Citizens Trade Campaign

working **together** for **social** and **environmental justice** in **trade policy**

Key Reasons to Oppose CAFTA

Congress is likely to vote on the Central American Free Trade Agreement in 2005. The deal would extend the NAFTA model to six additional countries in the hemisphere, and open the door for a hemisphere-wide NAFTA. Here are some key reasons to oppose CAFTA:

CAFTA would lower labor standards in the region

- CAFTA does not require nations to enforce ILO core labor standards – this is a step backward from the existing Caribbean Basin Initiative.
- CAFTA purports to require nations to enforce their existing labor laws – however nations are allowed to decide not to enforce portions of their labor law, and are allowed to lower their labor standards in order to attract investment.

CAFTA would harm environmental protection

- CAFTA contains an even worse version of NAFTA's investor rights provisions that allow foreign investors to challenge environmental laws and regulations in extra-judicial tribunals.
- CAFTA does not require countries to improve their environmental laws to meet any basic or minimum standards. It purports to require nations to enforce their existing environmental laws – however nations are allowed to decide not to enforce portions of their environmental law, and are allowed to lower their environmental standards in order to attract investment.
- CAFTA service rules threaten protection of environmentally-sensitive areas and exhaustible resources in other CAFTA nations by severely limiting their ability to regulate a wide range of environmentally sensitive sectors – including oil exploration and drilling, pipelines, water distribution, retail distribution, waste disposal, fishing, mining services.
- CAFTA's procurement rules strictly limit the factors that States can consider while making purchasing decisions, leading to potential restrictions on environmental procurement criteria.

CAFTA would lower living standards in the region

- Under NAFTA living standards fell in Mexico; manufacturing wages fell by more than 20 percent, and more than 1,500,000 farmers have been put out of business. CAFTA can be expected to create similar hardships in the CAFTA nations.
- CAFTA's failure to include meaningful labor protections means that wages will continue to be held artificially low in the region, keeping workers deep in poverty.
- CAFTA threatens the livelihood of hundreds of thousands of small-scale farmers in the region by opening the door to a flood of U.S. agricultural products.

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CAFTA would restrict access to essential medicines

- CAFTA undermines the WTO Doha Declaration that establishes the right of poor countries to make generic medicines available for public health emergencies such as the HIV/AIDS and malaria problems in the region.

CAFTA would harm rural communities

- CAFTA would allow increased importation of sugar sufficient to undermine the viability of nearly 11,000 U.S. sugar farmers, and 146,000 direct and indirect jobs dependent on the U.S. sugar industry.
- CAFTA's elimination of the existing WTO special agricultural safeguard on beef import surges into the United States from other CAFTA countries threatens the livelihood of thousands of U.S. cattle producers.

CAFTA would undermine our democratic process

- CAFTA's investor rights rules give foreign investors greater rights than those available to U.S. investors under U.S. law.
- CAFTA's government procurement rules sharply restrict the right of state legislatures in 21 states to set procurement policy for their states. None of the 21 state legislatures gave their consent for this usurpation of authority.

CAFTA would threaten prevailing wage laws

- CAFTA's government procurement rules threaten federal prevailing wage laws, as well as those in 21 states covered by CAFTA's government procurement rules, by restricting the right of governments to set conditions for the awarding of procurement contracts for goods and services.

CAFTA would exacerbate our trade deficit

- In 11 years of NAFTA we went from a roughly even trade balance with Canada and Mexico to a $100 billion per year trade deficit – a significant portion of our $617 billion global trade deficit that Alan Greenspan calls an "unsustainable" drag on economic growth. We already run a trade deficit of $2 billion with the six CAFTA nations, and it will almost certainly grow under CAFTA.

We can do trade better!

- We could negotiate trade deals that raise living standards in our partner countries while protecting workers, farmers, the environment, and our democratic process in this country. The NAFTA model has proven to be a failure. We need to leave this model behind – not spread it via CAFTA – and take a new approach to international trade.