

Talking Points: Why Democrats Should Oppose Peru and Panama NAFTA Expansion and the Recent Trade "Deal"

Background: On May 10, 2007, in a surprise press conference late in the day, Bush administration officials, Speaker Pelosi, House and Senate Democratic and GOP trade committee leaders and New Democrat Coalition members unveiled the outline of a “deal” to facilitate new “bipartisan cooperation” on trade. The “deal” covers changes to certain provisions of Bush-negotiated “Free Trade Agreements” (FTAs) with Peru, Panama, Colombia and South Korea. The participants had varied answers regarding whether the “deal” would facilitate passage of all four pending FTAs or just the Peru and Panama FTAs.

Teamsters Oppose the “Deal”: Recognizing that the deal was a thinly veiled attempt to pass more NAFTA expansion agreements, the Teamsters and Change to Win put out statements on May 11th rejecting the deal. On June 12, the Teamsters sent a four page letter detailing opposition to the “deal”, and to the Peru and Panama FTAs in particular, to every member of the House of Representatives and the Senate. For the many reasons listed in that letter and summarized below, we need to urge our members of Congress to oppose the “deal.” The key ask of our members of Congress is:

“Will you oppose the pending Bush Free Trade Agreements – and the Peru and Panama agreements in particular – if they are brought to a vote modified only by the May 10th deal?”

Flawed Policy of the “Deal” and the Peru and Panama FTAs:

- **We can’t afford any more NAFTA.** With the highest U.S. trade deficit ever, and more than 3 million high-paying manufacturing jobs lost during the NAFTA era, we can't afford any more NAFTA-like trade deals. If Congress allows the Peru or Panama FTAs, big corporations will use these deals to ship more U.S. jobs away and push down the wages of jobs staying here. More family farmers and small businesses will go bankrupt.
- **The labor rights fixes in the deal aren’t strong enough.** Big Business interests celebrated the “deal” while no labor union, consumer, environmental or small business group supports it. Tom Donahue, President of the Chamber noted “we are encouraged by assurances that the labor provisions cannot be read to require compliance with ILO Conventions.”
- **The “deal” does absolutely nothing to address the FTAs’ ban on anti-offshoring and Buy America policy.** How could Democrats fighting to expand and preserve such important policies support a trade agreement that explicitly bans them? Jobs created with government money are some of the only U.S. jobs Congress has direct authority to safeguard for U.S. workers in the global economy.
- **The “deal” does absolutely nothing to address the FTAs’ threat to federal and state prevailing wage guarantees.** Absolutely ignored is labor’s key demand to remedy the FTAs’ strict limits on the qualifications – such as requiring companies to agree to pay prevailing wages as a condition for qualifying to bid – governments can set for government contracts.
- **Nothing was done to fix the Peru FTA terms that would allow Citibank or other U.S. investors providing “private retirement accounts” to sue Peruvian taxpayers if Peru reverses its failed social security privatization.** Peru’s labor federations consider this FTA provision to be a major impediment to reversing their failed privatization. Seeing Democrats beat back the Bush proposal here, Peru’s labor federations asked Democratic trade leaders to fix this problem unaddressed in the “deal.”
- **The “deal” fails to remove the outrageous NAFTA “Chapter 11” foreign investor privileges that create incentives for U.S. firms to move offshore and expose our most basic environmental, health, zoning and other laws to attack in foreign tribunals.** The Bush-negotiated FTAs would extend the NAFTA foreign

investor rules which have resulted in nearly 50 challenges of federal and state laws, leading to over \$36 million in taxpayer funds from NAFTA nations paid to corporations. The United States has spent millions in legal costs to defend against such attacks.

- **The Peru and Panama FTAs will increase immigration pressures, drug trafficking and violence.** According to Peruvian and Colombian government reports, the FTAs' agriculture rules will lead to an increase in drug cultivation and violence – and increased pressures to migrate. After similar NAFTA agriculture rules were implemented, annual immigration from Mexico increased 60 percent as 1.3 million peasant farmers lost their livelihoods to imports of subsidized U.S. commodities. The “deal” does absolutely nothing to address this problem.
- **The Deal is a Slippery Slope to Passage of the Colombia and South Korea FTAs and more Fast Track for President Bush.** *If we don't stand up and say NO to this weak and totally insufficient compromise "deal," then we could see a domino-effect trade disaster.* According to a statement in a press release from the Ways and Means Committee, Trade Subcommittee Ranking Member Wally Herger said the “deal” paved “a way forward on Panama, Peru, Colombia, South Korea and even reauthorization of TPA” (Fast Track).

Flawed Process of the Deal:

- **The Sneak-Attack Way the "Deal" was Negotiated and Announced was Outrageously Undemocratic.** Unions, environmental groups, small businesses, and (most outrageously) most members of the U.S. Congress were excluded from the negotiations, had NO access to the various documents and texts and had no say — and in fact no notice — on the deal. The future of our national trade policy is too important to be decided behind closed doors by an insider "deal."

Flawed Politics of the Deal:

- **What are Congress' Priorities Anyhow? The "Deal" Puts NAFTA Expansion Ahead of Any Pro-Working Family Legislation.** President Bush has promised to veto the Employee Free Choice Act, which would support workers' rights to organize unions. Republicans and corporate lobbyists have held up legislation to increase the minimum wage; help on student loans has not become law; and the insurance industry has crushed any discussion of universal health care. By agreeing to more-of-the-same NAFTA expansion before assuring any increase in protections for the American middle class, the Democratic leadership in Congress is making a huge political and strategic mistake.
- **By Blurring the Party Lines on Trade, the Democrats are Inviting Disaster in 2008.** The country sent a clear message on Election Day in November 2006: “NO to staying the course on Bush's trade policy.” Freshmen Democrats *must* have opportunities to show that a Democratic Congress means no more-of-the-same harmful NAFTA-style trade policy. If the Democrats allow the passage of multiple new Bush NAFTA-style deals and more Fast Track, this will invite another Democratic wipeout as occurred after the 1993 NAFTA vote blurred the distinction between the parties on trade.

What Would a Real New Trade Policy Look Like?:

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- -Launch a Comprehensive Review of Current Trade Pacts Such as NAFTA, CAFTA, and WTO
- -Address China Trade Crisis, Currency Manipulation
- -Strengthen Buy America and Anti-Offshoring Rules
- -Pass New Trade Act Establishing What Must and Must NOT Be in Any New U.S. Trade Agreements
- -Replace “Fast Track”, as suggested by Change to Win, so Congress Takes Back Control Over Trade Policy