



The Association Agreement between the European Union and Central America:

Its potential impact on women's lives in Central America

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Authors:

**Martha Yllescas Altamirano
Guadalupe Salinas Valle**

For the Central America Women's Network (CAWN)

Central America Women's Network (CAWN)
c/o OWA, Bradley Close, White Lion St, London, N1 9PF, UK
Tel: +44 (0) 207 833 4174, Fax: +44 (0) 833 4102

www.cawn.org

The Authors

Martha Yllescas Altamirano is a Nicaraguan who studied Economics at the Universidad Nacional Autónoma de Nicaragua (UNAN) and has master's degrees in Economic Planning from the Universidad de La Habana and in Microfinance from the Instituto Centroamericano de Economía (INCAE). She is an experienced researcher specialising in providing support to the work of Central American women's groups and organisations on empowering women. A prominent feminist, Ms. Yllescas Altamirano is a member of the Executive Committee of the Comité Nacional Feminista (CNF) and is a leader of the Movimiento Autónomo de Mujeres de Nicaragua (MAM), on its Political Coordinating Group.

Guadalupe Salinas Valle is a Nicaraguan who studied Law at the Universidad Centroamericana (UCA) in Nicaragua and has a master's degree in Comparative Tax Law from the Instituto de Estudios Fiscales of Madrid. She is an experienced researcher specialising in providing support to the work of Central American women's groups and organisations strengthening women's citizenship and defending human rights. A feminist, she is also a member of the Comité Nacional Feminista (CNF) and the Movimiento Autónomo de Mujeres de Nicaragua (MAM).

Table of Contents

	Page
Acronyms	3
SUMMARY	5
Introduction	6
1. BACKGROUND	7
1.1 Framework of the Free Trade Agreements	7
1.2 Changes in the global and regional political and economic context from DR-CAFTA to the Association Agreement	8
1.3 Central America–United States and Central America–Europe relations	9
1.3.1 Central America–United States relations	9
1.3.2 Central America–European Union relations	10
2. WOMEN AND FREE TRADE	12
2.1 Status of women in Central America	12
2.2 The impact of DR-CAFTA on women’s lives: The case of Nicaragua	19
3. POTENTIAL IMPACT OF THE AA EU-CA	22
3.1 DR-CAFTA versus AA EU-CA: Similarities and differences	22
3.2 Analysis of the contradictions in the Association Agreement between the European Union and Central America	30
3.3 Specific impact on women	32
4. CONCLUSIONS	36
5. RECOMMENDATIONS	41
6. REFERENCES	48
ANNEXES	
Annex 1: DR-CAFTA	
Annex 2: Association Agreement between the European Union and Central America	
Annex 3: Central American Women’s Agenda on the AA EU-CA	
Annex 4: Political Declaration from the forum on The Gender Agenda— The Global Economic Model And Local Resistance	

Acronyms

AA EU-CA: Association Agreement between the European Union and Central America

ALBA: *Alternativa Bolivariana para los Pueblos de Nuestra América* / Bolivarian Alternative for the Americas and Caribbean

ALIDES: *Alianza para el Desarrollo Sostenible de Centroamérica* / Alliance for Sustainable Development in Central America

ALOP: *Asociación Latinoamericana de Organizaciones de Promoción* / Latin American Association of Development Organisations

APPRI: *Acuerdo para la Promoción y Protección Recíproca de las Inversiones* / Reciprocal Investment Promotion and Protection Agreement

CA: Central America

CAD: *Centroamérica por el Diálogo* / Central American Network for Dialogue

CARICOM: Caribbean Community

CBI: Caribbean Basin Initiative

CCJ: *Corte Centroamericana de Justicia* / Central American Court of Justice

CC-SICA: *Comité Consultivo - Sistema de la Integración Centroamericana* / Consultative Committee of the Central American Integration System

CEDAW: Convention on the Elimination of All Forms of Discrimination against Women

CELADE: *Centro Latinoamericano y Caribeño de Demografía* / Latin American and Caribbean Demographic Centre

CID: *Campaña Mesoamericana de Comercio, Integración y Desarrollo Sostenible* / Central American Trade, Integration and Sustainable Development Initiative

CIFCA: Copenhagen Initiative for Central America and Mexico

COMMCA: *Consejo de Ministras de la Mujer de Centroamérica* / Council of Central American Ministers for Women's Affairs

DR-CAFTA: Central America-Dominican Republic-United States Free Trade Agreement

ECLAC: Economic Commission for Latin America and the Caribbean

EESC: European Economic and Social Committee

EU: European Union

FTA: Free Trade Agreement

FTAA: Free Trade Area of the Americas

FDI: Foreign Direct Investment

FIDH: International Federation for Human Rights

GATS: General Agreement on Trade in Services

GDP: Gross Domestic Product

GSP: Generalised System of Preferences

GSTP: Global System of Trade Preferences

GVP: Gross Value of Production

HSA: Hemispheric Social Alliance

IDB: Inter-American Development Bank

ILO: International Labour Organisation

IMILA: *Investigación de la Migración Internacional en Latinoamérica* / Investigation of International Migration in Latin America

IOM: International Organisation for Migration

LA: Latin America

MAI: Multilateral Agreement on Investment

MDG: Millennium Development Goals

MERCOMUN: *Mercado Común Centroamericano* / Central American Common Market

MERCOSUR: *Mercado Común del Sur* / Southern Common Market

MSME: Micro, Small and Medium Enterprises

NAFTA: North American Free Trade Agreement

NGO: Non-Governmental Organisation

PARLACEN: *Parlamento Centroamericano* / Central American Parliament

PBI: Peace Brigades International

PREALC: *Programa Regional de Empleo para América Latina y el Caribe* / Employment Programme for Latin America and the Caribbean

SICA: *Sistema de la Integración Centroamericana* / Central American Integration System

SIECA: *Secretaría de Integración Económica Centroamericana* / Secretariat for Central American Economic Integration

SME: Small and Medium Enterprises

UNDP: United Nations Development Programme

UNFPA: United Nations Population Fund

US: United States of America

WTO: World Trade Organisation

SUMMARY

This paper studies the framework around the negotiations of an Association Agreement (AA) between the European Union (EU) and Central America (CA), in an attempt to answer the following question: To what extent might the AA EU-CA either exacerbate or eliminate gender inequity in income, access to essential services and living conditions for Central American women?

This question is based on two factors. First, it has been thoroughly documented that although the changes in the region's economies stemming from implementation of different free trade agreements (FTAs) have enabled Central American women to enter the labour market in huge numbers over time, this does not necessarily mean that they have access to jobs that respond to their needs to be fully employed and enjoy a decent life. Second, the voices for the Agreement say that it is not solely a trade agreement, but also a political and cooperation partnership that will contribute to development and to limiting poverty and inequality in Central America, from a regional perspective. These voices stress, as part of the Agreement's objectives, respect for human rights, promotion of democratic values, citizen participation, social justice and equity, environmental protection, institutionalisation of the rule of law, and advancing Central American integration.

An analysis of the lead-up to the AA negotiations and how the process has evolved brings to light significant contradictions that raise doubts about it, due to its apparent emphasis on promoting trade and European investment, which would come with significant risks. This could aggravate the negative impact that open trade practices have already had on the lives of Central American women and that are inherent in the new global world order, all the more so if it is taken into account that the Agreement lacks a gender assessment and does not view women as agents of political change or relevant economic actors.

To counteract these risks, people must be encouraged to advocate for the guaranteed inclusion of effective policies and instruments in the AA that promote economic growth and development from a gender perspective, at the same time they facilitate the creation of good jobs, to lessen women's vulnerability. Work must also be done to reconcile the productive and reproductive spheres, learning to understand the interrelationship between the two and their effect on how the economy operates and develops.

This can only be achieved through solidarity networks among women from different countries, which will make it possible for women to link up politically and for European and Central American civil society actors to build consensus and alliances. These alliances should revisit the considerations and objectives in the Association Agreement's mandate and its antecedents, particularly those that spell out the differences between the AA and other FTAs, which refer to the historic ties between Europe and Central America and the way in which they have pressed for support for democratisation, peace and equitable human development.

Introduction

Free trade agreements (FTAs) are one of the linchpins of the neoliberal thinking that has characterised the economic development models the region has been implementing for several years now. Even though there is some variation in the reasoning behind these models, they all have a strong impact on people's lives, especially for women.

Almost two years ago, the free trade agreement between the United States and the countries of Central America and the Dominican Republic (DR-CAFTA) entered into force. More recently, in 2006, the European Union (EU) and the governments of Central America decided to begin talks on an Association Agreement between the two regions, based on three complementary areas: political dialogue and cooperation, coming from previous agreements, now expanded with a free trade agreement.

In light of the current negotiating process with the European Union, the Central America Women's Network (CAWN) in Great Britain commissioned this study in order to highlight the main areas in which free trade agreements, especially DR-CAFTA, can have an impact on the lives of women in Central America. It is based on the premise that even though trade can serve to drive development, the ability of States to promote policies conducive to development and the fight against poverty and inequality is hobbled by the dominance of globalised economic rules, which include free trade agreements.

Not enough priority and importance have been given to studying the potential impact of this new agreement or other FTAs, much less from a gender perspective. Therefore, the purpose of this paper is to provide input that can be fed back into the process making it possible for Central American women and the European women allied with them to develop strategies to confront and/or strengthen the possible effects of the AA. Based on concrete evidence from the implementation of DR-CAFTA in Central America, it analyses the contents of the documents that have a bearing on the Association Agreement between the European Union and Central America.

This study seeks answers to the following question: To what extent might the Association Agreement between the European Union and Central America (AA EU-CA) either exacerbate or eliminate gender inequity in income, access to essential services and living conditions for Central American women? It is grounded in a review of different studies and documentation related to DR-CAFTA and preliminary data on its impact, now that almost two years have gone by since it took effect, and on the available documents on the Association Agreement between the European Union and Central America, still limited in number and not easily obtained.

1. BACKGROUND

1.1 Framework of the Free Trade Agreements

Dramatic changes have taken place in Central America's economies and societies over the past 15 years, since the end of the region's conflicts. Four factors have influenced these changes: "armed conflicts in Central America with all of their consequences, the economic reforms implemented in the different countries, globalisation and its effects, and profound demographic changes. All of this has altered the accumulation and growth models in our societies and produced a structural rupture with two great consequences. The first is the end of the agroexport economies for the first time in our history and with it, the end of political domination by the traditional elites and oligarchies linked to land and agricultural production. The second is the emergence of a new economic model from which new power groups have benefited. The new growth model, which includes economies that still have a large agricultural sector, such as Nicaragua's and Guatemala's, is no longer based on agriculture, but rather on the dynamism of services and commerce."¹

Globalisation, neoliberal policies, and stabilisation and structural adjustment programmes are the stage on which these changes have been played out. In the 1980s, stemming from the foreign debt crisis and based on the tenets of the Washington Consensus, the liberal economic order was globalised and these policies were implemented across the board, which involved a profound change in the framework of development problems. Promotion of the free market, privatisation of the public sector, the substantial reduction in the role of government and the opening up and liberalisation of international trade all looked to the World Trade Organisation (WTO) to act as guarantor of their implementation. This was the international climate leading up to the various free trade agreements (FTAs) among different Latin American and Caribbean nations, in which the reliance on free trade and the development of information and communication technology have changed the way countries are organised in the rushed process to deregulate world trade encouraged by globalisation.

The FTA negotiated among the United States, Central America and the Dominican Republic—DR-CAFTA—was aimed at fostering investment and exchange of goods and services, as well as at gaining better control over unfair trade practices. However, the implementation of the neoliberal model has significantly weakened the region's nations, exacerbated by the social and political upheavals of the 1980s, with the consequent impact on the assignment and use of public monies. By not taking into account the different characteristics of each country (in economic, political and institutional terms), their territorial and environmental conditions, or the specific needs of their different population groups, it increased the marginalisation and dire poverty of vulnerable groups.

For women, these changes in the economic, social and political landscape have meant a worsening of the exclusion, discrimination and gender oppression they face, since once

¹ Segovia, Alexander. "Quién tiene el poder en Centroamérica: Más desiguales y cada vez más integrados," *Envío*, No. 298. Managua, Nicaragua.

the wars ended and their dead were buried, they needed to enter the labour force once again in order to earn an income to support their families and care for wounded and disabled veterans of war. Paradoxically, at the same time that many women found in globalisation new ways to earn money and economic independence, they also saw their working conditions becoming more unstable. The State's withdrawal from its responsibility to provide social services translated into an increase in their workload, difficulties in their reproductive activities, and a drop in real earnings from the increase in expenses. Likewise, they needed to accept the changes in the political landscape and the new opportunities for citizen participation that they entailed, which stretched their time even thinner without reversing the traditional invisibility of their contribution.

1.2 Changes in the global and regional political and economic context from DR-CAFTA to the Association Agreement

The world's political and economic context has continued to change at the same time that the DR-CAFTA has been taking effect, particularly due to the war in Iraq and the oil crisis sparked by the worldwide shortage of crude. Other changes have eroded the image and global political hegemony of the United States (US) government, while at the same time several emerging Asian economies have grown stronger (China, India, Japan) and several Latin American economies have been expanding as well (Brazil, Venezuela, Mexico). At the same time, the European Union (EU) has consolidated itself as an economic and political region and established the Euro as its trading currency, which has displaced the dollar on international markets, exacerbating even more the domestic economic crisis in the US.

In Central America, the generalised implementation of regular elections has meant turnover in government administrations and, as a consequence, changes in the emphasis of domestic policy, priorities on the development agenda, and the pace of progress in the regional integration process. Until very recently, several disputes persisted in the region over territorial boundaries, which led to deterioration in intra-regional relations and threatened the regional integration process. In recent days, at least two of these conflicts – between Honduras and Nicaragua over the Atlantic Coast, and between El Salvador, Honduras and Nicaragua over the Gulf of Fonseca – appear to have been resolved, possibly indicating the renewed importance of the regional integration process in the context of the EU AA negotiations. Costa Rica recently held a referendum on the ratification of DR-CAFTA, which was very narrowly won by those in favour of ratification.

The disparities in trade and production in the region also play an important role in the viability of the integration process, to the extent that the governments raised great expectations that DR-CAFTA as an economic policy instrument would lead to considerable benefits for the people. Now, almost two years after its implementation, these benefits have yet to appear. In this framework, several facets of Central America's economies should be underscored: the lack of domestic capacity stemming from the underdeveloped enterprise sector, deficient production chains, inadequate credit to assure competitive production, governments' incapacity to design policies for developing

regional markets, and a deficit in civic engagement as part of people's regular exercise of their rights.

The viability of Central American integration, necessary for competing commercially with the EU and for facing the challenges of the 21st century, has only limited chances of coming to fruition in the near term, given that it is being imposed from the outside, rather than coming from the intent of the countries' governments and citizens. Despite the fact that the premise of regional integration is indispensable for Central America, the problems mentioned will make it difficult to successfully deal with the challenges involved, both at the substantive and procedural level.

Perhaps the principal challenge is to overcome the Central American governments' lack of political will to fund the institutions in the Central American Integration System (SICA), even though its institutional and financial solvency is fundamental to the building of a regional project with true supra-national capacity for overcoming individual countries' weaknesses. The countries' political agendas reflect this problem and they have only begun to overcome it recently due to European pressure. Added to this, economic and political elites historically opposed to integration dominate the region's power structures. Their interests would not directly benefit from the creation of a common market, so instead they are pushing for the development of bilateral ties with external partners. Simultaneously, in response to the pressures and opportunities from the European market, new and powerful economic groups have been forming, which are quickening the pace of regional economic integration, separate from the governments themselves and the interests of the vast majority of Central Americans.

The most significant challenge for women continues to be the development of their capacities so they can take part, on an equal footing, in the *advantages* that could result from solidifying regional integration, as well as in pressuring their governments to effectively respect their rights.

1.3 Central America–United States and Central America–Europe relations

1.3.1 Central America–United States relations

The Central American isthmus is a land bridge that connects North and South America, giving it advantages and disadvantages from its proximity to the United States, historically its most important trading partner. The US market's volume, purchasing power, and demand have the ability to consume almost all of the area's exportable production, which in addition has been designed to serve that market. The isthmus has also become a transit point for all sorts of illicit traffic in drugs, arms and persons moving from south to north, on top of the migration of the region's own people who are pushed out.

These circumstances have political implications for social and economic conditions in the countries. Socially, tourism enables greater assimilation of the US lifestyle, while migration aids the breakdown of families that is tearing apart the fabric of Central

American society. Economically, increased trade and investment flows, the production platform established by US corporations in the area's free trade zones, Central America's emergence as a vacation and retirement destination for North Americans, and the expulsion of its workers who migrate to the United States in search of jobs are all factors that influence greater economic ties and create dependence.

Central America must manage in the new global geo-strategic reality: on the one hand, the "absolute dominance" of the United States, a determining trait of 21st century international relations, and the Bush Administration's emphasis on a unilateral approach (Eguizábal, 2003); and on the other, the United States' self-definition as a "nation at war" against terrorism and Islamic fundamentalism (Urcuyo, 2003), which means that its central objectives revolve around national security, leading to political and military consequences that weaken collective security mechanisms and the international order.

Central America also must confront the "lowest point in relations between the United States and Latin America since the end of the Cold War" (Shifter, 2006), manifested in the growing remoteness between North and South America, the loss of consensus, and the delineation of the hemisphere into two blocs: the United States, Mexico, and Central America in one; and in the other, a coalition of democratically-elected leftist or populist regimes with varying degrees of loyalty among them—Venezuela, Bolivia, Argentina, Uruguay and Brazil (Shifter and Jawahar, 2006)— which have recently been joined by Ecuador, Chile and Nicaragua.

The different positions on the formation of hemisphere-wide free trade areas, one being promoted by the United States (FTAA) versus one characterised as alternative and with pretensions of national identity being promoted by Venezuela (ALBA), as well as Latin America's "neglect" and loss of strategic importance for the United States—quite noticeable in the US's discourse, policies and allocation of resources (Shifter, 2005)— mark the end of hemispheric alignment and hegemonic consensus-building on democracy, security and trade. In this strategic framework, Central America figures on the agenda of the United States around three issues: the fight against terrorism, the fight against drug trafficking, and recently, free trade via the passage of the Central America-Dominican Republic-United States Free Trade Agreement (DR-CAFTA).

Although the scope and consequences of DR-CAFTA can barely be made out yet, it is clear that Central America's room to negotiate was definitely reduced when it negotiated bilaterally, even when agricultural matters were subject to the WTO framework. However, in terms of its relationship with the world, the region's achieving stable access to the US market has *positive* implications for attracting direct foreign investment, in particular under the free trade zone system (maquilas) that form its export base.

1.3.2 Central America–European Union relations

Since the 1950s, the European Union has conducted its relations with the rest of the world through a common trade policy, development aid, and trade and cooperation agreements with individual countries and regional blocs. With a current population of

450 million, greater than the population of the United States and Russia combined, the EU has become one of the world's great commercial powers, generating one-quarter of the world's wealth (Machado, 2007).

The EU has wide-ranging diplomatic, political and economic relations with Latin America, which at different stages have been linked to Europe's expanding, changeable political and territorial landscape, as well as to the changes that have occurred in Latin America over time. At present, the EU is Latin America's second most important trade partner, its primary source of direct investment, and its principal donor of "development" aid to the region, tied in many cases to commercial interests.

The San José Dialogue during the 1980s can be seen as the point in Europe's relations with Central America when it started establishing political exchange and cooperation mechanisms, designed at first to provide continuity and support to the peace-building process in the region, which it later transformed into a tool to promote cooperation and trade.

In 1994, the European Union, in its basic document on its relations with Latin America, made it clear that even though one of its objectives was to strengthen political dialogue based on the mutual commitment to democracy and human rights, its overriding interest would be focused on promoting trade and investment through trade agreements. As a consequence, the support that existed for political dialogue at the beginning decreased following the Luxembourg Agreement in 1999.

Since then, even though Europe has used cooperation as an instrument to support political reforms, modernisation of the justice system, and attaining democratic stability in the region's countries, its main objective was already aimed at strengthening commercial ties, to the point where the banana crisis threatened to chill Europe's relations with Guatemala. In Nicaragua, furthermore, the problems with the Spanish corporation Unión FENOSA have been the subject of discussions between the government of Nicaragua and the government of Spain.

The dialogue process was redefined in the Political Dialogue and Cooperation Agreement at the Rome Summit (2003) and the cooperation strategy has even been debated in the countries of Central America, being, up until now, an interesting novelty. The mandate for the Association Agreement (AA) acknowledges that 45 percent of all Central American trade goes to the United States, while only nine percent of the total goes to Europe; this also holds true for the Europeans, whose exports to the region went down from 0.4 percent in 2000 to 0.3 percent in 2005.

It seems clear that contrary to the United States, whose interest in the region is more on a geopolitical order, the Europeans are interested in forming trade ties more in synch with our globalised times and expansion of their economic power, represented primarily by European transnational corporations. These corporations have invested significant resources in strategic sectors in Central America and local businesspeople are interested in increasing the influx of European products.

2. WOMEN AND FREE TRADE

The Central American States are signatories to most of the international and regional instruments on gender equity, along with the plans of action stemming from the global conferences on women's advancement promoted by the United Nations in the 1990s (Yllescas and Salinas, 2005). Gender equity is frequently mentioned in official discourse; it is part of many public policy documents and several formal mechanisms exist for its implementation.

Nonetheless, conditions for Central American women, although insufficiently documented in terms of the social and individual costs they pay, have been steadily deteriorating, from their role as combatants in the region's armed conflicts, through their assuming new and complex roles in the post-war era, including the work for social and political reconciliation that continues even today. At the same time they are fighting for their rights in the bosom of eminently patriarchal societies, women have to cope with the breakdown of their families, protect the household economy to ensure their basic needs are met, and take jobs in the economic reconstruction of their countries. All of these are elements for being able to understand the framework surrounding their efforts to develop proposals and alternatives for development with gender equity.

Analysing free trade as an element of development from a gender perspective shows that its impact on the population is not uniform and that it particularly affects women, due to their reduced access to tangible and intangible resources, goods and services, which conditions their integration into the economic life of their countries. But also from an economic analysis framework, trade liberalisation has undeniable effects on industry and employment at the country level in the region, insofar as the elimination of trade barriers on imports, justified in terms of competition and efficiency, have been applied without first creating the foundation for developing and/or strengthening competitive national businesses.

Therefore, sufficient elements exist to argue that the economy should not be analysed from a neutral perspective, inasmuch as economic liberalisation forged in the framework of globalisation increases gender inequality, by transferring costs previously assumed by the State and corporations onto the reproductive economy that is the responsibility of women, with the risk of greater negative impact on economic growth.

2.1 Status of women in Central America

- Demographic overview

The Spanish-speaking countries on the Central American isthmus (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) have a total population of over 38.7 million people, with an average population density of 72.4 persons per km². Overall, the population is 49.9 percent female and 50.1 percent male (ECLAC, 2003), with a slight disproportion of women to men in rural areas due to the rural-urban migration of women to work in trade and services. The population growth rate is high,

although it has been slowly dropping, from a 2.4 percent annual average in 1985-90 to a 2.3 percent annual average for 2000-2005 (ECLAC, 2003). However, the sex structure of the population varies from country to country. El Salvador and Nicaragua have the highest proportion of women: 50.8 percent and 50.2 percent, respectively (ECLAC, 2003). In terms of age, Central America has a very young population, with a high proportion of children under age 15 (43%).

Central America is a region in demographic transition,² with small differences between the countries. Nicaragua, El Salvador, Guatemala and Honduras (moderate demographic transition), have highly vulnerable social conditions, since their high fertility rates and high proportion of dependents under age 15 are combined with high rates of poverty, reduced public spending and the progressive privatisation of education and health services.

The Economic Commission for Latin America and the Caribbean (ECLAC) reports that the size of Central American households has decreased and their makeup has changed, becoming more diverse. There has been a considerable increase in nuclear and one-person households, as well as a steady increase in the relative weight of one-parent, female-headed households (Rivadeneira, 2002). This trend is confirmed by data from surveys that look at changes in household size over time. In the cases of Guatemala and Nicaragua, it is notable that rural households have not become smaller and remained at 5.5 and 5.7 respectively for 2000-2005 (Renzi et al., 2004).

According to statistical data from ECLAC for 2002, there has been a growth in female-headed households in all the countries since the 1990s, except Nicaragua. No significant change has been seen in Nicaragua, although the proportion of female heads of household is much greater in urban areas than rural areas (Renzi, et al., 2004). Furthermore, the dependency ratio is an average of 2.1 dependent members for each working member in poor households, in contrast to 1.3 in non-poor households (UNDP, 2004). This situation where the head of household position is not shared adds a great social and economic burden to the vulnerability of women, if it is taken into account that there is a high percentage of adolescent mothers and that there continues to be high levels of discrimination against women in the labour market and in income throughout the region.

- Overview of living conditions for women

Life expectancy and nutritional status in the region's countries have improved to an extent, because of expenditures in health and education. At the end of the 2000-2005 period, average life expectancy was greater than 70 years, except for Nicaragua and Guatemala (ECLAC, 2005).

² The demographic transition, classified by CELADE in four groups—incipient, moderate, full and advanced—begins with a decrease in the death rate, especially child mortality, as a direct consequence of investment in health and in the control of infectious disease, alongside the gradual reduction in the fertility rate. Over a generation, this translates into the potential for macro-scale economic growth. As fertility rates decrease, the size of the economically active population (ages 15-64) grows in relation to the dependent age groups (ages 0-15 and 65 years and older), leading to an opportunity known as the “demographic bonus” or “demographic opportunity” (Rivadeneira, 2000).

The maternal mortality rate is closely associated with poverty, which is why the rates are so high. These rates are even higher for rural and indigenous women, who are frequently much more subordinate and therefore often limited or prevented from seeking timely care in health clinics, both from their husbands' prejudices as well as their own. In general, over 40 percent of maternal deaths occur in women younger than 24 years, and 26 percent of abortions are in women under age 19. Despite this, the more conservative sectors of society, principally the Catholic Church and other fundamentalist Christian churches, hold great sway over government policy, hindering the implementation and full effectiveness of women's sexual and reproductive rights and the possibility of gaining favourable health care and education policies, especially for young women (Renzi et al., 2004).

The total fertility rate in the Central American region for the 2000-2005 period was an average of 3.6 children per woman (ECLAC, 2005), higher than the rates for Latin America and the world as a whole. There are large gulfs between rural and urban women, generally associated with their having little or no education, since rural and indigenous women have rates well above the national averages (UNFPA, 2004). With regard to adolescents, one of the main concerns is the high level of adolescent pregnancy (17%) compared to the rest of Latin America. In Nicaragua, the rate is alarmingly high; practically one-fourth of all births are in women under age 19 and the rate has held steady over the last two five-year periods. Adolescent pregnancy is related to high levels of poverty; low levels of education and information; low social mobility; poor access to sexual and reproductive health information, education and services; and to gender subordination reinforced by a strong religious influence, which also contributes to high rates of sexual violence in minors and adolescents.

Furthermore, the region's contraceptive prevalence rate is 63 percent, but the use of modern methods (oral, intrauterine, and injectable contraceptives, etc.) is relatively low (55%), while a significant number of women continue using the rhythm method and coitus interruptus as their contraceptive methods. Additionally, close to 40 percent of sexually active adolescent females have never used contraceptives.

According to data from UNDP, three out of every ten women³ in Nicaragua who were in a relationship or who had been at some time, had experienced some type of violence in their lifetime from their partner. In 2004, reporting of rape to the authorities in Nicaragua increased by 14.85 percent and the reporting of sexual crimes increased 18.21 percent. In recent years, there has been a surge in problems linked to sexual trafficking, drugs and prostitution, which mainly affect boys, girls and women, making them more susceptible to HIV/AIDS.

³ Encuesta de Demografía y Salud – ENDESA 1998 and the findings presented in the document “Las Metas del Milenio y la Igualdad de Género, El caso de Nicaragua. September 2004.

- Essential services

Education indicators show that Panama and Costa Rica have high net primary school enrolment ratios and relatively high secondary school enrolment ratios. In all the countries, except Guatemala and El Salvador, girls have primary enrolment ratios equal to or greater than those for boys. Guatemala is the only country where girls have lower secondary enrolment ratios than boys. For illiteracy, Costa Rica and Panama have the lowest rates, while Guatemala and Nicaragua are at the other end of the scale; more women than men are illiterate in the rest of the countries (Renzi et al., 2004).

Regarding access to education and health, most striking are the low educational levels and the large deficit of health services in rural areas, which lead to high maternal and child mortality. The generalised socially disadvantaged conditions based on gender and ethnic identity mean that rural and indigenous women have the least access to formal and informal education, as well as to sexual and reproductive health information and services. In Costa Rica and Panama (in full demographic transition), elderly women are more vulnerable to the extent that they are not covered by social security programmes, as these benefits are generally tied to formal employment (Renzi et al., 2004).

- Employment opportunities

Along with the changes in the world's economy over the last two decades, women have been joining the labour force at an accelerating pace, which, in the context of the internationalisation of production under conditions that are more competitive, has affected the quality of their employment.

In Nicaragua, for example, 87.4 percent of the nation's businesses are small and medium enterprises (SMEs), mainly woman-run; of these, approximately three percent (some 353 productive units) report exports earning US\$15.3 million a year, which is just 13 percent of total exports, making their production and financial conditions vulnerable. Furthermore, 69.4 percent of the Gross Value of Production (GVP) of this sector must compete with imports from the rest of Central America, China and the United States, which have greater production levels and are more competitive. The relatively small amount of the GVP from industrial SMEs (approximately US\$347.1 million) represents a high risk from the competition created by DR-CAFTA, due to the scant possibilities these companies have for successfully taking advantage of the opportunities offered from imports of inputs with zero tariffs, given that production and modernisation are too slow to keep up with the market's momentum and competitiveness.

This situation poses a serious threat of bankruptcy for national companies, particularly the micro, small and medium-sizes ones with a high ratio of women in them. This has led to the disappearance of hundreds of jobs in the formal sector and in traditional activities. These workers are then hired by the maquila (export assembly) sector or find work growing and processing non-traditional products for export.

The case of maquilas illustrates the lack of job security for women. Economic liberalisation, through the use of investment incentives, attracted maquila companies, which create jobs in the short term. However, various studies done by the International Labour Organisation (ILO) in Central America show that even though work in maquilas has expanded women's job opportunities, it has also substantially increased women's job insecurity and violations of their labour and human rights. These women work long hours and are paid by piecework rates in conditions rife with violations of occupational health and safety standards, yet they have very little legal recourse (Renzi et al., 2004).

Outsourcing is another result of the easing of restrictions on the labour market. This business strategy is used to reduce costs and dodge contractual obligations, violating labour rights established in the laws of the region's countries, yet governments tolerate it because they do not have the capacity to control the problem.

Of the women in the region, 59 percent work in the informal sector, most of whom are self-employed; 32 percent work in the formal sector; and nine percent in the agricultural sector—fluctuating between formal and informal conditions. Looking at the type of occupation, 37.6 percent of women work in services (community, social and personal), 34.9 percent in trade, and 16.8 percent in industry, while all other activities account for very small percentages (Renzi et al., 2004). In addition to this, trade liberalisation is accompanied by government withdrawal from the delivery of public services, such as health, education, electric power, telecommunications and water, among others, the effects of which fall mainly on women, due to their responsibilities in the reproductive area.

One quarter of employed women in Central America earn less than the minimum wage because of their social status; on average, women earn 70 percent of what men earn (Renzi et al., 2004) and, in addition, according to the ILO (1999), women need four more years of education than men to earn the same as they do. These large wage disparities are evidence of the discrimination against women, regardless of the sector of the economy in which they work, their position or level of responsibility, or their educational level.

Finally, it is important to point out that the entire process of trade liberalisation depends on women's unpaid, unrecognised work in social reproduction; that is, her domestic and community work, which receives no compensation at all. This work, however, does constitute a central aspect in the process of the accumulation of wealth by transnational and national capital, insofar as unpaid work offsets low family income in meeting families' basic needs and substitutes for the absence of investment in health and education produced by the withdrawal of the government. That in and of itself worsens the situation for women, because when they enter the labour force they still have their responsibilities at home and for the care and nurturing of their children, which means a greater workload for them.

- Migration and remittances

Even though migration patterns have been quite variable and there is a lack of sufficient empirical evidence to understand all their characteristics, one factor in the continuing flow of people is the different levels of development among countries inside and outside of Central America. However, even though during the 1980s, most migration was a result of the internal armed conflicts in El Salvador, Guatemala and Nicaragua, beginning in the 1990s, it took on a more economic tone.

Migration in the region can be categorised into several main types: a) internal migration, mostly of men, for seasonal work, especially in traditional export crops; b) internal female migration for steady employment in the maquila industry and to work as domestics; c) intra-regional migrant labour (temporary, seasonal, semi-permanent and permanent) by both sexes equally, primarily Nicaraguans going to Costa Rica; d) internal and intra-regional migration of families displaced by political or natural events; and e) extra-regional migration to the United States, which is still mostly by men (Renzi et al., 2004).

For all countries of the region the primary destination for migrants is the United States (IMILA-CELADE, 2005), except for Nicaragua. Costa Rica is the destination for 69 percent of Nicaraguan emigrants, with no significant sex differences (IOM, 2005). Internal migration is associated with the behaviour of the labour market and to the lack of income-earning opportunities in rural areas. This has caused fast-growing cities and social differentiation and marginalisation, of which women bear the brunt, because when they settle in shantytowns around the cities, they do not have access to essential services (Renzi et al., 2004).

Most Central American countries are origin, destination and transit points in the business of trafficking in girls, boys and women, who often enter the sex industry in servitude or slavery as victims of trafficking in persons, which has led to an increase in sex tourism in the region (Casa Alianza, 2002). In every country in the region, the law is ambiguous on this crime, relating it to prostitution and sex crimes, and it is very poorly enforced.

High rates of migration have the benefit of bringing in a growing flow of money sent by emigrants back to their home countries. An illustration of this is that remittances from the United States alone exceed the value of maquila exports in El Salvador and are equal to 81% of maquila exports in Nicaragua (ECLAC, 2003). This can partially explain the lack of political will and commitment from the different governments to, at the very least, attempt to reduce or regulate the movement of the labour force or establish some measures of protection for these flows of people; issues that have not been on the agenda for Central American integration and which were left out of the DR-CAFTA negotiations.

- Visibility of women's economic contribution and social and political participation

The model that Central American governments have used in entering into the global economy is characterised by the intensive use of female labour; nevertheless, the proposals in government plans and programmes in the different countries for developing the region do not view women as economic agents and only mention them as reproducers and as a vulnerable group. Macroeconomic analyses identify low wages and social benefits as one of the region's principal comparative advantages, given that the labour market undervalues women's work and ignores its value added in the reproductive sphere. Women's domestic work accounts for approximately one-third of the GDP (Renzi et al. 2004); however, it is not recognised or valued as such and therefore is not mentioned in national accounts.

Not only has the model not transformed traditional gender roles inside the home and in the productive apparatus, but instead it has reaffirmed these roles by, for example, using women as unpaid family workers, particularly in agriculture and small urban businesses, where they are dependent on their husbands decisions. Women end up being relegated to small-scale domestic trade that is not very profitable, while men handle the larger-scale, more profitable international trade.

Women's contribution to the economy is minimised by the recordkeeping systems used for national accounts, not only because they are not disaggregated by sex, but also because they do not include as productive activities all the things that women and their offspring do for the end purpose of guaranteeing their families' the consumption of goods and services indispensable for the reproduction of the labour force. Thus, the production of basic grains for family consumption, or raising poultry or small animals, to mention a few, is not recorded in the national accounts, since these products are not put on the market.

Furthermore, within the family, women continue to assume almost exclusive responsibility for the caregiving economy, providing care for children and sick people, supervising the education of children, and providing food and personal hygiene services, among other things. No monetary value is assigned to these activities and women receive almost no social recognition for them, yet they are indispensable for the development of human capital in society.

In Nicaragua, the only country in the region that has data on the monetary value of reproductive work, it was estimated that in 1998 the total value of reproductive work came to close to 30 percent of the GDP, of which women contributed 78.4 percent, or US\$497 million, equal to 85 percent of the total value of export goods for that same year (Aguilar and Espinoza, 2004, cited in Renzi et al., 2004).

Not only does all of this obscure Central American women's contribution to society, but it also seriously limits their social and political participation, particularly in the taking of decisions that affect them, both at the level of their respective countries and at the regional level. Few groups and associations have joined in the regional debates on this process, most notably the Foro de Mujeres para la Integración Centroamericana (Women's Forum for Central American Integration), and women who represent unions,

professional associations, and non-governmental organisations that specialise on this issue.

2.2 The impact of DR-CAFTA on women’s lives: The case of Nicaragua

Studies done on the possible effects of DR-CAFTA (Machado, 2005; Lacayo, 2006; Aráuz, 2007; Padrón, 2007) have found that its negotiating strategy favoured the needs of the market and its adherence to WTO rules, which dismantle regulations on free trade and other trade barriers. Because of this, the negative impact of DR-CAFTA will fall on small rural and urban productive units, workers in general and women in particular. This means that when Nicaragua faces the kind of competition brought on by DR-CAFTA, the results will probably be most distressing, due to the pressure it will put on some productive sectors and on the country’s trade, especially because of their inefficiency, low productivity and poor capacity to keep up export supply.

The most important problem for the Nicaraguan economy is the low demand for labour created by real economic activity; employment-product elasticity is estimated at 0.28 (Aráuz, 2005), which means that a 10 percent increase in the GDP creates just 2.8 percent more jobs.⁴ Exports, including maquila production, contribute just 0.7 percent of jobs created and imports contribute 7 percent, figures that bear a direct relationship to the economically active population. These indicators reflect two aspects of the serious problem of Nicaragua’s economic growth: productivity is relatively low in relation to the labour factor, and income generated is relative little and has little power to expand on the internal market, which makes it harder to attract big investments.

A depiction of the winners and losers in Nicaragua (Aráuz, 2007) shows how the structure of DR-CAFTA favours the historically strong economic and financial sectors and groups, such as large agro-export production—primarily coffee, beef and sugar—in which there are essentially no women business owners. It will also open the doors of its benefits to producers and businesspeople who have undertaken, through their own efforts and in alliances, significant changes in the production and marketing of non-traditional goods and who are reasonably efficient, and who therefore have developed the capacity and competitiveness to capitalise on the tariff quota system and preferential treatment established in the agreement. This following table illustrates this point:

Winners	Losers
1. Consumers—lower prices on imports	1. Traditional, unmodernised sector without agribusiness knowledge
2. Export and import traders	2. Traditional trade sector of import substitution industrialists
3. Bankers and financial operators	3. Subsistence agriculture: white maize, beans, rice, pork, poultry, etc.
4. Tourism operators and professional services and insurance	
5. Regional business groups	

⁴ According to figure from the International Labour Organization (ILO), Latin America has relatively low employment-product elasticity. For example, before Mexico signed its trade agreement with the U.S. and Canada (NAFTA), it had an employment-product elasticity of 0.20. Brutton, 1972; PREALC 1983; ILO 1996.

6. Highly-skilled workers	4. Low-skilled workers
7. Free trade zone administrators	5. National public service providers
8. Non-traditional and modernised agriculture	6. Highly vulnerable textile, apparel and food sectors
9. Traditional agriculture with developed agribusiness	7. Subsistence agriculture highly vulnerable to import substitution
10. Sectors that obtained quotas under DR-CAFTA	8. Industrial sector of food, chemical, pharmaceutical and machine-tool products
11. Those who can deal with and overcome phytosanitary barriers and the bioterrorism law	

Source: Aráuz A., 2007. Based on the report by Vincent McElhinny, InterAction. IDB-Civil Society Initiative. 1717 Massachusetts Ave. Update on the U.S.–Dominican Republic and Central America Free Trade Agreement (DR-CAFTA).

Another solid group of winners are trade and service businesses, especially large importers, who will have tariff-free access to goods and services from the United States market, since the DR-CAFTA negotiations gave the entire range of services considerable access to the Nicaraguan market, with very few exceptions. The agreements include dismantling of important barriers on distribution and trade protection systems, which is why the service sector in the aggregate should be the sector that benefits the most, since it is expected to increase above its historical growth rate, which has been five percent.

Among the losers, one important sector is growers of basic grains and small-scale cattle producers, who have relatively low yields because of their low intensity use of capital, technology and imported inputs. Up until now, they have been producing for the domestic market and could become unable to compete with the agricultural products imported from the United States that enjoy huge government subsidies.

The weaknesses and unevenness in wages and job stability in the agriculture sector are markedly greater for women, due to the degree of exclusion and the disadvantaged working conditions they have to face. Even though many women are heads of households, they only earn US\$52.40 per month on average (Aráuz, 2007). In addition, the agriculture sector is facing serious union organising problems; weakening of the generational turnover in leadership; poor knowledge of union rights; and ideological, partisan and religious inroads, all of which are affecting their ability to organise. Although it is true that DR-CAFTA provides legal safeguards to protect labour rights, this fact does not ensure that labour laws will be observed; on the contrary, there is a good chance they will be ignored (Padrón, 2006).

In the agriculture sector, women play a vital role in maintaining the family's assets, since they are the ones who safeguard the assets of small productive units, shouldering the dual role of reproduction and income earning in managing the home and the farm. Increasingly greater economic responsibilities are falling on women's shoulders, under social and working conditions that are harmful to their health. DR-CAFTA, in giving priority to export production activities, has deepened the disparities between men and

women, with women assuming multiple roles as mediators of social conflicts, reproducers, and workers of long, hard days.

Another large group of losers is industry, which, according to data from the latest census by the Central Bank of Nicaragua, includes some 12,200 urban productive units and employs some 38,000 workers, where the majority of owners and employees are women. The domestic market, due to its lack of competitiveness and the fact that the sector's production conditions are underdeveloped, aims most of its sales at the lower-income market segment.

One of the main disadvantages that small and medium enterprises (SMEs) are facing from DR-CAFTA is that their production and marketing chains are primarily involved in small-scale manufacturing. They are negatively affected by a regressive tax policy and by credit, especially so-called "supervised credit," which increases administrative costs and further reduces the sector's competitiveness. Textile and food production by SMEs operate at a huge disadvantage with regard to the benefits offered to the businesses in the free trade zone system, a situation that exacerbates their domestic and international competitive disadvantage. The conclusion from the foregoing is that this sector obtained limited advantages from the DR-CAFTA agreements, since it has less tariff protection in comparison with Nicaragua's production monopolies and cartels.

The impact of free trade, now that DR-CAFTA is in effect, will also make itself felt much more strongly in businesses' organisational structures, especially for the trade sector and micro and small services, 91.2 percent of which employ from one to nine people (Aráuz, 2007). The considerable access provided by DR-CAFTA to the domestic market for services will lead to new and stronger foreign businesses, with new approaches to administration and efficiency. This access will lead to the marginalisation and expulsion of unskilled labour due to the disappearance and bankruptcy of uncompetitive local businesses. It is also probable that the entrepreneurial focus in this sector will be characterised by groups of entrepreneurs from abroad taking advantage of their dominant position, given the lack of a governmental regulatory framework, which could also lead medium-size businesses to leave the competition, increasing unemployment.

In 2005, there were around 70 companies under the free trade zone system in Nicaragua, which provided 52,800 jobs, of which 75.6 percent were filled with women, of whom 34.4 percent were single mothers. The exports of these businesses amount to some US\$540 million, of which US\$140 million is value added that goes into wages, which stay in the country. Of operating businesses, 27 percent are US owned and 27 percent are Taiwanese; 46.8 percent of productive activity is in textiles, which is explained by the expectation of a positive competitive outlook for the future in this area (Aráuz, 2005).

The products assembled and/or manufactured in the free trade zones, in addition to apparel, are mainly footwear, electrical equipment and electronic components. The free trade zone structure has little capacity to produce forward and backward linkages with other productive sectors in the host country, which hinders the transmission of some type of benefit to the productive sectors inside or outside the free trade zones.

For women working in the free trade zone sector, DR-CAFTA will not bring a relative increase in wages, given that the products and the technological processes used are practically identical among competitors around the world, making cost competition fierce. The presence of a huge mass of women workers in free trade zones in and of itself presents a complex labour relations picture; internationally these zones are known for the poor behaviour of their authorities and business representatives, exemplified by abuse, violations of labour rights, and the lack of opportunities for resolving problems related to the care and protection of workers' children.

3. POSSIBLE IMPACT OF THE AA EU-CA

3.1 DR-CAFTA versus AA EU-CA: Similarities and differences

- Content

Neither DR-CAFTA nor the AA EU-CA contains specific references to gender equity or to the deep disparities between men and women in Central America. Their omission of any mention or recognition of women's productive economic contributions, their role in the caregiving economy and their central role in the reproduction of the labour force is the reason why these agreements also do not provide concrete mechanisms for advancing the status of women.

Although the AA EU-CA contains innumerable mentions of the need for the parties to commit themselves to achieving sustainable development and respect for human rights, democracy, the rule of law, good governance and citizen participation, nowhere does it specifically mention women and their particular needs based on their gender.

Neither is there an explicit recognition of the need to have the States parties recognise the legitimacy of the specific rights of women, nor are they asked to honour the binding international commitments they have assumed in this regard, particularly on sexual and reproductive rights. This ignores the impact that this omission has, not only on the establishment of true democracy, but also as an indispensable condition for the participation of women in the agreement's plan for people-centred sustainable development.

- Impact

The apparent difference in the political dimension between the AA and DR-CAFTA *runs the risk* of being reduced to minimal agreement on the issue of strengthening the rule of law, democracy and human rights, since the ultimate end of the process appears to be to promote a trade liberalisation agreement that would enable the EU to consolidate its position in World Trade Organisation negotiations, promote its investments in the region, and open the service sector to its businesses.

An example of this is the fact that the democracy clause in the AA and others on social or environmental issues, contrary to its trade aspects, lack concrete mechanisms for their implementation. Therefore, they are limited tools, which could be considered solely as an expression of the good intentions of the States parties. It is also illustrative that, since the 1990s, the EU has dedicated itself to sponsoring open trade practices and investment through requesting that countries liberalise their services, focusing on trying to guarantee the rights of investors through rules that inhibit the capacity of the States to promote policies that protect human rights and economic, social and cultural rights.

Regarding indigenous peoples' rights, the negotiations and implementation of DR-CAFTA in Central America infringe on the provisions of ILO Convention 169, which establishes that indigenous peoples must decide their own development priorities, participating in the development and implementation of national or regional programmes that are liable to affect them directly. In the case of the AA, if it does not concretely put its explicit recognition of the ILO Convention's provisions into practical measures and mechanisms, it could lead to a repeat of the DR-CAFTA experience, given the lack of interest and political will in the Central American countries that have indigenous populations.

The countries of Central America have serious competitive, technological and institutional limitations to competing both with the United States via DR-CAFTA and with Europe via the AA. The AA poses contradictions between discourse and practice, to the extent that agreements between unequal parties increase inequality and exclusion, especially when free trade is at their core.

The intellectual property rules in both agreements, which even go beyond the WTO agreements, preferentially defend the interests and rights of transnational pharmaceutical corporations and agribusiness through patent extensions, to the detriment of the human rights to health and food, among others.

Furthermore, unlike DR-CAFTA, which prioritises simple trade liberalisation, the EU, through the Association Agreement, attempts to facilitate further lifting of controls on public services, for example, energy and environmental services. As has been seen in several cases in Latin America, privatisation of public services puts the government's responsibility in jeopardy and decreases its capacity to safeguard human rights, such as the right to water and to a clean environment, because with privatisation these services are considered to be commodities, not fundamental rights of the people. Thus, in 2003, there were a total of 170 electric companies in Central America, of which 12 were governmental, 7 municipal, and the remaining 151 private; of the private ones, 14 were transnationals: three were Spanish-owned (Iberdrola, Unión FENOSA and ENDESA), one was Italian (ENEL Green Power), nine were US-owned, and one was Canadian.

The case of Unión FENOSA, a transnational corporation with Spanish capital and one of the main companies investing and working in the electricity generation and distribution market in Central America, exemplifies the way in which this type of investment can have a negative impact on a country's sustainable development and affect the enjoyment

of human rights. Unión FENOSA is the controlling shareholder of six electricity distribution companies in three of the region's countries (Guatemala, Nicaragua and Panama) and operates primarily in the distribution segment. It had an estimated contribution margin of 273.7 million Euros in 2005. In 2004, this corporation accounted for 32 percent of all electric service customers in the region, estimated at around 2.2 million people, and 21 percent of regional electric power sales, estimated at 5,682.2 Gwh. In Nicaragua, it holds a monopoly over the electric power market and almost completely monopolises customers (99%) and electric power sales (92%); in Guatemala it holds a dominant position and accounts for 57 percent of customers and 58 percent of electricity sales; in Panama its position is similar to that of Guatemala.

In analysing the difference between DR-CAFTA and the AA, it needs to be recognised that the EU's interest in the Central American market as a destination for Foreign Direct Investment (FDI) is quite recent and responds to current conditions. This is why it is pushing regional integration, because it will make the region more attractive as an expanded market, in contrast to the current situation of segregated markets in small countries. In fact, the EU is hoping the customs union will become a reality in Central America by the end of 2007, something that is impossible in such a short time.

Most of the FDI from the EU has served either to establish outsourcing relations with local companies or to buy up existing assets, aiming primarily at the service sector, as a resulting of privatisation of the public sector. This has meant that this type of investment has not really served to create jobs or new companies. At present, and despite its recent growth, the percentage of European FDI that goes to Central America out of the total amount for all of Latin America is very small. This is already causing Central American governments to talk about the possibility of deregulating the labour market even further while increasing investment protections, lifting controls on government procurement and increasing rules of competition that limit the role of government in economic development, all in exchange for increasing the FDI quotas in the Association Agreement.

Currently, there is a great deal of European investment (not trade) in the region, in areas such as telecommunications, energy and breweries. However, Europe is insisting on pushing to capture the Central American market for some goods and services, which could have considerable consequences for the service sector by attempting to reduce the negative effects of DR-CAFTA on European exporters in the Central American region. It can be inferred from this that more than contributing to actually building a new market, the AA is turning into a mechanism to defend existing European investment in the region (Machado, 2007).

Another difference between DR-CAFTA and the Association Agreement is that the AA could have less of an impact on agriculture, since Europe does not produce maize or other agricultural products liable to invade Central American markets. However, the EU's unwillingness in the Doha Round to liberalise agriculture, which is also what bogged down the negotiations with MERCOSUR, and the fact that the EU is the WTO member that reports the highest percentages of domestic aid and subsidies on agricultural

production to keep the sector competitive and protect jobs from foreign competition, puts this difference into perspective.

The EU's annual subsidies on agriculture are US\$134 billion, an amount similar to Central America's entire production for two years (Machado, 2007). This figure makes it foreseeable that producers of sensitive agricultural goods will feel that the costs and damages from the AA EU-CA are similar to those from DR-CAFTA, in which the elimination of tariffs has not only meant exposing domestic production, but also a significant reduction in the flow of foreign exchange toward the region's nations.

Finally, despite the fact that the EU has promoted multilateralism instead of the unilateralism of the United States, it has promoted bilateral FTAs in a similar way to the US, through which it seeks deregulation of trade that goes beyond the multilateral accords taken at the Doha Round, hoping for WTO-Plus agreements that include the so-called Singapore Issues.

From the foregoing, it follows that a future Association Agreement between the EU and Central America could have the following negative effects on the population: fewer jobs and/or changes in the type of jobs; less access to essential services due to privatisation; and higher cost of living due to macroeconomic effects, such as an unfavourable trade balance from increasing imports from the EU without a corresponding increase in export volume; among others.

In the context of these lopsided conditions, it is necessary to look back on some of the conditions this report points out about Central American economies: the lack of domestic capacity and a deficit in enterprise development; limitations in the production chain; the lack of sufficient, competitive operating credit; and the lack of government will and ability to design policies that will develop regional markets.

It is also necessary to consider the principal constraints limiting Central America's capacity to export to the EU market, such as the fact that Central American products do not meet required quality standards. Furthermore, even though it may seem satisfactory that in the last decade exports from Central America to the EU have grown by 50 percent, this perception fades when it is seen that imports have grown 300 percent in the same period.

Central America's total sales to the EU are small and only account for 12 percent of the region's worldwide sales; of these, Costa Rica exports almost 60 percent, more than all the other countries combined, and purchases 44 percent. Costa Rica sells bananas and industrial products, principally electronics, while the other countries, in addition to bananas, sell coffee, seafood and sugar, products that have accounted for 90 percent of the region's exports for over 50 years.

- Complementary agenda

Unlike DR-CAFTA, the AA does not have a pre-established complementary agenda; it will only be clearly identified when the negotiations are finalised and the AA between the European Union and Central America has been signed. However, consolidation of the regional integration process is already a condition on the AA's entry into force, and other proposals have been coming from the negotiating table. This implies that Central American countries are going to have to develop and implement an extensive complementary agenda that will enable closing the gaps and overcoming the existing disparities between the two regions.

The need for this agenda can also be found in the guidelines prepared by the European Commission, which expressly point out its willingness to transcend the framework of the World Trade Organisation, which will require developing mechanisms to compensate for or balance the inequality between the two regions. This means that a choice must be made between Central America's need to attract investments that are beneficial to vertical linkages, facilitate the introduction of improvements in production, and transfer technology to local businesses; or provide for special, differential treatment for sensitive Central American products and establish temporary safeguards for their treatment.

Mechanisms also have to be developed that enable the Central American Integration System to truly function, particularly in its customs and trade aspects, as well as refining the mechanisms for Central America to negotiate as a region.

- Negotiation process

Also unlike DR-CAFTA, separate negotiations between individual Central American countries and the EU would be excluded. However, due to the bureaucratic nature of the talks, the negotiators are technocrats aided by experts, and only at the end of the process will the parliaments of both regions ratify the whole package. This package may be influenced by processes in other venues, such as the WTO, FTAA or ALBA, which may in the end result in the negotiations becoming the purview of specialists—as happened with DR-CAFTA—and not being very transparent.

The negotiations between the EU and CA not only include opening up markets to the outside through eliminating tariffs, but also include agreements on investments, government procurement, competition policy, and arbitration mechanisms, which are the WTO's Singapore Issues (also called WTO-Plus) not included in DR-CAFTA, and which therefore have serious implications for government policy, especially because of the requirement to privatise service delivery.

Furthermore, even though the EU differs from the United States by including democracy, human rights and environmental clauses as conditions that the parties must ratify and implement, these clauses tend to lack instruments for their implementation and monitoring, which is why the EU and third countries can close their eyes to the primacy

that human rights have over economic policies and agreements by virtue of international law.

- Actors and participants in the negotiations

Public participation was not officially included in the process of defining the AA negotiating mandate, which was later corrected when, unlike DR-CAFTA, the importance of this participation was recognised. The Consultative Committee of the Central American Integration System (CC-SICA) and the European Economic and Social Committee (EESC) were designated at the entities for channelling this participation. However, the inequality of these two entities is striking. The EESC is stronger, richer and more institutionalised than CC-SICA (Van der Meij, 2006), which lacks an operating budget and offices, making it wholly dependent on obtaining funds through cooperation projects just to support people's participation in working meetings. Furthermore, the EESC has been around longer, which has enabled it to build its institutional structure and accrue experience and human capital that CC-SICA is far from having.

CC-SICA is currently made up of the following organisations: a) the Latin American Association of Development Organisations—ALOP (which includes the Arias Foundation, Costa Rica; and Santiago Development Programme—PRODESSA, Guatemala); b) Hemispheric Social Alliance—HSA— Central America chapter (which includes Mesa Global, Guatemala; Red Sinti Techán, El Salvador; Coordinadora Civil, Nicaragua; COPINH, Honduras; and Encuentro Popular, Costa Rica); c) Central American Trade, Integration and Sustainable Development Initiative—CID (made up of Fundación Nacional para el Desarrollo—FUNDE, El Salvador; and Centro Humboldt, Nicaragua); and d) Central American Network for Dialogue—CAD (Movimiento Tzu Kim Pop and COINDE, Guatemala).

Furthermore, since CC-SICA is made up of different civil society networks, their interests and agendas also tend to be diverse and on occasion divergent. While some of the organisations centre their efforts on resistance to free trade, others give priority to influencing the negotiations, to improve their transparency and achieve concrete mechanisms for cooperation that counteract the impact of the trade portion of the agreement, at least for the most vulnerable sectors.

However, the main objection has to do with how representative these bodies are, since the composition of both CC-SICA and the EESC reflects a classic view of civil society. In the case of Central America, NGOs, the labour sector, unions and businesspeople predominate. Other interested sectors are minimally represented and therefore, the diversity and wealth of actors that work for the development of their countries is not reflected. Such is the case of women's organisations.

In addition, civil society has taken the initiative to create informal advocacy and coordination networks to influence the process, which are also dependent on whatever resources they can find. One example of this is the Copenhagen Initiative for Central America and Mexico (CIFCA), whose objective is to promote the transformation of

European policies on Central America and Mexico to ensure that they respect, protect, guarantee and promote human rights, in the areas of political dialogue, development cooperation, trade, and investment. Even though CIFCA was not created specifically in response to the AA, it has wholeheartedly taken it on in its work. CIFCA is made up of organisations from Belgium (9), Denmark (2), Spain (4), Holland (5), England (6), Italy (2), Portugal (1), and Sweden (2); regional European organisations (2); and international organisations (1); and receives collaboration from Peace Brigades International (PBI) of Mexico and Guatemala, and the International Federation for Human Rights (FIDH); it also has different committees and working groups in Europe and Central America.

Again, unlike DR-CAFTA, the fight against poverty and inequality and the promotion of the implementation and attainment of the Millennium Development Goals (MDGs) are explicit objectives of the AA EU-CA. The European Commission acknowledges that this inequality exists and proposes that it will “step up cooperation measures which strengthen governance and encourage inclusiveness, of poorer citizens in particular.” According to the Commission, “The objective of poverty alleviation [*sic*] is at the heart of the Commission’s aid and cooperation policy for the period 2007-2013” (European Commission, 2005). However, this cooperation is conditioned. Some of the conditions for cooperation are the implementation of open trade practices, progress in access to the goods and services market, and a resolution of the problem of the high tariffs that CA continues to charge on certain industrial products.

- Role of civil society organisations

Civil society participation in the DR-CAFTA negotiations was limited to the functional participation of the civil society organisations, which were formally and actually confined to the so-called “side room,” in a negotiating process characterised by limited transparency and democracy. In the case of the AA, there has been a greater effort to take action; however, the lack of sufficient information regarding advances in the process persists. This means there is a latent risk that information will arrive at the last minute, touching off a public policy debate when it is already too late to understand, or influence, what has been agreed. This happened with DR-CAFTA and it was widely recognised as a deficiency in those negotiations.

Since the announcement of the start of the negotiations in 2004, several important aspects regarding the demands of Central American and European civil society have been overlooked. One is that there should be no negotiating an association agreement reduced to a mere free trade agreement between the two regions, since this would be detrimental to human rights, development and the fight against poverty, given the intention to have a reciprocal agreement between extremely unequal parties. In addition, several of the conditions that the EU itself had considered necessary and had imposed on the signing of an association agreement with CA are still pending, including true progress in the Central American integration process (especially the Customs Union), the satisfactory conclusion of the Doha Round in the WTO, and an assessment of the status of the parties to prevent the possible negative impact of the agreement and to compare the effects of the bilateral agreements that are already in effect.

Civil society organisations expressed their concerns in the manifest “For Fair Agreements,”⁵ which have been analysed in the study “Toward an Association Agreement between Central America and the European Union: An instrument of development and human rights or a CAFTA II?” (Pérez Rocha et al., CIFCA, 2006).

On the Reciprocal Investment Promotion and Protection Agreements (APPRI), the study points out the following concerns with regard to the role of the State: there will be prohibitions on supervising investments once they are installed in a country, on granting preferential treatment to local investors over foreign investors, on conditioning investments (e.g. performance requirements), and on submitting disputes and conflicts with foreign investors to local jurisdiction; and limitations on sustainable development policies. It also mentions that bilateral investment agreements follow the model of the Multilateral Agreements on Investments (MAIs), in both procedure and content.

For the women of the Women’s Forum for Central American Integration and trade union women, this confirms the doubts that have arisen during two decades of neoliberal policies about the supposed virtues of free trade, which was supposed to create growth and social equity in poor countries. Further evidence has also been contributed by the analysis of Latin American experiences, including the results after almost two years of the Central America-Dominican Republic-United States Free Trade Agreement (DR-CAFTA).

From this perspective, although the central objective in the mandate for the AA EU-CA is sustainable development and its contribution to the eradication of poverty, given the existing disparities it is legitimate to fear that the future Association Agreement may be limited to being nothing more than a free trade agreement, which might exacerbate these disparities even more. It is therefore essential to base the negotiations on the common interest of building a political and economic partnership between the regions that takes into account the inequalities and differences in development between them, as well as the serious economic, political and social deficits in Central American countries. This is why it should include specific provisions on development cooperation.

For women, it is vital to defend the cause of democratisation, which will make it possible to create and strengthen regional agents that present themselves as such and that, from this perspective, negotiate the protection of their rights in the AA. This will possibly represent an advantage, in the face of all the disadvantages that these negotiating processes present. It is also vital to solidify and strengthen the Central American integration process. This should consider the various complexities that carrying out a process of this nature has and the different economic, political and social interests and perspectives that are at play, as has been shown by the European Union’s own experience, which will prevent the trap of an institutional perspective that puts people in a position of lending legitimacy to the negotiations and nothing more.

⁵ http://www.diakonia.se/documents/public/NEWS/For_Fair_Agreements_eng.pdf

Central America needs a new focus on regional integration, one that is truly supranational; more efficient, representative and legitimate; closer to the reality of society and the territory; and aimed at improving regional economic conditions, increasing social cohesion and increasing its capacities, so that the region can face the challenge posed by the Association Agreement with the European Union. In that process, the presence of women cannot and should not be overlooked.

The AA with the European Union is an opportunity to strengthen this integration strategy, since the European Union wants to negotiate with regions as blocs, which demands that the member countries of the Central American Integration System (SICA) respond as one. However, an agreement between such lopsided partners should not involve reciprocity in market access from the outset, since the productive fabric of the Central American countries cannot yet support the free competition that this reciprocity would create. Therefore, it is necessary to establish transitional periods, determine exceptions for sensitive products and garner strong support from the EU for the productive transformation of the region, enabling it to truly and gradually diversify in the international economy as a whole, which also includes the integration of its citizenry.

The specific recommendations of the Women's Forum for Central American Integration and women union leaders in the region on the implementation of the AA EU-CA are in Annex 3.

3.2 Analysis of the contradictions in the Association Agreement between the European Union and Central America

In attempting to assess the possible impact that the AA between the EU and CA could have in the region, the abovementioned CIFCA study (Pérez Rocha et al., 2006) is quite useful. It identifies several contradictions based on the fact that the idea is to move toward a free trade area between the EU and Latin America and the Caribbean through the signing of bilateral agreements, using the argument that these are different from the agreements signed between the United States and Latin American countries. However, the analysts mention that “if a decade or more ago the EU seemed to be a kind of alternative or counterweight to the hegemonic power of the United States, today it does not seem so clear what its *comparative advantage* would be. Legitimate doubts have arisen as to whether the European approach is truly different from that of the United States, since no matter how much it is said that the AA goes beyond trade (*an FTAA with a heart*), the fact is that it continues to be a free trade agreement at its core” (Pérez Rocha et al., CIFCA, 2006).

Contradiction 1: Defence and promotion of human rights or of corporate rights? Since 1992, European trade and cooperation agreements have included a democracy clause or “human rights clause” that stipulates that human rights are an essential element in the relations between the States parties, and which should constitute—according to the Europeans—“a valuable instrument for promoting, protecting and respecting” the effective exercise of human rights, particularly in the context of trade relations and investments. However, this clause, the same as others on trade or the environment, lack

concrete mechanisms in the association agreements to ensure they will be put into practice; they therefore turn into a limited tool that in the end only expresses the parties' good intentions.

In contrast, since the 1990s, the EU has backed open trade practices and opening up to investments, both multilaterally and bilaterally, through the establishment of FTAs and APPRIIs and petitioning countries for the liberalisation of services in the framework of the WTO General Agreement on Trade in Services (GATS). The EU has focused on trying to guarantee the rights of its investors, through rules that restrain the ability of the States to promote policies favourable to human rights, including economic, social and cultural rights.

Contradiction 2: Multilateralism or bilateralism: Compatibility with the Doha Round or a WTO-Plus FTA? According to the European Commission, the EU and Latin America share a common commitment to effective multilateralism. In effect, the EU has defended the multilateral trade system against US unilateralism in recent years, emphasising the work of international institutions as well as the role of the WTO as the principal forum for agreeing the terms of trade relations with third countries and stressing the legitimacy of universal values. In contradiction, however, the EU promotes bilateral agreements through which it seeks deregulation that goes beyond the Doha Round and introduces the so-called Singapore Issues (investments, government procurement and rules on competition). With DR-CAFTA, the United States managed to introduce the WTO-Plus agenda into the trade agreement; therefore, it can be foreseen that just as with Mexico and Chile, the EU will try to impose these issues during the AA negotiations.

In the WTO, the negotiations were around transparency in government procurement, while in its agreements with countries that are former European colonies (in Africa, the Caribbean and the Pacific), the EU is seeking the liberalisation of public purchasing based on non-discrimination in trade.

Contradiction 3: Promote the integration of Latin America or follow in the footsteps of the United States? The EU says that it has a stake in the greater integration of Latin America. The European Commission "believes that the economic integration of the region as a whole, including the South American Community of Nations, is a key factor in the development of the productive sectors and the emergence of a genuine regional market capable, in the long term, of responding to the competition resulting from a free trade agreement with the EU" (European Commission, 2005). However, despite the explicit recognition of this need, the EU and several Latin American countries in a contradictory manner have proceeded with a strategy similar to the US strategy, of "advancing" through the signing of bilateral FTAs, the intent for which was explicitly included in the Guadalajara Declaration.

The EU is following a strategy similar to that of the United States of negotiating by countries and/or sub-regions (Central America, Andean Community of Nations, MERCOSUR), with a view to achieving a bi-regional agreement that has characteristics similar to those of the FTAA. In practice, this strategy can contribute to creating and/or

increasing tensions and rivalries among Latin American countries, making them compete to attract European investment, and contributing to the erosion of regional or sub-regional integration processes. Added to this is the strategy of “defending its right” to relate bilaterally to Latin American countries separately, even beyond the strategy and argument of advancing bi-regional relations in steps, asserting that there are heavy-weight actors that merit being dealt with specifically, especially because of their regional role (Brazil and Mexico), and that the time has come to enhance the approach used so far, through developing “individualised” relationships with certain countries. Thus, the EU puts forward strategies that complement each other in order to promote trade interests or a multi-faceted strategy, whose primordial objective is to compete with the economic and political power of the United States in the region, making evident a dual discourse: on the one hand, promoting integration, and on the other, exploiting advantages granted by some Latin American countries, as well as their differences and rivalries.

Contradiction 4: Promoting development and the fight against poverty or dismantling government capacity in developing countries? The fight against poverty and inequality, as well as the attainment of the MDGs, are explicit goals of the EU and of Latin America. According to the European Commission (2005), “The objective of poverty alleviation [*sic*] is at the heart of the Commission’s aid and cooperation policy for the period 2007-2013.” However, this cooperation is conditioned, given that “The Commission’s aid will include budgetary and sector support programmes, which, provided the necessary conditions are met, will focus on supporting poverty reduction and social cohesion strategies, with the appropriate conditionality.” For the Commission, it is clear that “if Europe is ready to commit itself further to Latin America, it also expects a firm commitment in return.” In this way, cooperation efforts for development and poverty alleviation depend on the implementation of other reforms that the EU is demanding, through a “macro-economic dialogue to promote macro-economic stability, a key factor in stimulating trade and investment,” instead of a total cancellation of the foreign debt, without economic conditions, especially for the region’s less-developed countries—Nicaragua and Honduras.

One of the economic conditions to which the Commission refers is open trade practices, insofar as it is considered that the EU and Latin America should continue cooperating, in order to strengthen the multilateral trade system in the framework of the WTO, thus achieving “progress on access to the commodity and service markets by remedying the problem of Latin America’s continued application of high duties on certain [European] industrial products” (European Commission, 2005). This will entail rolling back tariff protections, which can affect not only the entry of foreign exchange but also the shoring up of strategic local industries.

3.3 Specific impact on women

In the logic of the free market, industry in less-developed countries—including micro, small and medium enterprises (MSMEs)—must lose the right to be nurtured by their governments and must compete on an equal footing with the huge transnational corporations that enjoy national treatment. This, in addition to the experience of almost

two years of DR-CAFTA, makes it possible to deduce that the following are possible significant impacts on the region:

First, if the conditions for negotiating the trade section are not modified this could deepen the effects of trade liberalisation on national industry and jobs. The elimination of import barriers, justified in terms of competition and efficiency, applied without previously laying the groundwork to ensure the existence of competitive national businesses, could lead to the bankruptcy of national enterprises and the destruction of formal employment. Concretely, this could mean a worsening of the following:

- *Unemployment of women:* Although it is true that at present female unemployment in the region is greater than male unemployment, the possible increase in across-the-board unemployment—particularly from the effects created by the entry into force of DR-CAFTA due to the minimal competitiveness of micro and small enterprise—could lead men to compete with women and to accept inferior working conditions and wages, leaving more women out of the labour force.
- *Women barely eking out a living:* The increasing difficulty in finding gainful employment could force a greater number of women to take refuge in maquila or subsistence jobs. They would not have stable contracts, but rather be paid by the hour or by piece-work, or be part-time, which also means they would not be eligible for other labour rights, including vacations, time off, year-end bonuses, and health insurance. This could affect their quality of life and that of their families, especially their children.
- *Pressure to accept below-minimum wage jobs,* both because of greater unemployment and because of the spectre of migration, insofar as the opportunity cost for labour is revalorised socially in the face of the persistent deficit in the availability of well-paid jobs at the same time that people will engage in a sort of resistance against migration.
- *Reduction or elimination of general labour protections and rights* included in labour laws, causing more vulnerable conditions in job stability and the right to different types of time off, etc. Rights that specifically protect women will also be affected or in essence lost, such as non-discrimination in wages, maternity leave and breastfeeding breaks.
- *Increasingly poor working conditions,* including strict demands concerning productive standards and productivity; abuse; long, hard working hours; part-time shifts without social benefits; low wages; no control over sexual harassment; and, especially, less time available to live, to the extent that women continue to be tied to the need for paid work without being able to free themselves from their exclusive responsibility for housework.

- *Substitution of collective bargaining and contracts by stronger management-controlled workers' associations and direct hiring*, which, although the effects would be the same for men and women in that both would have problems organising autonomously, this could cause greater difficulties for women, although it may be due to reasons outside the AA.

Second, added to this would be the persistence of the status quo for the operating conditions in the financial sector, whose high rates of interest and demands for strict guarantees particularly weaken small businesses and rural women and producers, since up until now, most loans are targeted to the export sector and to non-productive activities. As a result of this, to the extent that export firms for the most part do not have strong ties to national companies and producers, their capacity to promote growth and employment will be reduced, and they will not be able to offset the effects of trade liberalisation.

Third, the existing production conditions and structures in the agriculture sector designed to increase exports and improve the income of people working in agriculture could lead to a reduction in arable land for crops grown for the domestic market and could therefore undermine food security, marginalising poor, rural communities. This would result in increasing women's workload, to the extent that it would increase the cost of their inputs, making living conditions even more difficult for those who do not work in export agriculture, as well as making it harder to access production resources. Farmers, who are often women, would continue to grow subsistence crops on more distant, less fertile land, which could decrease yields.

Fourth, the impact on the labour market will be accompanied by businesses gaining greater decision-making power over setting wage and employment levels through the general use of insecure contracts lacking social benefits, along with a decrease in union rights. The high rate of open and hidden unemployment, added to the lack of government commitment and capacity to protect their citizens' labour rights, makes it possible to impose these types of conditions. The real purchasing power of wages will drop, making income distribution even more unequal. The macroeconomic effect of this will be a drop in the share of wages in the GDP, while the share of benefits will increase, at a time when women are entering the work force in large numbers, a situation that will put them in a worse bargaining position, because they will have fewer opportunities to find good jobs.

Fifth, the impact of a possible AA on public services, already privatised, as well as the continuing shrinkage of public expenditure, will lead to a significant increase in water and electric rates that will stretch poor families even more. This is even worse if one considers that the role of government in social welfare is being redefined, so that instead of delivering and guaranteeing universal access to services such as education and health, it would provide focalised services to disadvantaged sectors. This would assume a reduction in resources allocated to these sectors, the institution of fees to recover costs or generate income, along with decentralisation in service delivery, done without the allocation of sufficient funds.

Sixth, the reduction in health and education expenditures would worsen their quality, at the same time that the school dropout rate would increase. In the case of health, this could have the consequence that a growing number of people would turn to self-medication and home treatments, seeking medical care only in the case of serious illness. This reduction in services and their privatisation would specifically have a more serious effect on poor women, since women tend to step in and try to compensate for limitations on services when these go up in cost through their reproductive work and at expense to themselves.

These types of restrictions could create an upswing in internal and extra-regional migration, especially considering that at present, women account for half the migrant population, which is why an increase in migration would have a negative effect on them and their families. Not only would they be separated from their children, but they would also have to stretch their income more to continue providing for them for afar while being subjected to different kinds of discrimination and abuse. For women who stay and care for their families, especially elderly women, their responsibilities would increase and their family problems would become more complex, due to the breakdown in the social, family and community fabric, making it difficult, in addition, to demand their children's rights, such as child support.

Finally, lack of information on labour rights, the low number of organisations and low level of organising, women's reluctance to form associative enterprises, their low level of representation in unions, as well as their lack of representation in bodies created by the agreement or in arbitration courts, could lead in practice to greater difficulty in gaining access to decision-making venues, hindering women's participation in decisions that affect their lives and reinforcing, in this way, their disadvantaged position.

4. CONCLUSIONS

The *new* world economic order characterised by trade liberalisation and open trade practices, includes obligations to free markets, private property and individual incentives; easing of restrictions on labour markets with reduced labour rights; and a reduction in the role of government in allocating resources for promoting national development programmes. The effects of these processes have been seen in an increase in the exclusion and poverty of broad sectors of society, especially in those countries where many of the measures were first implemented.

Trade liberalisation has greatly deepened women's socio-economic exclusion and inequity compared to the status of men. For this reason, there have been serious questions and concerns about the impact of these agreements on women's living conditions and quality of life. On the one hand, there is an enormous conceptual gap in traditional international trade theories regarding the gender issue. This means that discussions of development policy overlook the issue of human rights from a gender perspective. On the other hand, the issues of socio-economic and gender equity have not been put on the agenda of international trade negotiations, or at least not with the same emphasis as trade issues.

Women enter the paid work force in low-skilled, poorly paid jobs without social protection. Women are at a disadvantage according to all the indicators, such as employment, unemployment, income, ownership and administrative positions. This makes them more vulnerable to the rapid changes spurred by globalisation and FTAs. As a result, they are the first ones to lose their jobs.

Although women's participation in economic activity is growing, it is occurring through their over-representation in businesses that have low productivity and are not competitive, which means that they will be the first to close because of the FTAs when they cannot meet the conditions the market demands. Women are more sought after in areas of development considered to be crucial, such as free trade zones (textile and apparel export assembly enterprises) or tourism, but only in virtue of their being a source of cheap, unskilled labour.

If the AA EU-CA keeps the same negotiating terms used for DR-CAFTA, centred on trade liberalisation, without clearly including a gender perspective and the need to regulate and protect women's labour rights, their subordination will worsen, limiting even more their job options and access to equal opportunities. As different studies and analyses have shown—done by the Economic Commission for Latin America and the Caribbean (ECLAC), the United Nations Development Programme (UNDP), and the International Labour Organisation (ILO)—the negative economic and social cost of FTAs in dependent countries falls squarely on the most vulnerable sectors. These studies also show that women are the most active participants in the informal sector of the economy, especially in services and trade or in the occupational category of administrative workers and personal services.

Unemployment and informal employment primarily affect women, especially young women, who often do not find work, are under-employed, or are employed in sectors where jobs are at risk, such as the public sector. Young women are also the ones who are being integrated into new economic activities, linked to the production of goods and services for the international market, such as the maquila industry and tourism, activities that have created large numbers of jobs in recent years. This shows that one of the principal effects from the modification of Central America's economies has been the progressive, massive incorporation of women into the labour market; however, this participation is not necessarily reflected in access to jobs that meet their needs for full, decent employment.

Furthermore, the pervasiveness of an eminently patriarchal culture, with severely conservative biases, facilitates the influence of religious groups in the development and implementation of public policies. This has a negative impact on the legal framework for women's rights, especially women's sexual and reproductive rights, with implications for women themselves and for society as a whole.

It has been widely documented that although the changes in the region's economies have enabled Central American women to enter the labour force in growing numbers, this does not mean that they get jobs that improve their living conditions and quality of life. Therefore, the implementation of new free trade agreements increases the fear that the negative impact on the lives of Central American women will continue or worsen. Following are several of these:

- a) Women are condemned to remain in the informal sector of the economy, especially in services and trade or in the occupational category of administrative workers and personal services.
- b) Unemployment levels for women are worsening, whether because they cannot find work, are under-employed or because they find work in sectors where jobs are at risk, such as the public sector.
- c) Engaging in economic activities linked to the production of goods and services for the international market, such as the maquila industry and tourism, continue to be the main alternatives for earning an income, especially for young women, under insecure labour, wage and social security conditions.
- d) Demands on women are increasing, as they are the caretakers of the family and of the community, while at the same time they are assuming greater financial responsibilities in order to meet household needs, due to the reduction in government services related to caregiving.
- e) The increase in migration, with the accompanying erosion of the family and social fabric, and exposure to family and sexual violence, drug trafficking and HIV/AIDS, due to the decrease in opportunities to enter the formal labour market.

- f) Worsening poverty and exclusion of rural women in Central America from the influence of agricultural production, where the increasing disparities between men and women are dramatically visible, along with the weakness, lack of competitiveness and insufficient development of the agricultural market, which puts women at a disadvantage in the face of free trade agreements.
- g) Reduced opportunities for women to be active political agents and economic actors capable of assuming, exercising and defending their human rights, due to difficulties in participating and organising resulting from the pressure created by the abovementioned factors, together with the lack of the effective inclusion of the gender equity issue on government agendas.

The status of Central American women forms part of the context circumscribing the negotiating process for the Association Agreement between Central America and the European Union. The agreement, according to the EU's negotiating mandate, not only constitutes an agreement on trade aspects, but is also a political and cooperation partnership to contribute to development and to reducing poverty and inequality in Central America, from a regional perspective. Respect for human rights; the promotion of democratic values, foremost of which are civic engagement, social justice and equity, protection of the environment, and institutionalising the rule of law; along with advancing Central American integration, are part of the diverse purposes contained in the agreement's mandate.

However, in analysing the background to the negotiations, the diversity of purposes behind the agreement's mandate, as well as the change over time in the negotiating process itself and in the regional and international context, the question arises as to whether the ultimate intention of the agreement is more centred on promoting European trade and investment, and that the policy and cooperation dialogue are being used as tools toward these objectives. This poses the risk that the outcome of the agreement, just as with the other FTAs, will reflect the interests of economically powerful groups rather than the needs and interests of the majority of Central Americans, among them, women.

If these concerns end up playing out, the implementation of the AA could lead to, among others, the following consequences:

1. At the country level, the process of structural differentiation of the agricultural market will intensify, significantly affecting small farmers, as the result of the development of more competitive productive units with greater access to infrastructure. The exclusion of the workforce will be felt more strongly and women will continue being exposed to greater vicissitudes and limitations on access to education, health and other resources for development.
2. At the Central American level, women will continue to play a vital role in maintaining the family's assets, since they are ones who safeguard the assets of small productive units, shouldering the dual role of reproduction and income earning in managing the home and farm. This will increase their

economic responsibilities under social and labour conditions that are harmful to their physical needs and to the development of their autonomy, independence and gender identity.

3. Disparities between men and women will become even greater, with women working even harder in their multiple roles of mediators of social conflicts, reproducers and workers with longer and harder workdays.
4. The trend toward the disappearance of import substitution productive units will increase, the majority of which are owned by women who do not have access to capital and technological resources. The women who begin to make headway in the international market will not easily overcome the barrier of bureaucracy and dealing with the requirements of competitiveness.
5. There will be an increase in the effects on the unskilled and illiterate workforce, which is also primarily made up of single mothers, probably resulting in their joining the masses of the unemployed, thereby increasing migration and its effects on family life, especially on the young.
6. Just as with DR-CAFTA, the negative impact will make itself felt quite strongly on the organisational structures in business, making it difficult to start and run them, especially in the micro and small trade and services sector, in which women make up the majority of the workforce.
7. Although expanded investment is forecast for the maquila sector, due to its nature, this will not bring with it better labour conditions or better pay for women, who make up the vast majority of the sector's labour force.
8. Their limited organising capacity, the weakening of the meagre organising network, the scant knowledge of rights and the strong inroads made by political parties and religious groups will increase women's disadvantage with regard to any process of economic transformation and could bring with it greater exposure to family and sexual violence, drug trafficking and HIV/AIDS.
9. The abovementioned conditions will worsen if, as was stated in the Political Declaration of the participants in the Forum on the Gender Agenda in the World Economic Model, in the framework of the Europe, Latin America and Caribbean Social Encounter "Linking Alternatives," held in Guadalajara in May 2004 (see Annex 4), the lack of a clear gender perspective in trade agreements continues leading to public policies that do not consider the differences in impact on women and men, and do not include women in developing and implementing them.

With regard to the integration process, it is recognised that it is strategically important to women's interests to include their economic agenda in the sectoral agenda for Central

American integration, especially for the following reasons: i) the main flow of regional trade is conducted by micro, small and medium enterprises in which there is a significant presence of women as owners, suppliers or buyers at some link along the existing regional production chains and/or in which female labour is employed; and ii) because of the role played by the sub-system in tying together the negotiating agenda for the AA between Central America and the European Union. However, the existence of endogenous factors related to economic inequality and territorial and migratory conflicts, along with the existing power struggles among different regional economic groups, make it difficult to envisage the viability of regional integration in the short term, a problem that is made worse by the obvious disparities between the region's countries and the EU.

5. RECOMMENDATIONS

General Recommendations

Drawing on the preceding overview, we recommend that advocacy efforts aimed at minimising the possible negative effects on women's lives of an Association Agreement that includes a new free trade agreement between the EU and Central America should encourage effective policies that do the following:

- a) Promote growth and economic development, favour the creation of good jobs, and address the vulnerability of the population in general and women in particular.
- b) Reconcile, in an emancipating way, the productive sphere with the reproductive sphere, integrating them on different levels, such as society as a whole taking on significant areas of the caregiving economy, until now confined to the domestic realm, or confronting the unequal appraisal of the value of women's work in the marketplace.
- c) Influence change in cultural patterns, fostering a better understanding of the existing interrelationships between the productive and reproductive spheres, as well as their effects on the functioning of the labour market and on the economy in general.

Advocacy by European and Central American civil society organisations

Based on the recognition that different concepts and interests exist or could exist regarding the economic, social and cultural order and that effective advocacy can only be achieved through strengthening consensus-building mechanisms and alliances among European and Central American civil society actors around these issues, it is important to revisit the considerations and purposes in the Association Agreement's mandate and its antecedents, in particular those mentioned in the political dialogue and cooperation areas that establish the differences between the AA and the simple free trade agreements, as important elements for building consensus and alliances.

It is also important to include the positions and concepts from the Barcelona Declaration on the Euro-Mediterranean Partnership,⁶ especially those related to the statement that the Partnership should stop being *an affair of governments and begin to be an affair of the*

⁶ This declaration is the outcome of the first Euro-Mediterranean Conference, held in Barcelona in November 1995, which spawned an ambitious initiative to establish a new type of regional relationship based on the creation of the Euro-Mediterranean Partnership, a common project that includes all the EU member countries and 10 southern and eastern Mediterranean countries, including Israel. The process encourages the presence of the EU beyond its own borders and revolves around three aspects: political; economic and financial; and cultural, social and human. It functions through biennial Ministerial Conferences. At the Foreign Ministers Conference in Luxembourg in May 2005, consensus-based conclusions were adopted that proposed the following priority issues for the future: human rights and democracy, sustainable economic growth, and education. Due to its characteristics, this process is an important antecedent to the subsequent proposals for EU Association Agreements in other countries.

*people, fostering understanding between cultures and ... exchanges between civil societies, as well as encouraging actions of support for democratic institutions and for the strengthening of the rule of law and civil society; which was reiterated at the Euro-Mediterranean Ministerial Conference of 2005.*⁷

From these viewpoints, the following is recommended:

1. Emphasise the need to renegotiate the components on political dialogue and cooperation; broaden civil society participation; intensify the regional integration process; and conduct the Sustainable Impact Assessment in the negotiating mandate, keeping in mind the areas defined in the process on Dialogue and Cooperation between Central America and the European Union, for the 2002-2006 regional cooperation programme, which are the following:
 - a. Support for the integration process, implementation of common policies and strengthening of the institutional structure.
 - b. Strengthening the role of civil society in the integration process.
 - c. Reduction of vulnerability and environment improvements.
 - d. Cross-cutting themes: Equal opportunity and exclusion, keeping in mind the equal participation of men and women, as well as indigenous communities' access; Environmental protection and management and the fight against vulnerability to ensure that there is no backsliding in the progress made; Decentralisation; Promotion of information technology; Promotion of and respect for human rights; and the Fight against corruption.
2. European NGOs and civil society organisations should focus their participation on continuing to be facilitators, channelling political and economic proposals and demands from Central American civil society. They should not be direct executors of foreign cooperation aid around the agreement, in order to avoiding competing with and duplicating the efforts of Central American organisations.
3. Revisit the demands of different regional actors, especially those contained in the publication "Gender Profile of Central America's Economy" and the Gender Agendas of the region's different countries, prepared as part of the joint United Nations Development Fund for Women (UNIFEM) and United Nations Development Programme (UNDP) regional project "Women in the

⁷ Held in Istanbul in November 2006, one of its conclusions refers specifically to the need to strengthen women's role in society, in accordance with the Barcelona Declaration of 1995 and the Five Year Work Programme agreed during the 2005 Euro-Mediterranean Summit, in which it was stated that all partners would adopt "measures to achieve gender equality, preventing all forms of discrimination and ensuring the protection of the rights of women."

Economic Agenda and Open Trade Practices” (2004-2005); the demands developed at the Regional Meeting of Women Leaders in April 2006 in Costa Rica; and initiatives designed by the Women’s Forum as part of the Consultative Committee of the Central American Integration System (CC-SICA), currently being implemented. The following are the most relevant demands:

- a. Demand that trade issues be conditioned on an enhanced concept of solidarity, for which the negotiations should include a perspective not only of economic politics, but also of political economy.
- b. Support initiatives aiming at fostering debate at the Central American level on political economy and human development with a gender perspective, for the purpose of continuing to increase knowledge about the interrelationship between women’s productive and reproductive work and the way in which this affects both economic and human development.
- c. Push for the disaggregation of statistics by sex in the trade talks and conduct gender impact assessments before and during the implementation of the Association Agreement, in order to more precisely ascertain the status of women and the implications of the AA on their lives.
- d. Include a clear gender perspective in the design, implementation and analysis of the Sustainable Impact Assessment that will be conducted during the next stage. The importance of this has not been sufficiently spelled out, which has been highly criticised by several NGOs. The mechanisms for consulting civil society, which must ensure that they are taken seriously and are representative, are not sufficiently clear, another point that has been criticised.
- e. Advocate for applying the consistency principle to development with regard to advancing women’s rights, in view of the lopsided conditions between the signatory countries. Likewise, as has been pointed out by the Latin American Association of Development Organisations (ALOP),⁸ include an acknowledgement of the disparities between the parties, which involves including clauses on preferential and differential treatment, the exclusion of economically sensitive factors, compensatory factors, and safeguarding the State’s autonomy in managing the country’s economy.

⁸ In comparative agendas presented by civil society organizations belonging to CC-SICA in the framework of the Foro Acuerdo de Asociación Unión Europea y Centro América: Oportunidades y debilidades, sponsored by the Friedrich Ebert Foundation. Managua, Nicaragua, August 2007.

- f. Demand that clauses and institutional mechanisms to ensure equal opportunity are part of the organisational structure for the agreement's negotiations, and promote expanded representation from the informal sector of the economy, small enterprise and informal workers, with venues for open participation and transparency in the negotiations, to facilitate the oversight and monitoring of the process and its agreements.
- g. Support and foster national and regional alliances among women's organisations, to facilitate their effective participation in the different levels and phases of the negotiations: short term, during the negotiating process; medium term and ongoing, during the entry into force and administration of the agreement.
- h. Women's organisations must reposition themselves to present a strong, highly proactive front from a gender perspective and, using dialogue, proposals, reviews, consensus building at different levels, and the simultaneous implementation of national and regional development strategies, enable women to gain recognition as legitimate interlocutors by their governments and the rest of the actors involved in process.
- i. Support women's organisations and/or groups that can campaign at the different national negotiating entities for the inclusion of a gender perspective in the AA's production programmes and projects, using training, advocacy and lobbying.
- j. Exclude health and education services and natural resources such as water from trade liberalisation, due to their direct bearing on people's welfare, and give special treatment to energy and communications.
- k. Emphasise that new policies must ensure food sovereignty, identifying mechanisms aiming at eliminating subsidies on production and trade of agricultural products and favouring producers committed to "fair trade," given that their farming practices are based on respect for nature, environmental standards and organic production.
- l. Support and promote the design and implementation of policies that effectively respond to women's specific demands for entry into the labour market in a globalised economy under appropriate conditions.
- m. Continue to identify economic activities where women participate prominently, supporting the development of their capacities as part of these activities.

- n. Demand the guarantee of social rights, primarily the right to work and to non-discrimination on the basis of age, sex or ethnic group.
- o. Support the creation of a regional centre for equal employment, which could contribute substantively to eliminating problems of labour discrimination.⁹ Measures along these lines should also cover foreign investors, especially regarding sexual harassment and discrimination on the basis of sex, pregnancy, employment or wages.
- p. Demand the development of compensation and support plans for displaced workers aimed at keeping people in their home countries, in order to reduce migration and its effects on the social fabric.

Regarding the regional integration process:

The following recommendations correspond to the mandate for negotiating the agreement:¹⁰

- 4. Demand that the EU maintain the conditionality of not initiating implementation of the AA until substantial progress has been made in the regional integration process, which should also consider Central American women as economic, political, social and cultural agents.
- 5. Strengthen the mechanisms of the Integration System, by promoting and supporting processes geared toward the preparation of joint regional development proposals and plans by the Central American governments, in order to achieve regional political, social, economic, environmental and cultural integration that contributes to the equitable, fair redistribution of income and wealth in the region, for which the following is imperative:
 - a. Strengthen the Integration System's bodies and mechanisms, to make their facilitator role in the negotiation process effective from a truly regional perspective, both at the level of consensus-building between CA and the EU as well as between the area's governments and citizens, defining mechanisms for constant information sharing, monitoring and impact evaluation of joint actions.
 - b. Promote the identification of ways in which the AA can support processes to reform and strengthen the existing regional institutional structure, the harmonisation of the legal framework of the areas'

⁹ The need to make technical assistance and skills building a regional priority was posed by the Working Group of Vice Ministers of Trade and Labour from Central America and the Dominican Republic in April 2005.

¹⁰ These include demands from the Tegucigalpa Declaration, drafted by the Central American Network for Dialogue (CAD).

countries, and the identification of a common development agenda for Central America, with a gender perspective.

- c. Continue promoting and supporting linkages among the region's different social and political groups, ensuring the inclusion of women in the entities for citizen participation that the governments are required to consult with, and ensuring they have the skills to advocate in integration structures and on integration issues.
- d. Promote planning processes with citizen participation, revisiting the commitments resulting from the Alliance for Sustainable Development in Central America (ALIDES), which will make it possible to build regional citizenship and develop common agrarian, macroeconomic, industrial and environmental policies, aimed at strengthening the multicultural regional identity and the rule of law.
- e. Identify instruments that facilitate the development of common national and regional policies and include these instruments in the AA.
- f. Ensure that the EU's cooperation strategies and actions in Central America are based on the concept of vulnerability in development; the fight against gender discrimination, poverty and corruption; and the promotion of democratic governance.
- g. Guarantee the inclusion of mechanisms that ensure adherence to the democracy clauses, among which the following could be considered: application of the "positive conditionality" principle in aid policy, especially in the ratification of international agreements and conventions on the protection of women's rights; and allocation of sufficient resources for promoting equality and mechanisms for participation and social auditing, for measuring the impact of resources aimed at women's development.

Regarding the possible negative impact of the AA EU-CA on women:

6. Finally, it is vitally important to do an in-depth evaluation from a gender perspective of the impact of DR-CAFTA that would enable identifying its negative consequences and effects more clearly. This could help prevent repeating this negative impact in the Association Agreement between the European Union and Central America. In addition, a compilation should be made of the similarities and differences with other accords that involve trade agreements.
7. It is also necessary to insist on the disaggregation of statistical data by sex, in order to establish the status of women more precisely and, on this basis, the implications that free trade has for the cost and quality of their lives.

Likewise, a common methodology should be developed for measuring women's reproductive work in the region, ensuring its official inclusion in the national accounts as a component of the GDP.

Managua, Nicaragua
September 2007

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ANNEXES

Annex 1: DR-CAFTA

Annex 2: Association Agreement between the European Union and Central America

Annex 3: Central American Women's Agenda on the AA EU-CA

Annex 4: Political Declaration from the forum on The Gender Agenda— The Global Economic Model And Local Resistance