

Citizens Trade Campaign

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Re: US-Singapore Free Trade Agreement

May 22, 2003

Dear Representative:

The President recently signed into law the U.S.-Singapore Free Trade Agreement. The Citizens Trade Campaign, and the various labor, environmental, family farm, consumer, and religious organizations that compose the coalition oppose this agreement for the following reasons:

- The Singapore FTA backtracks significantly from previous trade agreements including the North American Free Trade Agreement, the U.S.- Jordan Free Trade Agreement, and commitments made regarding public health in the Doha round of the World Trade Organization (WTO).
- The Singapore FTA fails to meet even the limited negotiating objectives on labor, environment and health established in Fast Track.
- The Singapore FTA contains additional provisions changing US immigration policy regarding temporary entry of workers, restricts use of capitol controls to fight currency crises, and extends non-reciprocal access to two Indonesian islands used as export processing zones.
- The Singapore FTA establishes a harmful foundation for the current negotiations of the Central American Free Trade Agreement (CAFTA) and the Free Trade Area of the Americas (FTAA).

We urge you to take a closer look at the following areas of critical concern: labor and environmental protection, temporary entry, the so-called Integrated Sourcing Initiative, access to medicines, and investment.

Labor and Environmental Protection

In regards to labor and environmental protections, the U. S.- Singapore FTA fails to meet the Jordan standard. The Jordan agreement provided comparable enforcement through dispute resolution for all labor and environmental provisions, however, in the Singapore FTA, only one labor and environmental provision - the obligation that a country enforce its own labor and environmental laws – is subject to any enforcement. By not providing any enforcement mechanism for the other two labor provisions, these provisions are rendered meaningless. This means that Singapore can maintain labor laws that do not meet the core International Labor Organization (ILO) standards, and can even waive or lower existing domestic labor and environmental laws in order to attract investment with no threat of fines or sanctions.

Moreover, the remedies provided for the only enforceable labor and environmental provision in the agreement are far less than that provided for violations of commercial provisions. Whereas monetary remedies provided for commercial violations are uncapped, the remedies for labor and environmental violations are capped at \$15 million regardless of the harm caused. This amount represents only .05% of our trade with Singapore and is completely insufficient to deter violations. Additionally, any fines assessed for labor violations are paid by the violating country back to itself, rather than to the complainant, and amount to nothing more than a budgetary transfer.

One of the conditions of the Fast Track bill passed last year is that negotiators seek provisions that “treat United States principal negotiating objectives equally with respect to (i) the ability to resort to dispute settlement under the applicable agreement; (ii) the availability of equivalent dispute settlement procedures; and (iii) the availability of equivalent remedies.” The Singapore agreement,

however, clearly does not provide for equivalent or sufficient enforcement of labor and environmental provisions.

Temporary Entry

Within the services provision, the agreement creates an entirely new visa category for the temporary entry of professionals. This new program comes in addition to our existing H-1B visa program, however, contrary to the H-1B program, the Singapore program fails to require that employers certify that there is a domestic shortage in their field, and that employment will meet certain labor conditions. At a time when unemployment in this country is high, this new visa program sets itself up for abuse by employers facing no domestic labor shortage, but seeking an easy source of low-wage labor. In doing so, the Singapore Agreement threatens to erode basic protections for guest workers as well as our domestic labor market. Immigration policy is a completely separate issue from trade policy and under the current Fast Track, the Administration has been granted no authority from Congress to negotiate changes to immigration law through trade agreements.

Integrated Sourcing Initiative

Another egregious provision in the Singapore agreement creates a sweatshop market through a program called the Integrated Sourcing Initiative (ISI). This initiative allows electronics components from two Indonesian islands to be classified as Singaporean content under the FTA. At the same time, the Indonesian islands are not subject to any of the labor and environmental provisions of the agreement, and the initiative requires no reciprocal market access for U.S. goods in Indonesia. In essence, this provision promotes the “maquiladora” model of exploitative and polluting export processing zones, and can be expanded to more products and regions in the future without Congressional input, much less a vote.

Access to Medicines

Last year, the United States made a commitment during the Doha Round of the WTO to provide greater flexibility to governments in meeting serious public health needs by granting access to cheaper medicines. In contrast, the Singapore agreement contains provisions with less flexibility than the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), by greatly limiting compulsory licensing and erecting additional barriers to market entry of generic drugs. This flies in the face of both the commitment at Doha as well as the Fast Track negotiating objective to respect the Doha Declaration. The Intellectual Property Rights provisions in the Singapore agreement on access to medicines not only threaten the ability of developing countries to provide access to crucial lifesaving medicines, but also increase the cost of medicines for US consumers. In addition, the Singapore intellectual property rules pose a serious threat to biodiversity by failing to allow governments an exemption provided in the WTO TRIPS Agreement regarding the patenting of plant and animal life.

Investment

The Singapore agreement’s provisions on investment also pose serious concerns. First, the agreement would open our public interest laws to greater challenge by foreign corporations. Despite extremely limited changes, the investment rules in the Singapore agreement fail to meet the standard established in Fast Track of providing “no greater substantive rights” to foreign investors as those provided to US investors. In doing so, the Singapore agreement includes investor rights similar to those in NAFTA’s Chapter 11, enabling inappropriate challenges to be brought against Federal, state and local government actions in the public interest.

The threat of costly challenges posed by these provisions has a great chilling effect on the ability of governments at all levels to act in the interest of public health and the environment. Multinational corporations have exploited NAFTA’s flawed investment chapter to challenge legitimate Federal,

state, and local government regulations designed to protect the environment, shield consumers from fraud, and safeguard public health. In addition, the Singapore agreement's investment rules pose additional concerns in their unprecedented scope- covering derivatives, options, and futures.

In addition, the investment provisions of the agreement also pose a threat to the stability and development of the region by prohibiting capital controls, tools of responsible development that have proven essential to many developing nations in avoiding the economic havoc of erratic speculative capital flows. The Singapore Free Trade Agreement does not contain an important exclusion in NAFTA allowing for the use of capital controls in the case of financial turmoil. This exclusion is essential if we are to avoid regional economic meltdowns like the Asian financial crisis.

Additionally, we have serious concerns with the services provisions in the Singapore agreement which prohibit performance requirements, and contrary to NAFTA, apply to state and local services regulation in addition to Federal laws. This expansion will have negative impacts on the ability of government to enact and maintain procurement policies as well as other domestic public interest regulations. The services rules also lack an exception for conservation of natural resources as is found in the General Agreement on Tariffs and Trade (GATT).

While each of these areas promise significant direct consequences from the Singapore FTA itself, the most serious consequence of passage of this agreement would be the precedent it would establish for future agreements including CAFTA and the FTAA. If these two agreements come before Congress as scheduled, they will come as Fast Tracked agreements, and Congress will have no power to change their content. This content, however, is being negotiated now, as we speak, and the Singapore agreement, along with other future bilateral agreements, sets the concrete tone for the base of what our negotiating partners in Latin America could expect to be accorded. Indeed, in announcements of the Singapore FTA, the Bush Administration specifically stated that it is the model for future agreements. In this sense, the Singapore FTA should not be viewed as only the conditions of trade with Singapore, but as a dangerous baseline for conditions for trade with all of Latin America.

For these reasons the Citizens Trade Campaign opposes the U.S.- Singapore Free Trade Agreement and urges you to VOTE NO when it comes to Congress. If you have any questions, or need additional information, please do not hesitate to call me at (202) 778-3313.

Sincerely,



Gretchen Gordon

Members of Citizens Trade Campaign include National Family Farm Coalition; United Methodist Church General Board of Church and Society; Public Citizen; International Brotherhood of Teamsters; Union of Needletrades, Industrial, and Textile Employees; Friends of the Earth; the United Steelworkers of America; Communications Workers of America; Western Organization of Resource Councils; American Lands Alliance; Institute for Agriculture and Trade Policy; Defenders of Wildlife; Alliance for Sustainable Jobs and the Environment as well as regional, state, and city-based coalitions, organizations, and individual activists throughout the United States.