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## **STATEMENT OF CONGRESSMAN MURTHA ON THE OMAN FREE TRADE AGREEMENT**

This week, Congress is being asked to vote on the Oman Free Trade Agreement – OFTA. The way I see it, this vote is not so much about trade, as about security: our homeland security and our national security regarding threats of terrorism against our nation and our people from Muslim extremists.

The OFTA poses new, unacceptable threats to both our homeland security. U.S. trade negotiators buried in an Annex of OFTA a provision that undermines our ability to protect the security of U.S. ports.

If approved, OFTA would grant ANY firm incorporated and operating in Oman a “right of establishment” to acquire and operate landside port activities within the United States. This includes:

- operation and maintenance of docks;
- loading and unloading of vessels directly to or from land;
- marine cargo handling; operation and maintenance of piers;
- transfer of cargo between vessels and trucks, trains, pipelines, and wharves;
- waterfront terminal operations;

These are the very activities Congress just insisted Dubai Ports World not control. Why? Control of such facilities would expose to unnecessary risks the major populations centers near our major ports in New York, New Jersey, my home state of Pennsylvania, Florida, Texas, California, Washington. These are the very activities and facilities that, if sabotaged, could destroy aspects of vital U.S. infrastructure.

If this agreement goes into effect and Congress intervened to stop or limit in some way the acquisition by a company based in Oman of a landside port services here, the United States could be dragged by that very company before a United Nations or World Bank foreign tribunal where that company could demand we compensate them for violating their Oman FTA right to acquire and operate port services here.

Now you might say – what does Oman have against us? I am not worried about the Sultan of Oman. I doubt he would consider it in his interest to drag the US to a foreign tribunal. He has been very helpful in facilitating U.S. troop movements in the area. The problem is that under this agreement ANY private investor or company operating in Oman can drag the US government to one of these foreign tribunals.

And, Oman is a country that been put on the Tier II watch list in the Bush Administration State Department's 2006 Trafficking in Human Persons report. This is a country that our own State Department has studied and reported does not have system in place to be carefully watching just who comes into to that country – people who under this agreement would have a right to operate landside port operations within the U.S. if they just set up a front office in Oman.

Plus, under OFTA, this right to set up shop in our country applies not only to Omani firms -- but to any firm incorporated and operating in Oman. So, if Dubai Ports World sets up in Oman and Congress intervened in an attempted acquisition as we did this spring, OFTA would empower Dubai Ports World to drag the United States before a UN or World Bank tribunal to demand we compensate the firm with taxpayer dollars for the “future expected profits” they lost because we undermined their OFTA right to operate here!

OFTA supporters may wish this provision were not included, but it is. Now they claim that we should not worry because OFTA contains the standard “Essential Security” exception that can be raised as a defense during such a challenge. But, the Essential Security exception does NOT PREVENT or HALT an OFTA challenge. When Congress decides on its own without the Exon-Florio process, OFTA would expose that action to challenge in a UN or World Bank tribunal and the Exception can only be raised as a defense. In such a challenge, it's the UN or World Bank tribunal of foreign jurists who get to decide if our defense was acceptable.

Because the U.S. allows other foreign port operating firms within the U.S., we can't claim simply that ANY foreign firms in our ports is a security threat. We must show a specific threat to convince the foreign tribunal. So, the best case scenario is that we spend significant money and reveal national security secrets trying to convince a foreign tribunal that were justified in violating OFTA. This is not a gamble I am willing to take with our nation's national security.

As a matter of policy it is unconscionable to knowingly agree to any trade agreement that contains obligations that limit our national security authority regarding sensitive infrastructure such as our ports.

As a matter of politics, it is suicidal to vote for a trade agreement that we KNOW limits homeland security authority with the HOPE that some foreign tribunal deigns to permit us to use a security exception to justify our violation so that we can break the agreement and have to pay millions of tax payers dollars in damages..

Finally, regarding the national security implications of this deal: Bizarrely, the White House has been trying to sell a line up here that passing this agreement will enhance our national security interests!

The Oman FTA is designed – with its pathetic labor rights provisions - to intensify the worker abuse and resentment that provide fertile grounds for extremists recruitment. We all saw the New York Times exposé last month: since the US-Jordan Free Trade agreement went into affect 5 years ago the number of sweatshop clothing factories there has exploded - between 2000 and 2005, Jordan's apparel exports to the U.S. soared 2,000 percent-reaching \$1.1 billion in 2005. These exports are made by ‘guest workers’ from Pakistan, Bangladesh and other poor countries

in hellish conditions. Well, in Oman over 70% of the private sector work force is such ‘guest workers’ with no rights.

Now, the Bush Administration is trying to convince us that allowing Chinese to set up sweatshops in Oman (where indentured Pakistani ‘guest workers’ would toil at slave wages so Chinese firms can get duty free U.S. access for clothes imports) will improve the U.S. image and national security prospects. This scenario is likely to send just the wrong impression and perhaps generate greater hostility towards us.

You are all familiar Dr. James Zogby, President of the Arab American Institute. He has been warning us about what he calls the “guest worker underclass problem.” Says Zogby: “It is not only a shame that damages the image and moral fiber of a country, it is a time bomb waiting to explode.”

So, I am urging my colleagues to oppose OFTA – for the homeland security threat its ports provisions pose here and to prevent intensifying the guest worker threat to our national security that would result from the guest worker sweatshops this agreement would create.