

## **ACTION: Call on the U.S. Congress to reject CAFTA!**

**Capitol Switchboard: 202-224-3121**

Call on the U.S. Congress to reject the Central American Free Trade Agreement (CAFTA) as an injustice to the citizens of all the countries involved: the United States, Honduras, Guatemala, Nicaragua, Costa Rica, El Salvador, and the Dominican Republic.

This agreement has been signed by the trade ministers of the countries mentioned above, but has yet to be ratified in any of their legislative bodies. There is a tremendous amount at stake in CAFTA for the people of these countries, yet there was little opportunity for their voices to be heard during the negotiation of the agreement.

The Bush administration claims that CAFTA will do wonders for Central America, enhance democracy, bring development, and enhance the protection of human rights. But in fact, the agreement is bad for human and labor rights, bad for the environment, and bad for democracy!

### **Background Information:**

**A BETTER AMERICA IS POSSIBLE!**

**CENTRAL AMERICA IS NOT FOR SALE!**



The U.S.-Central American Free Trade Agreement (CAFTA) is an expansion of the policies of the North American Free Trade Agreement (NAFTA) into Central America. Implementing CAFTA is a key step for the Bush administration and multinational corporations toward their desired Free Trade Area of the Americas (FTAA), which would cover all the countries in the Western Hemisphere except Cuba.

**If adopted, CAFTA would have the following consequences:**

#### **Privatization of Public Services**

A key component of free trade agreements is the privatization of public services. In the logic of neoliberalism (corporate globalization) behind these agreements, government subsidies and public services like water, education and healthcare are unfair "barriers" to trade and competition. But privatization benefits only the elite at the expense of the general public. It means higher prices, poorer service, union busting, and worsened working conditions. Under CAFTA, government-run health care, education, electrical generation, and water systems could be privatized and sold off to multinational corporations.

#### **Increased Corporate Power, Erosion of Democracy, and Lack of Transparency**

Free trade agreements like CAFTA would weaken regulatory measures and open the way for increased corporate exploitation in Central America and the U.S. The examples of Enron and WorldCom show how corporations 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 countries in the Global South. CAFTA would give companies free reign in Central America.

CAFTA contains investor rights provisions similar to Chapter 11 in NAFTA. These allow foreign corporations to sue national governments for laws or regulations that are shown to cause a loss in actual or even potential future profits. A secret tribunal whose members would be unknown to the public would hear such cases. Their rulings could not be appealed and would overrule existing local, state, and federal laws, as well as international agreements on labor and human rights. Such elements of CAFTA would erode democracy and allow for decisions to be made behind closed doors that would affect the lives and well being of millions of people.

## **Destruction of agriculture and small farmers**

Millions of family farms in the U.S. and Central America would be lost if CAFTA is ratified. CAFTA would, in a short period of time, remove all tariff barriers on imported agricultural products. This would allow cheaply grown and heavily subsidized U.S. corn and other basic grains to flood local markets in Central America. Millions of small farmers there would face the extinction of their livelihoods. They would be forced to migrate to large urban areas to work in the informal sector or maquilas (sweatshops), or to risk their lives in dangerous journeys north to seek work in the U.S., facing a harsh anti-immigrant climate. An important lesson is the effect of NAFTA in Mexico where, on average, 1,000 small farmers per day are leaving the land.

## **Weakening of laws protecting workers' rights and the environment**

Under past trade agreements, people have been able to petition the U.S. government to look at human and labor rights violations. Countries found "guilty" can lose trade privileges in the U.S. CAFTA would weaken this standard, replacing it with language that simply says countries have to respect their own human and labor rights laws, with no penalties or enforcement if they don't.

Central America is one of the most biologically diverse areas in the world, containing thousands of species of plants and animals. Under CAFTA, laws protecting the environment could be gutted, declared as an impediment to the potential profits of foreign corporations. Corporations could sue national governments under the investor rights provisions of CAFTA, as they have done under NAFTA since 1994. For example, residents in the Mexican State of San Luis Potosi refused to accept a toxic waste site that the U.S. corporation Metalclad wished to locate in their communities. Metalclad then sued the Mexican Federal government using Chapter 11 (investor rights) provisions and won a judgment of \$16 million.

## **Social movements resist CAFTA**

Throughout Central America, labor unions, peasant organizations, indigenous and women's groups, and other social organizations are actively resisting CAFTA. In October 2002, at least 40,000 people organized coordinated protests through the region, blocking key points of the Pan American highway and border crossings. Since then there have been four massive marches against privatization of the public health care system in El Salvador. In June 2004, thousands of Nicaraguans converged in Managua to protest the privatization of water. In September 2004, Costa Ricans gathered in San Jose in opposition to CAFTA. They are struggling for their self-determination and to defend alternative models of social and economic development which benefit the majority of people in their countries rather than multinational corporations.

In the U.S., people are also organizing against CAFTA. **Please join us**, and call on the U.S. Congress to reject CAFTA!



**For more information, contact the Nicaragua Network at [nicanet@afgj.org](mailto:nicanet@afgj.org); Quest for Peace at [tomr@quixote.org](mailto:tomr@quixote.org); or CISPES at [burke@cispes.org](mailto:burke@cispes.org).**