

Women, Just Trade, and the Central America Free Trade Agreement

By Farah Nageer

The Central America Free Trade Agreement (CAFTA) was concluded on December 17, 2003 with four of the five Central American countries: El Salvador, Guatemala, Honduras, and Nicaragua. On January 25, 2004 the U.S. Trade Representative (USTR) office reported that it had finalized negotiations with Costa Rica, which had pulled out of the final round of negotiations earlier. President Bush notified Congress of his intent to sign the agreement on February 20, 2004, and the agreement is also currently in the process of ratification by the National Assemblies of the five Central American countries.

CAFTA, like the North America Free Trade Agreement (NAFTA) before it and the Free Trade Area of the Americas (FTAA) that is currently being negotiated, is yet another example of the failure of trade to positively impact the more than one billion people living in poverty in the world today, the majority of whom are women.¹

CAFTA promotes a model of trade which privileges profit and economic advancement of the few over equal and sustainable development and the protection of basic human needs and rights. The CAFTA agreement, negotiated without the participation of the communities it will impact, is based on the flawed assumption that the current trade model will lead to sustainable development. However, the impact of NAFTA on the people and economy of Mexico, Canada, and the U.S. 10 years after its implementation has, in fact, worsened the lives and endangered the livelihoods of communities in all three countries.²

According to the Economic Commission for Latin America and the Caribbean (ECLAC), over half (58.8%) of the 32 million Central Americans live in poverty and the 2002 World Food Program (WFP) report stated that 1 in 4 Central Americans continue to suffer from

hunger or food insecurity. These staggering statistics are due in part to the combined impacts of the privatization of essential public services, the dominance of agribusiness over family farms, and the far-reaching impacts of Free Trade that have weakened domestically-owned industries and national regulatory measures throughout the Americas. These conditions have severely and demonstrably worsened the living and working conditions of women throughout the region, not least those in Central America. 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."³

Ten years after its implementation, the differential gender impacts of NAFTA have yet to be examined and calls for gender assessments of the FTAA have gone un-heeded. By failing to include any analysis of how CAFTA may affect women and men differently, this trade agreement promises to further impoverish women throughout the region, endanger their health and well-being, and undermine their ability to protect their families, communities, environments, and livelihoods.

CAFTA AS A POLITICAL TOOL

The CAFTA agreement is not only another example of how trade has failed development but also an undeniable example of political posturing by the Bush administration and a reflection of the multifaceted state of war in which we currently live. This trade agreement, which includes two of the poorest countries in the region (Honduras and Nicaragua), offers little gain to the U.S. economy and can hardly be seen as a



lucrative market for U.S. investors. After the collapse of the fifth World Trade Organization (WTO) ministerial in Mexico in September, 2003, and the failure of the U.S. to convince the FTAA countries to agree to a full undertaking FTAA during the November 2003 ministerial meeting, the Bush administration is in desperate need of any semblance of a "win" in the area of trade in order to court pro-trade votes for the 2004 U.S. presidential elections. The U.S. Administration has ignored the development impacts of the agreement on the people of Central America as they

shaped the agenda to reflect U.S. agribusiness and corporate interests.

Furthermore, the Bush administration made it clear following the failure of the Cancun Ministerial that it would pursue free trade agreements with the “can-do” countries and build a “coalition of the willing” in its economic war on free trade with countries that support its foreign policy. The Central American countries are key allies in this agenda.

Unfortunately, they have little in the way of bargaining power given the power imbalance with the U.S. and their heavy dependence on aid and market access from their big neighbor to the North⁴. This aggressive mixing of foreign and economic policies has added fervor to the efforts of the U.S. Trade Representative at securing bilateral agreements with a range of countries in Latin America, despite evidence of the potentially detrimental impact of blindly instituted liberalization on socially sustainable development and on the lives and livelihoods of women in the region.

Not only has there been no social or gender impact assessment of the possible impacts of CAFTA on the region, there has also been little attempt to educate either the U.S. or Central American publics about this agreement or openly address the concerns of civil society groups. The secrecy surrounding the negotiations and the refusal by governments on both sides to enable the effective participation of civil society and the populations that will be directly impacted by the agreement underscores the undemocratic process by which CAFTA was negotiated. It foreshadows the undermining of democratic development throughout Central America should the current agreement be implemented.

GENDER IMPACTS OF CAFTA

The potential devastating impacts of CAFTA on women in the region have yet to be carefully examined and assessed. There are, however, clear implications for women across Central America especially in the areas of agriculture, services, and intellectual property rights.

Agriculture

CAFTA's agriculture provisions are a “win” only for U.S. agribusiness cartels. It supports their ability to dump low-cost agricultural products in Central American markets while threatening small-scale and subsistence farmers in the region, many of who are women and indigenous people. These two groups also constitute the poorest sections of Central America's population. As women are forced off of family farms and out of their traditional livelihoods, they will be faced with a scarcity of opportunities to earn a living.

Women will also bear the increased burden of providing for their families and communities and ensuring their health and well-being because the current CAFTA agreement will further weaken the ability of governments to protect emerging local industries from foreign competition. By removing protections from essential foodstuffs such as rice and white corn, governments in the region will be unable to protect against the threats of malnutrition and starvation. This, in turn, will have far-reaching impacts on the region's women, who are the primary care-givers responsible for ensuring proper nutrition and health for children, the elderly and poor. They are also responsible for household food security. Relative poverty across the region stands at 55%, and 8.6 million Central Americas already suffer from hunger. As a recent analysis of the CAFTA text observed, “as happened in Mexico under NAFTA, without such protections against predatory dumping, subsistence farmers will be forced from their lands into urban areas to compete for jobs and to face the threat of malnutrition and starvation.”⁵

Services

The services standards established in CAFTA are covered in the WTO's General Agreement on Trade and Services (GATS), to which all of the Central American countries are signatories. However, the obligations for liberalization and privatization of public services under CAFTA exceed those established

in the GATS and require governments to “grant foreign companies non-discriminatory treatment, ensure access to service markets, and to be transparent in the development and application of regulations.”⁶ These provisions undermine the responsibility of governments to ensure that their citizens can afford and have access to essential public services such as healthcare, education, and water and reduce their ability to protect the services that are essential to ensuring sustainable national development.

Women are the primary service providers, in families, society and the market economy. When people do not have access to essential services, either because they are not available or because people cannot afford to pay for them, women end up providing these services for their families, including education, health care and the provision of clean water. This puts extreme stress and burden on women and jeopardizes the well-being of entire communities. In an interview with Farah Fosse, Guatemalan women maquila workers reported that they spend about 85% of their weekly salary to purchase water.⁷ Along with an increase in prices, there would also be an increase in the number of households living in poverty. As reported in *Women Say No to CAFTA*, “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.”⁸ A World Resources Institute (WRI) study reports that households headed by women represent an estimated 22% of total rural households in Panama, Honduras, and El Salvador.⁹

Intellectual Property

Similar to the services chapter of the text, the intellectual property rights (IPR) provisions in CAFTA go beyond WTO measures that are covered in the Trade Related Intellectual Property Rights (TRIPS) agreement and would mean, among other things, further restrictions for farmers due to increased control over seeds. CAFTA's IPR provisions would also have terrible conse-

quences for those in need of essential medicines due to restrictions on production of and access to generic drugs.

There are patents on varieties of five food crops that are essential to Central America, including rice, wheat, corn, soybean, and sorghum. The IPR chapter in CAFTA would jeopardize the ability of farmers to continue traditional agricultural practices because it will limit their ability to use certain seeds. According to Silvia Rodriguez Cervantes from the Network for Coordination in Biodiversity in Costa Rica, if a farmer plants certain seeds without paying the corresponding royalties, he or she could lose rights to the harvest.¹⁰ Women in indigenous communities are the protectors of traditional knowledge such as music, handicrafts, and traditional medicines, as well as traditional agroforestry and biodiversity systems. CAFTA's IPR terms would make it difficult for poor people and indigenous communities to continue to protect these age-old life systems and practices because it would enable pharmaceutical companies to patent the plants and natural medicines that these communities have used for centuries for medicinal and subsistence purposes.¹¹ Women rely on the sale of traditional handicrafts as an important source of income, just as use of traditional medicines is important to the health of their families.

CAFTA's chapter on intellectual-property rights would have severe repercussions for those Central Americans most in need of cheap and safe medicines. Medicines Sans Frontiers reports that it would be impossible for Central American governments to market a generic drug if a patented version already exists.¹² By limiting compulsory licensing in Central America, CAFTA would render hopeless 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. This is despite the fact that studies have shown that generic competition has brought down the price of lifesaving anti-retrovirals used to treat people with HIV/AIDS by more than 98 percent over the years.¹³ 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%.¹⁴

CONCLUSION

As mentioned at the beginning of this article, CAFTA is currently in the ratification process both in the U.S. and Central America. However, because of opposition from U.S. labor, textiles, and sugar sectors, as well as pressure from NGOs, there has been growing concern in the U.S. Congress about whether the Bush administration has enough support to win approval of the trade agreement. The administration is currently weighing its options about sending CAFTA for approval before November and, in an effort to rally support and reiterate their commitment to the agreement, Central American trade ministers visited Washington, DC during the week of March 22nd in order to encourage their U.S. partners to ratify the agreement this year before law-makers recess for the summer. Ministers from Central America and the Dominican Republic are scheduled to visit Washington, DC during April 27-28th with hopes of gaining a clearer understanding of when the U.S. will sign CAFTA.

On March 15th, 2004, the U.S. concluded a bilateral trade agreement with the Dominican Republic (the largest country in the Caribbean) that mirrors the agreement with the Central American countries. According to Robert Zoellick, Chief U.S. Trade Representative, "the Dominican Republic would be packaged into the agreement with Costa Rica, El Salvador, Guatemala, Honduras and

Nicaragua (CAFTA) and presented for a single vote before Congress."¹⁵ This delays the point when Congress may begin formal work on the agreement until mid-June.

During this time, it can be expected that efforts by civil society groups throughout Central America and in the U.S. will remain focused on delaying a vote until after the U.S. presidential election. The Center of Concern's Global Women's Project as well as the U.S. Gender and Trade Network's coordinating body are committed to this struggle as well as to the larger objective of publicizing the gender impacts of trade agreements such as CAFTA on the women, families, and communities that they affect.

The Americas has long been a theatre for U.S. political posturing, persuasion, and pressure and the Bush administration's use of CAFTA only continues that trend. Instead of playing a destabilizing role in the region as it did during the Cold War years, however, the current political rhetoric is that CAFTA will bring the long sought-after democracy, stability, prosperity, and development to this much troubled region in the U.S.'s backyard. In fact, CAFTA is being sold to the U.S. Congress and public as the agreement that will prevent the fragile countries in Central America from succumbing to the events recently witnessed in Haiti. A recently published report by the Center for Trade Policy Studies stated that "The countries of Central America are not many years removed from political crises of the sort that now afflicts Haiti.... It would be ironic if the lawmakers demanding aid for Haiti were to close the door of opportunity on Haiti's Latin neighbors."¹⁶ These and other proponents of CAFTA and free trade in general assert that the agreement is much more than a trade agreement—it is a path to prosperity for the poor nations in Central America and, by extension, poor nations around the world.

Free trade is not a panacea for deeply rooted historical social, political, economic patterns and weaknesses. The romantic idea that trade and economic growth equals development was proven wrong following the failure of the

Structural Adjustment Policies of the 1980s. Central America can attest to this failure. Let us not repeat that ugly history.

USTR's recent announcement that it will begin bilateral negotiations with Colombia in May further confirms that the Bush administration is committed to continuing the spread of a joint trade/security agenda to all corners of Central and South America and the Caribbean without considering the negative impacts of imposing uncritical liberalization and deregulation on fragile economies and societies. By repeating history and failing to assess the impacts of CAFTA on women and on sustainable, gender-equal development throughout Central America and in the Dominican Republic, the flood of liberalization will also witness a flood of increased threats to the lives and livelihoods of women, and to the long-term human development in this already struggling region.

Trade can indeed be a positive force in the development of communities and societies around the world. Trade policy has impacts on real people, women included. Unless we break out of the old

patterns of neoliberal economic policy and critically assess its weaknesses—unless we open trade discourse to include the voices of civil society groups and pursue a transparent and equitable process of negotiation—trade will only continue to make the rich richer and the poor poorer. It is time we really started to tip the balance in favor of people rather than power.

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¹ According to the United Nations, women constitute more than 70% of the world's poor.

² Faux, J. "NAFTA at 10," *The Nation*, January 15, 2004

³ http://www.unifem.org/index.php?f_page_pid=15

⁴ USGTN and Las Dignas. "Women Say No to CAFTA," March 2004

⁵ Bloque Popular Centroamericano, Alliance for Responsible Trade, and Hemispheric Social Alliance, "Why We Say No to CAFTA: Analysis of the Official Text," March 2004, p. 2

⁶ Ibid

⁷ Fosse, F. "Voices from Central America: Behind the Trade Agreements," *Center Focus*, February/March 2003.

⁸ USGTN and Las Dignas. "Women Say No to CAFTA," March 2004

⁹ "Women in Forestry," World Resources Institute, <http://www.wri.org/biodiv/women-02.html>

¹⁰ Bloque Popular Centroamericano, Alliance for Responsible Trade, and Hemispheric Social Alliance, "Why We Say No to CAFTA: Analysis of the Official Text," March 2004, p. 20

¹¹ "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>)

¹² Medicines Sans Fronteras, "Provisions in CAFTA Restrict Access to Medicines," February 3, 2004

¹³ Weissman, R. "Dying For Drugs: How CAFTA Will Undermine Access To Essential Medicines," March 2004

¹⁴ Moreno, R. *The Free Trade Agreement between the United States and Central America: Economic and Social Impacts*, p. 118

¹⁵ "U.S., Dominican Republic Conclude FTA Talks; Congressional Timing Uncertain," March 16, 2004, FTAA list serv

¹⁶ Durkin, A. and Reyes, R. "Another Revolution In Latin America: Who Will Win," *Free Trade Bulletin*, No. 9, March 23, 2004