

28 September 2004

Dear Members of the United States Congress:

We, the undersigned Deputies of the sovereign National Congress of Honduras, write to you to express our opposition to the Free Trade Agreement (FTA) between the governments of the United States and those of the Dominican Republic and Central America (DR-CAFTA).

The majority of the leaders of democratic, union, agricultural, women's, youth, Christian-community and other organizations in this country have declared their rejection of this agreement because it is based on a model that benefits only large transnational corporations and is extremely damaging for our countries' peoples and governments. We would like to share our concerns with you.

In our opinion:

The FTAs are an instrument of "neoliberal" globalization, which has proven to favor the concentration of transnational capital in our countries. Your countryman John Kenneth Galbraith, a former advisor to Presidents Roosevelt and Kennedy, affirms that globalization, "is a term invented by Americans to conceal our policy of economic advancement in other countries and to make movements of speculative capital seem respectable."

The "Washington Consensus" was imposed on us in association with local oligarchies, forming the basis for "neoliberal" economic and institutional reforms. The paradox is that a model that has failed so spectacularly continues to be promoted, crushing popular interests, democracy and the very development of our productive forces.

This has been a failure for the people – and has led to greater alienation – but a triumph for the oligarchy, business elites, their governments and transnational corporations, since Honduras and the rest of Central America – according to them – are ready for the "consolidation of the process of economic liberalization," that would be achieved with the implementation of the free-trade agreement between Central America and the United States.

It is a lie that Honduras will emerge from underdevelopment as a result of economic liberalization. The course of history demonstrates this fact: the liberalization that began at the end of the 19th century with banana and mining enclaves continues today with the maquiladora enclave and the policies of tariff elimination. After more than a century of liberalization and deregulation we continue to be a peripheral and underdeveloped economy. The industrialized countries have not taken the path that they now order us to take. They applied – and continue to apply – policies to strengthen the state, protectionism, and subsidies to domestic production. With the imposition of neocolonial methods, they hope to prevent underdeveloped countries from utilizing the same steps that they utilized to achieve their own development.

We oppose DR-CAFTA:

1. Because "free trade" is a fiction. The reality of trade is characterized by protectionist policies in the North and unfair competition in which the main beneficiaries are

transnational corporations. The trade component in DR-CAFTA is merely a pretext to include investment, services, patents, government procurement, competition policy and supranational tribunals.

2. Because the fundamental issues in DR-CAFTA were not negotiated. It was a pantomime interpreted by teams of “negotiators” who engaged in “negotiating tourism” from January 2003 to March 2004. It has all been an IMPOSITION, not a negotiation, carried out in secret and behind the people’s backs and that of the National Congress, which is an assault on our dignity, sovereignty and independence.
3. Because on matters of trade, the fundamental issues, such as subsidies, sanitary and phytosanitary measures, technical barriers to trade, and immigration were NEVER negotiated. Because this “other content” of DR-CAFTA – the issues that provide its very reason for existence -- was NEVER negotiated, rather it was defined in 1994 under what in effect was the first DR-CAFTA – NAFTA – and has not changed an iota. This includes investment, government procurement, privatization of services, intellectual property and the role of the State.
4. Because the privileges granted under DR-CAFTA to the transnational corporations in the “other content” go far beyond the commitments established in the World Trade Organization agreements. They are corrected and augmented versions in favor of the transnational corporations, as in the case of intellectual- property rights.
5. Ask yourselves, what will happen with all of these countries competing to enter the U.S. market with a few products when the comparative advantage is labor and the fiscal incentives granted to foreign companies? Signing this agreement would result in losses to the Honduran fiscal system of more than one and a half billion lempiras (approximately US\$80 million) a year, which would pass on to the transnational corporations. It would promote the massive migration of thousands and thousands of impoverished Hondurans who would seek salvation in the United States from their desperate situation.

DR-CAFTA is a pre-announced Mitch. The negative impacts on the Honduran people will be equal to or worse than the disasters caused by that Hurricane in 1998. We realize that you are not unaware of the future that awaits the Central American and Dominican people under DR-CAFTA, which would equally affect small-scale businesses in the United States.

We ask you to recognize that the expansion of the rights of transnational corporations is not the path for development in Central America and the Dominican Republic, but rather it will destroy the basis of governance and democracy.

If we are to continue our positive relations, we must develop trade policies that confront the enormous disparities between the United States and our countries. Consequently, the U.S. CONGRESS SHOULD VOTE NO ON DR-CAFTA.

In the hopes that you, United States Members of Congress, take these matters into consideration, we greet you,

Respectfully,

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