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## Stop the Bush Administration's Anti-Environmental Trade Agenda: Say "NO" to NAFTA Expansion in Central America

The Bush administration has completed negotiations for an expansion of the North American Free Trade Agreement (NAFTA) to Central America. In the name of fostering commerce, the Central America Free Trade Agreement (CAFTA) would put communities at risk by setting sharp limits on governments' authority to protect public health and the environment. CAFTA covers areas ranging from agriculture, services, intellectual property rights, investment and food safety, to name a few. The countries covered by CAFTA include the U.S., Guatemala, Honduras, Costa Rica, El Salvador, Nicaragua and the Dominican Republic.

### CAFTA's Corporate Protection Rights

Under CAFTA, global corporations could sue taxpayers for cash damages if they feel that, for example, environmental or public health laws and regulations interfere with their profits. Under NAFTA's similar provisions, several cases have already been brought by corporations challenging environmental protections. A Canadian mining company recently sued U.S. taxpayers for \$50 million in order to avoid compliance with a California law protecting indigenous communities and requiring future clean up of the company's mine site. Mexico was forced to pay \$15 million after the U.S. company Metalclad sued the Mexican government when the company was denied a permit to build a toxic waste facility on top of an environmentally sensitive zone. In all some two dozen "investor-state" claims have been filed against the U.S., Mexico and Canada totaling billions of taxpayers' dollars.

While CAFTA's "investor rights" provisions, similar to NAFTA's, are intended primarily to protect U.S. capital, they can also boomerang against our own environ-

mental and public health laws. The terms "investor" and "investment" are so broadly defined in CAFTA that a U.S. Corporation could sue the U.S. government through a subsidiary it controls in a CAFTA country as long as it has "substantial business interests" in that country.

### Food Safety Undermined

Like NAFTA, CAFTA would limit the ability of governments to implement policies to ensure that food crossing borders meets food safety standards. Already the U.S. Food and Drug Administration estimates it inspects less than 1% of seafood and produce coming from abroad. Under the agreement, trade

#### Case Study:

#### Bush-Connected Oil Company Threatens Costa Rica

In May of 2002 the President of Costa Rica announced a moratorium on oil exploration and open pit mining in Costa Rica. Harken Energy, a Texas-based oil company with ties to President Bush, had planned to Drill offshore but they failed an environmental impact review. They are now demanding \$12 million in damages and Costa Rica refuses to comply. Had CAFTA been in force, Harken could have immediately bypassed Costa Rica's court system to try their claim before an outside tribunal concerned only with commercial issues and with no input by the people affected.



CAFTA would put Central America's pristine natural areas, like this rainforest, at increased risk from polluting factories, sprawling resort developments, increased logging, and extractive industries.

### Case Study:

#### Investor Suits Could Frustrate Local Environmental Activism

Responding to protests by some 1000 local residents in April of 2004, the Honduran government revoked a Canadian company's concession to search for gold next to a nature preserve. Residents feared that their water would be polluted by runoff from an open pit mine and by sodium cyanide from the processing of ore. Under CAFTA's investment rules, a U.S. company could file an investor lawsuit, thus chilling efforts to protect the environment.

in fresh fruits and vegetables is bound to grow. Imported fresh produce carries four times more disease-causing organisms than domestic produce. Accordingly, food borne illnesses have increased sharply in recent years. Yet CAFTA does nothing to ensure adequate safety standards or border inspections.

In addition, CAFTA poses a danger to small farmers and biodiversity due to the likely increase in imports from the U.S. of genetically engineered (GE) foods. In Mexico, GE corn from the U.S. has contaminated culturally important local crops and reduced yields.

#### CAFTA's rules on services and procurement: A disservice to the environment

CAFTA also includes rules that could both negatively impact the environment and undermine the ability of state and local elected officials to govern. For example, countries would not be allowed to have certain kinds of quantitative restrictions in service categories where the

rules apply. This could mean that if a country wants to develop its eco-tourism industry and allows the building of one hotel, it would not be allowed to prevent others from building there (defeating the whole premise of ecologically sensitive development).

Under CAFTA, "green procurement" policy requirements such as recycled content, fuel or energy efficiency or renewable energy mandates might be challenged as inappropriate trade barriers.

#### The wrong model for Central America

Central America is one of the most biologically diverse areas of the world. The region faces daunting environmental challenges that threaten its potential for sustainable development. Yet the agreement fails to require governments to maintain and effectively enforce basic environmental laws and regulations. In fact, language in the agreement on environmental enforcement is far weaker than enforcement provisions for investor lawsuits.

Central America needs a balanced development strategy that combines new opportunities for business with protection for the environment and working people on which sustainable development ultimately depends.

Central American communities and pristine natural areas would be at increased risk from polluting factories, sprawling resort developments, increased logging of ancient forests, and extractive industries that destroy the land and coastal areas alike. The Bush administration's corporate-driven CAFTA agreement fails to provide the balanced and sustainable approach that the people of Central America deserve.

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#### CAFTA, the Stalking Horse for the FTAA

The Bush administration intends CAFTA as a stepping stone to the Free Trade Area of the Americas (FTAA), a trade pact that would cover the entire Western Hemisphere except Cuba. Both CAFTA and the FTAA are steps in the wrong direction. Unfortunately, rather than learning from the mistakes of the past, the Bush administration, at the behest of its corporate clients, is pushing for both agreements.

We can do better! Trade agreements should promote a higher quality of life for all, not simply serve as vehicles to increase corporate profits. We must learn our lessons from the failed trade agreements of the past and stake out a different course for the future, where peoples' lives and livelihoods are protected and respected.

