

# AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS



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## **LEGISLATIVE ALERT!**

(202) 637-5090

October 1, 2007

Dear Representative:

The AFL-CIO welcomes the progress made by the House and Senate Democratic leadership in negotiating improvements to key sections of the U.S.-Peru Free Trade Agreement (Peru FTA). Ways and Means Chairman Charles Rangel and Trade Subcommittee Chairman Sander Levin have negotiated new provisions that represent real progress in the crucial areas of workers' rights and the environment, which the AFL-CIO has fought to achieve for many years.

How we deal with labor rights and the environment have been central to the debate over globalization and its impact on working families, both here in the United States and around the world. We hope these new labor provisions will provide a starting point for future efforts to strengthen and effectively enforce protections for workers in the global economy. The new provisions will not solve all the problems workers face, but they will provide another important and useful tool to pressure governments and corporations to respect workers' fundamental human rights.

But beyond the labor and environment provisions of the Peru FTA, several issues of concern to working families, particularly with respect to investment, procurement and services, were not adequately addressed.<sup>1</sup> These provisions have important ramifications for our members' jobs and communities, and as a result the AFL-CIO is not in a position to support the Peru FTA.

We believe that investor-to-state dispute resolution provisions should not be included in FTAs, and that definitions of expropriation and investment must not be overly broad. Furthermore, FTA procurement rules should not prohibit government contracts from requiring that domestic workers provide services or produce goods. We have also called for a broad and explicit carve-out in trade agreements to preserve the ability of federal, state, and local governments to regulate services for the public benefit.

Finally, the agricultural provisions of the Peru FTA will likely impose economic hardship on some of the sizeable rural – and poor – population of Peru. The U.S. must find better ways to negotiate agricultural provisions in trade agreements with developing nations.

While the "New Trade Policy" reforms announced by Chairman Rangel on May 10<sup>th</sup> represent progress in comparison to previously negotiated FTAs, they are by no means a

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<sup>1</sup> See, e.g., US-Peru Free Trade Agreement Labor Advisory Committee Report (Feb. 1, 2006), available at [www.ustr.gov/assets/Trade\\_Agreements/Bilateral/Peru\\_TPA/Reports/asset\\_upload\\_file477\\_8979.pdf](http://www.ustr.gov/assets/Trade_Agreements/Bilateral/Peru_TPA/Reports/asset_upload_file477_8979.pdf).

complete fix appropriate for any country or any situation. Intractable and egregious human rights violations in Colombia and unbalanced market access issues in South Korea put FTAs with these two countries in a completely separate – and significantly more problematic – category. The AFL-CIO vigorously opposes the FTAs with Colombia and Korea.

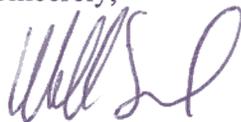
The challenges facing American workers today are enormous, and the reforms needed in current trade and domestic policy go beyond what can be addressed in bilateral trade agreements. Eroding wages, growing inequality, a crisis in both health care and retirement security, and constant attacks on the rights of workers to organize all contribute to deep economic insecurity for America's working families, and flawed trade policies have only exacerbated these problems.

As amended, the Peru FTA marks an important step toward a trade model that will benefit working people in both countries. Congress will need to provide strong and consistent pressure on the executive branch to ensure that these newly negotiated provisions are effectively implemented and enforced, since these provisions cannot serve their objective if the executive branch does not enforce them. Funding to help build the capacity of workers to exercise their labor rights, and thereby improve their working conditions, is also vitally important.

We applaud the considerable efforts that brought about these changes. However, these reforms represent only one aspect of what is wrong with U.S. trade policy. Further work is required to improve the template for future trade agreements, and to ensure that current trade agreements are energetically and consistently enforced. We will continue to fight to strengthen and repair these provisions in any future trade agreements.

Furthermore, in order to build a prosperous economy and workforce, we must work together to address the domestic and international policies that are putting U.S. workers, businesses, and farmers at risk. Legislation that meaningfully addresses currency manipulation, strengthens our trade laws, eliminates tax incentives for off-shoring, and protects consumers from tainted imports must be acted upon expeditiously. We look forward to working with our allies in Congress to address these challenges.

Sincerely,

A handwritten signature in blue ink, appearing to read 'William Samuel', written in a cursive style.

William Samuel, Director  
DEPARTMENT OF LEGISLATION