WASHINGTON OFFICE ON LATIN AMERICA
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To: Foreign Policy Aides
From: Vicki Gass and Lilia Lopez, Washington Office on Latin America
Date: May 10, 2007
Re: Labor Rights in DR-CAFTA Countries

Dear Foreign Policy Aide,

Almost two years have passed since signatories to the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA) vowed to strengthen worker rights as a condition of the agreement. Yet little, if any progress, has been made.

As Democrats work to forge a new trade policy, Members of Congress can play a key role in raising standards of living and promoting sustainable development for Central America and the Dominican Republic. You can do this by protecting the rights of its workers and ensuring that the new terms of trade **require countries to maintain and enforce international labor standards in their domestic laws and practices.**

WOLA maintains an ongoing project to monitor labor rights in the DR-CAFTA countries. We continue to have serious concerns about the status of labor rights in these countries, concerns that are shared by our colleagues in the region who monitor the situation.

For a recent *Washington Post* article on this issue click here.

Trade is not a development strategy

Strategies that depend on export production and undermine worker rights will not reduce poverty, provide job security or increase equitable economic growth. Central Americans want trade and the jobs that it can bring, but not at the expense of a decent wage and basic human rights.

Central America needs a rural development plan if it is to achieve significant poverty reduction and sustainable growth

- Small and medium farms create significant rural employment, with backward and forward linkages in the rural and non-rural economies.
- Local food production increases food security and decreased the need for international assistance
- Rural development and opportunities in agriculture help to decrease migratory pressure on cities and the U.S.

Honduras

On January 18, 2007 the Honduran Minimum Wage Commission adopted a resolution that reduces the minimum wage within a proposed export processing zone (EPZ) in southern

Honduras for a period of ten years. Instead of earning the national minimum wage of 106 lempiras (US$5.61), Hondurans working in the "ZIP Choluteca" industrial park will make *one fifth less*, only 86 lempiras/day or (US$4.55).

This is a very troubling development in light of ongoing U.S. government funding to the tune of $40 million in FY05 and $20 million each year from FY06-FY09 to support improvement of labor rights in Honduras and throughout Central America. This funding was allocated during the DR-CAFTA negotiations, precisely because members of Congress were concerned with labor right practices in Central America and unsatisfied with the how DR-CAFTA's labor chapter addressed them.

In response, the Central American vice ministers of trade and labor authored the white book, entitled "The Labor Dimension in Central American and the Dominican Republic" offering recommendations on how the Central American countries can take steps to bring their labor rights into compliance with ILO fundamental labor rights standards. Unfortunately, this recent reduction in the minimum wage casts serious doubt on the Honduran government's commitment.

Yes, Honduras needs jobs but as agriculture is the primary source of income for nearly half of all Hondurans, (43.9%), Hondurans need a more comprehensive rural development strategy that will allow for holistic sustainable development rather under-paying factory jobs which undermine basic worker rights.

Guatemala

Recent developments in Guatemala also raise serious concerns about its government's commitment to improving labor rights. One of the principal white book recommendations for Guatemala is strengthening the nation's labor ministries through increased budgets and the employment of more labor inspectors. Instead, the Guatemalan government is reducing the Ministry's budget and further weakening its ability to carry out labor inspections.

- WOLA has learned that in an effort to reduce the Labor Ministry's budget, labor inspectors have been encouraged to accept voluntary early retirement resulting in the Ministry losing 10 of its most seasoned labor inspectors, further weakening the department's capacity.
- In addition, 22 maquilas (factories) have shut down since October 2006, partially for financial reasons but also due to union organizing within the maquilas.

If you would like further information on these issues or WOLA's ongoing labor right monitoring program, please contact:

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