

## **Key Reasons to Oppose the Peru Free Trade Agreement**

The White House has informed Congress it intends to bring the Peru Free Trade Agreement to a vote in 2006. PFTA is yet another example of the harmful model of trade agreements this administration has promoted. In some respects it is even worse than CAFTA. Congress should reject it.

### **PFTA would lower labor standards in the region**

- PFTA does not require enforcement of ILO core labor standards – this is a step backward from the existing Andean Trade Promotion and Drug Eradication Act. Peru’s President offered publicly to include ILO core standards in the agreement, but the United States refused to do so.
- PFTA purports to require the signatory nations to enforce their existing labor laws – however they are allowed to decide not to enforce any portions of their labor law and to lower their labor standards in order to attract investment.
- Peru’s laws encourage employers to thwart unions and allow employers to interfere in union organizing and in some cases to unilaterally change collective bargaining agreements. Child labor remains a serious problem with some 2.3 million children at work.

### **PFTA would harm environmental protection**

- PFTA contains an even worse version of CAFTA’s investor rights provisions that allow foreign investors to challenge environmental laws and regulations in extra-judicial tribunals.
- PFTA does not require either the United States or Peru to improve their environmental laws to meet any basic or minimum standards. It purports to require the nations to enforce their existing environmental laws – however they are allowed to decide not to enforce portions of their environmental law and to lower environmental standards in order to attract investment.
- PFTA would undermine the international Convention on Biological Diversity (CBD) protecting the rights of indigenous communities to share in the benefits derived from their traditional knowledge in areas such as medicines and seeds.
- PFTA does not require the U.S. and Peruvian governments to fully implement the central provisions of key international biodiversity and species protection agreements. Peru, which shares in the richest and most diverse region on Earth in the tropical Andes, has failed to implement its obligations to protect endangered species threatened with extinction by deforestation, mining, oil exploration, dams, road building and expanding agriculture.
- PFTA service rules threaten protection of environmentally-sensitive areas and exhaustible resources by severely limiting the signatory nations’ ability to regulate a wide range of environmentally sensitive sectors – including oil exploration and drilling, pipelines, water distribution, retail distribution, waste disposal, fishing, mining services.
- PFTA’s procurement rules strictly limit the factors that U.S. States can consider while making purchasing decisions, leading to potential restrictions on environmental procurement criteria.

### **PFTA could lead to increased coca production**

- PFTA threatens the livelihood of hundreds of thousands of small-scale farmers in Peru by

opening the door to a flood of cheaper U.S. agricultural products. If these farmers cannot make a living growing legitimate crops, many could switch to coca, the most lucrative alternative.

### **PFTA would restrict access to essential medicines**

- PFTA undermines the WTO Doha Declaration that establishes the right of poor countries to make generic medicines available for public health emergencies such as the HIV/AIDS, tuberculosis and malaria problems in the region. PFTA's provisions are even more damaging than CAFTA's because they provide even greater "data exclusivity" rights to big pharmaceutical companies.
- Peru's Health Ministry predicts that under PFTA the number of Peruvians deprived of access to medicine will rise by 700,000 to 900,000 annually over the next five years.

### **PFTA would undermine our democratic process**

- PFTA's investor rights rules give foreign investors greater rights than those available to U.S. investors under U.S. law.
- PFTA's government procurement rules sharply restrict the right of state legislatures in eight states to set procurement policy for their states. None of the eight state legislatures gave their consent for this usurpation of authority.

### **PFTA would threaten prevailing wage laws**

- PFTA's government procurement rules threaten U.S. prevailing wage laws, as well as those in eight states covered by PFTA's government procurement rules, by restricting the right of governments to set conditions for the awarding of procurement contracts for goods and services.

### **PFTA would exacerbate our trade deficit**

- In 11 years of NAFTA we went from a roughly even trade balance with Canada and Mexico to a \$100 billion per year trade deficit – a significant portion of our \$726 billion global trade deficit that threatens economic growth. We already run a trade deficit of \$2.8 billion with Peru, and it will almost certainly grow under PFTA, further exacerbating our global deficit.

### **We can do trade better!**

- We could negotiate trade deals that raise living standards in our partner countries while protecting workers, farmers, the environment, and our democratic process in this country. The NAFTA model has proven to be a failure. We need to leave this model behind – not spread it via PFTA – and take a new approach to international trade.