

**Citizens
Trade
Campaign**

Working together for social and environmental justice in trade policy

Welcoming a New Day on Trade and Globalization Policy
Comments on the Korea Free Trade Agreement

September 10th, 2009

The Honorable Ron Kirk
United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Ambassador Kirk,

Citizens Trade Campaign (CTC) is a national coalition of environmental, labor, consumer, family farm, religious, and civil society groups founded in 1992 to improve the North American Free Trade Agreement (NAFTA). We are united in a common belief that international trade and investment are not ends unto themselves, but instead must be viewed as a means for achieving other societal goals such as economic justice, human rights, healthy communities, and a sound environment. **The Korea Free Trade Agreement must be amended if it is to achieve these goals.**

We believe the rules which govern the global economy must reflect the views and needs of the majority of the world's people on issues such as jobs, wages, the environment, human rights, food and consumer safety, access to essential services, and public health. **In February of 2009, over 350 organizations -- representing over 14 million people -- signed on to these principles, urging action to amend the Korea FTA, and bring about a new day in trade.** Unedited excerpts from that letter relevant to improving the Korea FTA are included below. To see a full version of the letter, including a list of the organizations backing these reform measures, please visit http://www.citizen.org/documents/NewDayOnTrade_Final.pdf

Our members know one of the greatest challenges facing our nation is creating new trade and globalization policies that serve America's workers, consumers, farmers and firms. Rebalancing our trade policies so that they create and retain good jobs here at home -- along with fostering sustainable development worldwide -- is an urgent challenge. The dramatic economic downturn caused in part by the lack of prudent global regulation of commerce, and massive trade and financial imbalances, demonstrates why America needs a new way on trade. It will be challenging to remedy the considerable damage that our past policies have wrought, however we are confident that working together, we can replace the failed trade policies of the past with those that deliver broadly shared benefits.

The Free Trade Agreements with Korea, Colombia and Panama represent more-of-the-same trade-agreement model promoted by the previous administration. During the campaign, President Obama described changes to the NAFTA model FTAs that he would achieve through renegotiations of some existing agreements. The issues he raised have been the basis of congressional opposition to NAFTA-style pacts: excessive foreign-investor privileges and private enforcement systems, limits on domestic procurement policy and food safety protections, and more. President Obama's promise to renegotiate NAFTA, CAFTA and other pacts -- and the longstanding interest by many in Congress to improve the U.S. trade-agreement model -- provides a long-overdue opportunity for in-depth reviews of the existing FTAs and the much-needed debate about what policies all U.S. trade agreements should and should not include. Getting the rules right is critical before considering any future agreements, much less before negotiating additional pacts. Thus, for instance, the Bush Administration's new FTA negotiations launched in late 2008 with the Trans-Pacific Free Trade Agreement (Australia, Brunei, Chile, New Zealand, Peru, Singapore and Vietnam) should be halted

While the three Bush FTAs contain some improvements relative to NAFTA, many of the most serious problems of the previous trade agreement model are replicated in the three Bush FTAs and must be addressed. The failure to remove these problematic provisions means these pacts do not pass the most conservative “*do no further harm*” test.

- ***Foreign-Investor Rights.*** The investment chapters of the three Bush FTAs still afford foreign investors greater rights than those enjoyed by U.S. investors here at home. These three pacts’ investment chapters contain the same provisions in CAFTA that led many Democrats to oppose that pact and that President-elect Obama cited as problematic during the campaign. Such provisions promote off-shoring, and subject our domestic environmental, zoning, health and other public interest policies to challenge by foreign investors in foreign tribunals.
- ***Food-Safety Provisions.*** The Bush FTAs still contain language requiring the United States to limit import inspection and accept imported food that does not meet our domestic safety standards.
- ***Procurement Provisions.*** The Bush FTAs procurement rules subject many common federal and state procurement policies to challenge and directly forbid other common procurement policies. These procurement rules continue the NAFTA/CAFTA ban on anti-offshoring and many Buy America policies, and expose U.S. renewable-energy, recycled-content and other environmental safety requirements to challenge. These terms must be changed to provide the policy space for the many exciting “Green Economy” proposals promoted by President-elect Obama during his campaign.
- ***Agriculture Provisions.*** The FTAs contain the NAFTA-style agriculture trade rules that have simultaneously undermined U.S. producers’ ability to earn a fair price for their crops at home and in the global marketplace. Multinational grain-trading and food-processing companies have made enormous profits, while farmers on both ends have been hurt. If this model is continued, hunger is projected to increase, along with illicit drug cultivation, and undocumented migration. Moreover, it would be an extension of the race to the bottom in commodity prices, pitting farmer against farmer and country against country to see who can produce food the cheapest, regardless of labor, environment or food-safety standards.
- ***Access to Medicines.*** While the most egregious, CAFTA-based terms limiting access to affordable medicines have been removed from the Bush FTAs, the texts still include NAFTA-style terms that undermine the right to affordable medicines that were contained in the WTO’s Doha Declaration.

We are all eager to support trade agreements that benefit a majority of U.S. workers, farmers, small businesses and consumers. We all want American trade and globalization policies that promote the larger societal goals of economic justice, poverty alleviation, healthy communities, human rights and a sound environment that we all share. We believe that the Trade Reform, Accountability, Development and Employment (TRADE) Act – put forward by Senator Sherrod Brown and Representative Mike Michaud – offers a helpful roadmap for new policies that could rebuild a consensus in favor of expanded trade.

Correcting our past trade and globalization policy mistakes and moving forward on a new path can help our nation face our considerable economic challenges. Changing our current trade agreements and policies is critical to regain the policy space to accomplish key domestic non-trade priorities regarding health care, economic stability, climate change and more. We look forward to working with members of Congress and the Obama administration to create a new American trade and globalization policy that can ensure that future trade agreements obtain broad support.

Sincerely,

Andrew Gussert
National Director, Citizens Trade Campaign