

WHAT IS CAFTA?

The Central American Free Trade Agreement (CAFTA), is a regional agreement between the U.S. and five Central American countries: Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, the negotiations for the terms of which concluded in December 2003, (though Costa Rica finished a month later). The Dominican Republic, still in talks with the US, could “dock” onto the agreement at any time. The draft text of the agreement, never released to the public or Congress during negotiation is expected to be released in late January/early February 2004.

WHAT WOULD CAFTA DO?

▪ THREATEN FAMILY FARMERS AND SUSTAINABLE DEVELOPMENT

Agricultural policies in CAFTA would threaten the livelihoods of family farmers and ranchers in Central America and the United States by favoring agribusiness, keeping commodity prices low and flooding local markets with cheap imports. In Central America this is particularly dangerous given that such policies threaten a governments’ ability to protect vulnerable rural populations through tariffs and targeted subsidies on vital foodstuffs such as rice and beans. CAFTA could also force both the U.S. and Central America to accept biotechnology and genetically modified foods, a move which threatens to reduce global marketability for U.S. producers and threatens the viability of traditional food strains for Central American farmers.

▪ INCREASE JOB LOSS AND UNDERMINE WORKER RIGHTS

Under NAFTA hundreds of thousands of jobs were lost to “free” trade; a net of 766,000 U.S. jobs have been lost and approximately 28,000 small Mexican businesses have shut down; these same trends will be mirrored in CAFTA. In addition, CAFTA contains no core labor protections for workers. This would undermine working standards in all countries and promote a global “race to the bottom” where workers are pitted against in each other in the search for the lowest sweatshop wage. In Central America workers are often denied basic rights such as freedom of association, the right to organize and bargain collectively, the right to refuse forced labor, the right to reject child labor, and freedom from discrimination. CAFTA stands poised to exacerbate this bleak human rights situation.

▪ ERODE ESSENTIAL PUBLIC SERVICES

CAFTA could promote dangerous policy with regards to the liberalization of essential services. Services that help meet peoples’ right to food, education, health and basic utilities should be exempt from trade rules. Currently, however, domestic regulations on health, labor, energy, and environmental services could be considered “barriers to trade” under the CAFTA agreement and open to challenges by multinational corporations. This could undermine much needed public services in Central America, resulting in prohibitive price increases, reduced access and compromised quality. The loss of governments’ ability to provide accessible essential services would also severely impact women as they are often primary care givers and rely heavily on public services.

▪ PRESSURE FOR THE FTAA

The CAFTA agreement is a clear way for U.S. trade negotiators to build momentum for a much larger (and equally flawed) free trade agreement called the Free Trade Area of the Americas (FTAA) that would include every country in Central America, South America, and the Caribbean, except Cuba.

WHAT IS THE STATUS OF THE CAFTA NEGOTIATIONS?

The Dominican Republic now in negotiations with the U.S. to be added to CAFTA Under the Trade Act of 2002, the Administration must notify Congress at least 90 days before signing the agreement, and under fast-track rules, once the Administration submits the agreement to Congress, there are up to 60 legislative days to act on the proposed bill. Given this timeframe, the agreement will likely come up for a vote in spring or early summer, 2004.