

## **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 10<sup>th</sup> 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.”<sup>1</sup>*

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,



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



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Dolores Huerta  
President  
Dolores Huerta Foundation



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Rosa Rosales  
President  
League of United Latin American Citizens

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



## *League of United Latin American Citizens*

### **RESOLUTION REJECT NEW TRADE AGREEMENTS WITH PERU AND COLOMBIA**

**WHEREAS**, the North American Free Trade Agreement (NAFTA) has caused net job losses in every U.S. state and the District of Columbia, for a combined total of over one million lost U.S. jobs, including almost 40,000 lost jobs in Florida alone; and

**WHEREAS**, NAFTA also has a proven record of negative impacts in Mexico, as under NAFTA the median industrial wage has lost ten percent of its value and more than 1.3 million Mexican farmers have lost their livelihood and migrated north to the cities and to the borders looking for jobs in the maquiladoras; and

**WHEREAS**, the U.S. Congress is currently considering urgently needed immigration reform policies to address the status of millions of undocumented workers in the United States, but has not included in the discussion any recognition of the fact that undocumented migration to the U.S. from Mexico has more than doubled since NAFTA was enacted, not to mention the fact that increased U.S. border policing and militarization since NAFTA has led to more than 2,700 deaths from failed border crossing in desperate attempts to seek the American dream; and

**WHEREAS**, the U.S. Trade Representative (USTR), instead of investigating ways to fix the deeply troubling problems with NAFTA, continues to push for its unmodified expansion, including through the passage, by a 1 vote margin last July 27, 2005, of the Central America Free Trade Agreement (CAFTA); and

**WHEREAS**, the USTR has negotiated new trade agreements modeled on the NAFTA and CAFTA agreements with the South American countries of Peru and Colombia; and

**WHEREAS**, like NAFTA and CAFTA, these new agreements fail to include adequate enforcement for violations of internationally recognized labor and environmental standards; and

**WHEREAS**, this failure to include enforceable international labor standards comes despite:

- The fact that over 2,000 labor union members have been assassinated in Colombia since 1990, including 75 in 2005 alone, and the violence continues as Mr. Daniel Cortez, a member of the Sintraelecol electrical workers union was shot to death by armed assailants on April 2, 2006 for his union organizing activities; and
- The International Labor Organization (ILO) and the U.S. State Department have published reports of extensive child labor practices in Peru; and

- Anti-union labor regulations that have led to a severe decline in unionization rates, so that now the number of private-sector unionized workers in Peru is only one-sixth of what it was twenty years ago; and
- President Alejandro Toledo's public statements last year that he would *support* a trade agreement that included an enforceable commitment to adopt and comply with ILO core labor standards—a step that was immediately rejected by House Republican chair of the Ways and Means Committee Bill Thomas,

**WHEREAS**, 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, desire 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; and

**WHEREAS**, well-documented reports from the Colombian government, as well as statements from Peruvian farm organizations and religious leaders express certainty that the agricultural rules included in the new agreements will push hundreds of thousands of small farmers into bankruptcy—as happened in Mexico after NAFTA—and that the pressure to feed their families would force these farmers to grow more coca for cocaine production or join illegal armed groups, leading to an increase in violence and insecurity in the regions; and

**WHEREAS**, LULAC joined the Congressional Hispanic Caucus in opposition to the Central America Free Trade Agreement, on which the U.S.-Peru and U.S.-Colombia Free Trade Agreements are based, and none of the problems cited by LULAC with regards to CAFTA—from labor and environmental standards to agricultural provisions to investor rules—have been resolved in the texts of the new agreements; and

**NOW THEREFORE, BE IT RESOLVED**, That LULAC calls upon our national, state-level organizations and local chapters to educate members about the negative impacts of NAFTA and CAFTA and the threat that the U.S.-Peru and U.S.-Colombia free trade agreements pose to workers, health and prosperity and that LULAC supports the efforts of fair trade advocates to defeat passage of these agreements; and be it finally resolved that LULAC urges members of congress to reject the U.S.-Peru and U.S.-Colombia Free Trade Agreements and work for fair trade agreements that raise the standards of living for labor and protects our environmental standards.



Rosa Rosales  
LULAC National President

Approved this 21st day of May 2006.