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CENTRAL AMERICA

## U.S. trade pact may aid region, panelists say

As Congress debates a trade pact with Central American nations, experts at an FIU conference say the pact could lead to dialogue in the region.

BY SAUDY PEÑA

[spena@herald.com](mailto:spena@herald.com)

Despite some opposition in Central America, a trade agreement being considered by the U.S. Congress could become an important vehicle to drive dialogue about development issues in the region, according to some experts at a Florida International University conference Thursday.

"Although CAFTA will have a significantly small impact on U.S. exports, for Central America, the agreement is the most important in the region," said Pablo Rodas Martini, regional program director of the Guatemalan project Central America in the Global Economy of the 20th Century, at the FIU debate on regional economic integration.

"We have had many forums and debates," he said, "but this is the first time that we are having a regional debate. I think this will accelerate the dialogue on issues such as customs unions and technology."

The Dominican Republic-Central American Free Trade Agreement (CAFTA-DR) is a proposed trade agreement between the United States and five Central American countries (Guatemala, El Salvador, Honduras, Costa Rica and Nicaragua) and the Dominican Republic.

The U.S. Congress is expected to vote on CAFTA-DR in June or July.

Martini also emphasized that CAFTA-DR would neither make Central American economies collapse nor create an economic miracle.

Highlighting the difficulty of estimating the effects of CAFTA-DR, Anabel Gonzalez, a former chief CAFTA-DR negotiator, warned that the agreement must not be overwhelmed with guidelines that are difficult to implement.

"It is not an easy task to integrate several countries on a regional trade agreement," Gonzalez said.

"We have to not fall into the trap of burdening this agreement with too many policies."

Gonzalez added that not adopting the agreement would be a failure and that "CAFTA can contribute to mitigate some poverty and underdevelopment problems in the region."

Panelist Victor Bulmer-Thomas, director of The Royal Institute of International Affairs in London, explained some reasons why the U.S. is now interested in a regional agreement.

"The difficulty of controlling the multilateral agenda and the new agenda outside the [World Trade Organization] makes the U.S. embrace this agreement now," he said. "They opposed it in the past."

Responding to a question as to whether the United States has political motives in pushing for CAFTA-DR, he responded: "CAFTA is a trade strategy. There aren't geopolitical aims here."

Jairo Acuna-Alfaro, a researcher at various institutions, including the University of Oxford, was perhaps the

most skeptical about CAFTA-DR as a tool for a development agenda.

"We need to have a bigger framework to involve these agendas in the region," he argued.