

# *MESOAMERICA*

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## **EL SALVADOR**

### **CAFTA Ratified by Congress Despite Protests**

El Salvador became the first Central American country to ratify the Central American Free Trade Agreement (known as CAFTA) with the US government, after a marathon plenary session of the Salvadoran Legislature in mid-Dec, despite widespread protests against CAFTA by several coalitions of opposition groups. On 16 Dec, the legislature's plenary session was interrupted for two hours by approximately 50 members of "The 12 October Popular Resistance Movement," composed of numerous labor and popular social organizations who strongly oppose CAFTA. On 22 Dec, thousands of protestors took to the streets and blocked major highways in 10 of the nation's 14 departments (states) to express their opposition to CAFTA, under the coordination of "The Popular Social Block of El Salvador."

Congress finally approved the CAFTA proposal at 3:00 am on 17 Dec with the support of rightwing legislators of the National Republican Alliance (ARENA), the National Conciliation Party and the Christian Democrat Party. The trade agreement was approved with 49 votes in favor and 35 votes against; the "nays" were cast by leftwing legislators of the Farabundo Martí Front for National Liberation and the United Democratic Center.

The terms of CAFTA were worked out between trade representatives of the US and the five Central American countries in nine rounds of negotiations prior to the symbolic signing of the preliminary document in Washington, DC, on 17 Dec '03 (see Vol. 23, No. 1) by the delegates of each country, except for Costa Rica. Its trade representatives demanded more time to consider the terms of the agreement, which resulted in 330 hours of over-time trade talks during Jan between US and Costa Rica negotiators before reaching a final agreement on 25 Jan '04 (Vol. 23, No. 2, "Final Round of CAFTA"). However, the formal signing of the final 2,400 page CAFTA document by the trade ministers of each country did not take place until 28 May '04 at the headquarters of the Organization of American States in Washington, DC.

Nevertheless, before CAFTA can be implemented throughout the region, the legislatures of the participating countries have to ratify the agreement and each president has to sign it. Despite the pressure on other Central American countries to ratify CAFTA in order to cash in on the alleged

economic benefits of “free trade” with the US, there is serious opposition to CAFTA in each of the respective countries, including the US (see Vol. 23, No. 1, “CAFTA Update,” for a discussion of these arguments).

### **Open Border Policy Launched with Guatemala**

On 14 Nov, President Antonio Saca (ARENA) announced that El Salvador and Guatemala would open their borders to free trade between the two countries as part of an on-going process of Central American integration. The following day, the presidents of both countries took part in an official ceremony to symbolically “destroy” the border control stations at Ciudad Pedro de Alvarado (Guatemala)-La Hachadura (El Salvador) in order to allow the free passage of persons and goods between their two countries. Accompanying Presidents Saca and Oscar Berger (Guatemala) were their colleagues President Enrique Bolaños of Nicaragua, President Ricardo Maduro of Honduras and Manuel González, the Costa Rican Minister of Foreign Relations, who expressed their solidarity with the measure.

### **TPS Extended for Salvadorans in the US**

On 6 Jan, the US Department of Homeland Security and the US Citizenship and Immigration Services announced an 18-month extension of Temporary Protected Status (TPS) for Salvadorans until 9 Sep '06. Under this extension, which is effective 9 Mar '05, those who have already been granted TPS are eligible to live and work in the US for an additional 18-months and continue to maintain their status. There are approximately 248,282 nationals of El Salvador (or aliens having no nationality who last habitually resided in El Salvador) who are eligible for re-registration.

"We have determined that it is necessary to extend protection to nationals of El Salvador who are present in the United States while El Salvador recovers from a series of devastating earthquakes that affected that nation in early 2001," remarked Eduardo Aguirre, Director of US Citizenship and Immigration Services.

### **Former President Flores, Strong Candidate for OAS Post**

Encouraged by the support received from other nations in the region, former Salvadoran President Francisco Flores ('99-'04) stated that his candidacy for the post of Secretary General of the Organization of American States (OAS) “is very solid,” according to press reports on 11 Dec.

Currently, Flores has received the support of Guatemala, Nicaragua, Panama and the Dominican Republic, in addition to El Salvador, in his campaign to occupy the post vacated by the abrupt departure of the former OAS Secretary General, Dr. Miguel Angel Rodríguez of Costa Rica, on 15 Oct. Rodríguez was forced to resign in response to accusations of corruption against him in his homeland during and after his tenure as the nation's president ('98-'02) (see Vol. 23, No. 11).

Flores reported that he expects to have the support of Uruguay, Paraguay, Ecuador, Colombia and the US, despite opposition from Honduras, Mexico and Chile. Current President Saca reinforced this opinion when he stated at the Washington Press Club on 7 Jan '05 that Flores is the “consensus candidate for the Central American region” and has the “clear support” of the US government.

## **Economic News:**

**Good Economic Growth Reported for '04.** According to the Central Reserve Bank of El Salvador on 27 Dec, the Salvadoran economy grew 1.8% during '04, encouraged by the strong growth of non-traditional exports and income from family money transfers. Although the Ministry of Economy reported that inflation during '04 was 5.4%, up from 2.5% in '03, mainly due to the increased cost of petroleum imports, the rate of inflation in El Salvador was much lower than in neighboring countries, such as Costa Rica that reported 13.13% inflation for '04 (one of the highest rates in Latin America).

**Remesas Break Records.** The money transfers (called *remesas*) that Salvadorans living abroad—mainly in the USA—send back to relatives in their homeland reached a new record in Nov '04 with the receipt of \$230.6 million for the month, and a total of \$2.3 billion during the first 11 months of '04, according to the Central Reserve Bank of El Salvador. The '04 total was a 22% increase over the same period of '03, and the Nov total was a 32% increase over the previous year. The average *remesa* during '04 was \$220 compared to \$110-120 in previous years. This is an indication that the Salvadoran community in the USA has achieved new levels of insertion into the host economy and job market. Also, it was expected that *remesas* during Dec '04 would top the old record for the month, with the receipt of approximately \$260 million, and would set a new yearly record of more than \$2.6 billion.

**Cotton Production and Sales Up.** The nation's annual cotton crop generated an estimated \$2.9 million for producers, according to a 21 Dec report by the Salvadoran Cotton Corporation, based on the production of 43,200 quintales of cotton. Most of the local cotton crop was sold to the Salvadoran Association of Clothing Industries at about \$11 per quintal above the international market price.

—Clifton L. Holland