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Close Tally on CAFTA by Costa Rica in First-Ever Public Vote on a NAFTA Expansion Shows That Bush Administration's Continual Push for These Deals Hurts U.S. Foreign Policy in Latin America

Even After U.S. Threats Aimed at Stimulating Public Fear of Reprisal and Big-Dollar Campaign Pushing 'Si' Vote, Result Is Marked by Razor-Thin Margin

WASHINGTON, D.C. - The depth of public opposition to North American Free Trade Agreement (NAFTA)-style pacts was demonstrated Sunday by Costa Rica's massive "no" vote to CAFTA despite a intensive campaign led by the country's president, months of deceptive radio and television advertising in favor of the pact, and a threatening statement issued Saturday by the White House, Public Citizen said today.

The strong vote against CAFTA likely will fuel growing opposition to another Bush proposal now before Congress to expand NAFTA to Peru. The Peru Free Trade Agreement (FTA) contains the same foreign investor privileges, service sector privatization, agriculture and other provisions that fueled Costa Rican public opposition.

"That nearly half the public in Latin America's richest free-market democracy opposed CAFTA despite the intensive campaign in favor of it should end the repeated claims that pushing more NAFTA-style free trade deals is critical to U.S. foreign policy interests in the region or helps the U.S. image," said Lori Wallach, director of Public Citizen's Global Trade Watch division. "This vote also debunks the claim that these pacts are motivated out of U.S. altruism to help poor people in trade partner countries, given that many of the people in question just announced that they themselves don't want this kind of trade policy. This policy, supported by the elite, will help foreign investors seize control of their natural resources, undermine access to essential services, displace peasant farmers and jack up medicines prices."

Preliminary results showed that those opposing CAFTA garnered just over 48 percent of the vote and those for it garnered under 52 percent. The anti-CAFTA vote received the majority in most rural regions, where fears about campesino displacement drove opposition to the pact. The pro-CAFTA vote won narrow majorities in most urban, populous regions, where Bush administration's threats made Thursday and Saturday were widely covered by the media despite a legally mandated black-out on advocacy

for or against CAFTA in the press. As of Monday morning, the "no" campaign had not conceded and was awaiting a partial recount on Tuesday and an investigation into polling station irregularities.

Citizens of El Salvador, Honduras, Nicaragua, Guatemala and the Dominican Republic had no opportunity to voice their own views of CAFTA. Despite massive, long-running public demonstrations against CAFTA in those countries - which resulted in protestors being killed by the police in Guatemala and a legislature fleeing its own building to hold the vote in a downtown hotel in Honduras - legislatures in those countries ultimately ratified and implemented CAFTA by mid-2006.

In Costa Rica, the CAFTA debate coincided with that nation's presidential election. With fair trade presidential candidate Ottón Solís running against CAFTA-supporter and Nobel-Prize winner Oscar Árias on a campaign focusing on the widely unpopular NAFTA expansion, CAFTA never came to a vote in Costa Rica. Early in 2007, after Árias narrowly won, Costa Rica's legislature passed a measure establishing a national referendum on whether Costa Rica should enter CAFTA.

That Sunday's referendum resulted in narrow passage is not surprising given considerable intervention by the Bush administration and a massive, well-funded campaign for the pact led by Costa Rica's president and pushed heavily by the corporate sector and much of Costa Rica's media. The Bush administration repeatedly threatened to remove Costa Rica's existing Caribbean Basin Initiative (CBI) trade preferences if the public rejected CAFTA, even though the program was made permanent in 1990 and only an act of Congress could terminate it. (A tiny percentage of Costa Rica's U.S. exports enjoys duty-free benefits under a CBI add-on program that was approved in 2000. The tremendously popular program, which covers nearly two dozen countries and cannot be removed for rejection of an FTA, is set for renewal next year.)

"Right now, we see the same duplicity with the proposed NAFTA expansion to Peru, where proponents claim that implementing the Peru agreement is critical to building a positive U.S. image in the region," Wallach said. "Yet if these agreements are good foreign policy, why did the Bush administration also threaten to remove existing Andean trade preferences to force the deal over the opposition of the Peruvian public as well as its religious, indigenous and labor leaders?"

The U.S. ambassador to Costa Rica, Mark Langdale, was slammed with a rare formal denunciation before Costa Rica's Supreme Electoral Tribunal in August after he waged a lengthy campaign to influence the

vote on CAFTA. As part of that, Langdale employed misleading threats and suggested there would be economic reprisals if CAFTA were rejected. In response, Rep. Linda Sánchez (D-Calif.) who serves on the House Foreign Affairs Committee's Western Hemisphere Subcommittee, wrote a letter to Secretary of State Condoleezza Rice in late September demanding the cessation of Langdale's interventions. "Even the perception of such interference harms the U.S. image in a region already suspicious of our intentions," Sánchez wrote. "If we are to be seen as respecting democracy, sovereignty, and economic development, we must not interfere in any way with the historic popular referendum on CAFTA in Costa Rica, the region's oldest and strongest democracy."

House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid in late September sent a letter to Costa Rica's ambassador to the United States correcting Langdale's false threats that Costa Rica would lose its CBI trade preferences if the public rejected CAFTA. "Participation in CBI is not conditioned on a country's decision to approve or reject a free trade agreement with the United States, and we do not support such a linkage," Pelosi and Reid wrote. Despite this, Bush's U.S. Trade Representative renewed the threats on Thursday, and the White House issued a statement repeating the threats on Saturday - just hours before the vote.

"Only two years after CAFTA squeezed through Congress on a one-vote margin, the narrowest margin ever for a trade deal, nearly half of Costa Rica's public took a strong stand, in the face of campaign trickery and lies, against the damaging agreement," said Todd Tucker, research director for Public Citizen's Global Trade Watch division and author of the CAFTA Damage Report. "No more countries should be subjected to the damaging policies imposed by overreaching 'trade' agreements."

For more about CAFTA and pending NAFTA expansions to Peru and other countries, visit www.TradeWatch.org.

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