

Latin American bishops urge caution on free trade agreements

By Barbara J. Fraser

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LIMA, Peru (CNS) -- El Salvador's ratification of the Central American Free Trade Agreement has once again thrown the spotlight on economic integration efforts in Latin America and raised concerns about the possible impact of free trade pacts on poor people in the region.

On Dec. 17, the Salvadoran legislature became the first Central American country to ratify the agreement with a 49-34 vote.

The agreement, known as CAFTA, is one of several being negotiated between the United States and Latin American countries. While supporters of such deals claim they will boost development, many of the region's bishops warn that the wide disparity between the \$10 trillion U.S. economy and the smaller Latin American economies -- Mexico's, at \$637 billion, is the largest, followed by Brazil, at \$452 billion -- makes such agreements inherently unequal.

The treaties also tend to be wide-ranging, going beyond tariff issues to rules for patents, generic drugs, labor rights and other issues that critics say amount to a development model that discriminates against citizens of poor countries.

"For nearly 20 years, our countries in Latin America and the Caribbean have been implementing a so-called development model that has led not to development, but to greater inequality and the loss of opportunities for the majority of people," said Peruvian economist Humberto Ortiz, who coordinates the Humanization of the Global Economy project for the Latin American bishops' council, known by its Spanish acronym CELAM.

"What we need is a more humane model," he said.

Ortiz also warned that free trade deals contradict integration efforts aimed at bringing the region's economies together.

"Free trade agreements are based on competitiveness, and there are clear winners and losers, while economic integration generally involves economies that are more similar and goes beyond simply trade issues," he said.

Brazil has emerged as the regional leader in efforts to block the U.S.-backed Free Trade Agreement of the Americas, as well as attempts to spur closer ties among smaller trade blocs.

An integration agreement between the Andean Community of Nations and the Southern Common Market went into effect in November, while South American presidents meeting in Peru in early December signed a charter establishing the South American Community.

Ortiz, however, sees some of these moves as "schizophrenic," as the integration agreement sparked protests in some Latin American countries.

As soon as the integration pact between the Andean countries -- Venezuela, Colombia, Ecuador, Peru and Bolivia -- and the common market -- Brazil, Argentina, Paraguay, Uruguay and Chile -- was

signed, farmers in Peru and Bolivia blocked roads to protest the free trade deal that is part of the agreement. With the phase-out of all import tariffs over the next 15 years, the farmers fear that the Southern Common Market countries will flood smaller Andean markets with cheaper goods.

Statements by bishops from around the region on the Free Trade Agreement of the Americas and other free trade deals echo that concern.

"It is important that in any agreement of this sort, safeguards be established for countries with weak economies that cannot compete with the strongest ones," the Argentine bishops said in a 2003 statement on the Free Trade Agreement of the Americas.

In June, the Central American bishops and the U.S. Conference of Catholic Bishops issued a joint statement expressing concern about "the ability of CAFTA to increase opportunities for the poorest and most vulnerable and enhance the prospect that they will genuinely benefit from increased trade."

A World Bank evaluation of the North American Free Trade Agreement among Mexico, the United States and Canada found that after 10 years any benefits of increased trade had not trickled down to small peasant farmers. While 39.4 percent of Mexicans live in poverty and 12.9 percent are considered indigent, those figures rise to 51.2 percent and 21.9 percent, respectively, in rural areas.

Across the region, 44 percent of the population lives in poverty, according to the U.N. Economic Commission for Latin America; that figure that climbs to more than 60 percent in Bolivia, Paraguay, Honduras, Nicaragua and Guatemala, and to about 50 percent in Colombia, El Salvador, Peru and Venezuela.

With the region's rural poverty rate at about 60 percent, bishops in Colombia, Peru and the Southern Common Market countries also have called for measures to protect small farmers, as well as patent rights to such products as medicinal plants and generic drugs. Another area of concern is employment and labor rights, as poor employment prospects feed the steady stream of migrants seeking better opportunities in the United States or Europe.

"Experience has shown that free trade agreements do not necessarily lead to higher-quality employment or equality," Ortiz said.

All of the bishops' statements also have called for public participation in decisions about free trade agreements, an element that Ortiz said has been largely lacking.

"It's still not too late" for public input, Ortiz said, even though CAFTA is now awaiting ratification and free trade agreements between the United States and Peru, Colombia and Bolivia have been under way for nearly a year.

The Central American bishops have called for public debate before other legislatures vote on CAFTA. In the joint statement, they called for the region's governments to "take as much time as necessary to provide adequate information and foster broad debate about the content and impact of the Free Trade Agreement."

"The moral measure of any trade agreement should be how it affects the lives and dignity of poor families and vulnerable workers," the bishops said.