

July 5, 2006

TRADE BITS

Note to readers: Thank you for your understanding during the recent "Trade Bits" sabbatical. With this issue, we return to our customary weekly publication.

GOOD NEWS: The failure of the "illegitimate" ministerial meeting of the World Trade Organization this past weekend to reach any agreements "is good news for the developing world," says a press release from Focus on the Global South. The release reports that the talks in Geneva "came to a standstill as the U.S. refused to offer further cuts in their domestic [agricultural] supports, whilst at the same demanding that the developing world reduce their agricultural tariffs." Both the US and the EU "have been aggressive in demanding market access in industrial products, and the US for more access in agriculture," the statement says. "Yet despite being the prime culprits for dumping their agricultural products on the world market, causing destruction to the livelihoods of subsistence farmers, both these giants have only offered cosmetic cuts in their agricultural domestic supports." Focus on the Global South says that a variety of assessments "have predicted that the [WTO] Round would have an adverse impacts on the poorest countries, particularly countries in Africa." The group's Aileen Kwa said that the US, EU and the WTO's "narrow focus on market access serves the interests of the world's transnational corporations," but not those of people. The WTO needs a complete overhaul – where rules prioritise . . . economic and human rights and the livelihoods of people."

OMAN DEAL TO HOUSE: The Senate approved the U.S-Oman Trade Agreement by a 60-34 vote, National Journal's CongressDaily reports (6/30). "Five Republicans joined the majority of Democrats in voting against the deal -- underscoring what may be a more difficult task than expected in keeping GOP votes in line in the House," the article stated. In a separate article, CongressDaily reported that the Oman agreement was endorsed on a party line vote in the House Ways and Means Committee. "Ways and Means Committee Democrats repeated their charges that labor practices in Oman do not protect workers in accordance with International Labor Organization core standards, and that Oman has not met a Democratic demand to change those practices before October," CongressDaily says. Rep. John Tanner (D-TN), who usually supports trade agreements, said he was "increasingly frustrated with what he sees as a lack of cooperation across the aisle on the part of the Bush administration and House Republicans" on trade. An action alert from Public Citizen's Global Trade Watch notes that "the multinational corporations close to the Bush administration have gone on a major lobbying offensive" for the Oman agreement. "Last week, Halliburton and Wal-Mart joined the National Foreign Trade Council, Occidental Petroleum, Raytheon, Exxon-Mobil, and dozens of other profiteering corporations" on a letter to Congress urging swift passage of the deal. Public Citizen is urging that Members be asked to oppose the Oman deal this week while they are on recess.

U.S. REJECTS REQUEST: The U.S. has rejected Mexico's request to renegotiate the opening of its corn and beans markets in 2008 under the North American Free Trade Agreement, saying the 1994 pact cannot be changed, Bloomberg news reports (6/9). "This agreement was entered into many years ago," U.S. Undersecretary of Agriculture J.B. Penn said in Mexico City after meeting with Mexican Agriculture Minister Francisco Mayorga. "It's been a very good agreement and we're looking forward to seeing it fully implemented." But Cruz Lopez Aguilar of Mexico's National Confederation of Small Farmers says that exposing Mexican beans and corn farmers to even lower prices will increase illegal immigration to the U.S. because they can't compete. "This will aggravate the immigration problem," Cruz, who also heads the agriculture committee in the lower house of Mexico's Congress. "Beans and corn growers are in the poorest areas of the country, areas where people are used to leaving for the U.S. to seek a better life." Bloomberg notes that renegotiating the agricultural chapters of NAFTA has been a topic of debate in the current Mexican presidential election, as PRD candidate Andres Manuel Lopez Obrador has sought to win support by promising to renegotiate the elimination of duties on corn and beans imports.

DIFFICULT ISSUES?: House Majority Leader John Boehner (R-OH) has predicted that House action on pending trade agreements is more likely in a lame duck session after the November election than before, says Inside U.S. Trade (6/13). "Some of these smaller trade bills . . . I hope will be doable before the election," Boehner told the U.S. Chamber of Commerce. "But . . . I think . . . it will probably be at a lame duck session." Boehner said that trade has become a "difficult" issue in Congress, partially because members were "bruised" in the fight for CAFTA. Approval of that agreement was largely won with support of Republican members, for many of whom the agreement was controversial because of its sugar and textile provisions, Inside U.S. Trade notes. Business lobbyists "reacted with alarm" to Boehner's comments, because considering trade bills in a lame duck session creates additional uncertainties. Following the elections, members may not vote the way they would have previously and there is a danger that the agenda is too crowded to consider trade bills even then, one lobbyist said. A separate article in CongressDaily says that business groups had pushed for votes on three trade measures -- Oman, Peru and Vietnam -- before August, fearing that the pre-election environment in the fall will prevent any trade agreements from coming up.

BIG FIGHT: Groups for and against a Bush administration trade agreement with the Persian Gulf nation of Oman are stepping up their lobbying efforts, promising to fight just as hard as they did in last summer's bitter battle over CAFTA, Roll Call reports (6/2). "Both sides say the stakes are higher than they ordinarily might be because this is an election year," the article notes. Larry Weiss of the Citizens Trade Campaign organized a Capitol Hill event at which House Democrats blasted the agreement with Oman, and released a letter signed by 400 groups (including Americans for Democratic Action) opposing the Oman deal. He told Roll Call that the administration and business interests that favor the Oman agreement had expected it to sail through Congress, in part because Oman is such a small country and thus accounts for a tiny fraction of U.S. imports. "In the wake of the CAFTA vote, a lot of Members and organizations are just standing up and saying, 'Until you change the model of NAFTA/CAFTA, we are going to oppose

these things," said Peter Chandler, chief of staff to Rep. Mike Michaud (D-ME). Thea Lee, policy director at the AFL-CIO, said Oman does not have a history or tradition of free association or labor organizing. Lee said even though Oman's government has reformed its labor laws, "this is really very primitive step along the way. This is the country with the worst labor laws of any country we're negotiating a free-trade agreement."

CITIZENS SPEAK: Orchard owner Peter Wallingford was one of more than 20 people who took the dais to speak about personal experiences with trade agreements in a hearing sponsored by the Maine Citizen's Trade Policy Commission, The Lewiston Sun Journal reports (5/12). "I don't know how much longer I can stay in business with this playing field," said Wallingford. "We can't continue to give (foreign competitors) the advantage." The nonpartisan group investigates issue related to trade and its impact on Maine, and recommends policy to the state and federal authorities. "The impact from trade policies cut a wide swath in the hearing room at Andover College where about 40 people gathered to hear or give testimony," the article notes, Issues ranged from limiting Maine water extraction to access, from prescription drugs to human rights violations. Commission members said they will sift through the testimony, looking for action they can take. The group successfully lobbied Maine's Congressional delegation to vote against CAFTA and helped influence Gov. John Baldacci's decision to request an exemption for Maine from some of the General Agreement on Trades and Services treaty provisions, the Sun Journal says.

DISASTER: Farm leaders in the international La Via Campesina group say that the pending WTO agreements will be a "disaster for farmers around the world," and is urging all governments "to stand by their people and to reject further liberalization of agricultural markets." The group says that the Doha Round of WTO negotiations should be rejected and "governments around the world to promote food sovereignty instead of neoliberal policies." La Via Compesina says that food sovereignty "is the right for people and countries to define their own agricultural and food policies according to the needs and the priorities of local communities." It encompasses mechanisms to protect domestic food production against low price imports, strict control of food imports to stabilize internal market prices, and supply management systems to avoid dumping on the world markets. "Even though the current talks have been dubbed 'the development round', recent projections show that most developing countries will come out losers. Instead of promoting development, the Doha Round will increase hunger, poverty and inequalities around the world." In a related story, Reuters reports (6/27) more than 100 non-governmental organizations demanded that the Doha Round be "buried," saying that current negotiations "preclude any possibility of benefiting the majority of the world's population".

OUTSOURCE THIS: Corporations are cutting costs "most notably by moving factories and call centers to other countries but are "overlooking the escalating cost of the executive suite," Lawrence Orlovski and Florian Lengyel write in the New York Times (6/9). "So far, outsourcing manufacturing and services has led to higher chief executive compensation," the two write, citing the example of IBM's chief executive Samuel

Palmisano, "who has been moving jobs to India [and] last year saw his total compensation rise 19% to \$18.9 million -- even as the total return for his company's stock fell 16%." Orłowski and Lengyel argue that Palmisano's case is "proof that globalization hasn't gone far enough," as China, India, and other emerging markets "offer shareholders a virtually unlimited talent pool from which to draw chief executives." If stockholders took advantage of this opportunity, they could easily "hire superior leaders at salaries and benefits that are a fraction of what their American counterparts in those fancy corner offices demand." The two note that the Federal Reserve says that while a typical American chief executive received a compensation package in 1004 that was 170 times greater than that of the average American worker, in Britain it was 22 times and in Japan 11.

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