

Position of the Citizen Action Network on Trade and Investment Sinti Techan On the Negotiations for a United States-Central America Free Trade Agreement

The euphoria and extreme optimism generated by the potential signing of a Free Trade Agreement between the United States and Central America (USCAFTA) has led the President of the Republic, government ministers and the business elites to dedicate themselves to generating frenetic propaganda presenting these free-trade agreements as panaceas to achieving vigorous economic growth and the creation of thousands of jobs, even though our country has been under 5 years of prolonged economic recession, aggravated by high levels of unemployment and poverty.

El Salvador has already ratified three free-trade agreements -- with the Dominican Republic, Mexico and Chile -- and agreements with Canada and the United States are underway. In each of these cases, there are enormous similarities in the contents of those accords. They all respond to an eminently mercantilist approach, one that holds profits far above human development.

The Citizen Action Network on Trade and Investment wants to make it clear that identifying the FTAs as synonymous with growth and the creation of jobs and well being is a fallacious proposition intended to create positive public opinion around a trade policy that will only lead to higher levels of concentration of income and wealth by big business and transnational corporations and that sidesteps the serious structural problems that stand in the way of our development.

There are sufficient arguments to demonstrate the fallacies of the USCAFTA, among them:

1. Free trade is not possible in the context in which a country like the United States can impose protectionist measures for its economy, particularly on imports of agricultural products, while at the same time imposing indiscriminate liberalization of its exports of products and capital.
2. The non-recognition of the existing inequalities among our economies and companies, particularly the micro, small and medium-scale businesses, in terms of their low levels of efficiency and competitiveness. These problems are caused by the absence of an effective policy of incentives, innovation, training and access to financial resources, infrastructure in a state of clear deterioration, and user fees for telephone and electricity services – provided by transnational monopolies – that undergo continual and substantial increases.
3. The severe restrictions on migration of the Central American labor force -- an issue that has been excluded from the trade agreements -- contrasts with the indiscriminate trade liberalization initiated in 1989 under the auspices of the World Bank and International Monetary Fund structural adjustment and economic stabilization programs.
4. The obvious institutional weakness of the Central American nation-states to regulate the activities of transnational companies and foreign investors in terms of user fees, competition rules, quality of services, labor rights, environmental and tax standards.
5. The absence of studies on the economic impacts of the proposed agreement that would evaluate the net balance between the creation and destruction of jobs in each specific sector of our economy and the measurement of the environmental and social impacts of the new investments.

6. The exclusion of representative sectors of micro, small and medium-scale businesses in the trade negotiations, as well as of labor, consumers, professionals and other sectors of civil society.

Therefore, we demand:

- The preparation of an integral and consistent study that evaluates the likely economic, labor, environmental and social impacts of a U.S.-Central America Free Trade Agreement.
- The inclusion of a democratic clause that would condition trade benefits on compliance with minimum standards in terms of protection of civil and political rights, that would guarantee the unrestricted enforcement of human rights and the incorporation into the agreement of an environmental, migratory and social clause, as well as the establishment of mechanisms to verify the enforcement of these clauses.
- That civil-society groups, at the local, national and regional levels, join together and develop more detailed proposals. Regional and sectoral actors play a key role, as they could create a movement to promote the proposals that emerge and would be the basis of a true process of social integration among the countries signing these agreements.

We call on:

- **The political parties represented in the National Assembly** to require the elaboration and dissemination of technical and impact studies on which the negotiations of the USCAFTA should be based and that a process of consultation involving different economic and social actors begin, along with the definition of transparent mechanisms for that process.
- **Social organizations, institutions and research centers** to also call for greater transparency in the negotiations of the USCAFTA, and that they declare their positions on the agreement, demanding access to the sectoral and general impact studies that the government should have carried out to evaluate the possible implications of the treaty and the creation of effective mechanisms for citizen participation in that process.
- **Central American countries, trade-union and social organizations** to support a comprehensive agreement on technical assistance and economic and social integration that consolidates our negotiating position in dealing with other countries, including the United States, on issues of trade liberalization, investment, renegotiation of foreign debt, migration, environmental protection, and human rights that orients our efforts towards the achievement of sustainable development for our region.

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