

# *MESOAMERICA*

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## **COSTA RICA**

### **DR-CAFTA's Passage in US Gets Little Response from Government**

Despite frantic warnings from the business sector that Costa Rica would lose investment opportunities every day that it sat on the Dominican Republic-Central America Free Trade Agreement with the US (DR-CAFTA) now that it had been approved in the US, President Abel Pacheco maintained that he would continue to wait to send the agreement to the Legislative Assembly for discussion and likely approval.

DR-CAFTA's 217-215 approval in the US Senate on 27 July caused many in the business sector of Costa Rica to fear that the country would lose foreign investment by not being a part of the agreement. Immediately following the vote, DR-CAFTA supporters redoubled their efforts to get Pacheco to send the agreement, taking out full-page ads in newspapers, holding press conferences and unleashing a flurry of press releases urging immediate action by the president. Pacheco responded by saying he refused to be rushed, that the country was not losing any investment and that Costa Rica was on its own schedule.

"I can assure you that pressure doesn't work with me," he said. "I will send (DR-CAFTA) when I think it is good and right for Costa Rica."

From the left, opponents of the pact threatened an "unprecedented general strike" if Pacheco does send it. "If president Pacheco does send (DR-CAFTA) to congress, we are prepared to defend the country and fight against the treaty until the final consequences," said Fabio Chávez, head of the Comision Nacional de Enlace, an organization uniting several anti-DR-CAFTA groups.

Meanwhile, the president of the Legislative Assembly, Gerardo González, announced that he was looking into the possible constitutionality of introducing the free-trade agreement without Pacheco's consent, a move attempted by the Libertarians in February, but rejected because the legislature was in a special session. The legislature again is in a special session, during which only the executive branch can set the agenda for the introduction and discussion of bills, but Gonzalez is looking into introducing it in September, once the legislature enters ordinary session.

Pacheco, who says he is not sure that the agreement would be good for all Costa Ricans, has continually conditioned his sending of DR-CAFTA to the assembly on the passage of a tax reform bill and its study by a “council of notables” he appointed to give an opinion. The council has until late September to submit their report.

### **Fire Takes 19 Lives in Poorly-Equipped San José Hospital**

Costa Rica was shocked after a pre-dawn blaze in the state-run Hospital Calderón Guardia gutted the fourth and fifth floors of the oldest part of the hospital complex, killing 19 people on 12 July in the nation’s capital, San José. In the wake of the tragedy, which President Pacheco decreed a national emergency, it became clear that many, if not all, of the deaths could have been prevented had the hospital heeded warnings that the facility was at high risk of fire and lacked even basic prevention and protection measures.

One of the several documented warnings that the hospital was not safe came in a report issued by the Firefighters Corps of the National Insurance Institute (INS) 10 years earlier, which, in the first sentence of its conclusion, classified the hospital’s risk of fire as “very high.” The report lists specific, unsafe situations found in the hospital, such as fluorescent lights installed above flammable materials. Subsequent investigations into the cause of the fire by INS said that this was likely the cause of the blaze.

The hospital also lacked very basic preventive measures, such as smoke alarms. The area of the hospital affected by the blaze did not have fire escapes, emergency lighting or a functioning fire suppression system. A nurse who was there when the flames first began tried to put them out with a fire extinguisher, according to reports in the local media, however the extinguisher was almost empty. The fire hose system also failed to work because the internal pumping system could not deliver water to the area where the fire was blazing.

In Jan, the same safety measures failed when an ominous fire broke out in the same building, on the same floor, however nursing staff were able to put the flames out with buckets of water. Resulting investigations by INS following that fire urged the hospital again to install effective safety measures.

Of the 19 people who died, 16 were bed-ridden patients, unable to move themselves and escape the blaze, and three were nursing staff, including at least one nurse who had gone back to try and save more patients. The INS report from ’95 specifically draws the hospital director’s attention to the danger of placing patients who are unable to move by their own means on the upper floors of the oldest part of the hospital, where there were no ramps or fire escapes. A group of more able-bodied patients escaped by shimmying down a rope of tied-together linens hung out the fifth-floor window when they found their only way out of the wing blocked by smoke and fire. Television crews showed live images of patients inching along ledges high above to reach impromptu escape routes involving dangling between floors and climbing down to reach firemen’s ladders.

In the week after the fire, the blame for the clear lack of safety precautions bounced back and forth between the hospital heads and the Costa Rican Social Security System (CCSS), which oversees state hospitals. Luís Paulino Hernández, the medical director and head of the hospital, claimed that he had

been asking for years for the funds to improve safety at the facility, but the CCSS never gave him the funds to do so. The CCSS, for its part, responded by saying it had given the hospital the funds, and then threatened to sack Hernández and the hospital administrator, which was not done, but the CCSS but did take over the hospital to facilitate the recovery and reconstruction.

Damages were put at \$20 million, while the hospital's insurance covered only a small part of it. Pacheco's declaration of a national emergency freed up some government funds for reconstruction, while the Foundation for Patients with Cancer held a telethon event in downtown San José seeking donations from businesses and the public to help with the costs. In early Aug, the director of the CCSS announced that \$17 million would be used for the hospital's reconstruction from funds intended to build a world-class cancer institute. The cancer center will now be a part of the reconstructed part of Calderón Guardia Hospital.

### **WTO Rules for Latin America in Banana Dispute**

Costa Rican banana exporters breathed a sigh of relief after the World Trade organization (WTO) announced on 1 Aug that the European Union's (EU) proposed tariff hike on bananas coming from Latin America would not allow those producers "full access" to the European market.

The EU announced last year that it would raise tariffs on Latin American Bananas beginning 1 Jan 2006 from 75 euros (about \$90) per metric ton to 230 euros (about \$280) as a way of phasing out its previous tariff system based on quotas. The move would also favor banana producers from African, Caribbean and Pacific (ACP) countries.

Latin American leaders protested, saying that the raise in tariffs will cost their countries thousands of jobs, leaving workers hungry and poor. According to statistics from the Costa Rican National Banana Corporation, Costa Rica could lose 8,000 jobs if tariffs are raised to 230 euros. Costa Rica produces more bananas for export than any other Latin American country except Ecuador. In 2004, Costa Rica exported approximately 1.8 million metric tons of bananas.

To face the threat with a unified front, leaders from Latin American banana producing countries met first in Quito, Ecuador, in January and then again in July to discuss common strategies for facing the EU.

At the January meeting, President Abel Pacheco formally proposed forming a Latin American banana bloc. Present at the summit were the presidents of Colombia, Ecuador, Panama and Guatemala. Nicaragua and Honduras both sent high-level representatives.

The 1 Aug ruling by arbitrators told the EU that it must revise its proposed policy, saying it would not allow Latin American producers "complete access" to the European market. The EU also has the possibility of appealing the ruling. Costa Rican Trade Minister Manuel González said that, if the two sides are unable to come to an agreement, the Latin American Leaders are prepared to take the case all the way to the Doha round of WTO trade talks scheduled for December in Hong Kong.

—Leland Baxter-Neal

