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NICARAGUA

Legislature weighs merits of CAFTA-DR passage

After the U.S. Congress voted on Wednesday for the Central American Free Trade Agreement, Nicaraguans carefully weighed pros and cons.

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MANAGUA - A day after the Central American Free Trade Agreement squeezed by in a vote in the U.S. Congress, Nicaraguan trade officials called on their nation's legislative body to pass the deal or risk economic isolation.

"If we reject [the agreement], it means Nicaragua is putting an economic embargo on itself," Azucena Castillo, the Minister of Development, Industry and Trade, said Thursday. "What the United States is doing to Cuba is the same thing we would be doing to ourselves."

The trade deal, known as CAFTA-DR, would drop most tariffs on commerce between the U.S., five Central American nations and the Dominican Republic. Combined, the six CAFTA countries buy around \$3.2 billion worth of goods from Florida annually.

While El Salvador, Guatemala and Honduras have approved the deal, it's still under debate in Nicaragua, Costa Rica and the Dominican Republic.

CAFTA has been the source of much debate in this impoverished nation of 5.4 million where almost half the population lives on less than \$1 per day. While CAFTA supporters claim the deal will drive trade and boost foreign investment, critics fear it will put the nation's small companies at a disadvantage and won't do enough to protect workers' rights.

The agreement could go to Nicaragua's legislative body, the National Assembly, as early as next week. There, a coalition of center-right legislators, including some members of the majority Constitutionalist Liberal Party (PLC), claim to have the 47 votes needed to pass the agreement.

However, the center-left Sandinista Party has said that unless the trade deal comes bundled with measures to protect workers it could use its clout to keep the deal off the agenda of the National Assembly.

"We're not opposing the Liberals as long as there are measures in place that put a halt to the inequalities it could create," said Edwin Castro, a Sandinista National Assembly member. "We need financing for infrastructure and other measures that will promote development and compensate the sectors that will be affected."

Nicaragua had exports last year of \$750 million driven by coffee, beef and seafood. The Trade Ministry said that without CAFTA, exports would likely remain flat, but with the agreement could reach more than \$1 billion by 2009.

Violeta Delgado has been leading opposition to CAFTA through a nonprofit organization called Coordinadora Civil, which involves civil society in the political process. She said that although the United States only passed the agreement by a razor-thin margin, 217-215, it's likely to make the deal unstoppable here.

"The Liberals have the votes tied up, so I think a nonratification is highly unlikely," she said. "It's time for us to focus our efforts on guaranteeing that the agreement has as little impact as possible on small companies

and farmers."

The deal comes at a time of heightened political tensions in Nicaragua. The government has accused the PLC and the Sandinistas of forging an alliance to weaken and destabilize the presidency of Enrique Bolaños.

Trade Minister Castillo asked legislators not to use CAFTA as a pawn in their ongoing power struggle.

"[If we don't approve CAFTA] we condemn our people to face rates of poverty that are even more intense than what we see now," she said. "It's in the hands of our legislators."