

December 17, 2003

Costa Rica Balks at Approving Central American Trade Pact
By ELIZABETH BECKER

WASHINGTON, Dec. 16 - The Bush administration's attempt to reach agreement this week on a free trade area with five Central American nations suffered a reversal on Tuesday when Costa Rica announced that it was delaying its final approval.

Alberto Trejos, the trade minister for Costa Rica, told American trade officials that he would have to return to his country for consultations.

Costa Rica and the administration disagreed over proposed trade rules governing agriculture products, textiles and the service industry in the Central America Free Trade Agreement.

This is the third setback in trade talks this month for Robert B. Zoellick, the United States trade representative. His plans to sign a series of regional and bilateral agreements before the end of the year were thwarted when he missed the deadline for completing free trade agreements with Morocco and Australia. Those will be carried over into next year.

Richard Mills, a spokesman for the United States trade representative, said that talks would continue here among the United States, El Salvador, Guatemala, Honduras and Nicaragua with the hope of completing the negotiations this week.

Even with the delay, Costa Rica could join the Nafta-like trade agreement before it is presented to Congress next year.

Mr. Mills said that the United States remained "interested and positive toward Costa Rica" but that a dispute over opening up its telecommunications and insurance industries was serious. "Two-thirds of our economy is the services economy," he said. "Costa Rica has a monopoly in telecommunications and insurance."

The United States has demanded that all the Central American nations open their protected service areas. At the same time, the United States is discussing opening its borders to agricultural products like sugar.

To deal with some of the other agricultural issues, negotiators are discussing 10- and 15-year periods for gradually phasing out tariffs on corn, rice and meat.

Regina K. Vargo, the chief negotiator for the United States, has warned the Central American nations that if they fail to complete negotiations this week it will be difficult to persuade Congress to approve the accord.

But several members of Congress have already signaled that the chances of passage are slim in the coming election year.

With trade building as a major election issue, critics are using the 10th anniversary of the signing of Nafta to build a campaign against new trade agreements like Cafta, the shortened name for the trade agreement.

Representative Sander M. Levin, Democrat of Michigan and a proponent of free trade, said that without improved labor standards he doubted that Congress

would approve the measure.

The agreement with Morocco was postponed because it balked at opening its market to American wheat and meat. Australia resisted American proposals to change its price control system for pharmaceuticals and the United States was opposed to opening its markets to more Australian meat and sugar.