

April 10, 2006

TRADE BITS

UPPER HAND?: House Ways and Means Chairman Bill Thomas says that "critics of free trade are gaining the upper hand in the run-up to the 2006 elections and that a growing skepticism of international commerce in Congress will hamper Republicans' ability to renew broad presidential trade negotiating powers next year," Congressional Quarterly Today reports (4/3). Thomas noted that WTO talks are a failure and said that the administration and Congress "should do as much as they can this year to advance individual free trade deals while President Bush still has so-called fast-track trade negotiating authority." Thomas warned that Democratic control of Congress would imperil future trade pacts: "The 2006 election really could be a pivotal election," said Thomas. "Right now, where we stand today, the anti-free-trade forces . . . have a better chance of winning. And so my concern is what can we do in the time we have left to try and not let that happen." CQ Daily notes that the Bush administration is currently negotiating trade pacts with Korea, Malaysia and 12 other nations, and recently signed a trade deal with Oman that Congress is likely to consider this year. "What this administration . . . and this Congress does in the next three months, could very well shape where we go with globalization for years to come," Thomas said. Thomas blamed Europe for the recent impasse at the WTO, saying that the U.S. and European officials have "irreconcilable differences. . . . When you have irreconcilable differences, the best thing you can do is call it off."

MAINE, OREGON OUT: In a letter to the U.S. Trade Representative Rob Portman, Governor John Baldacci says that Maine will not be covered by the WTO's far reaching service sector rules in the General Agreement on Trade in Services (GATS), the Maine Fair Trade Coalition reports. Gov. Baldacci joins Oregon Gov. Ted Kulongoski as the second Governor to remove his state from parts of the WTO services agreement. "As an intensified new set of WTO services negotiations occurs this week in Geneva, Governor Baldacci took groundbreaking action to safeguard Maine jobs, public services and democracy from WTO services expansion," the Coalition said. Citing concerns about the threat to public services and Maine's sovereignty, the Governor specifically safeguarded Maine's ability to set its own policies in the realms of health care, land use, education and libraries by removing Maine from coverage under these sectors of the WTO agreement. "Maine cannot sit idly by and let the federal government negotiate trade agreements that undermine public services, good paying jobs, and our ability to make our own decisions at the state and local level. I'm going to do all that I can to promote trade that respects democracy and truly benefits Maine workers and businesses," Baldacci said. "Committing higher education to the GATS rules would limit Maine's regulatory authority in this area and accelerate the privatization of higher education," said Mark Gray of the Maine Education Association.

HUMAN RIGHTS: The International Confederation of Free Trade Unions and Public Services International have warned that if GATS negotiations at the WTO remain on the same course, they "could have a disastrous affect on basic human rights in developing

and developed countries," a release from ICFTU states (6/7). "One of the most alarming proposals on the table is the request from China and India to take the concept of wage parity out of the negotiations on Mode 4, the part of GATS that deals with the movement of workers," ICFTU says. "Not only is it bad enough that the WTO, which has no expertise in migration issues, has undertaken to conduct such discussions, but this latest proposal does nothing except undermine the fundamental human right workers have fought for centuries - the right not to be discriminated against," said ICFTU General Secretary Guy Ryder. "If adopted the proposal would mean that workers from developing countries would be contracted to work in industrialized countries for a quarter or even less of the local wages," the release says. The groups also said that GATS negotiations are compromising the universal human rights of access to education, health, and water. "A democratically elected government must have the right to provide its people with quality public services, and to increase regulation of multinational service providers if need be, without fearing they will be taken to court at the WTO as a result," said Mike Waghorne of PSI. "Exploitation is not a path to alleviating poverty," the unions conclude.

LIVELIHOODS GONE: Many of the lawmakers who now want to criminalize undocumented immigrants "spurred increased emigration from Mexico by voting for NAFTA, a trade deal that made it far harder for Mexicans to earn a decent living in their homeland," writes Rosa Rosales, LULAC vice president, in the Rio Grande Guardian (4/6). "Last year many of the same lawmakers voted to replicate the problem for Central Americans through CAFTA. And they are now looking to extend it to Peru and Colombia with yet another NAFTA-styled trade agreement," Rosales writes. "No level of heightened criminalization will impact the flow of immigrants when we give people little choice but to leave the countries of their birth." Rosales says the number of Mexican migrants to the U.S. actually decreased by 18% in the three years preceding NAFTA, but increased by 61% in the first eight years of NAFTA. "NAFTA's agricultural provisions subjected millions of Mexican small farmers to a flood of subsidized [U.S.] corn," driving 1.5 million Mexican farmers out of business, Rosales says. And because NAFTA's labor rules failed to protect workplace rights, the trade deal also hurt urban workers. "Not surprisingly, many of [them] eventually choose the hardships and uncertainties of crossing the border over the certainty of long hours in unhealthy conditions for below-subsistence wages." If lawmakers want to address the flow of undocumented immigrants in the U.S., "they should stop passing trade deals that destroy people's livelihoods in their home countries," Rosales concludes.

MISSED OPPORTUNITIES: The Cuba Central Team reports in their weekly email update that "Cuba is buying expensive capital goods from other countries that could be bought cheaper in the U.S., and doing so at a time when the U.S. is fighting to keep manufacturing jobs," www.cubacentral.com <<http://www.cubacentral.com>>. They report that the Florida Chapter of the U.S.-Cuba Trade Association meets next week to discuss the possibilities for trade with Cuba "but they face an expansive embargo, through which little business can pass." Participants in the meeting "worry that opportunities for trade with Cuba are dwindling as foreign countries, especially China, are making more and more inroads in Cuba." Stanley Riggs, a Florida businessman,

expressed this concern to the Bradenton Herald saying, "We're talking about filling a void that some other country is going to fill, and we might regret how that plays out." Cuba Central cites an article in the Financial Times that reported that for the second year in 2005, Cuba had a current accounts surplus, there was a 91% increase in Chinese exports to Cuba in 2005. "Cuba is building its transportation system with buses and trains made in China; Chinese equipment restores Cuba's ports; Cubans use Chinese pressure cookers to cook their rice; and Chinese oil rigs line the island's north coast."

LOST CHILDREN: Workplace disasters that kill and injure children are not behind us, novelist Katherine Weber writes in the New York Times (3/25) on the 95th anniversary of the tragic Triangle Waist Company fire in New York City. Weber cites a fire this February at the KTS Composite Textile factory in Bangladesh as evidence: "crowded and unsafe conditions, locked exits, hundreds of undocumented female workers as young as 12, [and] a deadly fire" combined to take an estimated 84 lives. She says that "most of the garments made in Bangladesh are contracted by American retailers, including Wal-Mart and the GAP." Although "there may never be another tragic factory fire in America that takes the lives of children," American companies and consumers are complicit in modern tragedies, Weber concludes. "As long as we don't question the source of the inexpensive clothing we wear, as long as we don't wonder about the children in those third world factories who make the inexpensive toys we buy for our own children, those fires will occur and young girls and boys will continue to die," Weber says. "They won't die because of natural catastrophes like monsoons and earthquakes; they will die because it has become our national habit to outsource, and these days we outsource our tragedies, too."

RULES IGNORED?: Antigua has accused the U.S. of "flaunting a WTO ruling that deemed unfair U.S. efforts to restrict Americans from using Internet gambling sites based in the Caribbean island," the AP reports. (4/6). Finance Minister Errol Cort said pending U.S. legislation on online betting would make it harder for Antigua gambling companies to do business with U.S. citizens. Antigua took the dispute to the WTO, which ruled that the U.S. legislation would violate global trade rules, AP says. The deadline for the U.S. government's compliance passed Monday. "The deadline has come and passed and the U.S. has made no effort toward compliance," Cort said, adding that the U.S. legislation would "further entrench the discriminatory nature of the United States' approach to cross-border gambling." The U.S. contends that internet gambling should be prohibited because it violates some U.S. state laws, AP notes. "While the U.S. flaunts the decision of the WTO in our case and attempts to shore up its own domestic monopoly on gambling and betting services, Antigua and Barbuda wants to point out that we have a highly regulated gaming industry in our country," Cort said. He told AP that Antigua is "exploring all available options" to make the U.S. comply with the ruling but conceded that settling the dispute would be "extremely challenging" given Antigua's lack of economic and political clout.

INVEST GLOBALLY, STAGNATE LOCALLY: The mobility of global capital is one of the major reasons why there is a "curious disconnect" between the well-being of corporations and the well-being of the overall economy, Daniel Gross writes in the New

York Times (4/2). "For example, median incomes for American workers have barely budged since 2000, while corporate profits have nearly doubled," Gross writes. Corporations have been able to keep a larger share of the cash they generate, rather than pay it out in wages, "because the labor market recovery has been very weak," says J. Bradford DeLong, an economist at UC-Berkeley. "The heightened mobility of capital allows companies to invest their profits around the globe with considerable freedom," and growing amount of that investment is outside the U.S., Gross argues. But he notes that some economists "wonder how much longer" these trends can continue. "When you have labor shares shrinking relative to capital shares, you tend to get a rise in economic nationalism, which is a democratic response to some of the effects of globalization," says Stephen King, an economist with HSBC. Thus the arguments over Chinese imports and cross-border mergers "could just be the beginning," Gross concludes.

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