

# INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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November 5, 2007

*VIA FACSIMILE*

Dear Representative:

On behalf of the 1.4 million members of the International Brotherhood of Teamsters, I am writing to once again express our strong opposition to the Peru Free Trade Agreement (FTA), which is expected to be considered by the U.S. House of Representatives this week. The Teamsters urge Members of Congress to vote **NO** on the Peru FTA.

While we applaud the efforts to improve worker rights in the Peru FTA and pending FTAs, it falls short of satisfying the concerns of workers that have been repeatedly raised since the passage of the North American Free Trade Agreement (NAFTA) and other recent FTAs. The Peru FTA and the passage of Trade Adjustment Assistance (TAA) last week does not represent the kind of comprehensive policy that workers need to ensure that the benefits of our globalization policies are not only going to multinational corporations, but to workers as well.

We are eager to be able to support new trade agreements that will create good American jobs, but unfortunately, this is not the case with the Peru FTA or the other pending FTAs. More than 3 million manufacturing jobs have been lost during the NAFTA era. The loss of these good jobs has resulted in downward pressure on all American wages. While American workers' productivity has soared, real median wages remain at 1970's levels. Meanwhile our current trade model has resulted in a nearly \$800 billion trade deficit which, at 6 percent of our national income, threatens U.S. and world economic stability. How much more does the U.S. worker have to endure before this path to further job and wage loss ends?

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The public strongly demanded a new American trade policy during the 2006 election. Adding even the best labor and environmental standards to agreements containing the NAFTA-CAFTA (Central America Free Trade Agreement) modeled foreign investor, procurement, and other provisions that have proven to destroy U.S. jobs and push down wages, is not a new American trade policy. It is more of the same policy the majority of Americans rejected.

The Peru FTA and pending FTAs fail to eliminate the excessive NAFTA 'Chapter 11' foreign investor privileges. These investor privileges create incentives for U.S. firms to move offshore. Also, the Peru FTA does absolutely nothing to address our serious concerns regarding the Bush FTA's procurement chapters. The FTAs' rules on procurement ban many anti-offshoring and "Buy America" policies. Trade agreements need to be about trade, not intervene in our domestic laws, investment policies, and food safety and health laws. Unfortunately, the Peru FTA continues down this same precarious path.

As you are aware, a central element of the May 10 deal is insertion of an obligation for FTA parties to adopt and enforce the core labor standards of the 1998 *Declaration on Fundamental Principles and Rights at Work* of the International Labor Organization (ILO). This obligation could strengthen current FTA labor provisions, but the way the obligation is constructed leaves serious concerns regarding the enforceability of this provision.

The labor chapter now states that "The obligations of this Agreement, as they relate to the ILO, refer **only** to" the 1998 ILO Declaration." This limiting language is not found in previous FTAs (for instance the Jordan FTA) or U.S. trade preference programs that contain labor rights conditions. This new limiting language provides worrisome discretion for FTA dispute settlement panels to interpret and apply the terms of the ILO Declaration differently than the Declaration has been interpreted and applied by the ILO itself. The ILO interprets the Declaration's core labor standards by referring to eight fundamental ILO conventions and the decades of jurisprudence that the ILO has developed in applying those conventions. But *an explicit instruction to "refer only" to the ILO Declaration could make it harder for FTA panels to follow the ILO's practice*

and instead lead FTA panels to define the core labor standards based on general principles that are vague and elastic.

While this NAFTA expansion to Peru is not a good deal for our workers, it is also not good for our brothers and sisters in Peru who also oppose the FTA. The unions and social justice movement in Peru have been working to restore their basic labor rights that were gutted during the Fujimori dictatorship. For the past six years, they have been fighting to get their Congress to pass a General Labor Law. Unfortunately, this effort has now been derailed by the Agreement between Peru's President Garcia and some democratic trade leaders of an issuance of Presidential Decrees on labor policy. Such decrees can be overturned, at any time, and do not change Peruvian labor law. Furthermore, a recent International Trade Union Confederation (ITUC) report on Peru has highlighted the many deficiencies in Peru's labor laws and lack of enforcement thereof. The report outlines terrible slave labor conditions in the Amazon and the many almost impossible challenges Peruvian workers face with respect to their right to organize. The report makes clear that in order for these conditions to end, Peru must pass a General Labor Law.

We strongly believe that now is not the time to rush ahead with more of the same damaging NAFTA-CAFTA style trade policies that have proven to hurt U.S. workers and the livelihoods of many in our developing trade partner countries. The Teamsters are eager to work with Congress to create a trade policy and trade agreements that we can support, because it puts social well-being, human rights, and job creation at the center. Workers everywhere want globalization policies that will benefit all and not just the wealthiest few. Unfortunately, the Peru FTA and the other pending FTAs do not meet this standard.

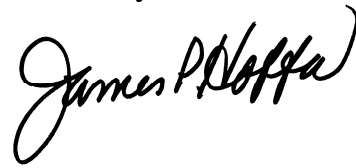
I once again urge you to Vote **NO** on the Peru FTA. I hope that we are able to tell Teamster members, in your district, that on this key vote, you stood with them to protect their jobs from further offshoring caused by unfair trade agreements.

Please feel free to contact me, or Yvette Pena Lopes (my point person on

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trade issues at 202-624-6805), if you have any questions, or wish to discuss this issue further.

Sincerely,

A handwritten signature in black ink that reads "James P. Hoffa". The signature is written in a cursive style with a large, looping initial "J".

James P. Hoffa  
General President

JPH/cwl