



# Citizens Trade Digest

September 28, 2007

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## **Possible Peru vote in October, while problems mount for Panama, Colombia and Korea deals**

After his August visit to Peru, House Ways and Means Chairman Charles Rangel made clear that he was prepared to support the US-Peru Trade Promotion Agreement. The Committee he chairs seems to have followed suit, informally approving the Peru free trade agreement by voice vote on September 25. On September 21, the Senate Finance Committee formally passed the Peru FTA by a vote of 18 to 3.

Believing he has the support necessary to pass the trade deal, President Bush formally sent the implementing legislation to Congress on September 27. The agreement is expected to pass Congress with a minority of Democrats and a majority of Republican supporting it.

That said, the timeline for a Peru vote may be longer than originally thought. While supporters seemed to hope for an early October vote, Nancy Pelosi's announcement that the House will first deal with Trade Adjustment Assistance will likely push it back to late October at the earliest. (A draft of the TAA legislation has not yet been introduced).

Meanwhile, public reaction to the Peru FTA remains complex. The Senate vote was preceded by a hearing on September 11 at which testimony was provided by representatives of the AFL-CIO, Humane Society International, American Farm Bureau Federation, Whirlpool Corporation, and Mayer Brown law firm. All the statements, save that of the AFL-CIO, endorsed the trade pact with Peru. Many gave special praise to the deal struck between Congressional Democrats and the

Bush Administration on May 10, which resulted in stronger wording of the labor and environmental provisions in the agreement. The AFL-CIO, while not opposed the deal, stated that they could not support it.

Other groups have taken a much stronger stance against the Peru agreement. While also noting the progress it represents, the Change to Win Coalition rejected the FTA for its failure to address certain minimal concerns even after the May 10 deal. The International Association of Machinists and Aerospace Workers (IAM) also opposes the deal with Peru.

The concern of groups such as Change to Win is echoed by the two largest labor Federations in Peru. In late August Julio César Bazán and Juan José Gorriti, Secretary General and Secretary of International Relations respectively of the *Central Unitaria de Trabajadores del Perú* and *Confederación General de Trabajadores del Perú*, addressed a letter to Congressional Democrats asking that they vote down the Free Trade Agreement with Peru. They note with approval the progress made in labor and environmental standards, but argue that these steps are insufficient both in and of themselves, and because of the specific political climate in Peru.

#### SCRUTINY OF PANAMANIAN STATE MAY SLOW FTA PROGRESS

At one point thought to be the least controversial of the four agreements, the free trade agreement with Panama faces new obstacles. Peter Riggs of the Tax Justice Network wrote a widely circulated piece on Panama's tax-haven legal regime. He argues that the FTA would give further protection to US businesses that have set up subsidiaries in Panama for tax evasion purposes. That, in addition to the rampant drug-money laundering occurring in Panama City, led him to call on Congress to reject the US-Panama Free Trade Agreement.

This revelation by Riggs however, has not received nearly as much press attention as the Panamanian Congress' September 1 election of Pedro Miguel Gonzalez Pinzon as President of that body. Gonzalez Pinzon is accused of murdering US Army Sgt. Zak Hernandez Laporte and attempting to murder Sgt. Ronald Marshall outside Panama City in June 1992. Members of Congress have said that this development represents an impediment to the ratification of the FTA.

Despite this, Panama may well be the second trade deal Congress votes on, due to the comparably minimal opposition it faces. The Bush administration has stated its desire to have the agreements voted on in the order in which they were signed, which would entail a vote on Colombia after Peru, followed by Panama and then South Korea. If Congressional Democrats and their labor constituents maintain their current level of opposition to the Colombia and South Korea deals, however, the Administration may decide to push Panama directly after Peru.

#### COLOMBIA AND KOREA OPPOSITION REMAINS VOCAL

Critics of the Colombia FTA continue to point to that nation's high rate of trade unionist killings. The International Trade Union Confederation (ITUC) claims that of the 144 union activist killings during 2006, 78 occurred in Colombia. In an effort to sell the trade deal to skeptical members of the US Congress, Colombian President Alvaro Uribe has taken pains to undermine

the perception of Colombia as violent and lawless. In addition to the capture and prosecution of know drug-traffickers, the Colombian government recently sentenced four soldiers to forty years in prison for the 2004 assassination of union officials.

The AFL-CIO and Democrats say their opposition to the South Korea FTA stems from the deal's failure to ensure that US car manufacturers have sufficient access to the South Korean market. In addition, Democratic lawmakers have expressed concern about US agricultural producers' access to the South Korean market. A previous ban on the importation of US beef (fueled by fears of mad cow disease) had been eased on the condition that shipments contain no bone. The July 2007 arrival of a shipment contaminated with bone resulted in a re-imposition of that ban. As of late August, US beef that passed inspection could enter South Korea once again, but additional contaminated shipments have been rejected and the import approval for the packing facilities revoked. The US International Trade Commission is currently investigating the South Korean import restrictions. Senator Max Baucus has called for the US Congress to defer approval of the free trade agreement with South Korea until the restrictions are lifted.

*(News Sources: Agence France Presse, 9/2/07, 9/17/07; Associated Press, 9/11/07, 9/12/07, 9/14/07; Bloomberg, 9/14/07; Chosun Ilbo, 9/17/07; The Hill, 9/September 19/07; Reuters, 828/07, 9/18/07, 9/17/07; Tax Justice Network-USA, 8/07; Yonhap News Agency, 9/7/07)*

**Testimony Transcripts, Senate Finance Committee Hearing on the US-Peru Trade Promotion Agreement**  
September 11, 2007

<http://www.senate.gov/~finance/sitepages/hearing091107.htm>

**Oppose the Peru and Panama Free Trade Agreements**

Citizens Trade Campaign

[http://www.citizenstrade.org/pdf/ctc\\_StatementonPeruandPanamaFTAs\\_09262007.pdf](http://www.citizenstrade.org/pdf/ctc_StatementonPeruandPanamaFTAs_09262007.pdf)

**Vote No on Peru Free Trade Agreement NAFTA Expansion**

Change to Win, September 17, 2007

**Letter to House:** [http://www.citizenstrade.org/pdf/ctw\\_PeruRepresentative.pdf](http://www.citizenstrade.org/pdf/ctw_PeruRepresentative.pdf)

**Letter to Senate:** [http://www.citizenstrade.org/pdf/ctw\\_PeruSenator.pdf](http://www.citizenstrade.org/pdf/ctw_PeruSenator.pdf)

**Peruvian Unions Urge US Congress to Reject Free Trade Agreement**

CUT & CGTP, August 20, 2007

[http://www.citizenstrade.org/pdf/PeruvianLaborUnionLetter\\_082007.pdf](http://www.citizenstrade.org/pdf/PeruvianLaborUnionLetter_082007.pdf)

**Statement on Panama and Peru Free Trade Agreements**

International Association of Machinists and Aerospace Workers, August 2, 2007

[http://www.citizenstrade.org/pdf/iam\\_perupanamastatement\\_082007.pdf](http://www.citizenstrade.org/pdf/iam_perupanamastatement_082007.pdf)

More information on **US-Peru Free Trade Agreement** (including links to source articles) available at:

<http://www.citizenstrade.org/peru.php>

More information on **US-Colombia Free Trade Agreement** (including links to source articles) available at:

<http://www.citizenstrade.org/cfta.php>

More information on **US-Panama Free Trade Agreement** (including links to source articles) available at:

<http://www.citizenstrade.org/panama.php>

More information on **US-Korea Free Trade Agreement** (including links to source articles) available at:

<http://www.citizenstrade.org/korea.php>

## Tensions rising in Costa Rica as referendum date approaches

The referendum on whether Costa Rica will enter the Central American Free Trade Agreement (CAFTA) is still set for October 7. Two factors in particular have contributed to mounting tension between the 'yes' and 'no' camps. A controversial ruling by the Supreme Elections Tribunal (TSE) led to accusations of government efforts to stifle public debate, while a leaked email has brought scrutiny on the Arias administration's conduct in promoting the FTA.

Perhaps predictably, polling data on Costa Rican attitudes to CAFTA varies. In the most recent poll, released on September 8 by Angus Reid Global Monitor, 56% of respondents said that they would vote in favor of the trade agreement. Data from a previous survey conducted by the University of Costa Rica showed those in favor to be virtually neck-and-neck with those opposed. This fluctuation is congruent with the publication of previous polling data. Results released on August 6 showed a majority of Costa Ricans in favor of CAFTA, while data released just one day later suggested the opposite.

A July 12 resolution by the Supreme Elections Tribunal (TSE) mandated that state university employees cannot participate officially in the campaign for or against CAFTA. The Tribunal ruled that this would constitute a misuse of public funds. May in the university community interpreted the decision as an effort to stifle public debate about the trade agreement, and impinge upon university autonomy. The TSE issued a clarification, stating that it was important for the University community to promote dialogue and debate on CAFTA, so long as it did not "degenerate into propagandistic activities." Students and other members of the University community nonetheless staged a protest on August 21.

The TSE, however, ruled that President Oscar Arias had not violated electoral law by promoting CAFTA on his official visits. In an apparently narrow definition of what constitutes "propaganda," the TSE ruled that Arias' public endorsement of the trade deal had not fallen under this heading because he did not distribute materials such as buttons, pamphlets, etc.

An email sent by Second Vice President Kevin Casas and Legislator Fernando Sanchez to President Oscar Arias and his brother has been a second source of controversy. The email outlined a proposed course of action to ensure that CAFTA passes the referendum, including threatening local mayors with a cutoff of federal funds if they do not deliver a favorable outcome in their municipality. The authors of the email also suggested hyping the ostensible dangers of not ratifying CAFTA, among them the deterioration of the national economy and erosion of democratic institutions. After the document leaked, Casas and Sanchez insisted that it was a brainstorm, and therefore included wild and outlandish ideas.

Nevertheless, but the TSE requested on September 10 that the Internal Auditing Office look into whether the Arias administration had misused public funds in their effort to promote CAFTA. Both Casas and Sanchez have since resigned.

Even if CAFTA passes the October 7 referendum, statements by political opposition Leader Elizabeth Fonseca suggest that the battle over its implementation may continue. A set of 13 pieces of accompanying legislation must pass the Assembly in order to bring Costa Rican law in

line with CAFTA. Fonseca has said that even if the majority of votes are in favor of CAFTA, her party will attempt to stop the 13 pieces of accompanying legislation from passing.

**CAFTA Laws Take Center Stage**

Tico Times, September 20, 2007

[http://www.citizenstrade.org/pdf/tt\\_caftalaws\\_09202007.pdf](http://www.citizenstrade.org/pdf/tt_caftalaws_09202007.pdf)

**Tribunal Calls for Investigation Into Government's CAFTA Campaign**

Tico Times, September 11, 2007

[http://www.citizenstrade.org/pdf/tt\\_crtseinvestigation\\_09112007.pdf](http://www.citizenstrade.org/pdf/tt_crtseinvestigation_09112007.pdf)

**E-Mail on CAFTA Campaign Ignites Controversy in Legislative Assembly**

Tico Times, September 10, 2007

[http://www.citizenstrade.org/pdf/tt\\_leakedemailcontroversy\\_09102007.pdf](http://www.citizenstrade.org/pdf/tt_leakedemailcontroversy_09102007.pdf)

**Tribunal Rules That Arias can Tout CAFTA on Tours**

Tico Times, August 29, 2007

[http://www.citizenstrade.org/pdf/tt\\_ariascanpubliclyendorsecafta\\_08292007.pdf](http://www.citizenstrade.org/pdf/tt_ariascanpubliclyendorsecafta_08292007.pdf)

**Costa Ricans Split Ahead of CAFTA Vote**

Angus Reid Global Monitor, August 22, 2007

[http://www.citizenstrade.org/pdf/angusreid\\_crcaftavotesplit\\_08222007.pdf](http://www.citizenstrade.org/pdf/angusreid_crcaftavotesplit_08222007.pdf)

**University Students Protest Tribunal Resolution On CAFTA Campaigns**

Tico Times, August 22, 2007

[http://www.citizenstrade.org/pdf/tt\\_studentprotestscr\\_08222007.pdf](http://www.citizenstrade.org/pdf/tt_studentprotestscr_08222007.pdf)

**Most Decided Voters Oppose CAFTA in Costa Rica**

Angus Reid Global Monitor, August 7, 2007

[http://www.citizenstrade.org/pdf/angusreid\\_crvotersopposecafta\\_08072007](http://www.citizenstrade.org/pdf/angusreid_crvotersopposecafta_08072007)

**Costa Rican Voters Would Ratify CAFTA**

Angus Reid Global Monitor, August 6, 2007

[http://www.citizenstrade.org/pdf/angusreid\\_crvotersfavorcafta\\_08062007](http://www.citizenstrade.org/pdf/angusreid_crvotersfavorcafta_08062007)

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## **Doha Round: Limping along or dead?**

The Doha Round of negotiations at the WTO resumed on September 3 in Geneva Switzerland. Now in its sixth year, the Doha round has dragged on largely because of failure to reach consensus on limits for agricultural subsidies in the developed world and import tariffs in the developing world.

Given the prospect of an unsuccessful Doha Round, many countries' contingency plan is to pursue bilateral trade agreements. For the time being, however, the WTO's 151 member nations continue to plug away at the Doha negotiations. Several commentators have said that the negotiation timeline will be significantly (or perhaps indefinitely) extended if consensus is not reached before George W. Bush leaves office in 2009.

Whether the Doha round is dead already is a point of contention. Jean-Pierre Lehmann, for example--a professor of political economy at IMD (a business school in Lusanne Switzerland)—says that the Doha Round is a lost cause, but that no one is ready to admit it. WTO Chief Pascal Lamy has publicly disagreed, declaring that the political will exists to complete this round of negotiation.

And yet the contingency plans continue to proliferate. The Asia Pacific Economic Cooperation summit took place in Sydney, Australia from September 8 to 9. The participating heads of state called on the WTO member countries to conclude the Doha round of negotiations as quickly as possible. If that were not possible, some suggested that an alternative might be a Free Trade Agreement among APEC member economies. Composed of 21 states from the Asia-Pacific region, APEC was established in 1989. Its membership accounts for approximately 56% of world GDP.

The big picture is arguably quite grim for advocates of the current “free trade” model. In addition to the still-lagging Doha round, key bilateral trade deals are meeting increasing opposition in the United States (see above: “Possible Peru vote in October, while problems mount for Panama, Colombia and Korea deals”). Analysts have also pointed to the EU’s minimal progress in securing trade deals with a number of Latin American countries, in addition to lagging plans for South American integration.

**Political will to conclude Doha round secured - WTO**

Reuters, September 19, 2007

[http://www.citizenstrade.org/pdf/reuters\\_dohapoliticalwill\\_09192007.pdf](http://www.citizenstrade.org/pdf/reuters_dohapoliticalwill_09192007.pdf)

**A Doha Deal Remains Elusive**

Women's Wear Daily, September 18, 2007

[http://www.citizenstrade.org/pdf/wwd\\_dohadealelusive\\_09182007.pdf](http://www.citizenstrade.org/pdf/wwd_dohadealelusive_09182007.pdf)

**Deal close on key issues in WTO talks - EU's Mandelson**

Reuters, September 17, 2007

[http://www.citizenstrade.org/pdf/reuters\\_wtodealclose\\_09172007.pdf](http://www.citizenstrade.org/pdf/reuters_wtodealclose_09172007.pdf)

**Farm trade talks "getting places", WTO chair says**

Reuters, September 14, 2007

[http://www.citizenstrade.org/pdf/reuters\\_wtfarmprogress\\_09142007.pdf](http://www.citizenstrade.org/pdf/reuters_wtfarmprogress_09142007.pdf)

**Last Roll of the Dice for the Doha Round?**

Bridges (ICTSD), September 5, 2007

[http://www.citizenstrade.org/pdf/bridges\\_lastrolldohadice\\_09052007.pdf](http://www.citizenstrade.org/pdf/bridges_lastrolldohadice_09052007.pdf)

**WTO Global Trade Talks Resume as Regional Deals Loom**

Bloomberg, August 3, 2007

[http://www.citizenstrade.org/pdf/bloomberg\\_doharesumes\\_09032007.pdf](http://www.citizenstrade.org/pdf/bloomberg_doharesumes_09032007.pdf)

**Free-Trade Initiatives are on Life-Support as Export Growth Slows**

Miami Herald, September 16, 2007

[http://www.citizenstrade.org/pdf/miamiherald\\_freetradeonlifesupport\\_09162007.pdf](http://www.citizenstrade.org/pdf/miamiherald_freetradeonlifesupport_09162007.pdf)