



League of United Latin American Citizens

NATIONAL PRESIDENT
Hector Flores

June 24, 2004

EXECUTIVE DIRECTOR
Brent A. Wilkes

RE: Central American Free Trade Agreement (CAFTA)

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Treasurer

Dear Member of Congress:

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Youth President
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VP for Southeast
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VP for Southwest

On behalf of the League of United Latin American Citizens (LULAC), the oldest Latino civil rights organization in the United States, I am writing to express deep disappointment regarding the labor and environmental provisions in the Central American Free Trade Agreement (CAFTA). The language in CAFTA represents a step backwards even from the already weak labor and environmental side agreements instituted in its predecessor, the North American Free Trade Agreement (NAFTA). Although we strongly support trade and economic integration with Latin America, as we all know, the devil is in the details. We support trade agreements that contain the rules necessary to ensure balanced and equitable development, stable economies and a healthy environment. Unfortunately CAFTA, as it stands today, fails to reach this threshold in a number of ways. Instead, it is structured so as to continue a race to the bottom in labor and environmental standards. For this reason, we urge you to reject CAFTA when it comes for a vote.

STATE DIRECTOR S
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As we mark NAFTA's 10 year anniversary, the agreement's track record has amply demonstrated that the NAFTA model is seriously inadequate regarding the treatment of both labor and environmental issues in the agreement. One example is the results of the San Diego-Tijuana Environmental Health Coalition's (EHC) landmark case concerning the Mexican government's refusal to clean up toxic waste left by an abandoned Tijuana factory, *Metales y Derivados*. EHC's claim was processed and won through the adjudication procedures of the North American Commission for Environmental Cooperation (NACEC), which was created by NAFTA's environmental side agreement. However, despite the ruling, the NAFTA side agreement commission could not compel the cleanup of the more than 7,000 tons of toxic waste, which still lie exposed to the elements just a mile from the U.S. border. There have been a series of cases under NAFTA's investment rules in which corporations have been awarded cash compensation from governments based on claims of violations of their NAFTA-granted investor rights. In contrast, the only outcome of EHC's citizens-claim was a report from the commission acknowledging that there had been a violation, with no other result or penalty.

In terms of labor issues, workers in both developing countries and the U.S. pay for the absence of the level playing field promoted by enforceable labor standards. Lack of enforceable labor standards leads to a downward push on U.S. workers' wages, with U.S. Hispanics disproportionately impacted. Latino workers have been significantly hurt by NAFTA because they tend to be concentrated in industries such as the textile and

other manufacturing sectors. According to Department of Labor (DOL) 1999 figures, forty-seven percent of individuals that applied for NAFTA's Trade Adjustment Assistance (TAA) program providing funds for workers laid off due to NAFTA were Hispanic.

Any future trade agreements between the United States and our neighbors to the South should take into consideration these lessons learned from ten years of NAFTA. Effective labor and environmental standards must be in the core of the agreement and not included as preambular language or side-agreements. Additionally, labor and environmental provisions must have parity of enforcement with investment provisions if we agree that the health and well-being of the communities that the agreements impact is as important as the health and well-being of investors.

Equally crucial to note is that, if trade is to truly promote development and the stabilization of regional economies, it must be accompanied by non-conditional development grants – not loans - that give countries (in this case Central America) the financial capacity to create the infrastructure necessary to fully implement and enforce labor and environmental standards.

Fair wages, dignified work conditions, stable economies and a safe and healthy environment ultimately benefit everyone. Meaningful enforcement of labor and environmental standards coupled with money for development would significantly decrease the push factors that drive individuals to risk their lives and seek employment in the United States as well as the factors that drive down U.S. workers' wages. As an organization that represents the welfare of Latinos in the United States, it is incumbent upon us to oppose policies that do not meet these criteria and to promote policies that will better guarantee wage standards and living conditions for Latinos at home and abroad.

Sincerely,

A handwritten signature in black ink, appearing to read "Hector M. Flores". The signature is fluid and cursive, with a long horizontal stroke at the end.

Hector Flores

LULAC National President