integration, the ability for the isthmus to speak with a single voice, is not proceeding quickly enough. An association agreement with Europe and a trade agreement with MERCOSUR depend on accelerated integration, but Guatemala's vice minister of foreign relations has recently criticized the pace of progress and faulted the political will of the region.

Vice Minister of Foreign Relations Alfredo Trinidad Velasquez said recently in a lengthy media interview that integration has been at issue for more than 30 years and has come to little, even as the European Union (EU) demands it. If, during those three decades, integration had been achieved, the current negotiation would have been done in a trice, he opined. "Not having it," he said, "is a fragility we have as a region to advance in the negotiation. This association agreement with the EU is not like the Central America Free Trade Agreement (CAFTA) but rather depends on a single unified regional export offer. Central America is very scattered, we've only unified about bananas (see NotiCen, 2008-08-07)."

Trinidad gave as an example of the problem the ongoing customs union agreement between Guatemala and El Salvador. The accord is already written and lacks only the protocol on how to administer it. The minister said accomplishing this would be a "stupendous signal" to Europe that the region is moving along, but Guatemala still has not done its part to get it done. The hang-up is purely bureaucratic. The Public Finance Ministry has already approved the agreement, but the Superintendencia de Administracion Tributaria (SAT) must approve it, and it simply has not done so. Despite the characteristic sluggishness, Trinidad said he did not think it would be difficult to get a completed agreement with Europe in 2009, but he warned that the European market has very rigid rules that would be a challenge to exporters.

The foreign ministers of Honduras, Costa Rica, and El Salvador met with Spain's foreign minister and expressed confidence that an agreement would be reached in the first trimester of the coming year. Isthmus negotiators have had an uphill battle on the agricultural front because of a European policy of protection for its own producers and its former colonies (see NotiCen, 2005-11-17).

Coffee, sugar, bananas, and other Central American exports have been affected by the policies. Private sector resists monitoring The government officials have been under pressure from the private sectors of their countries in the negotiations on labor and environmental issues. The EU had insisted on a chapter in the accords on workers' rights and environmental standards, which the Central American private sector regards as interference in internal affairs. For them, these standards violate their right to privacy.

The European proposal called for monitoring by civil society organizations, inflaming the business people. "The control of the companies has to be in the hands of the ministries, no one else," said Sergio Navas of the Camara de Exportadores de Costa Rica (CADEXCO). Making matters worse, the European insistence was incorporated not only in the trade section of the agreement but also on the other two pillars, political dialogue and cooperation. Isthmus negotiators supported the private sector on this and, at the round in Brussels, offered a counter proposal.

At first, Europe demanded that Central America conform to rules of the International Labor Organization (ILO) with civil monitoring. Central America accepted monitoring by their respective labor and environmental ministries, which would, arguably, be more sensitive to private-sector resistance in case of disputes. The civil organization is composed of 29 organizations represented in the Consejo Consultivo (CC) of the Secretaria de Integracion Economica Centroamericana (SICA). The business people also wanted details on what monitors would measure and guarantees that violations would not result in trade sanctions. Instead, they asked for dialogue, no sanctions, in a process mediated by a Central America-European government entity. Said Costa Rican sustainable development negotiator Gabriela Castro, "In Central America we have structures that function, and we want to work within them, without duplicating mechanisms. We have to maximize resources."

The Europeans seemed unimpressed by the argument. Cristina Martins is the European delegate for Costa Rica. She denied that the European position amounts to interference in Central American internal affairs, pointing out that the international conventions regarding labor and environmental issues have been passed and ratified by the countries.

A world away in Brasilia, meanwhile, representatives of SICA met in September with those of MERCOSUR to restart discussions on a bloc-to-bloc trade accord. A fairly good example of what Trinidad was complaining about, these talks have been on hold since 2004. Last year, SICA member countries exported just US\$51.9 million to the MERCOSUR countries but bought back more than US\$1.87 billion. Brazilian sources told the media that one of the aims of an agreement was to bring some balance to this heavily skewed trade within "a mechanism that strengthens political, economic, and cooperative relations." The SICA countries are all those of the isthmus, including Belize and Panama, plus the Dominican Republic as an associate; the MERCOSUR countries are Argentina, Brazil, Paraguay, Uruguay, and Venezuela, which is in process of membership.

In this first encounter, participants discussed institutional structures of the two blocs and began examining the economic asymmetries between them. Also planned was fixing an agenda for subsequent meetings. Brazil's President Luiz Inacio Lula da Silva is generally credited with getting the talks going. Trinidad said this would be the "first formal meeting between the two regions." The eventual goal is more like the European negotiation than like CAFTA, because it is wider in scope than just a trade deal.

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