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National Farmers Union Opposes CAFTA

WASHINGTON (Dec. 19, 2003) — National Farmers Union today criticized the Central American Free Trade Agreement (CAFTA), which it believes will adversely impact domestic producers of sugar, fruit, vegetable, dairy and other commodities.

"The CAFTA agreement offers few benefits to American agriculture producers," said NFU President Dave Frederickson. "CAFTA countries represent a relatively small market of approximately 31 million people with limited resources that can be used for the purchase of agricultural products. Additional market access and tariff relief for a few U.S. products will not offset the negative impact of increased imports from these CAFTA countries."

Frederickson said that in 2003, U.S. agricultural trade deficit with the four CAFTA countries (El Salvador, Guatemala, Honduras and Nicaragua) was about $300 million, representing nearly one-third of U.S. agricultural exports to those countries. If Costa Rica joins the agreement, he said the trade deficit grows to more than $900 million and equals nearly 80 percent of the United States' exports to the five nations.

"The CAFTA agreement offers little prospect that the trade deficit with these countries will be reversed and resembles failed trade policies of the past," the farm leader said. "The CAFTA further encourages a race to the bottom for producer prices and fails to address major issues that distort fair trade."

Frederickson made the following preliminary assessments of the CAFTA agreement:

• It does not address exchange rate issues. Although the U.S. dollar has weakened somewhat on a global scale, most CAFTA nation currencies have continued to decline against the dollar providing a trade advantage to those nations.

• It does not address labor standards. The CAFTA does not implement enforceable requirements for participating nations to achieve International Labor Organization standards with regard to labor issues. It only provides that domestic labor laws be enforced, which will continue to provide a competitive production and processing advantage to those nations relative to the United States in both bi-lateral and third-country trade.

• It does not address environmental standards. The CAFTA does not establish a timeframe or enforcement procedures to harmonize environmental standards with U.S. levels.

• It does not adequately address tariffs. While some tariffs will be eliminated immediately, the 15-year phase-out of tariffs on other agricultural products will continue the market access advantages the United States already provides these nations.

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[Audio Clips]

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