

June 28, 2006

Dear Member of Congress:

On behalf of the millions of members of our diverse organizations, we are writing to alert you to the threats to U.S. economic, social, environmental and national security interests from the negotiations currently underway at the World Trade Organization (WTO). The issues now being decided at the WTO talks by U.S. executive branch negotiators closely parallel the most controversial issues facing Congress – U.S. immigration policy, U.S. farm policy, the future of the U.S. manufacturing sector, and U.S. service sector policy regarding energy, healthcare and education, to name but a few.

Since WTO negotiations have expanded far beyond traditional trade matters, such as tariffs and quotas, it is crucially important that all members of Congress, not only those on the trade committees, be informed and active on the content of these negotiations. At the WTO now, decisions are being taken on policies – such as immigration, domestic gambling regulation, the rights of foreign companies to own U.S. service sector infrastructure, food inspection, U.S. consumers' access to affordable energy, medicines, education, and more – that had previously been preserved for Congress' domestic decision making.

In addition, the actual trade issues now under negotiation will determine the future of the U.S. manufacturing sector, the prospects for combating the perilous trade deficit we now suffer and the future standards of living for America's working families and independent farmers. ***Because the Fast Track mechanism so strictly limits Congress' role once negotiations are completed, now is the time for members of Congress to influence the positions that U.S. negotiators will take at these important negotiations, which will affect your constituents' day-to-day lives enormously.***

Negotiations on the WTO Doha Round were launched in 2001, and are in an intensive phase between now and the end of July. The current talks will determine the outcome of the Doha Round and the future course of the WTO. After 11 years of WTO implementation, our groups have carefully reviewed the WTO's actual track record. The WTO's performance to date provides strong evidence that a new direction and new rules are needed to ensure that the global economy works for all Americans.

1. Promised U.S. Economic Gains from WTO Never Materialized, while the U.S. Trade Deficit Exploded and 3.2 Million Manufacturing Jobs Were Lost.

Claims by WTO proponents that the WTO would increase U.S. families' income by \$1,700 per year have not proven true in any year since WTO went into effect, while one in six manufacturing jobs – 3.2 million – have been lost. Promises that the WTO would improve the U.S. trade balance have been belied by the growth of the deficit from an annual \$130 billion in 1994 in today's dollars when the WTO was established to a staggering \$718 billion in 2005.

Now, the Bush administration is supporting proposals in the WTO Doha Round Non-Agricultural Market Access (NAMA) negotiations that would exacerbate this situation. NAMA negotiations cover tariffs and “non-tariff barriers” on manufactured goods, as well as natural resources. Under the proposals on the table, the already-vulnerable U.S. manufacturing sector would be put at greater risk and our trade deficits pushed yet higher, as tariffs in a few key sectors would be rapidly reduced. U.S.-incorporated multinationals would have yet greater incentives to relocate production offshore and import goods back to the United States for sale. Small- and medium-sized U.S. manufacturers seeking to keep production in the United States would find the playing field tilted further in favor of footloose multinationals operating elsewhere. And the basic worker safety, environmental and consumer standards that benefit all U.S. residents’ standard of living would face new threat of WTO attack. Plus, NAMA proposals that would promote further concentration of manufacturing production in a few foreign venues undermine U.S. security interests by exposing vital supply chains to disruption by war, epidemics or political instability abroad.

In Doha Round talks, the U.S. Trade Representative (USTR) is failing to defend U.S. anti-dumping, safeguard, countervailing duty, and other trade laws created to counter unfair imports. One of the most politically sensitive aspects of Congress’s 1994 consideration of the WTO was the degree to which U.S. dumping and trade safeguard laws would be changed to conform to WTO rules. Congress was promised that our laws would remain effective. Yet a decade later, the United States has only been able to successfully defend 2 out of 35 challenges to such laws before WTO tribunals, and losses in several cases have led to weakening or elimination of U.S. trade rules and procedures. The Doha Round “Rules” negotiations, which cover these issues, are poised to translate these bad WTO cases against the United States into new, more expansive limits on U.S. domestic trade safeguard laws.

- *Congress must insist that USTR fight for the U.S. manufacturing sector – its businesses and workers and the wages and tax revenue they generate – and thus must not accept more tariff cuts in sensitive U.S. industries.*
- *The United States must reject the new WTO limits on U.S. trade laws being proposed and counter them with proposals to strengthen, not weaken, these valuable tools for U.S. producers. The USTR should demand new disciplines on subsidies that have a distorting effect on world markets by promoting exports that do not represent the actual cost of production.*

2. In the Midst of a Heated Domestic Fight over Immigration Policy, USTR is Entertaining Demands to Lock In New Immigration Rights at WTO in “Mode 4” GATS Negotiations.

“Mode 4” refers to the “delivery of services” by the movement of workers across borders – i.e. immigration. Some WTO signatory nations are being led by USTR to believe that the United States is considering new “Mode 4” commitments – locking in at the WTO guaranteed U.S. visas for foreign workers. This is occurring despite the fact that many in Congress have expressed strong objections to setting U.S. immigration policy in trade pacts. Dictating immigration policy through trade agreements under Fast Track authority would stifle debate,

eliminate Congress' ability to offer amendments, and bind Congress from subsequently modifying those immigration terms without permission from all 149 WTO signatories or compensation to them.

- *The USTR must make a clear public statement that the United States will not make any commitments affecting U.S. immigration policy in the Doha Round of WTO negotiations.*

3. WTO Service Sector “GATS” Talks Threaten Congress’ Ability to Regulate Foreign Control of Sensitive U.S. Infrastructure and Ensure Consumer Access to Essential Services.

The GATS covers not only “trade” in services, but myriad other matters affecting service sectors. This includes granting foreign entities rights to buy, establish and operate facilities *within* the United States. The recent uproar over Dubai Ports World, in which congressional and public outrage reversed this Dubai government-owned firm’s acquisition of U.S. port facilities, shows the stakes. Had the United States committed port services at GATS, any U.S. government action interfering with the acquisition would have violated WTO rules and been subject to challenge and sanctions.

A major push is now underway to get countries to subject more service sectors to GATS rules. The USTR has made “offers” in 2004 to bind new U.S. service sectors, including transportation, higher education, energy services, and other sectors to WTO disciplines. These rules make it more difficult for Congress and state and local legislatures to regulate privately-owned services.

The USTR has also agreed to develop WTO disciplines that would set constraints on a wide range of *non-discriminatory* domestic regulations on sectors that the U.S. Congress never agreed to commit to WTO disciplines.

- *The USTR must not agree to new WTO “Disciplines on Domestic Regulation” of the service sector nor to make commitments to increase the number of U.S. service sectors bound to WTO rules. Essential public services, such as energy and water utilities, social security, and education, as well as media and other “cultural services,” must be kept out of the GATS. In addition, some sectors USTR previously committed to comply with GATS must be taken back in these negotiations, including: health care (committed under insurance), hospitals, libraries, and zoning policies (covered under retail distribution). In other environmentally sensitive sectors, such as waste disposal, USTR must make no further commitments.*

4. The WTO Has Consistently Eroded Environmental Protections, yet New Negotiations Threaten to Exacerbate Unsustainable Exploitation of Natural Resources.

Over its eleven years of operation, WTO tribunals have ruled against domestic environmental policies and undermined exception clauses in the WTO agreements that might have been used to safeguard such domestic green laws. The WTO’s ineffectual Committee on Trade and the

Environment has not improved compatibility between environmental and trade goals, but rather has become a venue often used to identify green policies that violate WTO rules.

Now the ongoing NAMA negotiations aim to eliminate tariffs in sensitive environmental sectors, such as forests and fisheries, in which increased trade could lead to significant environmental damage. Zeroing-out or significantly reducing tariffs on sensitive, non-renewable resources puts our forests, oceans, and mineral resources at risk of intensified, unsustainable exploitation, and undermines governments' ability to use tariffs as a tool to guarantee a balance between managed supply and conservation efforts. USTR has continued to be an advocate for across-the-board tariff reductions or elimination in these sectors. In addition, the NAMA negotiations aim to limit so-called "non-tariff barriers," which are defined in these negotiations to include many domestic regulatory policies used to encourage sustainable use of wood products.

- *Congress must direct USTR to exclude sensitive natural resources from NAMA tariff cuts and to block imposition of environmentally-relevant "non-tariff barrier" rules.*

5. While Congress Gears up to Debate a Farm Bill, USTR Negotiates New WTO Rules that Would Further Destabilize U.S. Agriculture and Put Family Farms at Risk.

U.S. agricultural policy should be geared to support the economic well-being of our rural communities, help support farmers' livelihoods, and ensure adequate access to affordable, healthy food – the basic building blocks of food sovereignty. But within the WTO, the USTR is negotiating terms in its Agreement on Agriculture (AoA) which would greatly limit Congress' options for creating domestic farm policies to support small-scale and family farms. Already during the WTO era, existing WTO agriculture rules (which the current negotiations threaten to make even worse) have resulted in a dramatic loss of U.S. family farms. The United States lost over 200,000 small and family farms between 1994 and 2005, while the poorest U.S. farmers have suffered sharp falls in income. And unbelievably, the United States is set to become a net food importer for the first time since 1959 – even as we are simultaneously the world's largest agricultural exporter.

- *Congress must direct USTR to oppose Doha Round agriculture rules that would limit Congress' enactment of future farm policies designed to support small-scale and family farms.*

6. WTO Outcomes Intensify Poverty in Developing World, Exacerbate Global Instability.

Promises that the WTO would enhance global economic stability – with economic and national security benefits for the United States – also have not been realized. The number and percentage of people living on less than \$1 a day in the regions with some of the worst poverty – Sub-Saharan Africa and the Middle East – have increased since the WTO went into effect, while the number and percentage of people living on less than \$2 a day has gone up in the same time for these regions, as well as for Latin America and the Caribbean.

Recent estimates of the potential gains from a Doha Round for developing countries are strikingly small. According to a 2005 study by the World Bank, in a “likely Doha scenario,” developing-country gains would be \$16 billion. That’s less than two-tenths of one percent of developing-country gross domestic product, or less than a penny a day per capita. Further, 50 percent of the potential benefit for developing countries would accrue to only eight individual countries, while the Middle East, Bangladesh, much of Africa, and Mexico would be net losers. Therefore the WTO negotiations will fail to contribute to economic development in the area most beset by global poverty, Africa, as well as in the area of greatest geopolitical challenge for the United States, the Middle East.

- *Congress must direct USTR to stop forcing a one-size-fits-all model on developing countries, and instead work together with nations to develop a trade model that will reduce poverty by increasing growth and equality, and therefore contribute to economic stability worldwide.*

Eleven years ago, when opposition in numerous nations almost prevented establishment of this powerful global commerce agency with expansive one-size-fits-all rules, proponents said the WTO would lead to tremendous economic gains worldwide without posing any threat to public interest policies, democracy or sovereignty. But more than a decade later, it is clear that the WTO has been very effective – at doing exactly the opposite.

Now, the USTR is participating in WTO expansion negotiations that would exacerbate the negative impacts of the WTO’s eleven-year record *with the course of these talks to be largely determined by the end of July*. The future of Congress’ ability to set domestic regulatory policy, immigration policy, improve our trade deficit, protect the integrity of our rural communities, our manufacturing sector, and our environment – meaning our democracy, our sovereignty, and global stability itself – are at stake. The time to act is now, because once negotiators conclude Doha Round negotiations, Fast Track procedures will strictly limit Congress’ consequent role to a no-amendments vote on hundreds of changes to U.S. law to implement that agreement.

We urge members of Congress to take an active role in affecting the positions that U.S. negotiators will take at these important negotiations, which will have an enormous impact on your constituents’ day-to-day lives and the future of our nation.

Sincerely,

1. AFL-CIO
2. Africa Faith and Justice Network
3. Alliance for Democracy
4. Alliance for Responsible Trade
5. Campaign for Labor Rights
6. Center for Science in the Public Interest
7. Change to Win
8. Church Women United
9. Citizens Trade Campaign

10. Columban Justice, Peace, and Integrity of Creation Office
11. Committee in Solidarity with the People of El Salvador
12. Communication Workers of America
13. Defenders of Wildlife
14. Earthjustice
15. Essential Action
16. Food and Water Watch
17. Food First/Institute for Food and Development Policy
18. Friends of the Earth
19. Global Exchange
20. Grassroots International
21. Institute for Agriculture and Trade Policy
22. International Association of Machinists
23. International Brotherhood of Boilermakers
24. International Brotherhood of Electrical Workers
25. International Brotherhood of Teamsters
26. International Federation of Professional & Technical Engineers (IFPTE), AFL-CIO
27. International Forum on Globalization
28. International Labor Rights Fund
29. International Longshore and Warehouse Union (ILWU)
30. International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers (IUE-CWA)
31. International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW)
32. Jobs With Justice
33. Justice and Peace/Integrity of Creation Office, Missionary Oblates of Mary Immaculate
34. Justice and Witness Ministries, United Church of Christ
35. Labor Council for Latin American Advancement
36. Laborers' International Union of North America
37. League of Rural Voters
38. Lutheran World Relief
39. Liberty Tree - Foundation for the Democratic Revolution
40. Maryknoll Office for Global Concerns
41. National Catholic Rural Life Conference
42. National Family Farm Coalition
43. National Farmers Union
44. National Network for Immigrant and Refugee Rights
45. Network in Solidarity with the People of Guatemala
46. Nicaragua Network
47. Oakland Institute
48. Pacific Environment
49. Pax Christi USA
50. Pesticide Action Network
51. Public Citizen
52. Progressive Democrats of America

53. Progressive States Network
54. Quixote Center
55. Rainforest Action Network
56. Rural Coalition/Coalición Rural
57. Service Employees International Union (SEIU)
58. Sierra Club
59. SweatFree Communities
60. Unitarian Universalists for a Just Economic Community
61. UNITE-HERE
62. United Food and Commercial Workers International Union
63. United for a Fair Economy
64. United for Peace and Justice
65. United Methodist Church, General Board of Church and Society
66. United Steelworkers of America
67. United Students Against Sweatshops
68. Western Organization of Resource Councils
69. Witness for Peace
70. Washington Office on Africa
71. Women's International League for Peace and Freedom