

NEWS RELEASE

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Serrano Statement on DR-CAFTA

Washington, DC, May 20, 2005—Today, Congressman José E. Serrano (D-NY) issued the following statement:

“The debate over the proposed Dominican Republic-Central American Free Trade Agreement (DR-CAFTA) is intense and spirited. I have taken some time to carefully weigh the arguments on both sides, and have decided to vote against DR-CAFTA.

All of us want to help develop the economies of Latin America, but DR-CAFTA promises to do more damage than good, both for workers and the national economies of the United States and the Latin American nations affected—the Dominican Republic, Guatemala, Nicaragua, Honduras, Costa Rica, and El Salvador.

I am a believer in free markets and open trade. But the experience of capitalism has taught us that a liberal economic system only works effectively when it is regulated by laws that maintain safety standards and protect against abuses of workers rights and our environment. DR-CAFTA, as written, fails to adequately protect against such abuses. In addition, it fails to address some of the long-term problems and deficiencies of the national economies affected.

There are many things that concern me deeply about the implementation of DR-CAFTA:

REAL ECONOMIC DEVELOPMENT: Free trade agreements must be part of an agenda that truly addresses issues of poverty and democracy in developing countries. Experts generally contend that free trade agreements will not promote equity in countries unless they are supported by complementary policies to ensure protected rights, while providing re-training and assistance to workers and employers in hard-hit industries. DR-CAFTA does not have enough provisions or assurances that will help farmers or laborers in the participating Latin American countries.

Also, as written, DR-CAFTA fails to detail how corporations and local governments will work to successfully include the participation of traditionally marginalized and vulnerable populations. The land rights concerns of indigenous coastal groups such as

the Garifuna peoples of Honduras, Nicaragua, Guatemala, and Belize, are significant and likely to impact the families of many of my constituents in the Bronx.

And, by failing to address key economic concerns, and perhaps by exacerbating them, DR-CAFTA threatens to increase the need for Central Americans and Dominicans to seek new economic opportunities in the United States.

LABOR: I am greatly concerned that DR-CAFTA has insufficient labor provisions to protect against labor abuses. Companies may invest in the affected Latin American nations, but judging from previous free trade agreements, they often do so for all the wrong reasons: cheap labor and weaker worker protections. According to the U.S. Department of State's Country Reports on Human Rights Practices, there are many violations in the enforcement of internationally recognized labor standards in most CAFTA countries, including the Dominican Republic. El Salvador has not even signed the International Labor Organization Conventions which recognize the right to union organizing. While many countries have certain basic protections on the books, there is often inconsistent or insignificant enforcement of the rules, such as with the minimum wage and child labor, throughout the region.

Rather than working to raise labor standards in these countries the treaty would allow corporations to sue the government for "expected future losses" associated with any existing or proposed labor, environmental or other protective laws. This is contained in Chapter 10, a replica of the highly controversial Chapter 11 of NAFTA.

ENVIRONMENT: DR-CAFTA sets no minimum environmental standards whatsoever for Central American nations. DR-CAFTA nations with irresponsible environmental protection laws today can maintain irresponsible environmental protection laws under DR-CAFTA. In fact, DR-CAFTA nations can repeal their environmental protection laws entirely, without running afoul of the agreement.

While DR-CAFTA does require nations to enforce whatever environmental laws they happen to have at the moment, there are insufficient penalties for not doing so. The maximum penalty is capped at \$15 million. This is in clear juxtaposition with unlimited fines and sanctions for noncompliance with commercial, intellectual property, and investor protection parts of the agreement; the environmental enforcement in the bill is extremely weak in comparison.

DEMOCRATIC QUESTIONS: The negotiation and subsequent ratification of CAFTA in several Central American countries has been quite suspect. Negotiations for DR-CAFTA and its various side agreements were carried out in quasi-secret conditions. Sectors that represent micro-, small-, and medium-sized businesses have been excluded from trade negotiations, as have workers, consumers, some professionals, and other representatives of civil society.

There has been significant, organized opposition to DR-CAFTA in every member country by unions, laborers, students, health care providers and farmers. Three Mesoamerican Forums have rejected DR-CAFTA by consensus and demanded

alternative forms of development. Huge demonstrations against the agreement have been staged in El Salvador, Guatemala, Nicaragua, Costa Rica and Honduras. Government repression of this opposition is troublesome, particularly as demonstrated in Guatemala, where the promise of a public plebiscite on DR-CAFTA was revoked, and anti-DR-CAFTA protestors were attacked by riot police, resulting in two deaths and many wounded.

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These are just a few of the reasons why I've decided to oppose DR-CAFTA. I think it represents a raw deal for millions of Americans, Dominicans, and Central Americans. We need an agreement that is in the best interests of our people, and DR-CAFTA as it stands today simply doesn't cut it.

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