

Reason

December 1, 2010

**Free trade at a cost;
Guatemalan labor complaint;
Brief article**

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SECTION: Pg. 14(1) Vol. 42 No. 7 ISSN: 0048-6906

LENGTH: 282 words

IN AUGUST the Obama administration filed a formal complaint accusing Guatemala of violating the labor standards in the Central American Free Trade Agreement, which the U.S. ratified in 2005. The AFL-CIO and six Guatemalan unions have accused the country of failing to investigate violations of its own labor laws, including violence against labor leaders and union members.

Both supporters and opponents of trade pacts see the move as a political sop to domestic labor interests, not a key indicator of the administration's position on trade. Alexander Brockwehl of the left-leaning Center on Hemispheric Affairs notes that the complaint was "brought when Congress is becoming increasingly polarized over ratifying further free trade measures" and "may be an attempt by the Obama administration to quell democratic labor-related concerns. The Cato Institute's Daniel Griswold, a supporter of trade agreements, agrees that the complaint is "a political bone the administration threw to the U.S. labor movement, since its labor allies have been upset that the administration has been saying nice things about trade pacts with Panama and Colombia."

The Teamsters praised the move to censure Guatemala, but they don't seem interested in supporting other trade agreements in return. The union insists it is dead set against pending pacts with Colombia, South Korea, and Panama, all of which Congress has yet to ratify.

If the U.S. and Guatemala cannot negotiate a resolution, the complaint will go to an arbitration panel. If the panel rules against Guatemala, the country could owe fines of \$1 million a year until the issues are resolved, with the money supposedly going toward labor law enforcement.