

## **Principles of Unity on Trade with Central America**

In 1997, the United Nations Development Program stated, “As trade and foreign investment have expanded, the developing world has seen a widening gap between winners and losers... The greatest benefits of globalization have been garnered by a fortunate few.” Trade can be an important aspect of a country’s development strategy, but it should be viewed as only one component of a broader strategy based on sound domestic institutions and policies and on international support for development in the form of debt relief and development assistance. Any trade agreement should not be an end in itself, but rather a means toward combating poverty and social exclusion, and for achieving just and sustainable development. We call on the U.S. to honor the following principles in its negotiations towards a U.S. – Central America Free Trade Agreement (CAFTA):

**Democracy, Transparency, and Accountability:** Trade agreements must be negotiated under democratic mechanisms with broad-based citizen participation including workers, women, and indigenous and ethnic groups. The draft text, member country proposals, and negotiating agendas should be made available to civil society at regular and timely intervals in order for civil society participation to be meaningful. Negotiators should also meet with civil-society groups before each negotiating session, in order to discuss the proposals being advanced, and afterwards in order to report back on the results of those talks. Trade agreements must be subject to regularly scheduled environmental and social reviews by an independent body, which include an evaluation of the agreement’s impact on workers, women, people of color and indigenous communities. Any dispute arising under the agreement must be resolved in an accountable and transparent manner, with due deference to domestic laws and court systems. Trade disputes must be open to the public, and accept submissions from interested outside parties.

**Workers’ Rights:** Any trade agreement with Central America must ensure that all workers can freely exercise their basic rights as laid out by the 1998 ILO Declaration on Fundamental Principles and Rights at Work: freedom of association, the right to organize and bargain collectively, to refuse forced labor, to reject child labor, and to work free from discrimination. These rights must be recognized and protected in trade agreements and covered by dispute resolution and effective enforcement mechanisms. Any trade agreement with the region must also ensure that immigrant workers’ rights are protected fully regardless of their status. Adequately funded financial and technical assistance to improve labor standards in Central America can complement, but not substitute for, enforceable rules on workers’ rights. Unfortunately, promises of effective assistance are likely to go unfulfilled – the U.S. international labor budget is already set to be cut by more than 90 percent. Finally, a trade agreement with Central America must include protections and transitional assistance for rural and urban workers and farmers in Central America and the United States who are adversely affected by increased trade.

**Protecting Family Farms:** No free trade agreement should prevent countries from establishing their own domestic agricultural policies that promote food sovereignty, appropriate for their particular economic conditions, geographic characteristics and cultural practices and beliefs. Trade agreements must not interfere with the ability of countries to prohibit dumping of agricultural products that undermine the well being of family farmers and rural communities.

Farmer's livelihoods will be left at the whim of large agribusiness interests unless exporting countries of major commodities take the lead in establishing price floors to assure fair commodity prices worldwide and establish strategic international reserves to ensure food security. These mechanisms are necessary to prevent the pricing and export of commodities by agribusiness corporations at below a farmer's cost of production. Countries must be allowed the flexibility to establish tariffs and appropriate types of subsidies to prevent a total collapse of rural economies and mass migration.

**Environmental Protection and Natural Resources:** Trade agreements must not undermine any environmental standards but strengthen and enforce them. Trade rules must ensure that private investors cannot challenge domestic environmental and other public interest laws and regulations before international tribunals. Agreements should also reinforce governments' responsibility to protect and promote farmer rights regarding plant genetic resources for food and agriculture as stated in the Treaty on Plant Genetic Resources for Food and Agriculture, including not limiting any rights that farmers have to save, use, exchange or sell seeds and other propagating material as afforded to them by national laws.

**Protecting Basic Services:** Services that help meet people's right to food, education, health and basic utilities should be exempt from trade rules. In Central America there is deep concern that applying trade rules to these services, especially public services, would make it harder for governments to adequately support and regulate these services, resulting in price increases that are prohibitive to consumers, reduced access and compromised quality.

**Foreign Investment and National Development:** Investment rules must allow governments the leeway to implement legitimate economic development strategies for domestically oriented growth, especially to promote decent employment, to support domestic industries and investment, and to encourage the emergence of new and infant industries. Investors must have binding responsibilities – including compliance with international and national labor and environmental standards – not just rights. Governments must have the authority to regulate capital flows in order to prevent and redress financial crises. Finally, investor-to-state lawsuits must not be part of trade agreements.

**Intellectual Property Rights:** A trade agreement with Central America should not include rules that go beyond the existing intellectual property rights agreement of the WTO that may adversely impact women, farmers' rights, food security, traditional knowledge and the protection of public health. Trade agreement's rules should comply with the Doha declaration on access to medicines and with the Convention on Biological Diversity. Intellectual property rules must not limit countries' ability to prohibit patents on genetic plant resources for food and agriculture.

**Procurement:** Procurement rules must not prevent governments from using tax dollars to support responsible purchasing and contracting practices that favor local suppliers or contain other non-commercial criteria. National and sub-national governments must retain the ability to use government procurement policies to promote local employment, assist small and medium-sized businesses, safeguard workers' rights and human rights, and achieve other legitimate social and environmental goals.

1. AFL-CIO
2. Agricultural Missions, Inc
3. Campaign for Labor Rights
4. Church Women United
5. Church World Service
6. Citizens' Trade Campaign
7. Colombia Human Rights Committee
8. CISPES – Committee in Solidarity with the People of El Salvador
9. Communication Workers of America
10. Concern America
11. Conference of Major Superiors of Men
12. Friends of the Earth - US
13. Global Exchange
14. Heifer International
15. The International Brotherhood of Boilermakers
16. The International Brotherhood of Teamsters
17. International Labor Rights Fund
18. Mexico Solidarity Network
19. Minnesota Fair Trade Coalition
20. National Family Farm Coalition
21. NETWORK: A National Catholic Social Justice Lobby
22. Nicaragua Center for Community Action
23. Nonviolence International
24. Presbyterian Church (USA), Washington Office
25. Public Citizen
26. Quixote Center/Quest for Peace
27. Resource Center of the Americas
28. Sweatshop Watch
29. Transport Workers Union
30. UNITE
31. Voices on the Border
32. Washington Office on Latin America
33. World Vision