

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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VIA FACSIMILE

Dear Representative:

On behalf of the 1.4 million members of the International Brotherhood of Teamsters, I am writing to you about working together to reverse the failed Bush free trade agenda and deliver on President Obama's campaign commitments for a new trade policy that deliver benefits to most Americans, not only a few special interest.

I support proposals now emerging from the Administration and Congress to enforce and strengthen our trade laws, and reform our tax policies to eliminate incentives to produce offshore. However, it is also critical to reform our existing trade agreements, as President Obama pledged during the campaign. Strong enforcement of bad agreements will not turn our failed trade policy around. It is vital that future pacts actually benefit American workers.

That is why the three pending Bush free trade agreements (FTAs) with Panama, South Korea, and Colombia must be renegotiated at the right time or must be shelved. For the Obama Administration to take up these leftover Bush trade agreements is bad policy and bad politics. Our nation needs a thoughtful debate to create a new model for our trade agreements and a new comprehensive trade policy, not just tweaks to the old broken model.

U.S. trade policies during the last 20 years have failed to promote the interests of workers and communities. It is time for a new trade policy that will move us toward a global economy in which prosperity is shared both within and among nations.

The damaging results of agreements such as the North American Free Trade Agreement (NAFTA) and those implemented by the World Trade Organization (WTO) underlie the American public's opposition to the current trade and

globalization model. Over the past 15 years of WTO and NAFTA, we have lost 4.3 million U.S. manufacturing jobs—1 in 4 of the entire sector—and U.S. real median wages sit scarcely above 1973 levels, while income inequality has risen to levels not seen since the Robber Baron era. Americans have seen a flood of imported food and products including imports that do not meet our safety standards and threaten their families' health. Economists warned that years of massive and persistent U.S. trade deficits that have exceeded 5 percent of gross domestic product (GDP) were not sustainable and now we have seen these structural imbalances contribute to a global economic crisis of dire proportions.

Moving forward, workers must be shown that trade will lead to job creation and not unemployment. The anger our members feel about the NAFTA-WTO model is intense. Indeed, given the results of the NAFTA-WTO model, it is not surprising that strong majorities of Americans across diverse demographics oppose these agreements and our current trade model, including now a majority of Republicans.

During the campaign, President Obama described changes to NAFTA and the NAFTA-model FTAs that he would achieve through renegotiations. The issues he raised include many of those that form the basis of our concern with the current trade agreement model continued with the three leftover Bush FTAs: excessive foreign-investor privileges and private enforcement systems; limits on domestic procurement policy; and, food safety protections, and more.

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 these pacts and must be addressed. In your Senate Finance Committee nomination hearing, you said that you wanted to build on the May 2007 changes made to President Bush's trade agreements. I was glad to hear this. As you know, the Peru Free Trade Agreement, which included the 2007 modifications, was opposed by a majority of Democratic members of the House of Representatives, including most committee chairs. No union, environmental, faith, consumer or family farm group supported the Peru FTA. That outcome is a clear indication that further changes are needed to the remaining three Bush trade agreements.

There also are issues that need to be resolved with respect to each of the pending trade agreements in addition to our concerns with the underlying FTA model and the lack of job creation these pacts would bring.

The South Korea FTA does not secure U.S. access to South Korea's auto markets. It is a very one-sided FTA that could have serious repercussions for U.S. workers and the economy.

Regarding the pending Colombia FTA, the horrific labor and human rights situation on the ground in Colombia must be addressed before that FTA is even renegotiated. Last year 42 trade unionists were assassinated—an increase over 2007 despite it being a period of intense congressional scrutiny. Additionally, there are growing revelations about the Uribe administration's links to right wing paramilitaries responsible for assassinations of unionists, Afro-Colombian and indigenous community leaders. During Uribe's time in office, 482 unionists have been murdered. Convictions have been reported in only 90 of 2,690 prosecuted trade-union homicide cases—leaving impunity at 96 percent.

I agree that we must set 'benchmarks' as you and others have stated. However, we must see real and sustained *changes in conduct*—the end of assassinations of unionists seeking to exercise their basic rights—before it would be appropriate to consider any trade agreement with Colombia. The decades of violence against union leaders will most likely take years to fix, not months. Moving on this agreement absent such verified changes in conduct would be extremely offensive. It is critical to send a signal to the world that the United States has a zero-tolerance policy regarding assassination of people seeking to exercise their basic labor and human rights.

Panamanian labor law is also very problematic. There are serious labor law reforms that are needed to ensure that Panama's laws meet the ILO Core Labor Standards and Conventions. Given that country will have an election in May, I am dismayed by your comments that you believe this agreement could move relatively quickly. Not only must these labor law reforms be put into place, but the changes to the underlying Bush agreement text noted above must be negotiated.

Further, Panama now serves as a tax haven for as many as 350,000 companies, including many U.S. companies. President Obama and numerous

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perverse incentives for American companies to move jobs overseas, including closing various tax loopholes. Yet, Panama's "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 only 13—and the only current or prospective FTA partner—that was listed on all of the major tax-haven watchdog lists that also do not have Tax Information Exchange Agreements or double taxation treaties in place with the United States.

Any FTA with Panama must be conditioned on the Country's Government eliminating excessive banking secrecy, re-regulating its financial sector, forcing banks and multinational subsidiaries to pay taxes; and, signing—and *fully enforcing*—international tax transparency treaties such as the U.S. Tax Information Exchange Agreement and the standard U.S. double taxation/fiscal evasion treaty, which Panama has thus far refused to do.

It is critical that our globalization policies promote the protection and creation of U.S. jobs and opportunities, and uphold our laws including those involving the safety of our citizens. Teamster members, and non-members alike, are relying on you to ensure our Country does not suffer from another NAFTA-style FTA, including Bush's leftover Panama, Colombia, and South Korea pacts now being pushed by the same special interests who promoted NAFTA and CAFTA. Instead, I urge you to use the exclusive constitutional authority over trade policy given to Congress to help move our Nation forward to a new trade and globalization model that benefits the majority of Americans.

Sincerely,



James P. Hoffa
General President

JPH/cwl