



TO: Members of the U.S. House of Representatives
FROM: U.S. Gender and Trade Network (USGTN)
DATE: November 3, 2006

SUBJECT: U.S. and PERUVIAN WOMEN SAY 'NO' to the U.S.-Peru FTA

As a possible vote on this agreement nears in Congress, USGTN and our colleagues in Peru are advising representatives to **vote NO on US-Peru** and send the bill back to the President to be renegotiated so that it represents fair trade and sustainable development policies that benefit women and enable them to lift themselves and their families out of poverty.

By failing to undertake any analysis of how the U.S.-Peru FTA will affect women and men differently, the agreement promises to further impoverish women throughout the region, endanger their health and well-being, and undermine their ability to protect their families, communities, environments, and livelihoods.

The key concerns expressed in the attached statements from USGTN and our Peruvian colleagues express the following primary concerns:

- **Push many workers, especially women, into exploitive work conditions;**
- **Threaten public health;**
- **Decrease access to essential public goods and services;**
- **Increase unemployment, especially that of women;**
- **Limit national sovereignty and domestic regulation for the common good;**
- **Destroy local farm economies.**

US-Peru will not facilitate the sustainable development and social well-being of our neighbors in Peru. Nor will US-Peru positively impact women, their families and their communities in the United States. Participants of the U.S. Gender and Trade Network and our partners therefore call on you to Vote 'NO' on the US-Peru FTA.

For more information on U.S. Gender and Trade Network and/or the attached resources please contact Kristin Sampson at ksampson@coc.org.



A Statement of Opposition to the U.S.-Peru Free Trade Agreement

November 2, 2006

We write to you as representatives of organizations and social movements in the United States to express our opposition to the U.S.-Peru Free Trade Agreement (US-Peru) because of its negative impact on large numbers of women, men and children in the U.S. and Peru.

We support fair trade and sustainable development policies. If trade is to succeed in reducing poverty, it must benefit women in particular, who are the vast majority of the poor throughout the region, and enable them to lift themselves and their families out of poverty. US-Peru does not do this.

Experience with NAFTA, CAFTA, and other free trade agreements have demonstrated that this model of free trade does not benefit poor women. A recent study showed that in Mexico, poverty for female-headed households increased by 50 percent since NAFTA was implemented.¹ In a country like Peru with 50% of the population living below the poverty line, the results of an FTA could be devastating.

Furthermore, the process for negotiating US-Peru was undemocratic with no meaningful national debate on this agreement in the United States or in Peru. The agreement was passed in Peru during a lame-duck session when elected officials are least accountable to the citizens – a move Republican leaders have indicated will happen during the 2006 lame-duck session.

Furthermore, if passed the U.S. Peru FTA will:

- **Decrease access to essential public goods and services.**
In both Peru and the U.S., the privatization that would follow from the FTA would likely increase the cost of services and hinder efforts to extend services to poor and remote populations.
- **Increase unemployment, especially that of women.**
In both Peru and the U.S., many small and medium-scale companies will close as the agreement favors large transnationals. These workers, many of them women, will be forced to join the informal sector without any kind of labor protections.
- **Destroy local farm economies.**
The emphasis on production for export instead of farming for the local economy, coupled with an influx of cheaper, subsidized U.S. goods, would destroy family farms which supply domestic markets and which employ and support many women in Peru.

¹ Women's Edge Coalition, 2003

- **Push many workers, especially women, into exploitive work conditions.**
US-Peru would consolidate a model of maquiladora development in Peru that treats women as cheap labor, without ensuring decent working conditions or protecting women's rights.
- **Threaten public health.**
Intellectual property rules in US-Peru would extend the patent life of medicines and delay the entry of generic alternatives. A study from Peru's National Agrarian University estimates that after the first five years, drug prices could increase between 55% and 100%. In the first year alone, Peruvians would spend an additional US\$34.4 million to maintain the same level of access to medicines.²

We are not against trade or against development in Peru. However, the conditions and rules presented by US-Peru would, however, generate far-reaching negative impacts on economies and societies in both regions and further threaten the well being of women, families, and communities across the region. We urge you to oppose this agreement should it come before Congress for approval.

Sincerely,

The following members of the U.S. Gender and Trade Network:

ActionAid International USA
American Friends Service Committee
Center of Concern
Institute for Agriculture and Trade Policy
International Labor Rights Fund
NETWORK A National Catholic Social Justice Lobby
WEDO Women's Environment and Development Organization

Who is the USGTN?

The U.S. Gender and Trade Network (USGTN) is a group of committed women researchers, advocates, and policy analysts from across the country who have been working together on a cross-section of issues including development, labor, women's economic justice, and human rights in order to address the impacts of trade liberalization on women, families and communities in the U.S. as well as in other countries where the U.S. administration has initiated trade agreements. We are part of the International Gender and Trade Network (IGTN) which joins women globally to monitor trade initiatives and to offer alternatives from a gender perspective. IGTN is represented in Africa, Asia, Latin America, the Caribbean, the Pacific, Europe, Central Asia and North America. The Center of Concern chairs the USGTN and serves as the U.S. delegate to the IGTN Steering Committee.

² Juan Pichihua Serna. "Possible Impact of U.S.-Peru FTA on Access to Medicines Due to Data Exclusivity Protection for Drugs." August 2006. Available at <http://www.iprsonline.org/unctadictsd/dialogue/2006-07-31/9Peru%20Study-PichihuarevisedAug10.pdf>.

October 28, 2006

Honorable Members of Congress
U.S. House of Representatives
U.S. Senate
Washington, DC
United States of America



Dear Members of Congress:

We write to you most respectfully in order to inform you of our deep concern about the negotiations carried out by our two governments for the US-Peru Free Trade Agreement. Our analysis of the text of this agreement alerts us to the dangers it could pose for our lives and dignity.

Unions, family-farm, women's, grassroots, non-governmental and professional organizations have closely followed the issues related to free trade generally and the debate on the free trade agreement between Peru and the United States.

In our view, the agreement negotiated by the Peruvian and U.S. governments between May 2004 and December 2005 will not serve to promote development in our country. It was not negotiated in a transparent manner and does not result from public consultations. To the contrary, the concerns and proposals that were raised by many of the sectors that could be affected by this agreement – which were supported by studies projecting the grave risks this agreement posed for the country – were not taken into account. The new government led by President Alan Garcia, who questioned the FTA during his electoral campaign, is now promoting its approval, arguing that it will reach the poor in the mountains, but the concrete measures once again support the exporters in the coast, encouraging them to move their offices to the mountains and take advantage of export tax credits and other financial incentives, even though so far there are no possibilities for direct support to agricultural producers.

We are especially concerned about the following issues:

- The FTA, once signed and ratified, will be a permanent arrangement. There are no limits on the number of years it will be in force and it does not provide for the possibility of amendments. The provisions in the agreement are so far-reaching and so forceful that the negative effects will fall not only on current generations of Peruvians but on future generations as well.
- In our opinion, Peru will be a very different country before and after the implementation of this agreement. All of the country's political, economic, cultural, legal and social life will be inexorably subordinated to the provisions contained in the FTA, which will have legal status that transcends the national constitution and the authority of the State and existing legislation.
- Similarly, we will be unable to exercise our sovereign right to establish any measures to protect the environment from pollution of our water, degradation of our natural resources, and the negative effects on people – particularly indigenous people – or to promote social welfare or national security without first consulting with U.S. investors and authorities.

- There are numerous profound and insurmountable asymmetries between the United States and Peru.
- The US-Peru FTA would extend the process of neoliberal reforms implemented in our country over the last 15 years. It would serve to strengthen existing prohibitions of existing contracts, since such changes would be considered direct or indirect expropriation of U.S. investment. This would accelerate the process of privatization to transnationals of all sectors of national life, principally public services (potable water, electricity, health care, etc.) that are intimately tied to our citizens' lives and health. These prohibitions were seriously questioned in the World Trade Organization negotiations.
- The agreement would destroy local agricultural economies and would undermine our food security. The United States provides huge subsidies to its agriculture, which constitutes unfair competition for our agricultural goods. It promotes dumping, threatening to ruin the small and medium-scale producers who currently supply our domestic food market. These practices threaten our food sovereignty and security. In addition, this unfair competition will impoverish not only the 700,000 producers of cotton, corn, barley, wheat, oilseeds and dairy products, but also all those rural people who are oriented to the domestic market, such as producers of potatoes and other native crops. Peruvian women farmers are most active in these sectors.
- The massive importation of subsidized agricultural goods has already impoverished many of our country's rural women and men. This, in turn, has generated a process of migration that has resulted in disordered overpopulation of our cities. It is the principal cause of the Peruvian crisis: poverty; crime; corruption; terrorism; drug trafficking, etc. As of December 2004, 51.6 percent of the population lived in poverty, but in rural areas, this figure rises to 72.5 percent (40.3 percent in extreme poverty and 32.2 percent in poverty)
- The production of agricultural exports, principally asparagus, paprika, and fruits, which employs many more women than men, is carried out under special labor legislation with fewer rights than those enjoyed by other workers: workdays lasting from 10 to 20 hours of temporary work; lower wages than men and of workers in other sectors; worse labor conditions; greater job instability and discriminatory treatment, and without social security or medical attention. This situation would become generalized under the FTA.
- The demands included in the chapters on market access and sanitary and phytosanitary measures are an assault on our sovereignty and would force to us become recipients of genetically modified and toxic products. They would take away the authority of the National Sanitary Service to regulate the entry of meat and poultry from the United States.
- The agreement would serve to deepen the privatization of public services. Water, electricity and transportation would become market goods. It would reduce access to public education and health care and would lower their quality. Privatization is often accompanied by increases in prices. It would fall on women to cover the increases in the costs of those services in order to ensure their families' health, education and food needs, thus multiplying their workloads both within and outside of the home.
- The FTA would result in the indiscriminate opening of our markets to imports and international bidding on national, regional and local government contracts. It would give even greater advantages to transnational corporations, affecting small and medium-scale urban and rural producers, the majority of whom are women. These women would lose their current rights to provide local and regionally produced goods

for social welfare programs. Small and medium-scale businesses would lose their privileged access to supply government programs, and would be compelled to compete for the domestic market with large corporations utilizing much higher levels of technology and economies of scale.

- The textile production that has been so successful under the Andean Trade Preferences and Drug Eradication Act (ATPDEA) would encounter greater difficulties in accessing the US market because of competition with Chinese textile production. Under such competition, industrial production would not recover and would eventually disappear, increasing unemployment, particularly female unemployment.
- The standards agreed to in the FTA in the chapters on services and intellectual property would considerably weaken the GATS and TRIPS commitments. Three of the unpopular “Singapore Issues” (investment, competition and transparency in public contracting) have continued to be part of the discussions with the United States, in spite of the fact that they have been excluded from the WTO agenda. The inclusion of five years of protection for trial data in the FTA will lengthen patent periods for medicines. The FTA provisions would not allow for the production or parallel importation of basic medicines and it would increase reliance on brand-name medicines, increasing the budgets for treatment of HIV/AIDS, tuberculosis and malaria, as well as reproductive, maternal and infant health care. The FTA would facilitate the usurpation of indigenous communities’ intellectual property rights (medicines, seeds, fertilizers, and pesticides) by transnational corporations.
- Since the FTA limits the government’s ability to regulate mining, timber and petroleum investments, investors in those sectors will see their profits rise as workers’ wages and working conditions fall. Damage to natural resources will be more severe and will be expressed in the destruction of fauna and flora, forests, green areas, natural water springs, and contamination of land, water and air, affecting both production and health conditions for rural and urban populations.
- The FTA will not generate socially sustainable jobs for women. In the United States, the experience under NAFTA demonstrates that many job losses were concentrated in industries that employ women and young people. In Peru, the policy of reduction of the public sector and the bankruptcy of small and medium-scale businesses due to unfair competition with transnational corporations will force women to exit the formal labor market and enter the informal sector, without any kind of labor protections. The FTA will broaden and consolidate a development scheme in Peru that sees women as cheap labor, without guaranteeing decent working conditions or labor rights.
- The agreement will not resolve the challenge of massive migration out of the region and the grave problems that already confront the immigrant population. The FTA will greatly facilitate the free movement of goods but not people. There is nothing in the trade agreement that addresses the serious labor conditions affecting the hundreds of thousands of Peruvian women working in the United States.
- The FTA will not resolve the precarious labor conditions of the many women who have become involved in agro-industrial activities that benefit from trade preference programs such as the ATPDEA. Agro-industrial companies that do not respect the human and labor rights of their women and men workers and that demonstrate no concern for their safety or health, will continue to receive tariff benefits.

We do not oppose trade. But the conditions and rules contained in the FTA would generate negative impacts on our societies and economies and would threaten the well being of women, families and communities. Since there is no possibility for Congress to

change the agreement, we urge you not to ratify it when it is presented to you for approval.

We believe in a different approach that will define our country's future. We will concentrate our best and greatest efforts on the development of alliances and commercial exchanges, which will be defined by their focus on complementarities among countries instead of savage competition, on broadening the domestic market and improving financing and support to the agricultural sector.

We aspire to build alliances which are defined by criteria of environmental protection and a harmonious relation with nature, guarantees for improvements in the quality of life for all of inhabitants of the land, and not in unbridled desire for profit. We will commit our best efforts for a world where economic growth and development take place without social exclusion of any kind. We advocate for the construction of a world with fair, mutually beneficial and responsible trade among nations, which will lead us to overcome the profound crisis of humanity that we now encounter.

We support fair trade and sustainable development policies that serve to reduce poverty and to improve the quality of life of the population, especially women, who are the majority of the poor in our country.

Honorable Members of the U.S. Congress, we Peruvian women's organizations request that, upon consideration of the issues raised in this letter, you refuse to ratify the FTA between Peru and the United States of America.

Most respectfully,

- Marcha Mundial de las Mujeres - Perú
- Asociación Aurora Vivar
- Asociación Humanidad Libre - Arequipa
- Centro de La Mujer Peruana Flora Tristán
- Ceproda Minga – Piura.
- Comisión Mujer y Equidad de Conferencia Nacional de Desarrollo Social - CONADES
- Comité de América Latina y El Caribe para la Defensa de los Derechos de la Mujer - CLADEM - Perú
- Comité de Mujeres de Internacional Servicio Público - ISP Perú.
- Confederación Nacional de Mujeres Organizadas por la Vida y el Desarrollo Integral - CONAMOVIDI
- Demus Estudio para la Defensa de los Derechos de la Mujer
- Federación de Mujeres Campesinas Artesanas , Indígenas y Asalariadas del Perú
- Grupo Género y Economía
- Instituto de Investigación y Capacitación de la Familia y la Mujer - INCAFAM
- Movimiento El Pozo
- Movimiento Homosexual de Lima-Unidad de Lesbianas y Bisexuales-MHOL – ULB
- Red Latinoamericana Mujeres Transformando la Economía - REMTE Perú
- Red binacional de mujeres Rurales – Perú Ecuador
- Secretaría RRII – CUT Perú
- Sindicato del Hospital Arzobispo Loayza
- Federación de Trabajadoras de Sector Agrario
- Sindicato de trabajadores del hospital del Niño.

- Secretaría General de CUT Ucayali
- Secretaria General de CUT Junín
- Sindicato del Sector Agrario Huanuco
- Secretaría de Promoción e Integración de la Mujer y defensa del niño trabajador.
- Secretaría de desarrollo y promoción de la Mujer CPE-CGTP.
- Secretaría de Educación y Asuntos laborales de la Región Callao - CGTP.
- Secretaría de Organización y Secretaría General de CGTP Callao.
- Secretaría de Promoción de la Mujer - SITENAPU.
- Secretaría de Economía de la FENTAP.