

CAFTA, FAMILY FARMERS AND FOOD SECURITY

WHAT IS CAFTA?

The Central American Free Trade Agreement (CAFTA) is a regional agreement between the U.S. and five Central American countries: Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica. The Dominican Republic was “docked” onto the agreement in March 2004. CAFTA is expected to be brought before Congress sometime in 2005, although it is as yet unclear when.

◆ A BAD DEAL FOR U.S. FAMILY FARMERS AND RURAL COMMUNITIES

Agricultural policies in CAFTA would threaten the livelihoods of family farmers and ranchers in Central America and the United States by favoring corporate agribusiness over independent farmers and ranchers. Trade rules like those found under CAFTA, coupled with domestic farm policy that has eliminated an effective floor price for farm commodities enables corporate agribusiness to establish the prices paid to farmers at far below their cost of production. These low price policies hurt farmers in the U.S. and around the world. Therefore, as with the North American Free Trade Agreement between the U.S., Canada and Mexico, CAFTA would undercut small and medium-scale farmers in both the U.S. and Central America. While the current U.S. farm subsidy system compensates for some farmer loss of income, it falls short of covering production costs. In essence, under CAFTA, family farmers would watch their incomes drop while U.S. taxpayers bear the burden of subsidizing low prices that benefit food processors and grain companies.

Thanks to current farm policy and NAFTA trade liberalization, family farmers in the U.S. have already seen farm incomes drop dramatically in the last 10 years due to excess supply that depresses commodity pricesⁱ. CAFTA would eliminate agricultural tariffs much like NAFTA did - while prohibiting the use of price supports or supply management systems to establish fair commodity prices. Additionally, the agreement would undermine the enforcement of anti-trust laws and thereby encourage further monopolistic control of agricultural markets. Therefore, our nation’s farmers and ranchers would continue to see major drops in farm income.

Particular sectors of the farming economy that would be especially hit hard include thousands of sugar farmers which contributes billions of dollars to sugar state economies. Under CAFTA, sugar imports from Central America would rise by more than 75 percent next year.ⁱⁱ In addition, ranchers, soybean and corn farmers are especially concerned about CAFTA given that it is the Administration’s stated first step toward the Free Trade Area of the Americas (FTAA) a much larger agreement which could mean a flood of imported agricultural goods in those sectors.

◆ A BAD DEAL FOR CENTRAL AMERICAN FAMILY FARMERS, RURAL COMMUNITIES AND FOOD SECURITY

For Central American farmers, the danger of a NAFTA-style agricultural policy is especially ominous: in Guatemala and Nicaragua for example, agriculture employs 60 percentⁱⁱⁱ and 44 percent^{iv} of the population respectively, the majority of whom are small, rural farmers.

(over)

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**CITIZENS TRADE CAMPAIGN IS A COALITION OF LABOR, ENVIRONMENTAL, RELIGIOUS, FAMILY
FARM AND CONSUMER ORGANIZATIONS UNITED IN THE PURSUIT OF SOCIAL AND
ENVIRONMENTAL JUSTICE IN TRADE POLICY**

Under CAFTA, Central America would be required to reduce tariffs, subsidies and other supports that protect these vulnerable agricultural sectors against the size and concentration advantages of multinational agribusiness imports. For much of Central America, agriculture remains central to life and livelihood, and under new trade policy like CAFTA, small farmers and rural populations would be forced to "compete" in a volatile international agricultural market, causing increased farm failure, poverty and malnutrition. As happened in Mexico under NAFTA, without protections from predatory dumping, subsistence farmers will be forced from their lands and their communities into urban areas or migrating to other countries to compete for jobs. Furthermore, particular foods like corn, rice and beans are staples for millions of people in Central America and could be subject to rapid fluctuation in price, causing serious food insecurity. Central American governments should have the right to protect their own farmers interests and to provide food security and an affordable food supply by not exposing sensitive staple crops to free trade. Unfortunately, these kinds of policies within CAFTA countries would be illegal.

◆ **A DANGEROUS POLICY FOR FOOD SAFETY AND THE USE OF GMOs**

CAFTA would limit the ability of governments in Central America and the U.S. to implement measures to ensure that food traveling across borders is safe and meets domestic food safety and other "sanitary and phytosanitary" standards. In addition, CAFTA's rules on intellectual property such as patents, would undermine efforts to protect biodiversity and farmers' rights. For example, CAFTA could encourage "biopiracy" – the use by multinational companies of indigenous knowledge for patented products. The intellectual property rules could also make it illegal for small farmers to save and reuse seeds – a traditional planting approach – because doing so could violate seed patents held by U.S. multinationals. For example, if genetically engineered seed is found growing on a farmer's land, they could be charged with a violation even if the contamination was caused by factors beyond the farmers' control like pollen drift. Such policies restrict farmer decision-making while giving additional power to corporations to further consolidate control of the food supply.

◆ **A HAZARDOUS POLICY FOR LABOR AND ENVIRONMENTAL STANDARDS**

CAFTA's lack of labor and environmental standards encourages multi-national corporate agricultural producers to move in search of cheaper production costs; driving down farm wages, commodity prices, and discouraging environmental conservation. The lack of standards in CAFTA also discourages producers from adopting better labor or environmental practices, pitting farmers in the U.S. and Central America against one another in a race to the bottom.

STOPPING CAFTA

The good news is that the CAFTA agreement has yet to be passed and it **can** be stopped. We can defeat CAFTA in Congress with education and organization. To learn more about the CTC campaign against CAFTA visit www.citizenstrade.org or contact the office directly at (202) 778-3320.

ⁱ Agricultural Policy Analysis Center, "Rethinking U.S. Agricultural Policy: Changing Course to Secure Farmer Livelihoods Worldwide," September 2003.

ⁱⁱ AP Newswire, "Sugar deal may not be so sweet for U.S. producers," January 8, 2004.

ⁱⁱⁱ World Bank, "Country at a Glance," <http://www.worldbank.org>.

^{iv} Centro Internacional de Agricultura Tropical, "Rural Sustainability Indicators: Outlook for Central America," August 2002.