

**March 10, 2005**

**TRADE BITS**

**MORE PROTESTS:** In Guatemala, authorities said Tuesday they were prepared to send troops into the streets of the Guatemalan capital after nearly 1,000 protesters prevented lawmakers from voting on CAFTA, according to AP. Demonstrators blocked the legislature, delaying a session during which some lawmakers wanted to put the deal to a vote. A statement from Public Citizen today says that since then, "thousands have peacefully demonstrated" in Guatemala City but that military and security forces have responded with tear gas, armored vehicles and water cannons to disperse the crowds, with many demonstrators injured or arrested. "CAFTA was negotiated behind peoples' backs, and this is the reason that people today are now protesting," said Guatemalan Bishop Monsignor Alvaro Ramazzini, President of the Bishops' Secretariat of Central America and Panama. "It is based on a logic that favors profit over human rights and sustainability. Profound change must occur in the Guatemalan economy, and this change will not occur under CAFTA." AP says that opponents are demanding that the agreement be put to a public referendum and oppose provisions that would grant concessions to private companies for infrastructure projects, saying it "was a maneuver aimed at privatizing public services."

**IMBALANCES:** Positive economic indicators notwithstanding, "many economists remain worried about the broader global imbalances" in the economy, the New York Times writes (4/8). The US trade deficit, "which exceeded \$600 billion last year, is expected to widen in 2005 and increase the country's enormous foreign indebtedness," the Times says. Job creation for February was "unusually strong" with 262,000 jobs, "but neither hourly wages nor weekly earnings climbed at all, and the unemployment rate actually climbed from 5.4% to 5.3%, as more people entered the labor force." Stephen S. Roach, economist for Morgan Stanley told the Times that competitive pressures from China and other low-wage countries "are limiting wage gains among white-collar as well as blue-collar workers in the U.S." A separate NYT article (4/5) explains that February's stagnant wages "translates into a decline after accounting for inflation," and that "more workers seemed to be struggling to make ends meet: 7.7 million workers, nearly half a million more than in February of 2004, had more than one job." The Times said that "investors were heartened" by the absence of wage growth in February.

**NEW RULES?:** The world's largest independent video game maker has become "the focal point of a raging debate" about whether technology companies are exploiting workers by demanding long hours "while skimming on tangible benefits like overtime pay, and rewarding worker loyalty by sending jobs to cheaper labor overseas," the New York Times reports (4/9). The company, Electronic Arts, is announcing this week that they will begin to pay some workers overtime, although those workers will lose eligibility for options or bonuses. Many game developers who once worked for small companies now "say they feel like cogs in someone else's machine" as the industry consolidates. Electronic Arts told the Times that it is "reassessing its entire compensation structure" but that if "workers began demanding too much, the company would be forced to find new ones . . . where labor costs are lower." Offshoring jobs is one reason why workers in the industry need to start thinking about a union, says Marcus Courtney of WashTech. Gina Neff of the U. of California at San Diego says the reluctance of workers to organize might change as the industry matures. "Video game workers have some of the best jobs the American workplace has to offer," Neff said, "and still their individual power is not enough to guarantee good workplaces."

**VISA PRESSURE:** India said that it will not make offers to open its "services" industries in current WTO negotiations unless substantial commitments "in cross border and temporary movement of service providers" are put on the table by the U.S. and the European Union, Washington Trade Daily reports (3/8). WTD says that by targeting these areas, India intends to force other governments take down "artificial barriers" to its "burgeoning business of outsourcing and short-term movement of its professionals abroad." Initial offers by the U.S. and EU are "well short of expectations," India's trade minister Kamal Nath said. At an informal meeting of WTO trade ministers meeting in Mombassa last week, trade ministers failed to identify clear "benchmarks" for the services negotiations. Brazil insisted

that Doha agriculture negotiations would dictate the pace of progress in other areas; the EU said services needed a critical mass in the tabling of both initial and revised offers for it to move in agriculture.

**SHARECROPPERS?:** In the Berkshire Hathaway company's annual report, investor Warren E. Buffett criticizes U.S. trade policies as leading to unsustainable trade deficits, the New York Times says (4/7). "The evidence grows that our trade policies will put unremitting pressure on the dollar for many years to come," Buffett wrote. "There are deep seated structural problems that will cause America to continue to run a huge current-account deficit unless trade policies either change materially or the dollar declines to a degree that could provide unsettling to financial markets." Without action, the U.S. will continue to transfer ownership of assets offshore to finance American over-consumption, and Americans will eventually "chafe at the idea of perpetually paying tribute to their creditors and owners abroad." Buffett wrote that at a time of talk about an "Ownership Society" the U.S. is at risk of becoming a "Sharecropper's Society." Buffet said the comparison used "hyperbole for emphasis, [but] that's precisely where our trade policies, supported by Republicans and Democrats alike, are taking us."

**LOWER PRICES?:** Over 12,000 jobs have already been lost in the U.S. apparel and textile industries since global quotas were lifted 1/1/05, the New York Times says. Statistics released by China say that in the first month since quotas were removed, imports to the U.S. from China increased 75%. In January, China shipped 17 million pairs of cotton trousers to the U.S. alone, a fourteen fold increase. The Times says that "because of uncertainly over currency fluctuations and the process of lifting quotas," apparel producers have not reduced their prices. Manufacturers told the Times that the January import figures "seem to bear out their worst fears: what they see as China's unfair dominance of the world textile trade because of possible currency under-valuation and government subsidies of big textile operations" in China. "The wolf is at the door and only the U.S. government can slam it shut," says Cass Johnson of the National Council of Textile Organizations.

**AG DIRECTORS:** "Despite a plea from the Bush administration," state agricultural directors have gone on record against CAFTA, National Journal's CongressDaily writes (4/8). The National Association of State Departments of Agriculture took the position against CAFTA on Feb. 21 after its Marketing and International Trade Committee unanimously adopted a resolution proposed by southern states. Although proponents of CAFTA came within one vote overturning the decision, the group is unlikely to revisit the issue until a scheduled meeting in September, which could be after Congress acts on the deal, CongressDaily says.

**ANSWERS:** A GOP Congressman from North Carolina says the U.S. Customs agency is not hiring agents necessary to insure that trade rules on "textile transshipments" are being enforced. "I have yet to see any evidence that U.S. Customs is following through and hiring these agents to catch illegal transshipments and protect our workers and businesses," said a 4/8 statement from Rep. Robin Hayes (R-NC). "Textile transshipments have caused the loss of thousands of North Carolina jobs. The fact that we can't get a straight answer on this issue will only make it more difficult for CAFTA or any other future agreement to pass Congress."

**IMMOKALEE WORKERS:** A joint statement from the Coalition of Immokalee Workers (CIW) and Taco Bell says that the company has agreed to work with the farmworkers "to address the wages and working conditions of farmworkers in the Florida tomato industry." The company will fund a penny per pound "pass through" with its suppliers of Florida tomatoes, and the workers group has called off its three-year boycott of Taco Bell. "This is an important victory for farmworkers, one that establishes a new standard of social responsibility for the fast-food industry and makes an immediate material change in the lives of workers. This sends a clear challenge to other industry leaders," said Lucas Benitez, a CIW leader.