

Re: National Latino Civil Rights Groups Address Shortcomings of Trade “Deal”

June 27, 2007

Dear Honorable Senators and Representatives:

At the historic National Latino Congress in September 2006, 2,000 Latino leaders, elected officials, and delegates from national, state, and local organizations passed a detailed resolution citing the flawed agricultural provisions in the North America Free Trade Agreement (NAFTA) as a major source of increased immigration, and calling for a new direction for U.S. trade and economic policy.

Our organizations support deepening economic and diplomatic cooperation between the United States and Latin America, and believe that trade can be an important tool to help working families both here and abroad. However, we have also long maintained the need for trade and economic development policies that recognize the asymmetries between the U.S. and our neighbors in the South, and respect workers rights and the environment.

And, though we are glad that significant labor and environmental standards were included in the Peru and Panama deal, the content of the deal on trade struck between the Bush administration and some Democratic leaders has yet to fully incorporate a much needed new direction on trade policy with respect to agriculture, investment, procurement, services and other issues. These provisions have important ramifications for Latino jobs and communities, and we will continue to fight against their inclusion in these and future trade agreements. Our concern is that that trade agreements passed under this deal would continue to generate economic inequality and a deterioration of social standards both at home and abroad, and continue to make migration to the United States the only option for many working families in Latin America.

Our greatest concern is that the agricultural rules included in the Peru, Colombian and Panama agreements mirror closely the agricultural rules from NAFTA that resulted in over 1.3 million lost jobs in Mexico’s rural sector. There is no question but that NAFTA’s agricultural rules were a major reason that undocumented migration from Mexico to the United States has more than doubled since NAFTA was enacted. In the case of the Peru, Colombia and Panama agreements, these same agricultural provisions will foreseeably result in the displacement of large numbers of peasant farmers — increasing hunger, social unrest, and desperate migration at a minimum; and according to a report of the Colombian Ministry of Agriculture, will lead to an increase in drug cultivation, narcotics trade and violence.

Despite all of the available evidence and well-documented concerns, the Bush administration once again inserted these agricultural provisions into the Peru, Colombia, and Panama trade agreements. We had hoped that these agricultural provisions could be fixed in order to allow our trading partners to strategically protect the staple crops like corn, rice and beans – on which a very large percentage of the population in these countries depend. We continue to believe that as Congress rightly moves forward on an effort to

address the broken immigration policies of the United States, we must also insist on trade policies that will not continue to increase poverty among rural populations in Latin America – and thus contribute to the pressures that force families to attempt the perilous journey of migration to the United States in the first place.

We have concerns about the ambiguity and implementation of standards concerning recurring violations and the direct impact of violations on trade and investment. The deal, as currently written, does not fix the problematic investment chapter included in the Bush trade agreements. Rather, in the case of the Peru FTA, it expands on what we and many Democrats considered to be an unacceptable CAFTA investment text. None of the binding provisions are changed under the May 10th deal. Including a sentence in the FTA's preamble stating that foreign corporations "are not hereby accorded greater substantive rights" than U.S. citizens does not begin to address the problems with this chapter. First, preambular text of trade agreements is non-binding. Second, the actual binding provisions of the investment chapter text replicate, almost word-for-word, what is in CAFTA. Thus, the binding provisions would clearly violate the standard asserted in the non-binding preamble sentence.

As our organizations have repeatedly raised with the Bush administration and with the U.S. Congress – including in the resolution of the League of United Latin American Citizens (LULAC) which we have attached to this letter – "the U.S.-Peru and Colombia agreements include the same foreign investor rights modeled after NAFTA that allow foreign corporations to bring actions against governments that pass environmental laws that might reduce corporate profits, despite the fact that new environmental laws are desperately needed in the Andean countries to allay the rapid destruction of the upper Amazon basin, which is the most biodiverse area on the planet." This issue is too important to be addressed through an ambiguous phrase in a preamble, which has questionable legal value.

We also wish to bring to your attention an issue that has been raised with our organizations by retiree, health, and labor organizations in Peru. Despite requests made by those organizations and others to the U.S. Congress, the announced deal makes no mention of the problematic provision in the U.S. Peru FTA that would allow foreign investors providing "private retirement accounts" in Peru to sue the national government in a World Bank or U.N. tribunal if Peru were to attempt to reverse its failed Social Security privatization. This problem in the FTA is a major impediment to reversing Peru's failed partial privatization, which is similar to the privatization plan that most Americans opposed when it was proposed by President Bush for the United States.

Finally, regarding the deal's requirement for stronger labor and environmental standards in the core texts of pending "free trade" agreements: We do believe that trade agreements need to include strong, enforceable labor and environmental standards, and we are thankful that congressional negotiators – and the Democratic leadership in particular – have pressed the Bush administration to agree to include labor and environmental standards in future FTAs. But, we continue to be concerned about the enforceability of any labor language negotiated.

Recent statements by the Bush administration and business leaders call into question whether the stronger labor and environmental standards will be enforced.

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.”¹

It is important to underscore that even with labor and environmental provisions included in the FTAs’ core texts, their enforcement would depend on the good will of President Bush, who has done little during his presidency to build our confidence in his administration’s commitment to workers’ rights.

On behalf of our membership, we urge you to oppose the May 10th deal, to oppose pending FTAs with Peru, Panama, Colombia and South Korea, and to oppose any new Fast Track trade negotiating authority for President Bush. With a more open and transparent process, and a more ambitious reform agenda that aims to replace – and not to revive – the status quo system, we believe that the U.S. Congress can craft a new trade policy that our organizations will gladly support. We look forward to working with you to achieve this important goal.

Sincerely,



Oscar Chacon
Executive Director
National Alliance of Latin American and Caribbean Communities



Dolores Huerta
President
Dolores Huerta Foundation



Rosa Rosales
President
League of United Latin American Citizens

¹ “U.S. Congress, government in trade standards deal,” Agence France Presse, May 11, 2007