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The US has extended trade benefits to 58 countries in Africa, Central America, and the Caribbean. While most Central American and Caribbean beneficiaries were admitted to the program without conditions, four were placed on probationary status pending improvements in workers rights and other matters. President Bill Clinton announced the measure Oct. 2, saying it would "help promote economic development, alleviate global poverty, and create new opportunities for American workers and businesses." The trade benefits were authorized by the Trade and Development Act of 2000.

The Sub-Saharan portion of the bill the African Growth and Opportunity Act (AGOA) benefits 34 countries. The other section of the law, the Caribbean Basin Trade Partnership Act (CBTPA), benefits 24 countries in Central America and the Caribbean that are already covered by the Caribbean Basin Initiative (CBI). CBTPA expands CBI benefits by granting to eligible countries the same access to the US market that Mexico receives under the North American Free Trade Agreement (NAFTA). Products included in the program would enter the US market tariff free or in some case with no more than a 4% tariff.

Cuba was not eligible for the program because of the US trade embargo against the island. Permanent eligibility is not automatic for those on the list, however. The legislation requires them to meet labor standards and trade rules such as guaranteeing that products entering the US are not transhipped from countries not included in the program. For Central America and the Caribbean, the major benefit will be in the apparel industry.

Under prior trade arrangements, the region could export duty free only apparel assembled from precut US-made cloth. The new rules allow the region's assembly plants to use textiles from the US or other CBTPA countries, and to cut and assemble the finished goods. This will allow for greater profit because of increased value added. Under the new rules, the region is allowed to export up to 250 million square meters of apparel duty free to the US.

Besides cloth apparel, the eligible countries may export footwear and other leather goods, canned tuna, and watches and watch parts to the US. Central American economy ministers quickly predicted the trade advantages would multiply exports to the US and create jobs. The Salvadoran Economy Ministry said it would mean 150,000 new jobs over the next four years in El Salvador alone, principally in the apparel industry. The ministry assumed that new investments would increase the output at US- and Asian-owned assembly plants.

In Guatemala, the Asociacion Gremial de Exportadores Productos no Tradicionales (AGEXPRONT) estimated that job growth in Guatemalan industries producing nontraditional goods for export would jump 100% over the next five years from 506,000 to 1.4 million. Legislation adds new eligibility rules To be eligible for CBTPA status, countries must meet new rules not previously applied under

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the CBI. These include a demonstrated commitment to accept various obligations under the World Trade Organization (WTO) and to take part in negotiations for a free-trade agreement such as the Free Trade Area of the Americas, FTAA).

Beneficiaries must also show they protect intellectual-property rights and worker rights, and have shown a commitment to eliminate "the worst forms of child labor." They must meet US counternarcotics certification criteria, move toward implementing the Inter-American Convention Against Corruption, and demonstrate transparency in government procurement practices. However, US Trade Representative Charlene Barshefsky said worker rights in Guatemala, Honduras, Nicaragua, and El Salvador would be monitored before those countries received permanent status in the CBTPA.

Guatemala required special review because of its labor record. During the process of considering Guatemala for inclusion in the CBTPA, the US raised questions about anti-union violence, especially against labor organizers in the banana industry in 1999. The US is now requiring that Guatemala rehire 900 banana workers illegally fired last year, "commit to speedy and effective implementation" of labor-code requirements regarding the case, and pass a revised labor code. Guatemala's Labor Minister Juan Francisco Alfaro said that some factories have resisted inspections under the government's safety and hygiene program but that he expected fuller compliance.

Barshefsky's office said it was generally pleased with the cooperative attitude of Guatemalan officials, but said also that it was "deeply concerned" about labor rights. In a letter to Vice President Juan Francisco Reyes, Barshefsky set April 2001 as the deadline for improved labor conditions and for resolving the cases of murdered labor organizers. El Salvador was included as a beneficiary despite complaints to the Department of Commerce from the US labor organization AFL-CIO that Salvadoran assembly plants violated labor standards.

The union charged that Salvador did not protect human rights or the right of workers to organize. El Salvador is on the probationary list primarily because of privatizations that resulted in restrictions of union activity. US concerns in Nicaragua focused on anti-union activity in two plants in Las Mercedes Free Trade Zone. [Sources: El Diario de Hoy (El Salvador), Office of US Trade Representative press release, 10/02/00; Associated Press, La Prensa Grafica (El Salvador), 10/03/00; El Nuevo Diario (Nicaragua), 10/04/00; Prensa Libre (Guatemala), 10/02/00, 10/04/00; El Panama America, 10/08/00]

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