



CAFTA Facts

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CAFTA Is Stronger Than the Jordan FTA on Labor

CAFTA's key labor provisions are virtually identical (word-for-word) to those in U.S.-Jordan FTA. The difference is that CAFTA has more, and stronger, labor provisions than the Jordan FTA:

- **Only CAFTA has a binding, modern dispute settlement system for labor and all other issues.** The Jordan FTA has a weaker, underdeveloped system that allows any party to block the formation of a dispute settlement panel, which itself cannot issue binding reports.
- **CAFTA makes explicit what former President Clinton himself said about the Jordan FTA – the only provision subject to dispute settlement is the requirement to enforce one's labor laws.**

In submitting the U.S.-Jordan FTA to Congress on January 6, 2001, President Clinton wrote:

"In this Agreement, the United States and Jordan affirm the importance of not relaxing labor or environmental laws in order to increase trade. **It is important to note that the FTA does not require either country to adopt any new laws in these areas, but rather includes commitments that each country enforce its own labor and environmental laws.**" (emphasis added)

During testimony before the Senate Finance Committee on March 20, 2001, former USTR Barshefsky stated:

"The agreement, while restating the existing commitment of both countries to strong environmental protection and the ILO's core labor standards, neither imposes new standards nor bars change or reform of national laws as each country sees fits. It does, however, enable each partner to request consultations and if necessary **impartial dispute settlement in the event that one FTA partner believes another is avoiding enforcement of existing national laws with the intent of gaining a trade or investment advantage.**" (emphasis added)

- **CAFTA has stronger, more focused penalty provisions.** Violations of the labor chapter can result in the imposition of annual fines up to \$15 million to address the labor law issue and, if the fine is not paid, the imposition of trade sanctions. The Jordan FTA contains no monetary fines at all, and the U.S. and Jordanian governments explicitly rejected trade sanctions to resolve disputes.
- **Only CAFTA has a robust labor capacity-building mechanism.** CAFTA includes the most robust mechanism yet. The Jordan FTA only recognizes the appropriateness of capacity building.
- **CAFTA requires fair, equitable and transparent proceedings for the enforcement of worker rights.** The Jordan FTA contains no such procedural safeguards.

In many ways, labor laws on the books in Central America and the Dominican Republic are stronger than Jordan's labor law.

CAFTA countries have recently implemented a series of improvements to labor law enforcement, including hiring more labor inspectors, appointing special labor prosecutors, and ending violence against trade unionists. According to the 2004 State Department Human Rights report on Jordan:

- Jordanian workers *cannot strike* without government approval, which they largely do not seek.
- All unions must belong to a *state-sponsored union* – the General Federation of Jordanian Trade Unions – which the Government subsidizes and audits. The Government also cosponsors and oversees union elections, about which union leaders complain fiercely.

- *Union by-laws limit membership to citizens, effectively excluding the country's more than 125,000 registered foreign workers.*
- *Jordan's labor laws do not apply to non-professional and non-technical workers in the agriculture sector.*
- *Jordan's labor laws do not apply to domestic servants, where there are widespread problems.*