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COSTA RICA

River Dispute Reheats

The Nicaragua-Costa Rican battle over the San Juan River, which acts as a geopolitical border between the two nations, has once again erupted. Tensions between the two nations regarding the river usage rights have escalated, resulting in the decision on 28 Sep by Costa Rica to turn to the International Court of Justice (ICJ) at The Hague for resolution.

In Sep '02 foreign affairs ministers from both nations met to discuss the issue but rather than resolving it, they simply agreed on a three-year truce. The truce officially ended on 26 Sep, and officials have been unable to work out acceptable conditions at the negotiating table (Vol. 18, No. 8).

According to the Cañas-Jerez Treaty signed in 1848, Nicaragua owns the entire river, yet Costa Rica was granted navigational rights. Tensions began to simmer in '98 when decisions by Nicaraguan President Arnaldo Alemán prohibited all Costa Ricans from carrying weapons while using the river, including security forces, and charged Costa Rican tourists to use the river.

Costa Rica wants to continue armed patrols on the river by police. President Abel Pacheco said the ICJ decision was made "in defense of the Costa Rican rights." However, current Nicaraguan President Enrique Bolaños said, "Nicaragua will not permit foreign forces to navigate, armed, in waters that are part of our national territory." President Bolaños' statement followed the approval by the Nicaraguan government of an executive decree ordering an increased military presence on the frontier zone on 28 Sep. On 30 Sep, Nicaragua pulled their ambassador out of Costa Rica for an indefinite period of time.

Costa Rican Foreign Minister Roberto Tovar said, "Costa Rica is taking this case to the International Court so that the court will recognize Costa Rica's rights, no more no less." Pacheco said that Costa Rica is only looking for objective judges that can hand down a resolution and indicated that the ICJ was the last resort to resolve this dispute.

Nicaraguan Foreign Minister Norman Caldera said this move by Costa Rica is a "flagrant violation of national sovereignty" and that Costa Rican intentions with "military purposes do not have any legal base and jeopardize peace."

On 28 Sep, the Nicaraguan National Assembly passed a resolution, threatening to add a 35% tariff on all Costa Rican goods entering the country if the case was sent to the ICJ. On 11 Oct, President of

the Nicaraguan Congress Enrique Quiñónez said the tariff proposal, called the Patriot Tax, has been sent to a legislative commission where it awaits authorization to be sent to the Assembly floor for final approval.

Carlos Céspedes, manager of commercial logistics for the Costa Rican Chamber of Exporters, said that around 470 Costa Rican businesses will be affected by the tariff. He added, if Nicaragua imposes the tariff on transit products en route to locations in Honduras, El Salvador and Guatemala, it will generate some \$241 million in tax revenue for Nicaragua.

Jorge Pattoni, General Manager of Dos Pinos, a major dairy producer, said the tariff will effectively cease trade with Nicaragua for his company, but added that the biggest loser in this game will be the Nicaraguan people.

On 8 Oct, Caldera announced the decision to charge \$20 for all Costa Ricans who enter Nicaragua, an increase from the former \$5 visa charge. According to statistics from the Nicaraguan Institute of Tourism, 100,000 Costa Ricans visited Nicaragua in '04, up from the 77,000 visitors in '03. Nicaraguan officials stated that the increases in tariffs and visa fees will help Nicaragua with the additional expenses associated with an ICJ case, an estimated \$4 million.

According to Tovar, the resolution process in the ICJ can take anywhere from three to five years. Nicaragua is currently engaged in two other territory disputes with Honduras and Colombia.

ICE Strike

Hundreds of workers from the Costa Rican Electricity Institute (ICE) and their supporters marched in San Jose on 26 Sep to protest the Central American Free Trade Agreement (CAFTA) and the dissolution of the commission set to create laws to protect ICE if CAFTA is passed.

The head of the Internal Workers Front (FIT) said: "We have mobilized an important number of workers who are conscious of what CAFTA means for ICE."

Protesters want the creation of another commission and the ratification of laws that will protect the publicly-owned company from competition after the opening of the telecommunications industry. According to *La Republica*, the law to strengthen ICE is waiting for the creation of another commission, one made up entirely of legislators, before it can be sent to Congress. The former commission, composed of legislators and civilians, was dissolved in mid-Sep after heated skirmishes in the Legislative Assembly about the mixed commission.

South Korea Summit

On 12 and 13 Sep, South Korean President Roh Moo-hyun met with Central American leaders for a summit. It is the first time that a South Korean head of state has ever visited Costa Rica; this event is now being called the beginning of a new era of bilateral relations.

South Korea offered \$6 million to establish a Korea-Costa Rica Biodiversity Research Center to investigate Costa Rican biodiversity. This was one of the agreements signed by Presidents Pacheco and Roh on 12 Sep during a bilateral meeting. The new institute will be a combination of the National Biodiversity Institute (INBio) and the Korea Research Institute of Bioscience and Biotechnology (KRIBB), which have already signed a page of agreements.

Present at the summit was Costa Rican President Abel Pacheco, along with the presidents of Guatemala, Panama, Nicaragua and El Salvador, the Honduran vice president and representatives from the Dominican Republic and Belize.

On 12 Sep, running parallel to the summit, a business opportunities meeting was conducted by the Costa Rican Foreign Commercial Relations Minister with representatives from 80 important Korean businesses, such as Samsung Electronics Co. Ltd., Hyundai Motor Company, LG Electronics Inc., Daewoo International Corp. and KT Corporation. The meeting focused on a discussion of investment opportunities for Korean businesses in Costa Rica.

—*Catherine Golden*