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Close Vote on Tiny Oman Free Trade Agreement Exposes Shifts in U.S. Trade Politics

When a trade pact pitched as a “foreign policy” must-do with a “friendly” Middle Eastern nation whose tiny economy is about the size of Worcester, Mass. can only obtain 221 votes in the 435-member House of Representatives, and receives “no” votes from traditional “free-trade” Senate Democrats, something new is afoot. The administration had declared its intentions to pass the Oman Free Trade Agreement (OFTA) by February with what it predicted would be a wide bipartisan margin.

Could it be that finally, after a decade of unmitigated failure and damage, the U.S. public and Congress have had it with our trade status quo symbolized by the North American Free Trade Agreement (NAFTA) and its decade-plus record of damage?

Indeed, before even knowing where Oman was located on the map, many Democrats in Congress opposed the U.S.-Oman Free Trade Agreement (OFTA) because it was a NAFTA-CAFTA clone.

As with all of the recent Bush administration trade agreements, the OFTA was what Ways and Means Chair Bill Thomas (R-Calif.), in a moment of candor, called “the boilerplate.” Created by running a “select all” and “paste” function on the text of the 2005 Central America Free Trade Agreement (CAFTA), OFTA includes the poisonous smorgasbord of new monopoly rights for Big Pharma; service sector privatization and deregulation; bans on pro-worker or pro-environment procurement policies; new rights for foreign investors to challenge domestic environmental, health, zoning and other laws; and no enforceable labor or environmental standards.

Like CAFTA, OFTA set over-the-top monopoly patent protections. Under OFTA, Oman is required to remake its domestic law and institute strict enforcement measures – from creating new domestic criminal penalties to trade sanctions to destruction of pirated goods to cash fines paid to patent holder. In contrast, OFTA’s labor provisions simply require Oman to enforce its existing labor laws with a maximum \$15 million per year cash penalty paid by the Sultan of Oman back to himself.

Oman’s labor laws are also abysmal. The Omani Labor Code bans independent unions. It is a violation of law for workers to meet in the permitted “representative committees” unless management and government representatives are present. Plus, over 70 percent of Oman’s private sector workforce are foreign “guest workers” from Pakistan, Egypt and other poor countries, yet, Arabic written fluency is a condition for serving as an officer in the fake unions.

The “guest workers” – who go deep in debt to labor brokers in their homes countries to “buy” the right to work in Oman, whose passports are collected by their employers upon arrival and who have no redress when they are not paid or worked outrageous hours – are especially vulnerable to abuse and exploitation. The OFTA is likely to make this situation worse. A *New York Times* exposé earlier this year revealed the terrifying labor conditions for Asian “guest workers” in factories that had been created to take advantage of the 2001 U.S.-Jordan Free Trade Agreement. Exports of duty free clothing from Jordan have increased 2,000 percent under the deal. The National Labor Committee, in its report *U.S.-Jordan Free Trade Agreement Descends Into Human Trafficking*, showed pervasive slave-labor conditions and human trafficking among Jordan’s 25,000 foreign “guest workers.” The undercover

investigation reveals how the U.S.-Jordan free trade agreement – a deal with stronger labor rights provisions than the Oman deal – has caused a major expansion in horrific sweatshops.

During the Oman FTA debate, some national security-focused representatives, such as Rep. John Murtha (D-Pa.), warned how U.S. trade policy, by promoting such abusive conditions, could create a “Syriana Effect,” referencing the recent Academy Award-winning film’s subplot about abused guest workers in an unnamed Gulf country being susceptible to recruitment by terrorists. Plus, weeks before the OFTA vote, the Bush State Department released its annual Human Trafficking report in which Oman was newly listed as a Tier II Watch country.

Plus, buried in the OFTA was a security-threatening, politically tone-deaf provision that gives foreign firms the right to drag the United States to foreign tribunals if the government takes any action to prevent foreign firms from controlling U.S port operations. This backdoor attempt to change the balance of power that played out in this spring’s Dubai Ports World debate almost sunk the OFTA. Four of the Democrats who supported CAFTA last year – Reps. Solomon Ortiz (D-Texas), Rubén Hinojosa (D-Texas), Jim Cooper (D-Tenn.) and Edolphus Towns (D-N.Y.) – opposed OFTA with at least three of them basing their vote on the port provision.

Yet, remarkably, 11 Democrats who opposed CAFTA flipped to support OFTA. Interestingly, most of these representatives stood by the sidelines as the vote clock ran out and only voted “yea” after the nearly party-line GOP vote in favor of OFTA – with 13 GOP CAFTA opponents flipping to support OFTA – put the agreement over the top. The Democrats’ votes in favor of the agreement allowed 13 GOP such as, Mike Fitzpatrick (R-Pa.), Jim Gerlach (R-Pa.), Charlie Taylor (R-N.C.)¹ and Robin Hayes (R-N.C.), who had been forced by their leadership to walk the plank to provide CAFTA’s one-vote margin – many now facing serious CAFTA-backlash in their election bids – to vote “no” on the less important OFTA.

Even so, only 22 Democrats out of a caucus of 211 voted for OFTA after the Democrats’ base of labor, public interest, environmental and progressive religious groups demanded consistent rejection of the failed NAFTA model. Only 15 Democrats voted for CAFTA, while both NAFTA and WTO were passed with much larger and bipartisan majorities. The Democrats have taken in the past decade’s NAFTA track record of damage, with past Democratic NAFTA supporters among those leading the fight against OFTA.

In contrast, by pushing more of the same, the GOP continue to put their fealty to the few special interests who gain from this model above the growing public opposition. As a result of this increasingly bright line partisan divide on more-of-the-same trade agreements, the GOP now owns the dangerous trade deficit, stagnant wages and increased undocumented migration caused by the NAFTA model.

It would be ironic if Republican pressure to pass recent NAFTA expansions were to result in the GOP losing its majority. Trade will be a hot topic in the 2006 elections with challengers in Ohio, Pennsylvania, New York, North Carolina and other states focusing on the issue. You can already hear the OFTA campaign ad that pins an incumbent’s votes for CAFTA and/or OFTA on job loss and threats to U.S. port security.

Even the corporate and ideological boosters of the status quo NAFTA trade model admit: we are witnessing a dramatic shift in U.S. trade politics. The pundits have announced that the Oman FTA vote signals derailment of the Peru NAFTA expansion and a Vietnam trade package the administration had intended to send to Congress imminently. Pundits are also predicting dim prospects for extending the

¹ Taylor was counted as “not voting” on CAFTA, despite promises to oppose the deal.

Fast Track negotiating mechanism when it expires next year. Fast Track, a uniquely exclusive, undemocratic process, has been essential to forcing into place the current failed model.

But the shift we are witnessing is not about Washington and its agenda. In fact, Washington is racing to catch up to the American public on this issue. Last July's one-vote passage of CAFTA and the surprisingly narrow vote on the pact with Oman is the signal that finally the growing U.S. public rejection of the status quo NAFTA-style trade policy has breached the Beltway.

This political shift is based on the lived experience of the damage wrought by the "trade" model by an increasingly broad swath of Americans. During the 1993 NAFTA debate, the few honest NAFTA supporters admitted that the United States would lose manufacturing jobs, but promised that our future would be in "clean" high tech and high-end service sector jobs and that Mexico would prosper with new jobs.

Well, the U.S. manufacturing jobs went – three million of them which is one out of every six in that sector – which has played a significant factor in keeping down U.S. wages which in real median terms are little above their 1972 levels. But the fleeing factories did not stop in Mexico, which 12 years into NAFTA has lost millions of manufacturing jobs with Mexico's \$5 per day wages beaten by China's \$1 per day in the race to the bottom. Plus 1.3 million Mexican farmers lost their livelihoods to NAFTA rules allowing the dumping of subsidizing U.S. corn into Mexico, a disaster that has contributed dramatically to the 60 percent increase in the number of immigrants entering the United States annually from Mexico in NAFTA's first eight years.

Then, the very corporations that promised the boom in high wage service and high tech jobs for U.S. workers started to offshore those jobs as well. Why pay a U.S. computer programmer \$100,000-plus when the same work could be done for \$30,000 or less in a poor country?

Plus, the record of successful attacks on domestic environmental, consumer, health and other laws under NAFTA and the global World Trade Organization (WTO) destroyed the claims that the extensive non-trade aspects of these agreements posed no threat to domestic regulatory authority.

Yes, even as the evidence of failure has built, neither U.S. political party has proposed real alternatives. However, that the Democrats are reaffirming the lived experience of the U.S. public by unifying around rejection of the failed trade status certainly is an important step in the right direction.

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