

CAFTA



CAFTA, the **Central American Free Trade Agreement**, is a proposed commercial pact between the United States and five countries in Central America: El Salvador, Guatemala, Nicaragua, Honduras, and Costa Rica. The name sounds familiar because it is modeled after the now-infamous North American Free Trade Agreement – NAFTA – which has devastated working people in the United States, Canada, and Mexico.

CAFTA, like NAFTA before it, is part of a bigger project to spread free trade, corporate power, and US political and economic domination throughout the Americas. That project has a name: **The Free Trade Area of the Americas, or FTAA**, a hemisphere-wide trade deal that is being forced upon the region with renewed vigor by the Bush Administration. FTAA, in turn, is part of a greater US-led strategy known as **Neoliberalism** or **Corporate Globalization**.

Who wants CAFTA?

On August 22, in the wake of the passage of Fast-Track (Trade Promotion Authority), US Trade Rep Zoellick sent a letter to Congress asking for the authority to officially open CAFTA negotiations. The US would like to begin official CAFTA talks in December 2002, and finalize the agreement within a year. **A key reason the US is pushing CAFTA so strongly now is the strategic role it plays in advancing the FTAA.** If CAFTA is passed, it will establish a unified block of 6 countries (US + Central America) in the FTAA negotiations. It will also pressure the larger Latin American economies, such as Brazil, to give in to US demands in the negotiations. The struggle to stop CAFTA will slow down and, potentially, kill the formation of the FTAA.

Central America: Achilles Heel of Free Trade

El Salvador and Central America are a strategic spot on the path to hemispheric free trade. In March 2002, President Bush travelled to El Salvador to promote CAFTA, and then hand-picked Salvadoran President Francisco Flores to represent all of Latin America at the last G8 conference in Genoa. For years, Central America has served as a testing ground for key elements of the US' model of Corporate Globalization. Plan Puebla Panama (PPP) is a massive regional project aimed at modernizing and integrating Central America's infrastructure (roads, seaports, and airports) to facilitate trade. Free Trade Zones abound in Central America. President Bush and multinational corporations are pushing CAFTA because they see a large potential market for US exports. Eliminating taxes and tariffs in Central America – a cornerstone of the agreement – would lower production costs and increase corporate profits, while also benefiting large banks and foreign investors.

CAFTA, FTAA and Plan Puebla Panama will effectively turn Central America into nothing more than one giant Free Trade Zone.

Workers and Consumers Punished

CAFTA is being completely modelled after NAFTA, the North American Free Trade Agreement. In Mexico and the United States, the arrival of NAFTA in 1994 did not bring better jobs as its advocates had promised. Rather, 5-6 million well-paying jobs left the US to be replaced by insecure low-wage employment that pays about 77% less. Mexico has also seen an abrupt decline in wages and an increase in the poverty rate. Between the years 1994 and 2000, the purchasing power for the poorest 80% of Mexicans dropped 39 percent.

Starvation-wage sweatshop or *maquila* jobs are the reward for countries that create an "attractive investment climate" by busting labor unions, cutting workers' benefits and worsening labor conditions in a "race to the bottom."

Increasing Corporate Power, Eroding Democracy

Free trade deals like CAFTA weaken regulatory measures and open the way for increased corporate exploitation in poor countries. The examples of Enron and WorldCom show how crooked corporate giants in the United States use the deregulated "free" market to destroy lives in the name of profit. It is no coincidence that Enron – facing scandal in the US – is setting up shop in Nicaragua and other third world countries.

CAFTA would give companies free reign in Central America, obliterating the democratic process by robbing citizens and communities of their power to shape their own society. The insidious Chapter 11 of NAFTA, which, gives corporations the right to sue governments for inhibiting "profit-making potential" would be included in CAFTA and the FTAA.

Destroying Agriculture

Central American economies have traditionally been exclusively based on agriculture. Agricultural workers' groups and rural development organizations throughout Central America have condemned CAFTA for what it is: an asymmetrical agreement that will destroy a Central American agricultural sector that simply cannot compete. Years of governmental neglect and recent natural disasters have devastated farmers. CAFTA, which would introduce heavily subsidized US agricultural imports, would completely wipe out what remains.

The People Respond with Solidarity and Resistance

In Central America, the push for CAFTA has been countered by grassroots activism. When George Bush visited El Salvador on March 24 to promote the free trade agreement, over ten thousand people from throughout Central America took to the streets in opposition. **More than 1000 delegates from Central America, Southern Mexico and elsewhere met in July to analyze the PPP, FTAA, and CAFTA and made a call for mobilizations on October 12th to protest the PPP, and trade agreements like FTAA and CAFTA.**



"These Free Trade Agreements are nothing more than Total Liberty to Punish the People" FESTRASPLES is Here [Part of the Struggle!]" Public sector union federation banner at protest of President Bush's visit to Central America in March 2002.



Solidarity Organizations throughout the US are responding to the call of the Central American people by organizing a multifaceted campaign against CAFTA in the United States, combining congressional pressure, consciousness raising and direct action. Through solidarity, an alternative model is being constructed to serve the necessities of the poor majority, one based firmly on equality and economic justice. Through solidarity we can defeat CAFTA, the PPP and the FTAA!

Join us in building an international struggle to defeat corporate globalization: join the fight against CAFTA!
For more information on the national coalition, contact CISPES at (212) 465-8115,
email us at cafta@cispes.org or visit our website at <http://www.cispes.org/cafta>.