

Congress Should Reject the Oman Free Trade Agreement

Congress should reject the Oman Free Trade Agreement. It represents the particularly unfortunate combination of a bad model for trade agreements and exceptionally bad Omani labor law. Further it contains investment provisions even more damaging to the ability of government to act in the public interest than NAFTA or CAFTA.

Labor Provisions, Law and Conditions

As in CAFTA, the Oman Free Trade Agreement requires, with a minimal level of enforcement, only that Oman enforce its existing labor law. This would perpetuate the NAFTA/CAFTA model that ensures that good jobs will flow out of the United States to be done under artificially low-wage conditions in our trading partner nations.

As the leaders of the New Democrats argued to the President in stating their opposition to CAFTA, "...we must understand that workers' rights are crucial to ensuring that developing nations fully and effectively participate in the global economy. Trade agreements must be a tool for helping lift workers abroad out of poverty, provide them the opportunity they so desperately need and eventually move them into a larger global middle class. We must use trade to prevent the creation of a permanent underclass of workers who have no hope of a better life and who simply provide a pool of inexpensive labor."ⁱ

Omani labor law does not meet core ILO labor standards which call for workers to be able to form their own organizations, free of interference from employers or government. Omani labor law gives the government an entirely inappropriate level of oversight and control over the activities, meetings, finances, and selection of representatives of the national and industrial "worker representative committees." It fails to explicitly protect workers who participate in these committees or who engage in strikes from anti-union discrimination. While all workers in Oman are denied basic labor rights, the large foreign workforce, the majority of workers in Oman, are especially vulnerable to abuse and exploitation. The State Department has found both forced labor and Human trafficking in Oman.

Investors Rights and Environmental and Public Interest Protections

As in other recent FTAs negotiated by the U.S., the Oman Free Trade Agreement includes provisions in the Investment chapter that allow private and state-owned companies to bring challenges against the United States directly to international tribunals, completely bypassing our country's legal system.

The Oman Free Trade Agreement goes even further than NAFTA and CAFTA in giving foreign investors the right to challenge the U.S. It provides an explicit right to private and state-owned foreign entities to bring disputes challenging virtually any U.S. government decision about a federal contract, lease or concession agreement with the company. The types of contracts and other agreements covered by the agreement include natural resource contracts (including exploration, extraction, refining, transportation, distribution, or sale); services contracts (including power generation or distribution, water treatment or distribution, or telecommunication); and infrastructure projects (including construction of roads, bridges, canals, dams, or pipelines).

The right to bring these kinds of disputes would include such issues as contracts to service ports. As with other recent FTAs, the Oman Free Trade Agreement has a weak national security provision that could require the United States to pay compensation to foreign investors in order to exercise our right to protect our national security interests.

ⁱ Letter to the President by Reps. Ellen Tauscher, Adam Smith, Artur Davis and Ron Kind, May 4, 2005