



**Running on Empty in Central America?  
Canadian, Mexican and US Integrative Efforts**

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The year 2001 is a benchmark in North American regional history not only because it puts security issues at the top of the agenda but because it offers a valuable lesson in a topic that is becoming increasingly relevant in a more and more competitive world: regional integration. Concerned with this matter, Dr. Imtiaz Hussain presents a meticulous investigation on Canadian, Mexican and U.S. efforts to integrate with the Central American region.

The book begins by asking: Why was the U.S.-Central American Free Trade Agreement (CAFTA) signed in record time while Canada's Central American Four Free Trade Agreement (CAF4TA) was a sonorous failure and Mexico's Puebla-Panama Plan is still struggling to avoid the same fate? Dr. Hussain uses a hybrid model that borrows from several prominent scholars of international negotiations (Fen Osler Hampson, Richard Feinberg, and Mark Habeeb, among others) to conclude that the relative success or failure of each of the North American Free Trade Agreement (NAFTA) partners' efforts depended as much on the *ends* as on the *means*.

With this in mind, the book goes through every single aspect of the negotiations, departing from the pre-pre-negotiating process and arriving at the ratification stage, not without first observing internal and external dynamics, comparing NAFTA partners' experiences, contrasting country-specific negotiating styles and exploring some of the most relevant (and thorny) issues, like agriculture, telecommunications, textiles, the environment and labor.

This comprehensive investigation shows the reader several situations that determined the result of each of the negotiations. It becomes clear that Canada's excessive focus on principles rather than interests constrained its negotiating room. In dealing with labor and environmental concerns, it simply was not as flexible as its NAFTA counterparts. In turn,

Mexican and U.S. negotiators proved more pragmatic, acknowledging that less developed countries' comparative advantage lies in sectors (such as *maquiladoras*) with more permissive labor and environmental regulations than those of developed countries.

Nevertheless, it must be acknowledged that the difference in focus regarding principles and interests derives from different objectives and levels of (inter)dependence. Mexico's main goal with the Puebla-Panama Plan was to secure its own northern *maquiladoras*' competitiveness by relocating them south instead of having them migrate across the ocean. The U.S. simply took the opportunity to secure greater market access and to advance the hemispherical integration process under the Free Trade Area of the Americas (FTAA), a goal shared by all NAFTA partners. In contrast, Canada sought to position itself as a hemispheric and humanitarian leader.

Nonetheless, objectives depended on empirical constraints such as trading relationships, historical experiences and capacities for exerting pressure. Evidently, the U.S. was the most significant partner for the Central American region politically, historically and economically. Absorbing between 57 percent (Guatemala) and 70 percent (Honduras) of Central American exports, the U.S. is much more likely to exercise pressure on the region than Canada, whose economy barely exported U.S.\$188 million in 2002 to the area. Again, Mexico is somewhere in between, with modest trade relations but deep historical engagements.

*Running on Empty* is also sensitive to asymmetries, considering the Central American perspective during the three negotiating processes. Among the discoveries stands out how countries devastated by years of civil war (like Nicaragua) are on more fertile ground for signing free trade agreements than countries like Costa Rica where a long democratic tradition has favored the consolidation of pressure groups with vested interests—telecommunications is a good example—that oppose what Merino del Rio calls “the unholy trinity of market fundamentalism”: market opening, deregulation and privatization.

Needless to say, signing free trade agreements (FTAs) with the giant of the north will have several implications for infinitely smaller Central American countries and particularly for people from the rural areas. As Dr. Hussain explains, U.S. demands for market access and defenses against imports may drive small Central American producers as well as large farms out of business, leaving us with a situation that “resemble[s] a time-bomb”.

At the same time, integrative efforts between North and Central American countries will influence regional and hemispheric integration initiatives. Through NAFTA-plus or FTAA, Canada and Mexico are likely to bandwagon successful U.S.-Central American negotiations. Besides, if CAFTA is fully ratified, other Latin American countries, such as Brazil, will come under greater pressure to join hemispherical integration. However, many loose ends must still be considered: Will a hemispheric FTA exacerbate inequality and social injustice among already divided Latin American societies? Is the gap between state and society growing wider? What will be the effect on integration of this new “wave” of leftist governments emerging across Latin America?

Yet, the main question remains: Is Central-North American integration running on empty? Or is there still fuel for a long journey? *Running On Empty in Central America? Canadian, Mexican and US Integrative Efforts* enlightens researchers, students and both integration enthusiasts and opponents.

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