

## **Bilateral Assistance Will Not Fix Labor Rights Abuses in Central America**

The U.S. Trade Representative (USTR) has tried to deflect attention from the weak labor rights provisions in the Central American Free Trade Agreement (CAFTA) by arguing that additional bilateral financial and technical assistance will be sufficient to improve labor rights in the region. USTR argues that this assistance will make up for any weaknesses in the labor chapter of the agreement itself, and claims that the cooperation program is “groundbreaking.”

But CAFTA does not ensure that assistance to the region will be more effective or more generous than it is currently. In fact, *there is good reason to believe that levels of funding may soon diminish, and that the effectiveness of assistance programs is already being undermined.* While more generous and more effective labor rights assistance is certainly needed in Central America, no amount of assistance can substitute for a binding commitment to meet international labor standards.

### **Cooperation Programs Can't Create Political Will to Protect Workers' Rights**

According to the U.S. Agency for International Development's Trade Capacity Building Database, the U.S. provided more than \$23 million in labor rights assistance to the five CAFTA countries and to the Central American region between 1999 and 2002. *Despite this continuous assistance, labor laws in the region still fall far below international standards, and enforcement of the laws that do exist is still far from adequate.* Employers in the region continue to violate workers' rights with near total impunity, benefiting not only from the lack of government capacity to enforce workers' rights, but also from labor ministries' conscious refusal to address workers' rights violations and often from officials' outright hostility to trade unions.

*No amount of financial and technical assistance can create the political will to punish labor rights violators* where that will does not already exist. The threat of the withdrawal of trade benefits has proven to be one of the few tools that can actually change government behavior in the region. Human Rights Watch reviewed the effectiveness of labor rights assistance in its recent report on labor rights abuses in El Salvador, and found that, “while strengthening labor ministries through training and technology transfer is a necessary step towards improved domestic labor law enforcement, such measures fail to address the core problem in El Salvador: lack of political will to reform and effectively enforce labor rights legislation.”

### **New Cooperation Programs May Be Even Less Effective**

Despite disappointing results of current labor rights assistance to the region, there appears to be little if any effort to make new assistance programs under CAFTA significantly more effective. In fact, a comparison between the labor rights programs for the region funded through Trade Capacity Building Assistance in 2003 and those funded in 2002 reveals a marked shift away from programs focused directly on workers' rights. Instead, *a number of the new programs are only tangentially related to workers' rights, at best.* For example, new programs in 2003 aim at softer targets such as corporate codes of conduct, productivity enhancement, and worker training. In addition, more and

more assistance seems to be channeled through private management consulting firms, while less is administered through recognized authorities like the International Labor Organization (ILO). Examples of programs funded in 2002 and 2003, drawn from USAID’s Trade Capacity Building Database, are below.

2002	2003
<u>Labor Solidarity</u> : Enhance capacity of trade unions to organize and bargain collectively.	<u>Codes of Conduct</u> : Train workers, managers and auditors on corporate codes of conduct.
RELACENTRO: ILO program to train employers and unions on labor laws; promote collective bargaining, conflict prevention and dispute resolution; and strengthen executive and judicial labor law systems.	<u>Worker Training</u> : Train young workers to “compete in the global marketplace.”
	<u>Labor Systems</u> : Strengthen labor ministries and increase worker and employer knowledge to improve compliance with existing labor laws.

Unfortunately, the labor cooperation mechanism established in CAFTA will do little to remedy this problem. While the core labor standards are mentioned in the agreement’s provisions on labor cooperation, *the agreement appears to explicitly prohibit the establishment of new cooperative programs designed to reform Central American labor laws.* Article 16.5 of CAFTA, which establishes the labor cooperation and capacity building mechanism, states that it, “shall operate within a framework of respect for national sovereignty and the domestic requirements of each Party.” In addition, the article commits the parties to ensuring that cooperation activities, “are consistent with each Party’s national programs, development strategies, and priorities;” and “take into account each Party’s economy, culture, and legal system.”

**Future Labor Rights Funding to the Region at Risk**

While the content of new labor rights assistance is worrisome, the level of funding of these programs is another source of concern. It is true that labor rights funding to the region under Trade Capacity Building programs went up significantly from 2002 to 2003. This increase is almost entirely due to the new \$6.75 million program to build the capacity of labor ministries – a program USTR points to often in its CAFTA lobbying. It is important to note that this funding will be spread over four years, and thus really only represents an increase of less than \$1.7 million per year.

While the recent increase in funding, no matter how small, is welcome, there is little reason to hope that increases will continue into the future. CAFTA’s labor cooperation mechanism does not commit the U.S. to maintain or increase funding for the region, freeing the U.S. to cut funding at any time. And the Bush administration is already set to slash funding next year. *In its 2005 budget, the administration proposes gutting international labor rights funding by a whopping 82 percent.* The administration is trying to sell CAFTA to Congress this year on the strength its labor rights assistance in the region, while, at the same time, it is asking Congress to dismantle our global labor assistance programs in the next year.

**Conclusion**

While Central America needs more and better labor rights assistance, no amount of assistance can substitute for a binding commitment to meet international labor standards. Assistance alone cannot create the political will to reform laws. And, just when USTR is touting its commitment to labor rights assistance, the administration is actively seeking to undermine the effectiveness and continued funding of the very same programs.