

Posted on Sun, Jun. 18, 2006

CAFTA threatens small farmers

Guatemala's government says CAFTA is the only way to gain access to bigger markets; critics say it threatens both livelihoods and traditional ways of life.

By Jane Bussey

jbussey@MiamiHerald.com

GUATEMALA CITY - Three times a week, Julian Mux walks two hours from his small parcel of land in the Guatemalan highlands to the nearest road, carrying just-harvested miniature zucchini that will end up in U.S. supermarkets.

Mux, whose first language is the Mayan tongue Cakchiquel, is one of the millions of Guatemalans being thrust into global competition because of the Central American Free Trade Agreement, a pact between the United States, five Central American nations and the Dominican Republic.

It is a role the 45-year-old father of 11 both savors and fears.

Ready or not, the 800-page treaty, replete with new rules and regulations, is set to become reality in a country where nearly 40 percent of the people still live off the land, many weaving rainbow-colored fabric for their clothes and speaking one of 21 Mayan languages.

So far only El Salvador, Honduras and Nicaragua have become full-fledged members of CAFTA. Washington insists Guatemala and the Dominican Republic must complete changes in their laws and regulations before becoming CAFTA members -- although Guatemala could be added soon. The Costa Rican legislature has yet to ratify the accord.

While Guatemala boasts the largest economy in Central America with a gross domestic product of \$34 billion, this country of 12.4 million people also confronts overwhelming poverty, rampant drug trafficking and gang violence.

PROS AND CONS

CAFTA should give Guatemala's modern textile sector long-term certainty about its exports to the United States, and it will boost the fortunes of the country's wealthy sugar growers. But the treaty exposes Guatemala's subsistence farmers to competition from cheaper subsidized U.S. corn, threatening an ancient way of life.

The threats to a culture based on the cultivation of corn, along with the risks and opportunities that will confront even the most modern parts of the economy, have made many Guatemalans wary of the trade pact. All the small Central American economies face similar challenges, but Guatemala has the most unequal distribution of wealth in the region.

"The free-trade agreement doesn't change the economic structure in our country," said Homero Fuentes, executive director of the Commission for the Verification of Codes of Conduct, which monitors working conditions in the export industry.

"The corn issue is just a symbol of the problem with farming," he said. "The trade agreement doesn't help to end poverty. It is going to benefit just one or two sectors."

Despite street protests, CAFTA sailed through the Guatemalan Congress in March 2005. But the government of President Oscar Berger has faced unexpected resistance from lawmakers over approving implementing legislation demanded by the United States. Among changes already adopted are accepting the U.S. meat inspection program and tightening patent protection, which critics warn will limit poor people's access to low-cost drugs.

Berger's government concedes CAFTA alone will not resolve Guatemala's long-standing problems of poverty and inequality. "The agreement is not an agenda for national development," said Enrique Lacs, deputy minister of the economy. "It is for attracting investment and through that investment, increasing exports and jobs."

Poverty and low wages make the United States a powerful magnet for Guatemalans. That is unlikely to change under CAFTA. An estimated one million Guatemalans live in the United States. They sent home \$3 billion in remittances in 2005. "The country receives more from remittances than any single export," said Enrique Torres, a Guatemalan labor lawyer. "The most profitable export is people."

As they await CAFTA, many Guatemalans have heightened expectations.

STARK CONTRASTS

Still, questions remain about CAFTA's impact in a country of such stark contrasts. Roughly two-thirds of Guatemalans still live in poverty, and it has the second highest rate of illiteracy in the region after Haiti.

Much opposition comes because CAFTA opens Guatemala to subsidized U.S. grains that will compete against the crops of small farmers who receive no subsidies.

"We live in a subsistence economy in Guatemala," said Lucrecia Ardón, one of the leaders of Mesa Global, which opposes CAFTA. "There are no measures to lessen the pain of imports that are going to destroy the economies of *campesino* families."

Some in Guatemala's business sector says the country should be focusing on modernizing its economy. "I hope little by little Guatemala abandons subsistence farming," said Sergio de la Torre, a textile factory owner and president of the Coordination Committee of Agricultural, Industry and Financial Associations.

The Guatemalan government insists subsistence farmers will not be hurt because U.S. corn imports are limited to yellow corn for animal feed, not the white corn they say Guatemalans prefer.

But this distinction made little difference in Mexico, where increased yellow corn imports triggered the exodus of more than one million farmers from the countryside after the North American Free Trade Agreement went into effect.

In Guatemala, farmers like Eladio Padre say they are worried about CAFTA. "My boss talked about that," said Padre as he stopped his horse on the side of the road west of the capital. "I have thought about it. What if I can't sell my corn?"

TECHNICAL TRAINING

Mux, who grows the baby vegetables, straddles the old ways and the new challenges.

He plants corn in his hamlet of Paraxaj like generations of his family have done. But for the past few years, he has received credit and technical training in growing mini zucchini from Aj Ticonel, a nonprofit vegetable processor in Chimaltenango, located about 30 miles west of Guatemala City.

Aj Ticonel, which has received funding from a Dutch nonprofit and the Inter-American Development Bank, exports about \$2.5 million worth of designer vegetables to the United States. The miniature zucchini, yellow squash, snow peas, carrots and other vegetables already enjoy duty-free status in the United States so CAFTA won't change that.

But Aj Ticonel, which buys produce from 1,500 men and women farmers, points to a possible way to move Guatemala's traditional farmers into the modern world. It is also a school, offering technical training in hygiene, for example, and growing produce to meet U.S. quality standards.

"We are a kind of bridge between the highly competitive international market and the farmers," said Alberto Monterroso, the nonprofit's president.

And Mux is hopeful his links with world trade will bring a far different life for his children. His own education was interrupted by Guatemala's civil war, which formally ended in 1996 after 36 years and 200,000, mostly indigenous, people were killed. As an adult he was forced to join the Self-Defense Civil Patrols, formed by the army to prevent local support for leftist guerrillas.

Now the \$2,000 he earns each year from vegetable sales help him pay for a computer class for his oldest daughter and teaching courses for his oldest son.

"I hope my children have a better future than everything I suffered," Mux said. "We want to take advantage of this agreement, hoping that it opens up space for our vegetables."