

The War on CAFTA Is Just Beginning

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SAN JOSE, Dec 29 (IPS) - Social activists, trade unionists and others opposed to the Central American Free Trade Agreement (CAFTA) admit that they lost the first battle this year, but say the fight is just starting.

El Salvador was the first country to approve the trade agreement, which was ratified by parliament there on Dec. 17. But labour activists and analysts consulted by IPS say the scenario in El Salvador differs sharply from the situation seen in the rest of the region.

In late 2003 and early 2004, the accord was signed by the United States and five of the seven countries of Central America: Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. The Dominican Republic joined the initiative later.

"The United States has always used El Salvador as a spearhead for its interests, but we are prepared to continue the struggle to the last consequences, because the treaty will only benefit the powerful classes," Israel Salinas, secretary-general of the Honduran Workers Confederation, told IPS.

The Honduran government has been exercising enormous pressure to get Congress to ratify the trade deal before the end of the year, to take advantage of the fact that the public is preoccupied with the year-end holidays, which makes it more difficult to mobilise social action.

But the Workers Confederation is on a state of alert, in case parliament approves the treaty quietly, or "in the shadows, as so many things are done in this country," added Salinas.

Trade unionists, producers and activists opposed to CAFTA say farmers will be the first to feel the impact of the opening up of the markets, because they are not protected by subsidies of any kind - a situation similar to that faced by small and medium businesses.

Labour rights are also under threat, they argue, because the unending search for competitiveness will favour the exploitation of cheap labour in substandard conditions.

More than half of Central America's total combined population of 37 million is poor, and the extreme inequality of income and wealth will be aggravated if CAFTA goes into effect, its critics maintain.

Albino Vargas, secretary-general of Costa Rica's National Association of Public Employees (ANEP), said the number of organisations in that country opposed to the trade accord is steadily growing, and the resistance promises to be fierce.

Government officials in Guatemala, meanwhile, said they would send the trade agreement to parliament in January.

In the United States, on the other hand, no date has been set for presenting the agreement in

Congress, where it will have to overcome numerous hurdles.

Through its trade representative Robert Zoellick, Washington began negotiations with the countries of Central America in mid-2003. By the end of the year, only Costa Rica still had outstanding differences with the United States with respect to keeping the social security system and telecommunications in the hands of the state.

But San Jose decided to sign the agreement, on Jan. 26.

"Even without the treaty, small businesses in Honduras are already disappearing, which means that if the accord enters into effect it will spell the end for that sector. Workers and social organisations regard it as just one more blow to our hopes," said Salinas.

The presidents of the five Central American nations, meeting in Honduras on Dec. 15, called for swift parliamentary ratification of what they see as an instrument that will give a major boost to the regional economy.

Honduran President Ricardo Maduro said that if the treaty is not approved, his country stands to lose 140,000 jobs in the "maquiladoras" or export assembly plants that operate in low-tax zones.

But Salinas said "These are misleading arguments aimed at gaining support from the public, because the reality is not how the president describes it."

In Costa Rica, the corruption scandals that led to the arrests of former presidents Miguel Angel Rodríguez (1998-2002) and Rafael Angel Calderón (1990-1994) have damaged the "credibility of the elites who have pushed for the trade agreement," Vargas remarked to IPS.

The kickbacks that the French telecommunications company Alcatel allegedly paid Rodríguez and the illegal commissions that Calderón reportedly received during a purchase of medical equipment from Finland shook Costa Rica in September and October.

Vargas said state ownership of Costa Rica's public enterprises will be defended "tooth and nail", because the country's citizens will not accept privatisation.

The secretary-general of ANEP said that while the fight against the privatisation of telecommunications firms may be strong in the rest of the region, it will be even more so in Costa Rica.

"Our big battle will be staged in the streets and in Congress," he added.

In Guatemala, in the meantime, "the legislators and the public still lack information with regards to what the treaty will mean. However, it will not be approved here in just 10 days, like it was in El Salvador," political analyst Marco Barahona, with the Association of Social Research and Studies, told IPS.

Small and medium grain producers fear that the widely touted "free trade" will make it

impossible for them to compete, because of the huge state subsidies received by farmers in the United States.

The fragile economic and social situation in Guatemala, where illiteracy still stands at around 25 percent and the justice system is weak, will keep the free trade accord from generating real benefits for the population, said Barahona.

CAFTA's proponents, however, are enthusiastic.

According to Salvadoran Economy Minister Yolanda Mayora, "the treaty will mean more jobs, greater access for the population to social security, expanded consumption and demand, increased tax revenue, and a strengthening of the local market."

CAFTA "will open the door to enormous opportunities" for all sectors of society in El Salvador, she asserted, adding that her country has taken the first step towards "early integration in an inevitable wave of global changes."

But in the United States, that "global wave" has awakened resistance from the Democratic Party, sensitive to the demands of the American Federation of Labour-Congress of Industrial Organisations (AFL-CIO), the biggest U.S. labour coalition, which is opposed to CAFTA.

U.S. trade unions are worried about losing jobs to Central America, where wages are much lower and labour rights are weak.

The U.S. critics of CAFTA, who include social activists and environmentalists as well, also complain that the trade agreement lacks clauses to protect the environment, labour rights and public health. (END/2004)