

Oppose the Peru and Panama Free Trade Agreements

The labor, environmental, and access to medicines amendments to the Peru and Panama Free Trade Agreements made under Ways and Means Chairman Rangel's and Trade Subcommittee Chairman Levin's initiative represent significant improvements to these important provisions. Despite these improvements, however, major problems of the NAFTA/CAFTA model replicated in the Peru and Panama FTAs were not addressed.

The amended text of these FTAs represent the first time that a trade agreement contains binding obligations to adopt, maintain and enforce the terms of the ILO Declaration on Fundamental Principles and Rights at Work. However, regarding the labor provisions, concerns remain because the FTAs allow discretion for FTA dispute settlement panels to interpret and apply the terms of the ILO Declaration on Fundamental Principles and Rights at Work differently than the Declaration has been interpreted and applied by the ILO itself.

Moreover, in the end even the best provisions of the amended text of these FTAs dealing with labor and environmental enforcement would be dependent on the Executive Branch for enforcement. The current administration, with a consistent record of undermining domestic labor and environmental enforcement, is unlikely to enforce the labor and environmental provisions of these FTAs and the future enforcement of the new provisions will rely on similar discretion by future Presidents.

Citizens Trade Campaign believes that the United States should not adopt any new trade agreements, including the Peru and Panama FTAs, until there is a thorough assessment of the effects of existing FTAs and a new model for trade agreements is developed that can ensure future trade agreements minimally do no further harm to working families and the environment. We are eager to support future trade agreement that benefit the majority of U.S. workers, farmers, small businesses and consumers while promoting equitable development in our trading partners.

Despite the improvements, the failure to remove certain core NAFTA/CAFTA provisions means the proposed trade agreements do not pass the most conservative 'do no further harm' test. We look forward to working with Congress to build on the improvements made to date so as to ensure future trade agreements can obtain broad support.

Core NAFTA-CAFTA provisions in the Peru and Panama FTAs that CTC identified in late 2006 as needing to be addressed to avoid our opposition:

Extraordinary Foreign Investor Rights and Investor-State Enforcement

- Not one word was changed in the FTAs' NAFTA/CAFTA style foreign investor chapters that promote off-shoring and subject our domestic environmental, zoning, health and other public interest policies to challenge directly by foreign investors in foreign tribunals. These FTAs also allow challenges by foreign investors in foreign tribunals of timber, mining, construction and other concession contracts with the U.S. federal government. The investment chapter still affords foreign investors greater rights than those enjoyed by U.S. investors.

Procurement provisions

- The FTAs' procurement rules subject many common federal and state procurement policies to challenge in trade tribunals and directly forbid other common procurement policies. These FTAs' procurement rules continue the NAFTA/CAFTA ban on anti-off-shoring and Buy America policies and expose U.S. renewable energy, recycled content and other requirements to challenge.

Agriculture provisions

- The amended text does not address the problems in 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 market place. Multinational grain trading and food processing companies have made enormous profits while farmers on both ends have been hurt. Continuing this model is projected to increase hunger; illicit drug cultivation; undocumented migration; and continue the race to the bottom for commodity prices, pitting farmer against farmer and country against country to see who can produce food the cheapest, regardless of standards on labor, the environment or food safety.

Access to medicines provisions

- While the amended text of these FTAs removes the most egregious, CAFTA-based, provisions limiting the access to affordable medicines, the text still includes NAFTA provisions that undermine the right to affordable medicines for poorer countries contained in the WTO's Doha Declaration.

Food safety provisions

- The amended text does not address limits on imported food safety and inspection. These FTAs still contain language requiring the United States to accept imported food that does not meet our safety standards.