

Oppose the Panama Free Trade Agreement

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The office of the U.S. Trade Representative has said it wants to move forward this year with the Panama Free Trade Agreement -- a trade deal negotiated by the Bush administration that repeats most of the same major problems found in NAFTA and CAFTA. Bush's Panama FTA represents business-as-usual on trade, and is not the type of change that voters were promised.



Here are a few good reasons why the Panama FTA should be opposed:

- **Panama's Tax Haven Status:** Panama's economy thrives on banking secrecy, and its "comparative advantage" rests on the ease with which U.S. companies can create subsidiaries there to evade U.S. taxes. A Government Accountability Office study identified Panama as one of eight countries -- and the only current or prospective FTA partner -- that was listed on all of the major tax-haven watchdog lists. Panama has long been a key target of the OECD and other tax transparency entities for its resistance to international norms in combating tax evasion and money laundering. Given the role that banking secrecy played in the global financial meltdown, a trade agreement with Panama should be conditioned on much greater regulation and transparency within its financial sector.
- **Undermining Democratic Policymaking:** The investment chapters in the Panama FTA allow foreign corporations to challenge food safety rules, responsible land use decisions, environmental protection initiatives, banking regulations and other public interest policies as "barriers to trade" through closed trade tribunals that circumvent the U.S. judicial system. Under NAFTA alone, more than 40 complaints, seeking \$28 billion in damages, have already been filed against existing public policies. The Panama FTA's procurement provisions further undermine U.S. "Buy American" and "Buy Local" purchasing preferences, and threaten procurement policies with environmental and social goals.
- **Inadequate Labor and Environmental Standards:** The Panama FTA includes the modestly-improved labor and environmental standards of the Peru FTA, rather than the virtually non-existent standards of NAFTA and CAFTA. Nonetheless, the experience of the Peru FTA demonstrates that these standards are still far from adequate to protect working people or the environment. The Peru FTA was implemented in early 2009 without Peru improving its labor law to meet International Labor Organization standards as supposedly required, and after Peru rolled back environmental protections that existed prior to the FTA's signing. Stronger labor and environmental standards must be added to the Panama FTA's core text in order to avoid these clear failures.
- **Increased Poverty Abroad:** Like NAFTA and CAFTA before it, the Panama FTA is expected to increase rural poverty by forcing small Panamanian farmers out of business in competition with subsidized food imports from U.S. transnationals. For this reason, the FTA is expected to increase hunger, drug cultivation and undocumented migration. In addition, Bush's FTA includes NAFTA-style provisions that undermine Panama's right to obtain affordable medications for its impoverished citizens.

TAKE ACTION: Now is the time to let our elected officials know that a Bush-negotiated, NAFTA-style trade deal is not only bad economic policy, but also bad politics. Let your Members of Congress know you oppose the Panama FTA before they box themselves into corner by speaking publicly on its behalf. Write to Congress and the President at:

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For more info, visit www.oregonfairtrade.org.