

# Gender Perspectives and Women's Action on the Central American Free Trade Agreement

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## CAFTA: Background and basic facts

The Central American Free Trade Agreement (CAFTA) is a trade and investment agreement between the United States, the five Central American countries (El Salvador, Guatemala, Honduras, Nicaragua and Costa Rica) and the Dominican Republic. The final version of CAFTA was signed on 28 May 2004.

Central America's principal trading partner is the United States. Once the US-Dominican Republic-Central America Free Trade Agreement (DR-CAFTA) is ratified, the area will become the second largest export market for the US in Latin America, behind only Mexico. CAFTA is key to the conclusion of other processes which are important for multinational corporate interests (principally based in the US).

Seen in a wider context, CAFTA is the first regional agreement in Latin America. CAFTA together with its precursor NAFTA are important stepping stones in creating the Free Trade Agreement of the Americas (FTAA) covering the whole continent with the exception of Cuba. The FTAA is scheduled for completion in 2005 and is of paramount importance to the US as one of the main solutions to US economic problems. The agreement will go in to effect when ratified by the national parliaments. So far (March 2005) El Salvador, Honduras and Guatemala have ratified, though there has been widespread popular opposition.

### Critiques of the process

The CAFTA process has been highly criticised by civil society groups and networks from all participant countries, and unofficially from some members of the Nicaraguan national negotiating team during their presentation to the Women and Economy Working Group in July 2003. The key critiques of the process have been that the 'fast-track' provisions (to enable

CAFTA to be completed in one year, compared with seven years for NAFTA and ten years for FTAA) give a distinct advantage to the US and that the secrecy of the negotiations, insisted on by the US, has led to the exclusion of broad social movements across Central America and the US from the discussions. Though some civil society representatives participated in an adjoining room facility during negotiations they did not have direct access to discussions.

Social movements therefore split into two camps; those that opted to participate in the process in the hope of having some influence; and those who chose to remain outside the process, in direct opposition to CAFTA. Consequently, the specific needs and interests of particular groups of the population – including women, indigenous peoples, small business, workers in low-skill jobs, etc. – which make up the majority of the Central American population were not assessed. As a result, it is highly improbable that the agreement can respond to their needs and it is likely to be detrimental to them.

## Gendered Critiques of CAFTA

There are five main contentious issues in CAFTA: Labour rights; Agriculture; Services; Intellectual Property Rights and Investment. As the final text was only made available in January 2004 and analysts were only beginning to study the implications at the time of writing, only the first sub-section on labour rights presents a post publication analysis. The remaining subsections present concerns which have been based on assessments of the impact of NAFTA and deficiencies in other international trade and investment agreements.

### Labour Rights

The labour issues section of CAFTA fails

to address labour standards or gender issues and discrimination in a meaningful way. For example:

- The list of rights (proposed by the US government) is outdated and does not recognise or address women's specific rights in the workplace, a serious omission when the vast majority of Maquila and service sector workers are women, and when women have fought for years worldwide precisely for the recognition of their specific problems. Nor does CAFTA provide concrete mechanisms to guarantee that ratifying countries respect the rights of women, and because of this, seems little more than a declaration of good intentions.
- The reference to ILO Core Conventions is pro forma and there are no provisions for monitoring, reporting or enforcement.
- The accord envisages a fine against any country that fails to apply its CAFTA "labour code", but this labour code fails to include the right not to face gender discrimination. This allows the widespread problems of discrimination against pregnant women, gendered workplace violence and sexual harassment to continue unimpeded. In fact, with no specific protection, growing internal and external migration, employment in the export processing zones and sexual tourism, CAFTA will probably contribute to an increase in abuse and exploitation of women workers.
- Although the treaty claims it will promote "robust protections for labour rights", given the general weakness of labour codes throughout the Central American countries and the historical lack of respect for these codes, it is unlikely that labour laws will improve or be effectively enforced under CAFTA. If gender and other specific rights are not present in the CAFTA text, the capacity for advocacy on women's labour rights could be seriously curtailed.

### **Agriculture**

Agriculture has been one of the most contentious issues in CAFTA. The main issues here are the protectionist measures for agriculture (particularly the exemption of key products/industries requested by the Central American countries); the loss of food security and rural livelihoods in Central America due to the promotion of crops for export rather than local consumption and destruction of local food production by cheaper, subsidised imports; and the higher benefits for large corporate farms than for family farms in the US, resulting in some loss of rural livelihoods and female farmers taking on additional, off-farm work.

Based on the experience of Mexico (the only developing country) in NAFTA, the result for Central America is likely to be cheaper imported food swamping local markets, which will probably destroy small and medium scale farms and rural livelihoods in general. As people are forced to move to urban environments in search of a livelihood, rural women with limited skills and resources will be forced to seek paid work in the few areas available to them:

- The Maquila, or export-processing sector (primarily textiles but also foodstuffs and flowers), which has experienced rapid growth over the last decade. Maquilas are known for poor working conditions, lack of respect for labour laws, exploitative work environments and sexual harassment. Across Central America 80-90% of Maquila workers are female.
- The alternatives are domestic service or prostitution; both in the informal sector; low paid, unregulated, and in the case of prostitution may mean contravening the law.
- The last alternative is migration to other countries. Both female and male migration has a significant negative impact on women and their families, particularly their emotional well-being. Women are increasingly leaving their families and homes to work abroad, principally as domestic or Maquila workers, and generally children are left in the care of the extended family. With male migration, women take on a greater share of the family and community burden, often on a permanent basis, as men frequently establish new families and cease support for their previous one.

In each of the above alternatives women already have few rights and

benefits and their situation is likely to worsen under CAFTA. In addition, this rapid shift from living in small agricultural communities, often in family units, to urban settings (at home or abroad) has extreme impacts on the women, their families, communities and cultures. The probable loss of food security is a central issue for both rural and urban women as the producers, processors, distributors, providers and consumers responsible for household food security.

### **Services**

In Central America, social movements have focused on preventing the privatisation of essential public services. Under CAFTA, all services will be opened up for trade liberalisation and privatisation. Women are the primary service providers in the household, the community and in the market. When people cannot access essential services (education, health, clean water) – because they are not available or affordable – women often provide these services for their families. This results in extreme stress on women and endangers the health of entire communities and the opportunities of future generations.

Public sector services are mostly female areas of employment and for many are the most secure available jobs which offer the most benefits, including healthcare. Under CAFTA public services may be subject to competition, privatisation and increased flexibility. Therefore jobs in this sector could become less secure, forcing women into other sectors of the economy.

### **Intellectual Property Rights (IPRs)**

The US has asked for a 25-30 year protection period for IPRs under CAFTA; a considerable extension of the 20-year period offered by the World Trade Organisation (WTO). In particular, this could make it difficult for Central American governments to obtain cheaper drugs to meet public health needs.

Pharmaceutical and genetic-research corporations are particularly interested in this area in CAFTA because of the rich biodiversity of the region. They plan to harvest plants and microorganisms and patent them as new discoveries, which will give them the legal right to profit from plants, medicines and techniques that have been in local use for centuries. These new IPR laws have been criticised as encouraging

and institutionalising bio-piracy and making acceptable the theft of genetic resources. This threatens the survival of traditional ways of life often in the care of women and indigenous communities.

As the primary providers of health care within families and communities, women will bear greater burdens under CAFTA IPR laws. Cheaper drugs would particularly be of benefit to the poorer sectors of the population, often women. One study revealed that CAFTA IP measures would increase the cost of medicines by 800% in Costa Rica alone.

Existing WTO IP laws involve cumbersome administrative and legal processes which discourage local people with limited resources from patenting their inventions or knowledge in the areas of music, folklore, handicrafts, traditional medicines and other creative outputs. Women are often the keepers of this traditional knowledge and their income often comes from the sale of such goods. Their legal right to this knowledge and resources is in jeopardy under the new IP laws.

### **Investment**

The US has been pushing the Central American governments to further liberalise their investment rules and increase investor rights under CAFTA in order to attract more Foreign Direct Investment (FDI). CAFTA was expected to closely track the trade and investment provisions of the US-Chile FTA with the same "investor-state" mechanism as NAFTA. This mechanism allows foreign investors to legally demand compensation for laws that threaten their potential profits. By way of example, many of the lawsuits brought under NAFTA challenged local health and environmental laws.

Despite Congressional instructions to US negotiators, the language in the US-Chile agreement gives foreign investors greater rights than local investors. Investment laws in free trade agreements undermine the right of governments to empower local investors (including women) who cannot compete on an equal footing with foreign investors. They undermine governments' rights to regulate foreign investment effectively. Outside national labour control, FDI in industrial zones (where women are primarily employed) often leads to appalling labour conditions, affecting women differentially to men.

## CAFTA within the FTAA and the WTO processes

In September 2003, the WTO negotiations in Cancun, Mexico, collapsed. A number of countries, the G21+, objected to US and EU agricultural trade policies and insisted that they incorporated timelines to eliminate their domestic agricultural subsidies. The Singapore Issues -investment, transparency in government procurement and trade facilitations- were also contentious for some regions.

After Cancun, instead of assessing the multilateral context in order to try to understand the critiques coming from many of the countries in the Americas, the US devoted its energy to the completion of the FTAA, CAFTA and bilateral agreements with "can-do" countries in the area. In this vein, shortly after Cancun, the US Trade Representative (USTR) travelled round the Americas to "visit" those countries that had supported the G21+ and let it be understood that continued support would negatively impact trade relations and bilateral aid. Subsequently, Colombia, Costa Rica, Guatemala, Peru and Nicaragua pulled out of the G21+, and shortly after, CAFTA was signed with a text that accommodated all of the contentious issues.

Thus CAFTA has set a precedent for the rest of the region, and has effectively shown the WTO process to be of little relevance for the Americas.

## Women's Action on CAFTA in Central and North America

### Las Dignas/ International Gender and Trade Network (IGTN) – Regional Initiative:

A network of women's organisations and social movements from Central America and the United States, led by Las Dignas of El Salvador and IGTN of the United States, have joined together under the banner "Women Say No to CAFTA".

March 2004: They began a campaign to lobby members of Congress of all participating countries to reject CAFTA outright, on the grounds that they had no powers to amend the content of the agreement. Their letter and supporting document outlined their support of fair trade and sustainable development policies and their reasons for opposing CAFTA (in brief, because CAFTA will be detrimental to sustainable development; exacerbate poverty, particularly that of women and their families; and that the whole process has been undemocratic). In the first lobbying letter, many women's organisations and networks across Central and North America were already signatories.

**Women for Dignity and Life (Las Dignas) – El Salvador:** Run an Economic Justice for Women Programme, which aims to show the differential impact of economic policies on men and women, such as privatization, increased flexibility at work, and in macro level projects such as CAFTA. They are opposed to free trade agreements.

Have been extremely active on CAFTA issues, particularly through national initiatives challenging the preparations. They have participated in broad based coalitions opposing the privatisation of public services and participated in REMTE activities, organising training activities for women around the implications of Free Trade Agreements. Currently Las Dignas are spearheading the Central American and United States campaign "Women Say No to CAFTA" outlined above.

**The Maria Elena Cuadra Women's Movement (MEC) – Nicaragua:** Has done a great deal of work on economic and labour issues with the 8,000 women in their network in Nicaragua, as well as their international advocacy work, which includes free trade issues and CAFTA.

MEC does not oppose free trade agreements, but rather irresponsible negotiations which hand over natural resources, privatise water, eliminate national food security, etc. Among other things MEC called for CAFTA to be subject to the Nicaragua Constitution; effective participation of civil society organisations; inclusion of economic, social, labour and gender rights of workers within the CAFTA text; and for free trade agreements which stimulated national development, and not

poverty, exclusion and dependency on the external market.

MEC organises key awareness raising and capacity-building activities on trade and CAFTA, and their impact on women. MEC's current Advocacy strategy focuses on four areas: The domestic sector; the Maquila sector; the rural area; and the economic strategy for women, including economic literacy.

**International Gender and Trade Network (ITGN):** Carries out research and advocacy on trade issues. Their email bulletin gives excellent coverage of worldwide trade policy processes. They have produced a number of documents on trade including references to the impact of CAFTA. IGTN has recently launched a joint campaign in coordination with Central American women's organisations (see above).

**Women's Edge Coalition – US:** Jan 2004 (in coalition with members of Congress), successfully lobbied the USTR to conduct a Trade and Investment Review (TIR) to look at how Central American women's and men's employment, wages, and working conditions may be affected by CAFTA. They maintain the TIR will enable participating countries to craft policies that will help even the poorest women.

**UNIFEM / UNDP – Nicaragua / Central America:** Currently co-implementing the Project "Capacity Building towards the analysis and positioning of women's agenda in the new stage of the opening up of trade", which arose out of concern for the gender and equity implications of crucial fast-moving regional processes such as the negotiation of CAFTA. This included the development of a gender analysis and profile of the Central American economies, mapping of the institutional framework for the purposes of advocacy on the economy, and building an economic agenda for women. Stage two (2005-7) includes advocacy around public economic policy and situating women's economic agenda.

**Women's Network for Economic Transformation (REMTE):** A relatively new Latin America-wide initiative promoting advocacy on gender and the economy at national, sub-regional and continental levels. In Central America, as national networks are not yet established, women from different organisations from each country have participated in REMTE meetings planned to coincide with other continental or global events.

**The Maquila Solidarity Network – Canada:** Before the release of the CAFTA text, the Maquila Solidarity Network viewed the advent of CAFTA as a window of opportunity for building stronger labour rights in Central America.

## Work in the UK and Europe on CAFTA

**CAFOD:** Their work on CAFTA is through their partners in several countries:

- **Equipo Más (El Salvador):** specialises in popular education and has a programme on trade issues in general and on CAFTA. Their work is mostly training workshops with small farmer leaders. They participate in a weekly discussion group on trade issues and are part of the Salvadoran campaigning group on CAFTA which organises protest activities.

- **COMAL (Honduras):** -a network for alternative community trade that works on achieving better mechanisms for fair trade. They are now focusing on advocacy and training.

- **CALDH (Guatemala):** -a well-known human rights organisation; has a department working on trade and labour rights which would include CAFTA.

- **RMALC (Mexico):** -has a programme on the WTO and another on CAFTA.

**Oxfam:** Believe that trade agreements are almost impossible to change once signed (any one country can veto a move). Hence, Oxfam supported the NO to CAFTA initiative.

- Within its Making Trade Fair Campaign in Mexico and Central America, Oxfam has supported research on the impact of NAFTA, resulting in a publication documenting the lessons from NAFTA for the FTAA.

- Work with the Mexican farmer's movement "El Campo No Aguanta Mas", to make people aware of food security issues and the importance of special products and exemptions from liberalisation given the role of agriculture in Latin American economies, and address rural poverty.

- A network of women's organisations REDGE (Red de Género y Economía) to strengthen the capacity of women to challenge these agreements, introduce a gender analysis, and strengthen women's leadership within the broader social challenge to neo-liberal globalisation; and many exchange initiatives.

**The Nicaragua Solidarity Campaign (NSC):** Revitalise trade union work and are involved in the Trade Justice Movement with activities all round the country.

**One World Action:** Some of their partners

are involved in anti-CAFTA initiatives. The Movimiento Comunal Nicaragüense in Madriz, Nicaragua. Also, Las Dignas in El Salvador. They lobby through CIFCA where they play a role in advancing gender concerns in the E.U.–Central American Agreement.

**War on Want:** Work mainly with labour organisations which may be involved in CAFTA.

**World Development Movement:** Work on trade issues has been mainly through the Trade Justice Movement, focusing on the process around the WTO, the GATT and on achieving debt cancellation. As yet WDM has not worked on CAFTA or the FTAA.

**CIFCA:** Lobbies the European Union and works on EU involvement in trade issues in Latin America, particularly the EU/Central American global agreement.

**Network Women in Development Europe (WIDE) & the Gender and Development Network (GAD):** Both of

networks work on Gender, Globalisation and Trade. Some of its members are currently working on CAFTA issues.

### Useful websites:

[www.cawn.org](http://www.cawn.org)

[www.gadnetwork.org.uk](http://www.gadnetwork.org.uk)

[www.eurosur.org/wide/home.htm](http://www.eurosur.org/wide/home.htm)

[www.maquilasolidarity.org](http://www.maquilasolidarity.org)

[www.womensedge.org](http://www.womensedge.org)

[www.genderandtrade.net](http://www.genderandtrade.net)

[www.movimientos.org/remte](http://www.movimientos.org/remte)

[www.redmujeres.org](http://www.redmujeres.org)

[www.nicaraguasc.org.uk](http://www.nicaraguasc.org.uk)

[www.nicanet.org](http://www.nicanet.org)

[www.ceinicaragua.org.ni](http://www.ceinicaragua.org.ni)

[www.stopcafta.org](http://www.stopcafta.org)

[www.interaction.org](http://www.interaction.org)

[www.iniciativacid.org](http://www.iniciativacid.org)

[www.oxfamamerica.org](http://www.oxfamamerica.org)

[www.wola.org](http://www.wola.org)

[www.cafod.org.uk](http://www.cafod.org.uk)

[www.unifem.org](http://www.unifem.org)

