

CAFTA AND WORKER'S RIGHTS

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.

◆ NO MEANINGFUL WORKER'S RIGHTS PROVISIONS

Instead of conditioning trade benefits on compliance with international worker's rights standards, the CAFTA agreement has no meaningful protections for workers. CAFTA fails to include standards set by the International Labor Organization (ILO) and instead, only provides for action to be taken in the case of a country's repeated failure to enforce its existing domestic laws, regardless of how inadequate these laws may be. In addition, this provision has substantial loopholes for non-enforcement so that it would be extremely difficult to take action when countries fail to enforce their labor laws in an effort to attract investment.

◆ WEAK ENFORCEMENT FOR EXISTING LABOR LAWS

Even if a case can be argued against a country's non-enforcement of its domestic labor laws, the penalties available for non-enforcement are extremely weak. A country that repeatedly fails to enforce its own labor laws under CAFTA is merely required to pay a fine to improve labor rights enforcement – the amounts of these fines are capped, and the money paid by an offending country is actually paid back to that violating country. There is no mechanism in place to guarantee that these fines would actually be used to improve labor law enforcement. In such the fines could easily be treated as a cost of increased investment, ensuring that enforcement failures would continue. The weak penalties provided for violation of CAFTA's labor provisions are in contrast to powerful trade sanctions and cash damages provided for violation of CAFTA's commercial provisions.

◆ WORKER'S RIGHTS VIOLATIONS PREVELANT IN CENTRAL AMERICA

The lack of meaningful Worker's rights protections in CAFTA is particularly harmful in light of Central America's poor record on worker's rights. Worker's rights currently in the CAFTA countries do not come anywhere close to meeting international standards. Workers regularly suffer discrimination and abuse. Union busting tactics, discrimination against women, and the use of child labor are widespread practices in Central America, where labor rights protections are wholly inadequate. In El Salvador and Nicaragua, workers fired for union organizing have no right to be reinstated;¹ the Ministry of Labor in El Salvador often ignores the anti-union conduct of employers,

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and impedes workers' right to freedom of association.ⁱⁱ These types of labor rights violations are endemic to the region. Indeed, attacks on labor organizers in Guatemala have resulted in torture and even murder.ⁱⁱⁱ

◆ SWEATSHOP CONDITIONS AND DISCRIMINATION AGAINST WOMEN

Export Processing Zones (or EPZs) where *maquila* factories operate are already prevalent throughout Central America and would expand dramatically under CAFTA. EPZs are areas of land where goods can be manufactured without taxes or export duties, as would normally be required. EPZs are also known for their human rights abuses and non-enforcement of health, safety, and labor regulations in what are often sweatshop factory conditions. Most of the clothing production in the region already takes place in EPZs where foreign companies hire mostly women aged 15-25 to provide cheap labor under poor working conditions.^{iv} Women and girls working in the maquiladora sector in Guatemala for example, though formally protected under the law, encounter persistent discrimination—including mandatory pregnancy tests as a condition of employment; denying reproductive health care to pregnant workers; and even firing pregnant women.^v What's more, maquila workers often endure relentless hostility toward union organizing, inhumane working hours, and working environments that compromise health and safety.^{vi}

PHASE ONE OF THE FTAA

Passing the CAFTA agreement would be a strategic step for the Bush administration in the race toward a larger prize: a much larger (and equally flawed) agreement, the Free Trade Area of the Americas (FTAA) that would include every country in Central America, South America, and the Caribbean, except Cuba.

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 AFL-CIO, *Stronger Labor Provisions Needed in CAFTA*, January 2004.

ⁱⁱ Human Rights Watch, *Deliberate Indifference*, December 4, 2003.

ⁱⁱⁱ Human Rights Watch, *Guatemala: Human Rights Overview*, January 2004, p 3. Available at <http://hrw.org/english/docs/2004/01/21/guatem6985.htm#4>.

^{iv} Center of Concern, *The Gender Impacts of CAFTA*, February 2004, p.2.

^v Human Rights Watch, *Guatemala: Human Rights Overview*, January 2004, p 3. Available at <http://hrw.org/english/docs/2004/01/21/guatem6985.htm#4>.

^{vi} ICFTU, *Export Processing Zones- Symbols of Exploitation and a Development Dead-End*, September 2003.