

PRESS RELEASE

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**CONGRESSWOMAN WATERS ANNOUNCES
OPPOSITION TO CAFTA**

Washington, D.C. – Last night, Rep. Maxine Waters (D-CA) made a statement on the Floor of the House of Representatives announcing her opposition to the U.S. Central American Free Trade Agreement, also known as CAFTA. The text of her statement follows:

CAFTA, the U.S. Central American Free Trade Agreement, is yet another unfair trade deal that will hurt American workers. CAFTA is the latest unfair trade deal in a decade of failed trade policies. Over the last twelve years, the U.S. trade deficit has exploded from \$39 billion in 1992 to over \$618 billion in 2004. If CAFTA becomes effective, the result will be fewer jobs for American workers.

CAFTA is modeled on NAFTA, the North American Free Trade Agreement, which had and continues to have a devastating impact on many American workers. When NAFTA was passed in 1994, the United States had a \$2 billion trade surplus with Mexico. In 2004, we had a \$45 billion trade deficit with Mexico. That means our trade deficit with Mexico increased by an average of \$4.7 billion per year over the last ten years. As a result of NAFTA, the United States has been exporting American jobs to Mexico.

Mr. Speaker, the countries of Central America already receive preferential trade benefits. About 80% of exports from CAFTA countries enter the United States duty free. If CAFTA is passed, 100% of non-textile manufactured goods from Central America would enter the United States duty free.

CAFTA supporters like to claim that CAFTA will create new markets for American products, but this argument is highly flawed. The six countries of Central America, El Salvador, Guatemala, Honduras, Nicaragua, Costa Rica and the Dominican Republic, are among the world's smallest economies. These six countries have a combined economic output of only \$85 billion. Metropolitan Los Angeles, with a \$411 billion economy, produces nearly five times the volume of goods and services as the CAFTA countries. The CAFTA countries are simply too small to absorb a significant quantity of American manufactured goods.

The countries of Central America are also among the world's poorest countries. The average Nicaraguan worker earns only \$2,300 per year or \$191 per month. Forty percent of Central American workers earn less than two dollars per day. Central American workers simply cannot afford to buy American cars from Ohio or American computers from California.

Mr. Speaker, I have spent much of my time in Congress working on the issue of debt relief for poor countries. Two of the CAFTA countries, Honduras and Nicaragua, are included in my bill, H.R.

1130, the JUBILEE Act, which cancels the debts that poor countries owe to multilateral institutions like the IMF and the World Bank. In 2004, Nicaragua paid these institutions \$107 million in debt service payments. That's \$107 million that Nicaraguans could not spend on American products. As long as these countries remain heavily indebted and deeply impoverished, their people will never be able to afford American products made by American workers. Any way you look at it, CAFTA is a one-sided deal that offers limited benefits to foreign workers at a tremendous cost to American workers.

The only service that these six tiny Central American countries can provide to the United States is cheap labor. It is no surprise then that the largest share of U.S. exports to the CAFTA countries consists of fabric. This fabric is stitched into clothing and shipped right back to the United States, where it is sold to American consumers.

CAFTA is not a free trade agreement at all. It's an outsourcing agreement. It allows profit-hungry corporations to ship American jobs to impoverished countries where workers can be forced to work long hours for little pay and no benefits. It's a bad deal for Central American workers, and it's an even worse deal for workers here in the United States.

Mr. Speaker, American workers need good jobs that pay good wages. They don't need another NAFTA. I urge my colleagues to join me and defeat CAFTA.

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