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Opposition to U.S.-Peru Free Trade Agreement Press Call April 12, 2006

On April 12th, the Bush administration signed a trade agreement with Peru. Below please find a transcript of a press call, hosted by Public Citizen's Global Trade Watch, on opposition to the trade agreement, featuring Pedro Francke (Peruvian labor expert), Javier Mujica (Peruvian health expert) and Monsignor Pedro Barreto (Archbishop of Huancayo, Peru), and Lori Wallach (Public Citizen). For more information, please contact Eliza Brinkmeyer, (202) 454-5108.

Eliza Brinkmeyer: Good morning thanks for joining everyone. This is Eliza Brinkmeyer, I am the press officer for Public Citizen's Global Trade Watch. Our website is www.tradewatch.org. I am happy to have with us on the line Archbishop Pedro Barreto, Javier Mujica, who's a leading labor rights expert in Peru, and Pedro Francke, an expert on access to medicines. On this day when the Peru-U.S free trade agreement will be signed in a few hours, our Peruvian speakers will discuss the strong public opposition in Peru to the proposed U.S. Peru free trade agreement. Lori Wallach, Global Trade Watch's director, is also on the call, and she's going to be offering a brief analysis on the state of play of the agreement.

Lori Wallach: This is Lori Wallach, director of Public Citizen's Global Trade Watch. I am going to be very brief. My first point is that the proposed U.S. Peru free trade agreement faces enormous political uncertainty not only in Peru, as we'll hear from our speakers, but also in the United States Congress. Number one: The Democrats in Congress, including some who supported the Central American Free Trade Agreement (CAFTA), are very upset about the Bush administration's rejection of Peruvian president Alejandro Toledo's request for stronger labor rights provisions in this agreement. Not only are those members who are against CAFTA likely to oppose this agreement, but in fact some of those who supported CAFTA find this agreement disagreeable, given this was clearly an opportunity to pursue a different trade model.

With regards to the Republicans, as many of us know at the very end of the CAFTA fight some 20 Republicans were forced to switch positions. This was a politically dicey position then; many of these members now, for a variety of reasons, face significant election challenges, and are

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extremely disagreeable about the notion of having to take another unpopular trade vote before the election year. Some of these rank-and-file House Republicans have made clear to the leadership that they can't be the deciding votes this time. So, if the Democrats are united against this agreement, these Republicans can't provide the passing votes for this one. And also, because this is an election year, the season will be short and they'll have a hard time scheduling a vote for any controversial legislation that is not a must pass.

The final point is that the content of the agreement goes beyond CAFTA in several ways that had produced strong Democratic opposition to CAFTA. As a result, the way in which the agreement has been made more severe regarding foreign investor's rights and other issues will further affect us. So now that we're on the day of the signing of the agreement, its future politically in the U.S. is uncertain, but this is nothing compared to the level of opposition and uncertainty in Peru, where the agreement faces not only presidential election candidates who are against it, but also a popular referendum having been just certified about the agreement that's putting it into question all together the legitimacy of the signing today.

David Edeli: So folks we're going to have Pedro Francke from ForoSalud, which is a health coalition. We do have bios that we can give to you afterwards of all these speakers.

Pedro Francke: My name is Pedro Francke, and I am the coordinator of ForoSalud, a coalition working for the right to healthcare. We have a point of view that is in opposition to the signing of this free trade agreement, because of the clauses that have to do with intellectual property and the effect that this has on the price of medicine. In the chapter that has to do with intellectual property, the free trade agreement with Peru goes beyond CAFTA in areas such as the five year data protection, compensation for unjustified delays and other intellectual property. The Peruvian Minister of Health has calculated that these rules will double the price of medicines within 12 years. This will have a particular effect on people like those who have HIV AIDS, and those with tuberculosis, mental health problems or heart problems. ForoSalud is part of a campaign that has been gathering signatures asking that the free trade agreement be subjected to a referendum, and we're also contemplating legal action because we believe that the free trade agreement violates rights that are protected by national and international norms. The health ministry has also calculated that between 700,000 and 900,000 people would lose their healthcare coverage because of the free trade agreement. The referendum initiated should be debated in Congress here within the next few weeks, and we'll be fighting to ensure that this free trade agreement is subjected to a referendum before it comes up for approval.

David Edeli: Great, thank you. Next we're going to have Javier Mujica, who is a lawyer who directs the Program on Human Rights for the Center for Labor Consultant's of Peru.

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Javier Mujica:

Good morning. In the past 12 years the government has taken an approach to labor rights and labor legislation that sees protection of labor rights as an obstacle to ... commercial investment. Because of it there have been some labor reforms that have had a negative impact on labor rights and this has been the subject of some criticism from the International Labor Organization (ILO). Because of this legislation there's now a high rate of under-employment in Peru, and there are serious restrictions on labor organization rights. In the last 15 years the number of labor unions has decreased by about six times, and the number of collective bargaining agreements has decreased by a factor of about 20. This has led to a decrease in protection for workers, and an increase of instability in the workplace. Because the Ministry of Labor receives less than 1% of the government budget, there are fewer than 200 labor inspectors to oversee compliance with labor regulations. This is in a country with 27 million inhabitants. We oppose the signing of the free trade agreement under these terms because it would worsen this situation by insisting that what should be expected is labor legislation in the countries and not international norms.

In 2003, Peru negotiated an agreement with the International Labor Organization to promote decent working conditions. This program should have been implemented between 2004 and 2006, but it hasn't been put into practice. This demonstrates a lack of real political will to implement changes in Peru.

The referendum, which has already been authorized by the International Election Board, should allow the Peruvian people to have the last word, instead of giving the last word to a Congress that has been discredited, and a government that has reached a level of lack of credibility that's so great that it hasn't even managed to maintain its representation in the next Congress.

David Edeli:

Thank you. Now we're going to turn to the Archbishop Pedro Barreto, archbishop of Huancayo and president of the Episcopal Commission for Social Action of the Catholic Church in Peru.

Archbishop Barreto:

My name is Archbishop Pedro Barreto, and I am the Archbishop of the City of Huancayo, and I am president of the Peruvian district conferences commission on social action. Our vision is based on the gospel, and on the social doctrine of the church, and it holds that the human person must be at the center of all economic activity, which is increasingly interdependent. As Pope John Paul II said, without hope for the poor there is no hope for anyone, even the rich.

We have serious concerns as the Catholic Church because of the serious impact that the free trade agreement may have, particularly in the area of agriculture in the country. We consider it unfair competition if the United States continues to have large agricultural subsidies, while there is no corresponding protection for farmers in our country. This is a matter of extreme concern for us, as we believe the impact of the free trade

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agreement will lead to increased social unrest in Peru, unrest which is already being seen in the electoral process underway, as well as increasing migration of families from the highlands to the cities, and also to the Amazon region.

Without wanting to be alarmist about this, we're fairly certain that this agreement will increase the cultivation of coca, which brings along with it a series of negative consequences, such as drug trafficking, terrorism and increasing violence. This is combined with the generally increasing corruption that we are experiencing. If the free trade agreement is signed under the current circumstances it will also make sustainable development increasingly difficult.

Another concern of the church with regards to the free trade agreement is that it does not provide adequate protection for the environment. The problem is particularly acute in the Amazon jungle region because of its high degree of biological diversity, which is extremely important for the well-being of the entire planet. The problems of pollution and global warming are so serious that we cannot remain silent because the future of the entire human race hangs in the balance; the water, the air and the entire earth are seriously ill. We must remember that in 1992 in the summer of Rio de Janeiro in Brazil, the slogan was "We must save the earth."

It also concerns us that the country is moving ahead so rapidly with the signing of this free trade agreement without providing adequate information to the people and without allowing the people to participate.

So as the Catholic Church, in conjunction with other social organizations in Peru, we ask that the time frame for consideration of the free trade agreement be expanded. This is what I hope for and what we hope for before it is presented to Congress. A free trade agreement should not be signed if it is not truly equitable.

David Edeli: Thank you very much for coming up during a holy week. We know this is a very busy week for you.

Archbishop Barreto: Thank you and we hope that with Jesus we all resurrect to a life of solidarity.

David Edeli: Thank you. We now would like to open it for some questions from the reporters on the phone for any of the participants.

Jutta Henig: This is Jutta Hennig from *Inside U.S. Trade*. Could somebody please mention the steps for the referendum? The way I understood it, you said it was certified as having met the threshold in terms of signatures by what institution, the National Labor Relations Board? And now what would be the next step in ensuring that a referendum actually takes place?

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Javier Mujica: The signatures have been certified by the National Election Board. According to the law that has to do with citizen participation here which enables citizens to present anything before Congress, we presented 100,000 signatures and we received certification from the National Election Board. Congress now has 120 days to debate the proposal that we have presented and it is obligated to listen to the people who presented the proposal.

Jutta Hennig: And then they would have to vote or what?

Javie Mujica: And after that Congress would approve the measure and set a date for referendum.

Jutta Hennig: But they could also deny the measure?

Javier Mujica: Yes.

Martin Vaughan: This is Martin Vaughn with *Congress Daily*. Just a question for Lori on your comments about the situation in the U.S. Congress. Your assessment kind of goes against what I consider to be the pattern of these trade agreements, which is agreements with small economies, like Peru, tend to pass with quite a bit of Democratic support, regardless of the criticism about lack of labor protection and so forth, and that CAFTA was more of an aberration, because you had sugar interests combining with labor unions who gave it their best effort in years in terms of a trade agreement. Can you address that? Why do you see this agreement generating more opposition than the Morocco or Australia or any of those other agreements that skated through?

Lori Wallach: Okay. Number one I guess I would change the way you've grouped the agreements, because the question at hand regarding the Democrats position is a combination of what the standard is in the free trade agreement, and from the New Democrats it's been clear that the enforce your own labor standards is not acceptable. And second, having made that decision as a Caucus the question then becomes, given that it's not acceptable, what agreement can be allowed to go by, if the countries have in place and are enforcing the basic standards. So then it's the review of the country's actual laws in an attempt to get the laws improved to a certain level, and as we've heard from our colleague in Peru, the conditions in Peru are not only at not the necessary standard, but have been deteriorating significantly.

Number two, you've got a situation where the president of the country has concluded that having binding labor standards based on that ILO is what is required in the trade agreement to pull up living standards in his country, as he stated at the Chamber of Commerce meeting in September 2005 at the National Press Club. And the Democrats support that, and the Bush administration has rejected it, which is a scenario where its not the countries with whom the U.S. is negotiating whether it's a problem, but rather actually the Democrats demanding what the President Peru wanted, which is a constructive forward looking approach to trying to get a better

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agreement. But if you combine the reality of the enforce your own standards and the conditions in Peru with President Toledo asking for something better, and the Bush administration rejecting this request, you can see that the Peru trade agreement is actually unlike an agreement like the Singapore or Australia agreements. Very prominent Democrats who have supported those other FTAs have been very clear that the Bush administration must go back and renegotiate those provisions in the Peru agreement or the agreement is not going to be acceptable.

If you crunch the numbers in the end through a combination of goodies and threats, a large number of the textile and the sugar Republicans peeled off and supported CAFTA. So if you actually crunch the numbers of people who are the Republicans that ended up voting against CAFTA are actually largely a block of Republicans who pretty systematically have voted against these agreements in the past, and the actual numerical difference, given the end game, because the Republicans started being forced to walk the plank for the President.

It doesn't in a way matter; it's a very small margin of how many Republicans from that particular mercantile interest ended up actually going against CAFTA, for all of the who-ha about it on the way up to it. When it was a margin of 30 votes against CAFTA, that's where the sugar and the textile people are. But in the end, when you had people like Foley and the chair of the sugar caucus, or you have the textile guys like Robin Hayes, Mr. "Changed My Vote Again." If you count the numbers right now, knowing where the Democrats are these agreements are on very thin ice.

Martin Vaughan: Okay, let's talk about just Democrats. The very prominent Democrats - Rangel, Levin and Cardin - the weight of those guys are in agreement with you, but what about the New Dems? Do you think Toledo's statements give the New Democrats room to be able to support this agreement? I mean, they've certainly been very active in working with Portman, and the Senate is also trying to work out some deal to support this. Do you really think that there's going to be unified Democratic opposition against this?

Lori Wallach: Obviously I can't speak for what the New Democrats are going to do. You should contact the co-chairs, it isn't something I can speak to for them, but what I do know is that, though everyone is pleased by the charm offensive of Mr. Portman, and the warmth and openness with which he interacts with his former colleagues, what I've heard over and over from members throughout the spectrum of the Democratic Party is what it comes down to is talk about substance. So we're very happy we can talk to the man and that he's respectful and open, but in the end if he can't deliver what we need, then we're going to have to, in a respectful and friendly way, say we can't support his agreement. And the kinds of demands that have been put forward are not that difficult to meet, were the Republican Congressional leaders and the White House and USTR to make the political decision to do it. The demand as I understand it that's been put forward both by Finance Committee Democrats and Ways and

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Means Democrats is to reopen the agreement and change the standard to the ILO standards, instead of enforce your own. I would say contact Ms. Tauscher's office to get more details.

Martin Vaughan: And what about, Lori, the 15 Democrats that you mentioned that supported CAFTA. Can you point me in the right direction? You said that you know there are some of those that are not inclined to support Peru?

Lori Wallach: I could, but I won't.

Gus Bono: This is Gus Bono from Catholic News Service in Washington. I would like to ask the Bishop Barreto if the Catholic Church supports the referendum in Peru.

Archbishop Barreto: I would like to reaffirm what I said at the end of my initial comments. We are extremely concerned, because if the free trade agreement is signed now it would not be equitable. In the areas like agriculture, for example, the United States is inflexible: it will not eliminate agricultural subsidies. I would be in favor of a referendum, but only if it is accompanied by reliable and transparent information that enables people to make an informed decision about the free trade agreement. In that sense I am in agreement with the referendum.

Martin Vaughan: I have another question for the Peruvians that are on the line. My understanding is that the Bush administration's real desire was to get this agreement signed so that the Peruvian government could approve it before Toledo leaves office. First of all, when will that happen? What is the date on which Toledo leaves office? And secondly, do you see any impact in Peru from if the U.S. were to take up and vote on this agreement before, you know, in the next several months verses perhaps as late as November or December, because there's a little bit of a debate here about whether the U.S. Congress would take this agreement up in the next few months or whether it would be later in the year. Would that have any impact on the process in Peru?

Javier Mujica: President Toledo and the current Congress will be in office until the 28th of July of this year. We believe that since there has already been a new Congress elected, and a new president will be elected, it would be better to wait until the new president has taken office and the new legislature has been installed to debate the issue and decide what kind of action to take.

With regards to the second question, the ATPDEA is in effect until the end of this year. So any negative effects that would occur if the free trade agreement were not signed and the ATPDEA if expires will be seen in 2007. It must be kept in mind that the ATPDEA is part of an anti-narcotics, anti-drug effort that is in benefit of the United States, and for that reason we believe that ATPDEA should be renewed and this would allow the time for the free trade agreement to be fully debated and discussed among the people in the country.

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Jutta Hennig: How likely that this existing Congress in Peru would decide in favor of the referendum? Given that the old Congress in Peru is still in power until July 28th, how likely would it be that this existing Congress, with the Toledo block, would indeed decide that there could be a referendum? Is the 120 days the minimum time they can take?

Javier Mujica : The 120 day time frame is a maximum of 120 days. So this could be decided by the current Congress at any time as quickly as just a few weeks or within the next month. The position of the current government and its Congressional block is that it is opposed to a referendum. So it's those, in combination with the votes of the National Unity block, could be an obstacle to approval of a referendum.

Jutta Hennig: Say that again which block is now opposed to the referendum the Toledo block?

Javier Mujica: The Toledo block and National Unity.

Jutta Hennig: Okay, the National Unity party opposes it and so they together could kill it?

Javier Mujica: Yes.

David Edeli: Alright folks thank you for joining us. We are going to send out some notes from the call, some of the different statements and answers to some of the questions. We thank our special guests for their participation. For the folks from Peru thank you so much for taking the time today. Thank you.

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