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## **In Peru Trade Vote, Senate Democrats Break With Base, Dismiss Widespread Public Opposition to More-of-the-Same Trade Policy and Join GOP to Vote for Another Bush NAFTA Expansion Pushed by Corporations**

### ***Seven of Nine Senate Freshmen Democrats Oppose Expanding NAFTA to Peru***

#### **Statement of Lori M. Wallach** **Director of Public Citizen's Global Trade Watch Division**

Although not one U.S. labor, environmental, Latino, consumer, faith or family farm group supported the Peru free trade agreement (FTA), a majority of Senate Democrats today broke with their base, dismissed widespread public opposition to more-of-the-same trade policy and joined Republicans to deliver another Bush NAFTA expansion to the large corporations pushing this deal.

The debate in the Senate contrasts with that in the House of Representatives last month. There was little focus on the Peru NAFTA expansion deal in the Senate, but in the House an intense, multi-month debate resulted in a majority of House Democrats, including 12 of 18 House committee chairs, voting against the Peru pact and signaling that it is not an acceptable model for future trade agreements.

The breakdown of this vote vividly demonstrates two phenomena: the distance between most senators and the American public on trade issues, and the depth of the American public's negative opinion about NAFTA-style trade deals. All but two of nine Democratic freshmen senators who recently campaigned extensively in their states opposed the Peru NAFTA expansion today. Most of the Democratic presidential candidates oppose it, including Sens. Joseph Biden of Delaware and Chris Dodd of Connecticut.

In contrast to most of the Democratic presidential candidates who oppose the Peru NAFTA expansion, Sens. Hillary Clinton of New York and Barack Obama of Illinois support it. Clinton and Obama's support for the Peru FTA – after both opposed the 2005 Central American Free Trade Agreement (CAFTA), which contained identical provisions and now campaign against NAFTA in Iowa, should make voters wonder just what sort of trade policy Clinton and Obama really support. None of the senators running for president voted today, although all four have issued public statements taking positions on the Peru pact.

Clinton's support for the Peru FTA suggests that her recent call for "a time-out" on trade agreements apparently begins only after she votes for one more NAFTA-style agreement. The fact that Obama was the first Democratic presidential candidate to announce his support for the Peru NAFTA expansion two months ago makes his recent attacks on Clinton regarding NAFTA bizarre.

Neither Clinton nor Obama has made clear which of the objectionable NAFTA foreign investor privileges – imported food safety limits, service sector privatization and deregulation, “Buy America” bans and other provisions – would be eliminated in potential Clinton or Obama-negotiated agreements. Voters across the country who have suffered the real-life damage from NAFTA deserve to know how all this anti-NAFTA talk from Clinton and Obama would translate if either were elected president.

In key early primary states, Sen. Tom Harkin (D-Iowa) and both Iowa freshmen Democratic House members opposed the Peru NAFTA expansion, as did both New Hampshire Democratic House members.

That the Senate passed a NAFTA-style trade agreement by a wide margin is not unexpected, as even the highly controversial NAFTA had 61 in favor, including 27 Democrats, in 1994. The Morocco and Bahrain FTAs were passed by voice vote in 2004; 80 senators voted for the Australia FTA also in 2004; 83 voted for China permanent normal trade relations in 2000; the Singapore FTA in 2000 obtained 66 votes; and the Chile FTA got 65. In 2005, CAFTA, which obtained no votes from numerous prospective Democratic presidential candidates who had never before opposed a pact, was the closest Senate trade vote ever at 54-45.

The passage of the Peru FTA, which was overwhelmingly opposed in the United States and Peru, is bad foreign policy, bad domestic policy and egregiously bad politics. Both of Peru’s labor federations, its major indigenous people’s organization and its archbishop called on the U.S. Congress to oppose the deal based on the damage it is projected to cause Peru’s small farmers and environment.

The Peru NAFTA expansion replicates many of the CAFTA provisions that led most Democratic senators to oppose that pact. This includes: foreign investor privileges that create incentives for U.S. firms to move offshore and expose basic environmental, health, zoning and other laws to attack in foreign tribunals; bans on “Buy America” and anti-offshoring policies; limits on food import safety standards and inspection rates; and NAFTA-style agriculture rules that are projected to displace tens of thousands of Peru’s Andean farmers and thus increase coca production and immigration. The pact also contains terms that could subject Peru to compensation claims for reversing its unpopular Social Security privatization, the same system Democrats fought against at home.

Repeated polling shows that the American public, both Democrats and Republicans, have negative feelings about current U.S. trade policies and the effects on their lives. Democrats in 2006 gained a majority in Congress with scores of candidates winning in campaigns focused on changing the NAFTA trade model.

The message of the midterm elections was loud and clear: Voters want a new direction on trade. Congress’ public approval rating will not be helped by ignoring this call and passing another Bush NAFTA expansion.

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