

CAFTA and the Scourge of Sweatshops

Maricela works in a maquila factory in Nicaragua where she sews the back pocket on to blue jeans for a major U.S. retailer. She makes \$2.33 a day. At the same time, the company she works for pays no local taxes while the government turns the other way from violations of labor and environmental standards. Even after working over-time, Maricela is unable to send her two children to school. She even plans on leaving the country in order to seek better work. A new “free trade” agreement called CAFTA may bring more jobs like Maricela’s to Nicaragua, but it does not provide long term investment in Nicaragua’s people, only short-term profits for corporations and the rich. (Witness for Peace)

Increased trade is the best way to eradicate poverty because exports are the key to sustained economic growth, says the myth of free trade. But in reality, “free trade” agreements that are supposed to increase the global standard of living actually decrease it – by lowering workers’ wages, eroding workers’ rights, increasing unemployment, and creating a global ‘race to the bottom’ that pits workers against each other instead of promoting global worker solidarity.

Proponents of a new ‘free trade’ agreement with Central America are once again claiming that this pact will help workers. The reality, however, is that the U.S.-Dominican Republic-Central American Free Trade Agreement (CAFTA) should more power to multinational corporations at the expense of ordinary citizens and workers. While big business will win out, garment workers will be among the biggest losers as CAFTA increases sweatshop-style production.

Sweatshops and the New Global Economy

The recent proliferation of sweatshops is inextricably linked to globalization. Corporations now have more freedom than ever before to relocate to whatever countries will provide the lowest wages and the loosest regulations, lowering their costs to increase profits.

For workers, the current system is a trap. Because the garment industry is so mobile—retailers can shift sourcing from one country to another in a matter of a fashion season—any country that raises its wages or enforces its workers’ rights risks “pricing itself out of the market.”

The truth is that what sweatshops provide are not employment opportunities for workers, but exploitation opportunities for corporations. Wages and working conditions in sweatshops are so poor that workers remain in poverty even while fully employed.



According to the National Labor Committee, a worker in El Salvador earns about 24 cents for each NBA jersey she makes. These same jerseys then sell in the U.S. for \$140 each. The 60 cents an hour the Salvadoran NBA seamstresses earn covers only about a third of the cost of living, and even the Salvadoran government says this wage leaves a worker in “abject poverty.” In poorer countries such as the Dominican Republic and Nicaragua, the wages are even lower.

Workers Resist Exploitation

Rather than happily accepting sweatshop conditions, garment workers in countries around the world have sought to improve their situation by trying to organize unions. Unfortunately those efforts are almost always

crushed. Union organizers have been beaten, thrown in jail, blacklisted, and even killed. In some countries, such as Mexico, the government often cooperates with factory owners as they try to bust organizing drives. Of the 30,000 workers working in Nicaragua’s state-sponsored Free Trade Zone, only 3 percent are unionized. In these manufacturing zones, workers are expected to leave their liberty at the factory gates. “We’re not against foreign investment in Nicaragua,” a worker there has told human rights groups. “But we are against exploitation.”

From NAFTA to CAFTA

CAFTA is modeled on the North American Free Trade Agreement (NAFTA), enacted in 1994. The changes wrought by NAFTA gave U.S. and Canadian corporations incentives to relocate factories to Mexico, where wages are lower and labor unions weaker. The U.S. has lost over 879,000 jobs under NAFTA, many of those moving to Mexico.

This contributed to an increase in the number of sweatshops in Mexico. While new jobs were created in Mexico under NAFTA, average wages for workers in manufacturing industries actually fell. Now one-third of the 800,000 manufacturing jobs claimed by the Mexican government to have been created

under NAFTA have disappeared as companies move once again to cheaper labor sources.

Sweatshops: Global Race-to-the-Bottom

By exploiting workers in sweatshops, corporations drive down working conditions for all workers and prevent countries from pursuing a real model of development. When corporations pressure countries to keep wages low, ignore domestic labor laws, violate international environmental codes, bust unions, and drive down working conditions globally, they are no longer taking advantage of poor working conditions – they are creating and perpetuating them.

Free trade agreements hurt the ability of workers to organize for their rights. According to a study conducted under NAFTA's labor side agreement, 90% of 400 plant closings or threatened plant closings in the U.S. in a five-year period occurred illegally in the face of a union organizing drive. As corporate globalization continues, the race to the bottom is appearing limitless.

CAFTA – a Raw Deal for Workers

Though much criticism has been raised about NAFTA's impact on working conditions, CAFTA fits the same mold. This is of even greater concern, given the fact that labor conditions in Central America are so appalling. Many Central American countries lack basic labor protections such as the right to organize or anti-discrimination laws. Workers regularly face exploitation, abuse, and hazardous working environments. In Guatemala and El Salvador attacks and murders of union members occur with frightening regularity.

Because of the greater disparity in working conditions between the U.S. and Central America, the situation under CAFTA could be even worse. While the average U.S. manufacturing worker makes around \$16 per hour, the average Honduran worker producing goods for export to the U.S. makes 90 cents per hour.

Like NAFTA, CAFTA fails to include the core standards established by the International Labor Organization (ILO). CAFTA also fails to ensure that countries don't weaken or intentionally fail to enforce their already weak laws in an effort to attract investment. If CAFTA becomes a reality, the race-to-the-bottom will accelerate as corporations gain even more ability to move throughout the region. This will spread sweatshop-style production to new places, while making current working conditions even more miserable, as workers are forced to toil for less and less.

The Corporate Sell-Job on CAFTA

CAFTA proponents are attempting to sell the agreement with the argument that it would benefit garment workers in both the U.S. and Central America, who currently face competition from cheaper labor costs in China. The blatant abuse of

workers' rights and widespread sweatshop conditions in China are well documented. The World Trade Organization's Multi Fiber Agreement expired on January 1, 2005, abolishing a global quota system in textile production. So corporations like Gap, Nike, and Liz Claiborne, Wal-Mart, and industry groups including the American Apparel & Footwear Association claim that Central America needs CAFTA to keep its sweatshop jobs from moving to China.

Once again, we see that the promises of free trade are false. The majority of textile and apparel products produced in Central America already enter the U.S. duty-free under an existing agreement called the Caribbean Basin Initiative. What CAFTA would do, however, is allow companies to relocate to Central America, import textiles from other countries such as Asia, and then import finished products to the U.S. duty-free, actually reducing the demand for U.S. and Central American-made components. Garment workers in both the U.S. and Central America are currently grossly undercut by cheaper and more 'efficiently' produced Asian goods. CAFTA's lowering of tariffs between the U.S. and Central American countries will not change this dynamic.

Fighting for Work with Dignity

If CAFTA becomes reality, corporations would gain more powers to act without being accountable to their workers, the communities in which they operate, or the public in general. But CAFTA and sweatshops aren't inevitable.

Communities across the U.S. are saying no to sweatshops, and yes to work with dignity – by requiring that governments only purchase from companies that meet basic labor standards. Collaboration between workers and consumers has led to substantial victories including factory monitoring and the creation of "sweat-free" campuses and institutions. Pressure from consumers has forced clothing companies to adopt and enforce Codes of Conduct for their factories.

Though CAFTA negotiations are completed, the agreement must be voted on in the U.S. Congress to go into effect. Let's demonstrate that sweatshops can be a thing of the past, and that we can instead globalize work with dignity.

For more information:

www.aflcio.org/issuespolitics/globaleconomy/caftamain.cfm

www.citizenstrade.org

To find alternatives to sweatshop clothing, visit:

www.globalexchange.org/sweatshops

GET INVOLVED!!

***SPEAK OUT** to your Member of Congress by calling 202-225-3121 and urging them to vote NO on CAFTA. Find helpful resources and more ideas at www.globalexchange.org.

***CONTACT** us at: trade@globalexchange.org to sign up for our weekly listserve or for more information.