

Central American Labor Pact Stirs Strong Emotions Workers Find Fear, Hope in U.S.-Backed Free-Trade Deal

By Krissah Williams and Paul Blustein

Washington Post Staff Writers

Monday, June 20, 2005

GUATEMALA CITY -- For 18 years, Sara Adela Rosales sat behind a small, black sewing machine in a factory here piecing together pants. Six days a week, she carefully sewed seams and hems and passed the trousers down an assembly line of about 25 other women. The factory she worked for, Automatizaciones Industriales, then shipped the garments to their clients, mostly U.S. retailers.

Rosales, 62, said she often earned about \$150 a month, less than the country's minimum wage, and was sometimes forced to work 12-hour days without full compensation. After losing her job recently, she was left with no savings, hundreds of dollars of unpaid property taxes and no hope of getting out of debt.

"For all the work we did, the salary wasn't fair," Rosales said. "They had us work sometimes into the night if they needed us to increase production. Sometimes they would pay us more, but it is what they wanted to pay. They aren't going to lose [money]. The worker loses."

Complaints by Rosales and other central American workers about abusive labor practices lie at the crux of the debate over the Central American Free Trade Agreement, an accord that would sharply reduce and in many cases eliminate trade barriers between the United States, five Central American countries and the Dominican Republic. While other recently-negotiated trade agreements with countries such as Australia, Singapore and Chile moved smoothly through Congress, CAFTA faces an uphill fight.

Sitting in her sparse cement home in a town on the outskirts of the capital here, Rosales, like many other Central American workers, has found herself intertwined in an intense trade debate with great political implications. CAFTA was negotiated with poor countries that have dismal histories of worker treatment. The pact's critics say it does not sufficiently protect the rights of workers like Rosales and as a result would provide incentives for companies to migrate to countries with the lowest wages and weakest unions. Its backers counter that by giving Central America assured access to U.S. market, workers such as Rosales would be more likely to have jobs. Rosales is also torn.

"There are advantages and disadvantages," she said of her factory job and the trade agreement that could create more such employment. The textile factory she worked for became one of 20 in Guatemala to shut down in recent months. It went broke because it could not compete with factories in other parts of the world where people work equally grueling schedules for even less.

Out of work for nearly six months now, Rosales believes more employment is what her country needs. Working at the factory helped Rosales leave an impoverished country town in the mountains outside of Guatemala City and build a life in a simple home with a corrugated roof,

electricity and an eight-inch television in her bedroom. Outside her door are similar square homes with metal doors that belong mostly to others who work in the factories surrounding Villa Nueva, a town with paved streets and fast-food restaurants that grew because of the apparel industry.

Rosales also believes, however, that she and other garment manufacturers should be paid more. The average pay for manufacturing-sector workers in Guatemala was about \$244 a month in 2002, according to the International Labor Organization's latest report.

Never before has the United States negotiated a free-trade deal with countries so poor. The nations that have struck free-trade agreements with Washington in recent years come mostly from the "middle income" or wealthy ranks. Even Mexico had income per capita of about \$4,200 when NAFTA, the North American Free Trade Agreement, was negotiated in the early 1990s, said Sandra Polaski, a trade specialist at the Carnegie Endowment for International Peace. By contrast, income per capita in Nicaragua is about \$400, while the comparable figure in Honduras is about \$900, slightly less than levels in El Salvador in Guatemala.

Union leaders and labor activists here say their efforts to organize workers are often thwarted by powerful business owners. Union affiliates are sometimes threatened or fired and have their names placed on blacklists that make it difficult for them to find other jobs.

"The right that seems to be violated most often is the freedom to associate and organize," said Mary Bellman, a Guatemala-based coordinator for Stitch, a women's labor rights organization. "All of the repercussions and the ways companies respond are almost always illegal. The implementation of local labor law is so poor."

The region has a long record of hostility to unions. Last year a U.S. union official organizing workers in El Salvador was killed. No independent trade unions have been registered there in the past four years, said Mark Levinson, chief economist of Unite Here, a union representing U.S. workers in the apparel and other industries. In Guatemala, two collective-bargaining agreements exist in the country's more than 200 textile factories.

The most recent textile factory organizing campaign in Guatemala ended earlier this month after the factory closed. Nobland, a South Korean-owned company that opened here in 2001, cited continuing economic losses for the factory's closure. Leaders of the union at Nobland and labor activists say they believe the goal was to squelch the union.

Vidalia Garcia, secretary general of the union, wiped tears from her red eyes after a distraught worker called her at the union's office earlier this month to tell her the factory was closing. "What are we going to do?" she said softly.

About 350 people lost their jobs, more than 100 of them were union affiliates, she said.

"Here in Guatemala there isn't much work. It's a critical situation. Because we're union members, we're on a blacklist and can't enter other factories," Garcia said. "If you defend your rights, they try to fire you or throw pieces of fabric in your face."

Keith Kim, owner of the factory, said in an e-mail that the union's demands for double-digit salary increases and the letters and e-mails they sent to his customers asking them to stop doing business with him influenced his decision to close Nobland, but the primary cause was lack of profitability.

"Guatemala was just not competitive for our products after the world became quota-free this year," he wrote. "We have been getting less and less work for our factory in Guatemala and finally we did not have any work to put in there."

Stephen Coats, executive director of U.S./Labor Education in the Americas Project, which has a representative in Guatemala, said CAFTA will make it more difficult for the U.S. government to prod the Guatemalan government to investigate closures such as Nobland. Coats's group and others have used current laws governing trade with Central American countries to request that the United States withdraw trade benefits from Guatemala. The Generalized System of Preferences and Caribbean Basin Trade Partnership Act allows the U.S. government to rescind trade benefits from any country that is falling short in meeting its labor commitments. One appeal filed in 1992 prompted the United States to put Guatemala under review because of violence against workers there. That review ended in 1997.

Under CAFTA, the governments of Central America and the Dominican Republic would be required to enforce the labor laws on their books, and if a government is found to be derelict in enforcing its laws, that government could be subject to monetary fines, up to \$15 million per violation, with the money used to help address the labor problem in question. The Bush administration contends that these protections go beyond those contained in previous U.S. trade deals with other countries. Administration critics disagree.

The Central American governments have released action plans aimed at improving their labor law enforcement, including blueprints for strengthening their labor ministries and judiciaries. U.S. Trade Representative Rob Portman, in a bid to win over skeptics, pledged in a speech earlier this month that the Bush administration will beef up efforts to help Central American governments meet those goals, and he suggested that an international donor conference should be held in coming weeks to raise money for that purpose.

Beyond the debate about whether CAFTA's labor provisions are tough enough, proponents say the main point is that by generating economic growth, CAFTA will do more for workers in Central America and the Dominican Republic than any law or regulation could achieve. That is because worker rights are more likely to be strengthened when demand for labor is strong, thereby giving workers bargaining power.

Alejandro Ceballos, lawyer for Polar Industries, one of Guatemala's largest textile factories, said CAFTA could be key to his industry's survival. The accord has won the endorsement of key congressional committees, and the White House hopes for a vote before the July 4 recess. In the first six months of this year, twice as many factories have closed there than closed in all of 2004. They could not survive the competition with China, a low-cost, highly efficient producer, according to Guatemala's apparel industry association. Thousands may have already lost their

jobs.

CAFTA is going to force Guatemalan textile companies with poor labor practices "to become formal businesses and to comply with the law and requirements," Ceballos said. "Today, not all of the companies are following the law. But when Wal-Mart comes and demands that they must obey the law, then yes, they'll obey the law."

Blustein reported from Washington. Staff researcher Richard Drezen contributed to this report.