



Asociación de Mujeres por la Dignidad y la Vida

## **WOMEN SAY NO TO CAFTA** **March, 2004**

As representatives of women's organizations and social movements within Central America and the United States, we are denouncing the recently negotiated Central America Free Trade Agreement (CAFTA) which endorses an unjust economic model for regional integration. Moreover, we demand that our legislative representatives oppose this trade agreement for the damaging impacts it will have in the region.

"Free trade" has, over the last 20 years, enabled governments globally to justify the implementation of political and economic measures that have increased the concentration of wealth in the hands of the few while producing even greater levels of poverty among the majority of the world's population. The predominance of trade in Central America builds on poorly designed structural adjustment programs (SAPs) sponsored by the international financial institutions throughout the 1990's. These programs have already contributed to the dismantling of key government programs. More recent IDB loans have been offered in support of liberalized trade.<sup>1</sup>

In the case of Central America, we continue to see this trend and feel compelled to highlight some specific concerns. Based on the North America Free Trade Agreement (NAFTA), CAFTA would extend the unequal distribution of resources as experienced under NAFTA. Women in Mexico, the United States, and Canada continue to suffer from the negative impacts of NAFTA, including growing unemployment and underemployment, fall in real wages in Mexico, the closure of small and medium-sized businesses and family farms, greater job insecurity, diminished social services, among others. A recent study showed that in Mexico, poverty for female-headed households increased by 50 percent since NAFTA was implemented.<sup>2</sup>

In the U.S., all fifty states have experienced job loss under NAFTA. The industrial states have experienced noticeable decreases in employment as industry has moved to Mexico.<sup>3</sup> With loss in bargaining power for workers and weaker unions, employment trends have become unstable and tenuous, with women workers' fundamental rights undermined. Many women who have lost jobs in the manufacturing sector and have found new jobs in the service industry are experiencing decreased wages and stability.<sup>4</sup> NAFTA's investment language has allowed corporations to sue governments over

---

<sup>1</sup> Vincent McElhinny, "Update on the U.S.-Central America Free Trade Agreement (CAFTA): Implications of the Negotiations." InterAction. January, 2004

<sup>2</sup> Women's Edge Coalition, 2003

<sup>3</sup> Robert E. Scott, "The High Price of 'Free' Trade: NAFTA's failure has cost the United States Across the Nation." Economic Policy Institute. November, 2003

<sup>4</sup> Elizabeth Kahling, "U.S. Women Workers: Trends and Trade." August, 2002

public-interest laws, which has undermined national sovereignty and weakened local and state environmental standards. The gap between the wealthy and the impoverished has been steadily growing, and women are bearing the brunt of deepening poverty and physical and sexual abuse in their communities.<sup>5</sup>

Even though CAFTA would have serious negative impacts on the women, families, and communities throughout Central America, these potential consequences are being ignored by the U.S. administration that is seeking a 'win' in the trade arena in the run-up to the November 2004 U.S. presidential election. Indeed, CAFTA's is primarily important for the U.S because it is seen by the Bush administration as political 'win' in the area of trade. It is much less about an economic gain for any of the countries involved. In fact, U.S. business gains are expected to be relatively low.

After the collapse of World Trade Organization (WTO) negotiations in September 2003 and the failure of the U.S. to force through the full undertaking FTAA at the 8<sup>th</sup> ministerial round in Miami in November 2003, the Bush administration has shifted its focus to push for ambitious liberalization at the bilateral level. U.S. Trade Representative Robert Zoellick has stated that the U.S. will choose to trade with 'can do' countries—countries that endorse and adhere to U.S. economic and foreign and security policies. Central American governments are significant allies for the Administration's trade agenda. However, because of the power imbalance and significant carrot of market access and stick of withheld aid, these countries are left with little choice. Adding to this, Central American countries lost much of their bargaining power when they liberalized a significant part of their economy through conditionalities attached to loans and debt relief. The negotiation for CAFTA took only a year. This is unlike NAFTA, which was negotiated over seven years and the ongoing FTAA negotiations that have lasted 10 years so far. Now, President Bush has informed Congress of his intent to present CAFTA to both Houses for signature and Central American Governments are doing the same.

### **Lack of Democracy**

Most Americans have never heard of CAFTA. There has been no national debate in the U.S. about the pros and cons of this trade agreement with Central America. The U.S. Office of the Trade Representative (USTR) has briefed non-governmental organizations (NGOs) and business groups, but it has never launched any national public forums to encourage debate around the country. The administration has stated that it has responded to civil society concerns by regularly posting online the outcomes from the different negotiating rounds that took place throughout the year. However the text was never made public until the negotiations were completed because of national security reasons. Civil society groups have never been clear on what national security has meant in this context- security for whom?

Central American governments along with USTR have met with Central American groups to seek feedback on CAFTA, but this process has been widely discredited as a useless endeavor. The fact that civil society groups were not given the chance to

---

<sup>5</sup> See Coalition for Justice in the Maquiladoras: [www.coalitionforjustice.net](http://www.coalitionforjustice.net)

review the CAFTA text during the negotiations when, in fact, they will be the most impacted, is another sign of an undemocratic and unacceptable process.

Governments in both regions are hoping to pass the agreement before social movement opposition can be fully energized. In the U.S., President Bush is pushing for the approval of CAFTA before the end of the election year. Because of this, we must unite our voices now in a loud and clear 'NO on CAFTA' because this agreement will only weaken democracy and development throughout Central America and undermine socio-economic and political relations between the U.S. and Central America.

### **Making the Gender, Development, and Trade Link**

Our particular contribution to the dialogue on trade is an emphasis on equity and development which arises from a gender-sensitive analysis of the effects of trade and other macro-economic policies on social development and on the well-being of women, families, and communities. In this context, equity is not only gender equity but also racial and ethnic equity, and equity among peoples and nations.

Trade liberalization has far-reaching consequences for developing countries and their communities. Although trade and investment may not be the sole causes of poverty at the global level, they can serve to worsen the widening gap between rich and poor. This is confirmed by a recent report from the United Nations International Labor Organization (ILO) that indicates global trade has created a growing divide of rich and poor within countries in which women have been harmed more than men, particularly as small scale farmers and producers who are unable to compete with subsidized imports coming from developed countries.<sup>6</sup> As the United Nations Development Fund for Women (UNIFEM) states, "women - especially poor women - have unequal access to resources such as land, credit and education. This in turn makes them the least able to benefit from trade liberalization and the most likely to suffer from the adjustment costs of trade reform and economic restructuring."<sup>7</sup> Trade agreements and policies that fail to take this into consideration further threaten the development of women around the world, the majority of who make up the world's poorest citizens. Within Central America, indigenous women and their families have been the most vulnerable in terms of their lack of access to resources and their poor living conditions.

Women are those primarily responsible for 'social reproduction,' which is the unpaid work done by women, including caring for and ensuring the health, education, and security of their families and communities. The invisible work done by women reduces the time they have to gain new professional skills, enhance their education, seek better paying jobs, or simply enjoy leisure time. This, in turn, diminishes their personal development as well as the contribution they can make to the future development of their communities. Women are also struggling to maintain their jobs in the formal sector. In both Central America and the U.S., women are often the first to be dismissed

---

<sup>6</sup> Elizabeth Becker, "U.N. Study Finds Global Trade Benefits are Uneven." *New York Times*, February 24, 2004, p. C5

<sup>7</sup> Unifem, Promoting Women's Economic Security and Rights Online Resource [http://www.unifem.org/index.php?f\\_page\\_pid=15](http://www.unifem.org/index.php?f_page_pid=15)

when layoffs have to be made, those most exploited in precarious working conditions, and those receiving less pay for their work. The U.S. government has negotiated CAFTA with NAFTA and the U.S./Chile bilateral as models for positive growth. The problem is that these models promote unfair trade in a variety of sectors. CAFTA falls short of being a positive catalyst to ensure that human rights are upheld and that socially sustainable development is being addressed.

This reality compels us to seek a more profound examination of the supposed benefits that the neoliberal economic model has for women in the poorer countries in Central America and, as importantly, to question the supposed benefits of CAFTA for U.S. women.

The entire CAFTA agreement would have negative socio-economic impacts on communities across Central America and would do little to benefit those in the U.S. There are four key issues within CAFTA that would have undeniable and direct repercussions on the quality of life for women, their families and their communities. These are: the privatization of essential social services, food security, intellectual property rights, and labor rights.

### **Essential Services**

Despite the fact that all people, women and men alike, have the right to enjoy essential services such as health, education, water, and other public services, these rights are directly threatened by CAFTA. Indeed, we see in the text of the agreement plans to privatize services by foreign corporations, many of which are U.S. owned. Privatizing essential services enables corporations' goal to make a profit to take precedence over social development priorities. This trend undermines governments' responsibility to ensure that their citizens can afford and have access to public services such as healthcare, education, and water.<sup>8</sup> When essential services are not guaranteed to those who cannot afford to pay, the result is that populations no longer receive them. Already in Central America, there is an education provision problem as spending on education averages about 2.4% of the recommended 4%.<sup>9</sup> Without education, individuals and communities have fewer choices and will have difficulty in stopping the negative cycle of being used for cheap labor as a comparative advantage in a downward spiral of unfair trade. Any future cuts to public spending on education or other essential services as a result of CAFTA will further this negative trend for women, their families and their communities.

Cuts in public provision of services for families who cannot afford to pay creates a double and sometimes triple burden for women who often end up shouldering the

---

<sup>8</sup> When the water system in Bolivia was privatized as part of a World Bank project, the cost of water service to consumers went up by as much as 20% of their salaries when the Bechtel corporation raised the prices in order to turn an incredible profit.<sup>8</sup> In Chile, privatization has severely squeezed public hospitals' resources and effectiveness. It is the wealthy who are able to pay for their medical needs while the majority of people are left to deal with a shrinking public sector.<sup>8</sup> In the U.S., which has voluntarily privatized much of its healthcare system, over 44 million people are uninsured, with minority women and children comprising the largest percentage of those numbers.<sup>8</sup> See U.S. Gender and Trade Network: Report on National Gender and Trade Consultations, [http://www.igtn.org/NorthAmerica/North\\_America.htm](http://www.igtn.org/NorthAmerica/North_America.htm), January, 2004

<sup>9</sup> "Central American Development: The Impact of Trade Liberalization in the 1990s," Interaction, December 2003

financial and emotional responsibility of caring for and protecting their families. This burden too often diminishes their quality of life in that it can reduce their ability to pursue professional training, their ability to work, to care for themselves and to enjoy any leisure time.

### **Food Security**

Women in Central America as well as the U.S. actively participate in agricultural production such as subsistence farming, and a significant part of their work lies in the production of food and ensuring food security for their families and communities. According to a WOLA report, the majority of the two poorest groups in Central America, indigenous people and women, reside in rural areas and are involved in agriculture.<sup>10</sup> Under CAFTA this participation would be severely threatened since the agreement privileges agribusinesses that promote export-led food production without consideration for the importance of food security of over half of the people in Central America whose livelihoods depend on family farms. As was seen in Mexico as poor corn farmers have failed in an uphill battle competing with highly subsidized U.S. corn imports.

The liberalization of the agriculture sector under CAFTA would have more significant negative impacts for women who play a fundamental social reproductive role within the family and in maintaining and protecting their communities. The logic of CAFTA would make women invisible within the productive and socially reproductive sectors of society, subject them to greater workloads, force them to look for work outside the farm that would put them in dangerous and exploitative situations, and separate them from their families.

CAFTA would also cause the increase of the cost of basic necessities borne by women. Studies have shown that when women exercise direct control over income, they tend to spend it for their families' well being, especially to improve food security for their most vulnerable members of their families. The flood of foreign goods into the local markets throughout Central America caused by CAFTA, would not only force out local competition, but also increase prices of basic commodities; and, along with prices, increase the number of households living in poverty. These would most likely be female headed households since a growing number of Central American households are headed by women and these are often poorer than male-headed households. A World Resources Institute (WRI) study reports that "In Panama, Honduras, and El Salvador, households headed by women represent an estimated 22% of total rural households."<sup>11</sup>

In terms of agribusiness, CAFTA, like in the case of NAFTA, would enable transnational companies to move their businesses to the region so that they can pay low wages, often less than \$3.60/day, exploit the use of pesticides and chemicals that are prohibited in

---

<sup>10</sup> "Trade and the Rural Sector," WOLA, December 2003. In Guatemala, agriculture employs 60% of the population, in Nicaragua, 44%, and in Costa Rica, 21%.

<sup>11</sup> "Women in Forestry," WRI- <http://www.wri.org/biodiv/women-02.html>

the U.S., and subject the women and men workers on these farms to harmful working conditions that violate international labor rights.<sup>12</sup>

An example of this negative trend is with banana production in Central America which is majority-owned by three big U.S. owned corporations: Chiquita, Dole and Del Monte. These three corporations control  $\frac{3}{4}$  of the global market production of bananas. Small and medium scale farmers in Central America predominantly sell their bananas to these big three for export. According to STITCH, the second largest producer of bananas globally is Costa Rica. Panama is 5<sup>th</sup> and Guatemala is 6<sup>th</sup>. STITCH reports that bananas are the most profitable item in U.S. markets. Unfortunately, a small percent of every dollar made actually goes to producers in Central America who are working in terrible conditions for little pay. Women's work in this industry is concentrated in the banana packing plants where they prepare them for shipping. This work includes spraying the fruit with chemicals to ensure it does not have any blemishes when received by the U.S. market. As a result of the poor working conditions, women are experiencing skin allergies, respiratory problems and even cancer. Some of the chemicals are leaking into local water and contaminating it within domestic households. In the periods where there is no fruit being harvested, women are struggling to find other work and migrate to urban centers or across borders.<sup>13</sup>

### **Intellectual Property Rights**

According to the international organization Medicines Sans Frontiers, CAFTA's chapter on intellectual-property rights [IPR] would "prevent the marketing approval of generic medicines if a patented version of the product is registered."<sup>14</sup> This would drastically limit the registration and marketing of inexpensive medicines for AIDS and other diseases. The issue is especially critical for the more than 200,000 Central Americans who are suffering from HIV/AIDS and lack the resources to pay for new medicines to treat the disease. These people do not have 5 years to wait for cheaper medicines that could save their lives. By preventing access to generic drugs, CAFTA will also jeopardize the national social security institutions in the region.

As the primary providers of healthcare within families and communities, women would bear increased burdens under CAFTA's intellectual property rules. With the lack of access to cheap drugs, pressures on families, communities, and social caring structures led by women would increase. One analysis conducted in Costa Rica revealed that the intellectual property measures outlined in CAFTA would increase the cost of some medicines by as much as 800%.<sup>15</sup>

---

<sup>12</sup> "Over the past 25 years in Nicaragua, 103 banana workers and their children have died, and 22, 000 have become seriously ill following regular contact with DBCP [pesticide]. In Costa Rica, ... women [workers] have suffered sterility, birth defects, increased cases of spontaneous abortion, and breast and uterine cancer." Central America Women's Network (CAWN), December 2002- [www.cawn.org](http://www.cawn.org)

<sup>13</sup> STITCH, "The Truth on Your Table: Facts About Women Workers in the Banana Industry." June, 2002 [www.stitchonline.org](http://www.stitchonline.org).

<sup>14</sup> Medicines Sans Fronteras, "Provisions in CAFTA Restrict Access to Medicines," February 3, 2004

<sup>15</sup> Moreno, R. The Free Trade Agreement between the United States and Central America: Economic and Social Impacts, p. 118

The IPR chapter in CAFTA would also make it difficult for poor people and indigenous communities to protect their traditional knowledge such as music, handicrafts, and traditional medicines. The intellectual property rights provisions in CAFTA will allow “pharmaceutical companies to patent the plants and natural medicines that indigenous communities have used for centuries for medicinal purposes.”<sup>16</sup> Women are often the keepers of this traditional knowledge; often sales of traditional handicrafts are an important source of income, just as use of traditional medicines is important to the health of their families.<sup>17</sup> Their legal rights to intellectual property are put in jeopardy under CAFTA.

### **Labor**

The labor clause in CAFTA is inadequate to correct the serious labor rights abuses existing in both the United States and Central America. Women constitute the majority of *maquiladora* workers in Central America. EPICA writes that “in Nicaragua, *maquilas* currently provide about 37,000 jobs, approximately 80% of which are held by young women. There are 54 factories, primarily textile...In Honduras *maquilas* currently employ about 106,000 people, 67% of which are women... There are approximately 200 factories, most of which are textiles and apparel.”<sup>18</sup>

Currently, there is an important shift occurring in terms a decrease in jobs in the public service sector and in small scale farming in the countryside while at the same time there is an increase in jobs in export processing zones. Women who were formally employed in these other sectors are finding employment in the *maquiladoras* (particularly textiles and apparels), which are expected grow in numbers under CAFTA. While women may have more earning potential at the *maquiladora*, their work is precarious and tenuous. In order to make more money, they work grueling hours under poor conditions with low morale. Furthermore, women are working without labor protections and the possibility for union organizing. Few unions exist, for example, in Nicaragua and Honduras.<sup>19</sup>

Violations of labor rights and their consequences for women are particularly serious in some countries such as El Salvador. In El Salvador, enforcement of labor rights in the *maquiladora* textile industry has worsened considerably, especially regarding the following issues: intense and long workdays; nonpayment of overtime; no personal leave for reasons of health or family obligations; labor violence (which implies, among other things, beatings and verbal abuse); and three-month instead of one-month probation contracts-

Pregnancy tests are required in order to apply for leave and benefits (vacations, Christmas bonuses, etc.). There has been an increase in the practice of docking

---

<sup>16</sup> Women’s EDGE Coalition, CAFTA Fact Sheet, February 2004

<sup>17</sup> “In Central America, women plant, transplant, protect, and maintain trees. They also gather, and manage, forest products and put them to multiple uses--including food, animal feed, health, or income. Women commonly collect nuts, fruits, forage, medicines, and oils from trees for use at home, and in some cases, for sale in local markets. In many parts of the region, trees are integrated into subsistence farms and traditional agroforestry systems, which are often maintained by women.” (“Women in Forestry”, WRI-<http://www.wri.org/biodiv/women-02.html>)

<sup>18</sup> EPICA, “Surviving Free Trade: Women’s Voices from Nicaragua and Honduras.” May/June, 2002

<sup>19</sup> Ibid

salaries for fees for pensions and health-care, which are then unfairly appropriated and never transferred to the proper institutions, such as the Social Security Agency.

In other Central American countries like Guatemala, Honduras, and Nicaragua, the right to form unions is subject to severe repression, including mass dismissals, which are justified by layoffs supposedly caused by the lack of raw materials, as well as lockouts, threats, etc.<sup>20</sup>

CAFTA would support these troubling tendencies and undermine women's fundamental labor rights. Based on the NAFTA example, poor investment provisions in the CAFTA text, and current labor practices in Central American maquiladoras, it is unlikely that any jobs created under CAFTA would be stable and well paid. In addition, CAFTA's language on labor rights do not address problems such as sexual harassment and discrimination, which could have serious repercussions on women who work in the maquiladora sector through the region.

#### **Women call for trade and investment that will ensure that:**

- Countries maintain their sovereign right and responsibility to develop domestic regulations to protect the common good, gender equality, environmental sustainability, financial stability and development goals.
- Any negotiations on services be subject to a human rights framework, including the right to development.
- Socially responsible investment that is gender sensitive and pro-poverty eradication be the basis for all discussion on the behavior and regulation of the activities of TNCs. This type of investment will also protect local industries, communities, the environment and indigenous knowledge.
- Food security mechanisms, special safeguard mechanisms, the exemption of primary staple foods and other domestic programs be incorporated in order to protect local producers and to allow them flourish as well as to ensure food security, food sovereignty and viable rural development.
- Countries have the freedom and flexibility to determine and adopt appropriate regimes of sui generis systems that provide maximum protection for their farmers, breeders, indigenous knowledge and the right of local communities to use, save and exchange seed and biological resources. Within this framework, indigenous knowledge must be recognized as a category of intellectual property to prevent third parties from using, selling, exporting and importing traditional and indigenous knowledge without prior informed consent.

---

<sup>20</sup> USGTN, "Breaking Boundaries II- Women and the Free Trade Area of the Americas (FTAA): Understanding the Connections." September 2003

- Governments maintain their flexibility at the national level to ensure access to affordable medicines for all and to protect public health.
- Formal and accountable structures and processes to ensure meaningful participation among government and trade officials and all sectors of civil society, including women's organizations, be developed and implemented.
- Trade agreements be subject to gender and social impact assessments that will be accessible to civil society and will be key in deciphering whether policies should be abandoned or negotiated.