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The Central America Free Trade Agreement (CAFTA), just last year the focal point of the region's economic relationship with the US, is floundering nearly a year after the countries rushed to meet a December 2003 deadline for delivery of a finished document (see NotiCen, 2002-11-14). Among the reasons the agreement is beached is that, in the US, the Congress has put it off as other issues occupied legislative attention.

Now, with presidential elections just days away in the US, word has reached the region from advisor to the John Kerry campaign in Latin America Peter Romero that, if elected, Kerry would seek to review the agreement, a process that would take at least six months. After the review, Kerry might seek to renegotiate. From his statements concerning other trade negotiations, it has been assumed that Kerry would want to toughen environmental and labor standards, both issues upon which the Bush administration is considered weak.

On the Central American side, where legislatures must ratify the agreement, there is opposition to it in the labor and agricultural sectors and, in part because of the secrecy that blanketed the negotiations, little popular understanding of what the countries are agreeing to.

Little public understanding

In Guatemala, only 5% of the population is familiar with CAFTA. The government, in concert with international institutions favoring its passage, has begun to field publicity campaigns focusing on CAFTA's positive aspects, while popular organizations and nongovernmental organizations (NGOs) criticize the glossing over of social costs and economic upheaval likely to come with the handling of sensitive products, meaning those that have little chance of competing with US producers.

The Ministry of Economy (MINECO) has teamed up with the US Agency for International Development (USAID) to produce some publicity pamphlets with titles that include CAFTA: A World of Opportunity for You and Guatemala, and Frequently Asked Questions About CAFTA. They have also organized workshops for campesinos promoting the agreement.

The Organization of American States (OAS) and the Foundation for the Americas is developing the CAFTA Informed Strategy project to sample popular levels of understanding of CAFTA. On the other side of the issue, the Centro de Investigacion y Educacion Popular (CIEP) sees these campaigns as biased, ignoring the damaging aspects of an agreement that would allow a flood of competing goods and services into the country. For example, MINECO and company tout the idea that 30% of Guatemalan exports will flow to the US, expanding the regional market of 35 million people to include another 280 million really rich consumers.

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But Universidad de San Carlos economist Mario Rodriguez disagrees with that rosy picture, pointing out that the US market tends to consolidate and diversify, particularly in agriculture. "Just because the door is open does not mean that we can come in," he said (see NotiCen, 2003-10-23). Winner take all While Guatemalans will struggle to enter this complex market, traffic coming the other way has grown. A university study has shown that, in the last five years, Guatemala has seen increases of nearly 200% in imports of corn, wheat, and rice from the US. With only 12% of Guatemalan agriculture modernized, there is no real possibility of competitive trade. It is going to be Abel Choc on his carpet-sized milpa against ConAgra, and to the victor go the spoils.

MINECO counters that CAFTA has safeguards "that allow a reasonable and gradual adjustment to free-trade competition for sensitive goods." This is not a bet on Choc's ability to undercut international grain trade. Between 1995 and 2002, the US plowed US$34.5 million into subsidies for its corn producers. With those subsidies, a hectare of US corn costs US$304 to produce.

In Guatemala, it costs US$562. Rather, it is a hope that the Guatemalan small producer will cease trying to coax cheap corn out of the ground and turn his efforts to nontraditional exports like papaya, raspberries, and Chinese peas. But even in this scenario, the odds of success are, say critics, miniscule. The cost of raising these crops is from three to six times that of a similar-sized plot of corn, beans, or rice.

Analysts say the cost of conversion requires capital investment that would be impossible for the average small producer. MINECO, however, is working on a plan. It already has a name for it: Reactivate the Rural Economy. The idea is, through public and private collaboration, to create new credit avenues and strengthen existing microfinance institutions. Some experts argue that the plan, which has yet to be produced, cannot work.

Overall, with CAFTA as it is presently understood in place, the NGO Mesa Global sees a decrease in Guatemalan agriculture of between 9.62% and 29.28% during a 10-year period beginning with the onset of CAFTA. Edwin Ortega, director of the organization, said that would be the equivalent of between 41,000 and 125,000 agricultural jobs lost, concentrated in the departments of San Marcos, Peten, Quetzaltenango, Huehuetenango, and Quiche.

Mesa Global has petitioned for a popular referendum on ratification prior to legislative action. Ortega said the petition is based on studies that produced these statistics and also on the contention that publicity on the matter has been based on misinformation. "We know," he said, "the agreement violates international conventions and favors the privatization of services, among other negative aspects." He cited conventions of the International Labor Organization (ILO), the World Food Organization (WFO), and conventions on intellectual property.

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