



KEVIN P. GALLAGHER: CAFTA and the environment

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MEDFORD, Mass. (SH) - Endorsed last year by President Bush and the leaders of five Central American countries and the Dominican Republic, the Central American Free Trade Agreement (CAFTA) is expected soon to be taken up by the U.S. Congress for a vote. While supporters and critics of the free-trade agreement prepare their arguments on economic grounds, several members of Congress threaten to vote no because CAFTA is weak on the environment.

Those members are right. Rather than building on the modest gains in environmental protection of the North American Free Trade Agreement (NAFTA), the administration's efforts in CAFTA amount to a potentially serious environmental rollback.

It is well known that in Mexico - a member, with the United States and Canada, of NAFTA - the environment has deteriorated over the past decade. What is less well known is that without NAFTA's environmental accords, the degradation would have been even worse.

Recent research (including my own) shows that Mexico's estimated levels of air, soil and water pollution, as well as solid waste, have all increased faster than economic and population growth. It is also well documented that artificially cheap corn imports from the United States are threatening both Mexico's rural livelihoods and its genetic crop diversity. According to Mexico's statistical agency, the economic costs of environmental degradation amount annually to 10 percent of the gross domestic product - almost \$40 billion a year.

These trends could have been worse had it not been for the North American Commission for Environmental Cooperation (CEC), set up by NAFTA's agreement to alleviate some of the environmental impacts of trade-led growth in its three countries. The CEC has: provided crucial information on environmental degradation and enforcement in the NAFTA nations; given communities modest funds for sustainable-development projects; and offered greatly needed technical aid to the three countries' environmental ministries. Although there is much room for improvement, the CEC has also been remarkably accountable to the three governments and civil-society organizations alike.

Indeed, the CEC has helped Mexico pass a law on information related to the release of polluting chemicals that is stronger than such legislation in either the United States or Canada.

Although the CEC's paltry budget of \$9 million a year - and shrinking - can do little to reverse Mexico's negative environmental trends, it has served as a useful pilot project for a more serious effort.

To that end, some American members of Congress and civil-society organizations saw to it that the legislation granting the U.S. president authority to negotiate CAFTA and other agreements included clear orders that all future trade agreements would have such an environmental component. To the administration's credit, CAFTA now has a chapter on the environment directly within the agreement, as opposed to the "side agreement" negotiated with NAFTA.

Nevertheless, that step forward has been met with two giant steps backward. Not only does CAFTA lack a CEC-like entity for environmental enforcement and cooperation; it also allows private firms to sue CAFTA governments for enacting environmental regulations that may cost those firms money to implement.

A July 2004 Gallup poll found that two out of three Americans believe that trade policy should not come at the expense of the environment. Until the U.S. president recognizes that trade agreements must preserve this country's ability to lead in environmental protection, and to provide incentives for trading partners to follow this lead, his administration will fail to harness the votes and public support needed for its initiatives.

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