

Lima, August 20, 2007

Honorable Democratic Representatives
Congress of the United States of America
Washington, DC

Esteemed Representatives:

The Peruvian labor movement would like to extend its congratulations for your achievements during your first months in control of the Congress. From the increase in the minimum wage to the expansion of the child healthcare program, it is clear that your party is very concerned for the well being of workers, who represent the majority of society in the United States as well as in Peru.

The proposed “Free Trade” Agreement (FTA), negotiated between the US and Peru, is presently a cause of great concern for both our nations. We write today to ask that your concern for workers guide your decision regarding the FTA, and that you vote “no” to the expansion of the North American Free Trade Agreement (NAFTA) to Peru.

On May 10, Democratic Party leaders in the US Congress and representatives of the Bush Administration announced some changes to the FTA negotiated between our two countries. Although these changes included the obligation to adopt and enforce labor standards codified in the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, we believe that the situation is still far from hopeful for Peruvian workers.

These changes are important, and the inclusion of this obligation will surely contribute to the improvement of labor standards formally included in the FTA. Nevertheless, in order for there to be real progress – that does not only exist on paper – it is necessary that the administrations of Presidents Bush and Garcia adopt significant changes that they do not appear willing to pursue.

The main problems arise from the fact that the new labor obligations refer only to the ILO *Declaration* of 1998, instead of the eight *conventions* on fundamental labor rights that serve as its foundation. There are already decades of jurisprudence on these conventions, which could make it difficult for the dispute resolution mechanism established in the FTA to follow the ILO norms, and could in fact lead to fundamental rights at work being defined in a vague and flexible way.

Vague and flexible norms will not be applied in the context of the expansive commercial rights included in the FTA. These rights have not been changed despite protests by our unions and many sister organizations in the US. For example, our request to limit the liberalization of products that are particularly sensitive for our rural population was ignored. This demonstrates a failure to reflect on the dramatic effects that the opening of the corn market under NAFTA had in Mexico, among them the displacement of more than a million peasant farmers. The lack of economic alternatives forced many of these farmers to immigrate to the United States either

legally or illegally. Unfortunately, the current FTA could produce a similar outcome in Peru, in turn increasing rates of drug trafficking, violence and even terrorism.

ONE MESSAGE FOR THE UNITED STATES AND ANOTHER FOR PERU?

We very much appreciate the effort made by some members of the US Congress to improve this disastrous FTA negotiated by the administrations of our two countries. But at the same time, we have to be clear that – as was commented recently in the August 8 edition of *Congress Daily* – “The problem is that those who support the FTA in Peru are the same people that oppose labor reform in Peru.”

We, the Peruvian labor unions, are first-hand witnesses of how the Garcia Administration has blocked attempts to secure the approval of a General Labor Law, which would improve national labor standards. For the past six years many people have been demanding the implementation of such a law. We also note with shock that the Garcia Administration intends to respond to the changes demanded by the US Congress with only partial measures. Even these will quickly be neutralized through the creation of a new piece of “small” businesses legislation that will ultimately create an even weaker rights standard for the majority of workers in Peru.

The Peruvian government should approve new labor legislation that conforms to the Conventions of the ILO. This should include the elimination of the existing systems of unjustified firing, temporary contracts and outsourcing that have been employed intensely in recent years to reduce the presence and power the unions and collective businesses. They should abandon their effort to reform the legislation on small businesses (given that 97% of all businesses in the country could be considered “small”) which would subject the majority of Peruvian workers to a labor regime with even fewer rights than exist now. Finally, they need to dramatically raise the miserable 0.39% of the general budget that is presently earmarked for Ministry of Labor, to a percentage that will permit it to ensure compliance with labor law.

A different business model is necessary and viable so that the workers of Peru and the United States secured their well being. The people of the United States want that, and we want it in Peru as well.

Sincerely,

Julio César Bazán
Secretary-General
Central Unitaria de Trabajadores del Perú

Juan José Gorriti
Secretary of International Relations
Confederación General de Trabajadores del Perú