

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

JAMES P. HOFFA
General President

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September 28, 2006

VIA FACSIMILE

Vote No on the Peru FTA!

Dear Senator:

I understand that the United States (U.S.) Senate will vote on the Peru Free Trade Agreement (FTA) when Congress returns in November. On behalf of the 1.4 million members of the International Brotherhood of Teamsters, I am writing to urge you to vote no on the Peru FTA and demand that the United States Trade Representative (USTR) renegotiate the FTA.

Like Central America Free Trade Agreement (CAFTA) and Oman, the Peru FTA does not require that the core International Labor Organization (ILO) standards be enforced. This is despite the fact that Peru's former President Toledo offered to include such standards in the Peru FTA when it was being negotiated. Unfortunately, the Office of the USTR dismissed his offer. This continued insistence by the Administration to keep enforceable labor rights out of trade deals does not make sense and should not be continued. Also, this agreement is a missed opportunity to shape our trade policies so that workers in both the U.S. and Peru can share the benefits. Several months ago, I wrote the USTR and demanded that the Peru FTA be renegotiated in light of then President Toledo's offer to include enforceable standards in the trade agreement. I have yet to receive a response from the USTR.

There are many deficiencies in Peru's labor laws, making them far from being ILO compliant. The Peruvian government has allowed the creation of a system of fixed-term temporary labor contracts and subcontracting which make it easy for Peruvian employers to consistently violate workers rights. When many of these workers exercise their rights to freely associate and join unions, the employer simply refuses to renew their labor contract. Also, according to Peru's National Institute of Statistics and Information, it was estimated that 2.3 million children were engaged in work in 2005.

The Peru FTA also fails to protect workers against discrimination despite the fact that in 2005, the U.S. Department of State found that discrimination in Peru against women, minorities, and indigenous people was widespread and pervasive. The Peru FTA's only enforceable labor rights provision requires countries to effectively implement existing labor laws. The regional trade pact's definition of "labor laws" excludes laws related to workplace discrimination, leaving Peru free to ignore its own anti-discrimination labor laws while reaping the trade benefits of the Peru FTA.

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In addition to the shortfalls in the labor chapter, as currently negotiated, national development needs and the rights of citizens and local governments will come secondary to the rights of foreign investors in both trade agreements. Like the Oman FTA, the Peru FTA gives new rights to foreign investors to acquire control of various sensitive aspects of U.S. infrastructure, like port activities. The USTR again failed to include the same explicit carve-outs that previous trade agreements like the Singapore FTA have had, thereby possibly making it difficult for the U.S. government to defend and protect our sensitive infrastructures. Also, it is interesting to note that Dubai Ports World has recently announced that it has been granted a 30-year concession to develop and operate a new container terminal in the southern zone of the Port of Callao, Peru.

The Teamsters are not opposed to expanding trade with Peru, if the trade agreement was crafted in a way that would promote the interests of workers in the U.S. and in Peru, but that is not the case. In the last four years, U.S. workers have lost 3 million manufacturing jobs, many due to the failures of our trade policies. These same policies have resulted in another record-breaking trade deficit for 2005 of \$725 billion. It is time for Congress to send a message to the Administration that workers everywhere have had enough with our current trade policies.

Once again, I urge you to oppose the Peru FTA and demand that the USTR renegotiate the Agreement.

Sincerely,

A handwritten signature in black ink that reads "James P. Hoffa". The signature is written in a cursive, flowing style.

James P. Hoffa
General President

JPH/ypl