



CAFTA-DR Facts

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The CAFTA-DR Accomplishes More for Worker Rights than Trade Preference Programs

Critics asserted that, under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), the United States would not have the tools it needs to make progress on worker rights in the region, because it would give up the leverage it had under the Generalized System of Preferences (GSP) and the Caribbean Basin Economic Recovery Act (CBERA) to put trade sanctions in place when a country is not “taking steps” to provide internationally recognized worker rights. This is not the case.

These provisions of law have been around for more than twenty years, and no Administration – Republican or Democratic – has ever used the labor criteria to actually withdraw trade preference benefits from Central American countries. The CAFTA-DR provides more focused and effective tools to make progress on worker rights than existing trade preference programs.

1. The CAFTA-DR offers a better enforcement mechanism...

- The ONLY choice under our trade preference programs is to withdraw trade benefits offered through the programs. Withdrawal of GSP/CBERA benefits is a blunt instrument, which could harm the very workers whose rights we are trying to protect.
- Under the CAFTA-DR, if a country is found to not adequately enforce its labor laws, the government will pay a significant fine *until the situation is remedied*, with trade sanctions as a last resort.

2. The CAFTA-DR offers a more constructive way to solve labor problems...

- Unlike the CAFTA-DR, the GSP/CBERA programs contain no options other than trade sanctions to address the situation: no formal consultation mechanism, no fines, and no capacity-building assistance. The CAFTA-DR offers various ways to solve labor problems by working together, including consultation provisions. If fines are imposed, funds would be spent on initiatives aimed at improving enforcement of labor laws in the Central American country.
- The CAFTA-DR also contains provisions to ensure access to fair, equitable, and transparent tribunals for labor law enforcement, and to promote public awareness.

3. The CAFTA-DR contains stronger obligations on worker rights...

- By signing onto CAFTA, our partner countries very publicly committed to effectively enforce their laws that recognize and protect internationally recognized labor rights.
- The labor laws a country is obligated to effectively enforce under the CAFTA-DR cover all of the internationally recognized worker rights used as eligibility criteria for GSP and CBERA. In fact, while the CAFTA-DR requires countries to effectively enforce their labor laws, the eligibility requirements for GSP and CBERA only require a country to be “taking steps” to afford internationally recognized worker rights.