

# Fair Trade or Free Trade? Understanding CAFTA

## The Gender Impact of CAFTA

By the Center of Concern/ International Gender and Trade Network; for more information, contact Farah Nageer at (202) 635-2757

---

The far-reaching gender implications of CAFTA have, to date, remained largely untouched by trade negotiators on both sides. This is not to say, however, that CAFTA's potential impacts on the region's women are unknown or insignificant.

### Agriculture and Gender

- Under CAFTA, heavily subsidized U.S. agricultural products will flood the region's markets, undermining the livelihoods of subsistence farmers and small entrepreneurs.
- Loss of employment and income in the rural sector will increase the burden on those households living in poverty, the majority of which are female-headed households. A World Resources Institute (WRI) study reports that a growing number of Central American households are headed by women and that these households are generally poorer than male-headed households.<sup>1</sup>
- CAFTA's agricultural liberalization will have far-reaching impacts on women in the region, who are the primary care-givers responsible for the health and food security of their households. A 2002 World Food Program Report stated that 1 in 4 Central Americans suffer from hunger or food insecurity.
- As people are forced to move from rural to urban areas in order to find employment, many women in Central America will be left with no option but to seek work in export oriented factories notorious for exploitative working environments.

### Investment and Gender

- CAFTA's investment chapter prevents governments from implementing performance requirements for foreign investors. This prevents governments from requiring foreign companies to hire a certain percentage of local people or utilize a percentage of domestically produced inputs. Ultimately, this weakens governments' ability to regulate foreign investment to address national development needs.
- Investment rules under CAFTA will also challenge governments' ability to provide protection and benefits to the countless women workers who are employed by foreign companies and who are often paid less than the legal minimum wage, and who face physical, verbal, and sexual abuse, age discrimination, and have little job security. Over the past 25 years, 22,000 Nicaraguan women and children working in export-oriented banana factories have become seriously ill following regular contact with a banana-preserving pesticide.<sup>2</sup>
- CAFTA would lead to the expansion of the region's *maquiladoras*, which assemble foreign goods for exportation and employ mostly women aged 15-25 at low wages and under poor working conditions. EPICA reports that there are approximately 200 textile and apparel factories in Honduras that employ 106,000 people, 67% of who are women.<sup>3</sup> While *maquilas* can provide important employment, labor regulations—made even weaker under CAFTA—are not adequate to ensure safe and just working conditions in the *maquila* sector.

### Services and Gender

- The services standards established in CAFTA require governments to “grant foreign companies non-discriminatory treatment, and ensure access to service markets....”<sup>4</sup> Many analysts fear that this requirement will open the door to far-reaching privatization of public services in Central America, and that essential, low-cost services may no longer be affordable for those who need them the most.
- Privatization will also threaten the job security of service workers, many of whom are women. Public service jobs are among the most secure and offer the greatest benefits, including healthcare. As government jobs face foreign competition, they will become less secure.

## Intellectual Property Rights and Gender

- CAFTA's intellectual property (IP) rules limit compulsory licensing of CAFTA countries and prevent the marketing of a cheaper generic drug if a patented version already exists. This would have severe repercussions for the more than 200,000 Central Americans currently suffering from HIV/AIDS and lack the resources to pay for treatment.<sup>5</sup>
- As the primary providers of healthcare for their families and communities, women would bear increased burden under CAFTA's IP laws, as access to cheap drugs and medicines may become less available. One analysis conducted in Costa Rica revealed that IP measures outlined in CAFTA would increase the cost of some medicines by as much as 800%.<sup>6</sup>
- CAFTA's IP provisions also have the potential to prohibit farmers from employing traditional agricultural practices, since CAFTA will "allow for patents on plants that trump farmers' traditional rights to save their own seeds."<sup>7</sup>
- Similarly, it will be difficult for poor people and indigenous communities to continue to use and protect traditional medicines or practices. As the keepers of traditional knowledge, women often benefit from the use and sale of traditional medicines. In Central America, women plant, transplant, and maintain trees, collect fruits, oils, and medicines from trees to use in the home or sell in local markets, and maintain subsistence farms and traditional agroforestry systems.<sup>8</sup>

## Towards a More Gender Sensitive Central America Free Trade Agreement

- Any trade agreement with the countries of Central America must respect and ensure their sovereign right to determine their own national development and economic growth paths, and allow governments to fulfill their responsibility to protect the social welfare of their peoples and communities.
- Gender impact assessments of how CAFTA would impact the lives and livelihoods of the women throughout the region must be undertaken before any trade agreement is implemented.
- Women from across the region must be able to participate in the creation of pro-poor, gender sensitive strategies for development that take into consideration their knowledge, expertise and needs.
- Provisions for agricultural trade must protect small farmers, primary food crops, and ensure food security and food sovereignty.
- Foreign investment in the region should be socially responsible, and should be applied towards development goals and poverty eradication in a gender sensitive manner.
- Privatization of essential public services should be excluded from CAFTA in order to ensure that these services remain affordable and accessible to women and men in the region.
- Countries must retain the right to adopt appropriate policies to protect the indigenous knowledge and rights of their local communities, particularly for women who are the primary users and protectors of this knowledge.

---

<sup>1</sup> "Women in Forestry," WRI- <http://www.wri.org/biodiv/women-02.html>

<sup>2</sup> Central America Women's Network (CAWN), December 2002- [www.cawn.org](http://www.cawn.org)

<sup>3</sup> EPICA, "Surviving Free Trade: Women's Voices from Nicaragua and Honduras." May/June, 2002

<sup>4</sup> Bloque Popular Centroamericano, Alliance for Responsible Trade, and Hemispheric Social Alliance, "Why We Say No to CAFTA: Analysis of the Official Text," March 2004, p. 2

<sup>5</sup> Weissman, R. "Dying for Drugs: How CAFTA Will Undermine Access to Essential Medicines." Essential Action, March 2004

<sup>6</sup> Moreno, R. The Free Trade Agreement between the United States and Central America: Economic and Social Impacts, p. 118.

<sup>7</sup> AFSC, "CAFTA Does Not Measure Up," April, 2004. <http://www.afsc.org/trade/news/cafta-measure-up.htm>

<sup>8</sup> "Women in Forestry", WRI-<http://www.wri.org/biodiv/women-02.html>