

# **INTERFAITH WORKING GROUP ON TRADE AND INVESTMENT**

✠ A WASHINGTON-BASED WORKING GROUP WITH REPRESENTATIVES FROM A RANGE OF FAITH-BASED ORGANIZATIONS COMMITTED TO ASSERTING A STRONGER PRESENCE OF COMMUNITIES OF FAITH IN PUBLIC POLICY DISCUSSIONS ON INTERNATIONAL TRADE AND INVESTMENT ✠  
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TO Members of the U.S. Congress  
FROM Interfaith Trade Justice Campaign  
DATE April 13, 2005

We, the undersigned religious institutions and faith-based offices, strongly urge you to oppose the Central America Free Trade Agreement (CAFTA) when it is submitted to Congress for your approval.

We believe that trade agreements which are characterized as free must meet certain moral and ethical criteria. We have evaluated CAFTA through the lens of the following moral principles, enunciated in An Interfaith Statement on International Trade and Investment. We strongly suggest that Congress also utilize these principles to judge the fairness of international trade and investment agreements. Our analysis has found CAFTA woefully inadequate in each area.

*International Trade and Investment Systems should:*

- < *respect and support the dignity of the human person, the integrity of creation, and our common humanity;*
- < *advance the common good and be evaluated in the light of their impact on those who are most vulnerable;*
- < *be transparent and involve the meaningful participation of the most vulnerable stakeholders;*
- < *respect the legitimate role of government, in collaboration with civil society, to set policies regarding the development and welfare of its people;*
- < *safeguard the global commons and respect the right of local communities to protect and sustainably develop their natural resources.*

We raise up for your consideration but a few of the serious concerns about CAFTA which our analysis yielded.:

## **The Central America Free Trade Agreement (CAFTA)**

- ***places in jeopardy Central America s rural farmers who are among the poorest globally.*** Agriculture is key to the well-being of much of Central America. Many farmers produce basic grains,- corn, rice, beans and sorghum; others raise pigs, poultry and cows. CAFTA will face them with unfair competition derived from the flood of subsidized U.S. agricultural products. The agreement protects only a few crops- white corn in the region, onions and potatoes in Costa Rica and sugar in the United States. The lower cost of highly-subsidized U.S. yellow corn will threaten producers of white corn, the preference of Central American consumers. Farmers who grow rice are already suffering from the U.S. export of boatloads of subsidized rice. In Honduras alone, the number of rice farmers has dropped from 25,000 in 1989 to an estimated 2000. These threats to Central American farmers will result in increased poverty, loss of a way of life and movement to urban centers or migration to the States.
- ***threatens to destroy generic production and sale of affordable medicines.*** CAFTAs Intellectual Property Rights rules impose new restrictions on the manufacture and import of generic medications, beyond World Trade Organization requirements. For example, data exclusivity provisions would obstruct use of generics for five years beyond the patent period, and may be interpreted so as to sabotage governments right to permit generic production under compulsory licenses, as WTO rules allow. CAFTA will jeopardize public health and

make it much more difficult, if not impossible, for many Central Americans to receive essential medical treatment.

- ***fails to ensure the rights of workers.*** CAFTA calls for countries to laws rank far below the International Labor Organizations (ILO) core labor standards. For example, Human Rights Watch found that workers in El Salvador are often denied overtime pay, deprived by employers their social security contributions and systematically denied the right of free association.
- ***prevents governments from regulating foreign investment in ways that contribute to broad-based development goals.*** CAFTA investment rules prohibit performance requirements that would mandate, for example, foreign-owned plants to buy a percentage of enforce their own labor laws. In Central American countries, labor their inputs from domestic producers, thereby spurring domestic development and job creation. CAFTA government procurement rules prevent giving preference to domestic firms in the awarding of government contracts. And because only criteria related to price and quality can be considered, firms committed to the promotion of fair labor practices such as a living wage and gender equity would be disadvantaged. Finally, investors who claim that government regulations undermine their profit-making potential could sue these governments before international panels of trade experts, rather than in democratically accountable court systems.
- ***deprives those affected by the terms of the agreement from participation in its formulation.*** Negotiations were held in secret and the text was never made available to the citizenry until it was finalized. Sadly, this blatant disregard for human rights and democracy is also operative in the United States. Trade Promotion Authority (TPA or fast track) gives the president the power to negotiate treaties and present them to Congress, not for debate, but for an up-or-down vote. TPA deprives Congress of its constitutional role of overseeing commerce and denies U.S. citizens a voice in trade decisions affecting them.

It is abundantly clear that the passage of CAFTA will not advance human rights, contribute to sustainable development or the reduction of poverty in Central America. Rather, CAFTA will increase the vulnerability of these nations by making them victims of a trade agreement which will discriminate against those who are economically poor and vulnerable, which will jeopardize the future of workers and further stifle the growth of democracy.

***Therefore, we members of the faith community hope that this moral analysis of CAFTA will move you in conscience to oppose its passage.***

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