



U.S.-SACU FTA Working Group

c/o American Friends Service Committee ♦ 1501 Cherry Street ♦ Philadelphia, PA 19102, U.S.A.
Phone: 215/241-7277 ♦ Fax: 215/241-7177 ♦ E-Mail: trade@afsc.org

Thursday, June 30, 2005

Dear [\[individualize letter to each member of the CBC and CBC Foundation head\]](#),

We write to you as organizations concerned about reducing poverty and promoting sustainable development, particularly in the world's poorest countries. We believe that trade can be an important engine to this end, but only if the rules of trade work for developing countries.

As a working group focused on monitoring the U.S.-Southern Africa Customs Union Free Trade Agreement (U.S.-SACU FTA) currently being negotiated, we are acutely aware of the precedent being set by the Dominican Republic and Central American Free Trade Agreement (DR-CAFTA). We urge you to recognize the difference between supporting trade preference programs like the African Growth and Opportunity Act (AGOA) and free trade agreements that ignore poor and struggling countries' development needs.

As a supporter of the AGOA legislation, you are aware of our country's long history of granting trade preferences to developing countries, particularly those that are small and poor. In addition to the Generalized System of Preferences (GSP) program in place for over 30 years, Congress passed the Caribbean Basin Initiative (CBI) over 20 years ago and then permanently extended and expanded trade preferences to 24 countries in that region. A similar program has been in existence for the Andean countries for nearly 15 years. AGOA represents the most recent addition to the U.S. trade preference program.

We believe the USTR has now set the wrong priorities in negotiating bilateral and regional free trade agreements (FTAs) with some of the poorest countries in the world, such as the DR-CAFTA and US-SACU FTA. The USTR has engaged these countries in FTA negotiations under the threat that they will otherwise lose the trade preferences they have been receiving under the various U.S. preference programs.

In addition, these FTA negotiations ignore the principle governing multilateral trade negotiations for the past 50 years that developing countries are not required to make reciprocal commitments to reduce trade barriers if these commitments are inconsistent with their individual development needs. This basic principle was enshrined in the WTO under the rubric of Special and Differential Treatment, which perhaps not enacted in practice, nonetheless recognizes important existing asymmetries between developed and developing countries and permits the latter to forgo making concessions similar to those expected from the former.

Although the FTAs being negotiated by the USTR provide modest measures of differential treatment, such as 15-20 year phased elimination of tariffs, they are deemed meaningless when duty-free quotas go into effect on the first day of implementation—like in the case of DR-CAFTA. FTAs like the DR-CAFTA and US-SACU will preclude these countries from using flexibilities available at the World Trade Organization (WTO). The market access rules for agriculture in the DR-CAFTA, for example, deny developing country governments the policy flexibilities necessary to promote rural development, protect livelihoods, and provide food

security to their citizens. They do not allow developing countries to use differentiated tariff reduction formulae or designate special products eligible for more flexible treatment. They prohibit the use of the WTO safeguard, and the safeguard mechanism provided under DR-CAFTA is weak and temporary.

In addition, FTAs like the DR-CAFTA fall short of the development goals of our current unilateral trade preference programs by failing to protect basic workers' rights. All U.S. preference programs require beneficiary countries to afford internationally recognized worker rights, and the GSP program allows workers, unions and human rights groups to file petitions for the withdrawal of benefits if these rights are violated. These labor conditions have created the necessary incentive for developing country governments to improve labor laws and protect workers' rights, laying the foundations for more equitable and democratic development. DR-CAFTA represents a step backwards from these existing standards, and it will rob workers in the region of a vital safeguard for their fundamental human rights in the workplace.

The DR-CAFTA is a dangerous template. U.S. Congress should recognize the difference between supporting trade preference programs and FTAs that fail to take into account the development needs of our trading partners, particularly when these are poor and struggling economies. Rather than setting out provisions that will foster sustainable development, these FTAs may put millions of poor people at risk of losing their livelihood. The U.S. should do better if it wants to promote peace, political stability, and economic security in regions that have struggled with poverty and inequality, and the resulting instability, for so long. Unfortunately, DR-CAFTA and the current course of US-SACU FTA negotiations are the wrong way to achieve these goals.

Thank you for your time and consideration.

Sincerely,

ActionAid International USA
Africa Action
African Immigrant & Refugee Foundation
American Friends Service Committee
Center of Concern
Church World Service
Citizens Trade Campaign
Columban Justice, Peace & Integrity of Creation Office
Essential Action
Justice and Witness Ministries
Lutheran World Relief
Maryknoll Office for Global Concerns
NETWORK: A National Catholic Social Justice Lobby
Oxfam America
Presbyterian Church, (USA), Washington Office
Sustainable Agriculture of Louisville (SAL)
TransAfrica Forum
United Church of Christ.
United Methodist Church, General Board of Church and Society
US Jesuit Conference
Washington Office on Africa