

# Peru NAFTA Expansion Peru-U.S. Free Trade Agreement (PUFTA)

The 1994 **North American Free Trade Agreement (NAFTA)** required the U.S., Canada, and Mexico to adopt numerous policies giving corporations new rights that many feared would be used to export jobs, jack up drug prices, attack environmental laws and food safety and squeeze farmers and consumers alike. Twelve years later we are living the damage caused by the NAFTA model: wages stagnating as prices rise, 3 million lost U.S. manufacturing jobs, and a \$717 billion trade deficit that threatens global economic stability. Mexico is also losing factory jobs as corporations trade in Mexico's \$5/day wages for China's \$1/day wages. Some 1.3 million Mexican *campesinos* have lost their livelihoods, hunger rates have jumped, and desperate migration has increased.



The Bush administration wants to expand this failed NAFTA model to the entire hemisphere in a 34-nation **Free Trade Area of the Americas (FTAA)**. But much of South America, reviewing NAFTA's damage, has said "no." To pressure nations like Brazil, a target of U.S. oil, pharmaceutical, logging and other corporate giants, the Bush administration has pushed for deals with smaller nations. The administration threatens to cut off these nations' existing tariff-free access to the U.S. market to pressure their governments into agreeing to trade deals opposed by their own populations.

After the Bush administration and their corporate allies publicly pledged to twist congressional arms "into a thousand pieces," and offered billions in pork barrel projects and corporate campaign cash, one such deal – the **Central America Free Trade Agreement (CAFTA)** – passed the U.S. Congress by one vote in July 2005. Now, the Bush administration is trying to push the same model into South America. Peru and Colombia recently submitted to "take-it-or-leave-it" deals that empower Big Pharma to cut off access to affordable medicines while requiring the privatization of basic services in those countries. The deals also will increase imports of subsidized U.S. agribusiness crops, running millions of impoverished South American farmers off of their land. And, like NAFTA and CAFTA, the deals fail to provide even the most basic enforceable labor or environmental standards.

Because these deals are based on NAFTA, people in Peru and Colombia know the damage they will suffer, and have held major protests. In the United States, Congress is nervous about more bad trade deals, but the Bush administration says it will ram the Peru FTA through in 2006. But because the political pain of the CAFTA battle lingers, if we speak up loudly now, we can send the Peru FTA back to the drawing board.

## Tell Congress that expanding NAFTA to Peru is a bad idea

***Call the U.S. Capitol Today (202) 224-3121. Ask to be connected to your House representative. Then call again for each senator.***

- ❖ Give your zip code to be connected to your House representative if you are not sure who he or she is.
- ❖ When you are connected to your representative and senators' offices, ask for the staffer handling trade issues. Tell him or her that you oppose expanding NAFTA to Peru and Colombia.
- ❖ Ask for your representative's position on the Peru-U.S. FTA, in writing to be sent by email or regular mail. If the staffer says the vote is not scheduled, insist you are informed of your representative and senators' positions before the elections, as a pledge, as it will affect how you vote.
- ❖ Use a local or personal story of damage from bad trade deals to illustrate your case or use the talking points on the back of this flyer.
- ❖ After you've called, share with us what you were told. This is key to our holding Congress accountable. Contact David Edeli at Public Citizen at [dedeli@citizen.org](mailto:dedeli@citizen.org) or (202)-454-5111.

## Peru-U.S. FTA (PUFTA) Talking Points:

**More NAFTA will be bad for our economy.** With the highest U.S. trade deficit ever, and the only major U.S. export being our well-paying jobs, we can't afford any more NAFTA-like trade deals. If Congress approves PUFTA or a broader Andean Free Trade Agreement (AFTA), **more U.S. factories will move overseas**, the wages of jobs staying here will continue to be pushed down and more family farmers will go bankrupt. *We need to change this broken trade model!*

**Why are there no enforceable labor standards?** Peru's then-president Alejandro Toledo requested that real, enforceable workers' rights protections be included in PUFTA, but the Bush administration rejected that idea, even though Bush's own State Department found rampant use of child labor in Peru. So much for the Bush administration's arguments that the reason workers' rights can't be in trade deals is because "our partners don't want them." According to a study by Young Lives, a project of the U.K. government and Save the Children, the Peru deal could lead to severe losses for rural families, reducing the numbers of children in school and increasing the number working. *Wages and working conditions in all countries will be hurt if trade pacts encourage corporations to race to the bottom.*

**Peru FTA is a threat to regional and international security:** PUFTA's agricultural rules will devastate small Peruvian farmers' crops of corn, rice and beans, just as NAFTA's rules undermined Mexican corn growers. Peru's *campesinos* would be forced to migrate to overcrowded cities and to the United States, or else to grow more opium poppies and more coca for **cocaine production** or to **join illegal armed groups**. *It isn't worth creating more instability in a fragile, war-torn region just so big corporations can make extra profits.*

**Ports privatization in Peru and PUFTA foreign investor privileges undermine both job security and national security.** The longshoremen's union in Peru, FENTENAPU, has been fighting port privatization for years. The for-profit, private company that instead has been approved by the Peruvian government to run the country's biggest port is Dubai Ports World. PUFTA's investor rules specifically cover "landside port activities" and government construction contracts, so *DPW or other private companies that set up in Peru could use the FTA to challenge U.S. policies meant to increase our domestic port security or protect good U.S. jobs in ports and other sectors.*

**Peru FTA endangers the lungs of the planet.** The upper Amazon basin in Peru is among the most bio-diverse areas on earth— and also one of the most at risk. Trade in illegally logged timber, in violation of international environmental standards, is a huge problem in Peru, and pollution from oil production and mining is endemic. The investment rules in PUFTA could allow foreign investors to insist that they are allowed to pillage the area for timber, mineral and energy resources, and would chill direly needed efforts to protect the Amazon basin. Furthermore, despite specific requests, the Bush administration **rejected mandatory protections for biodiversity and indigenous peoples'** traditional knowledge. *Trade pacts like PUFTA gut environmental protections.*

**It is immoral to put Big Pharma's profits over lives.** Talk about protectionism! The monopoly patent rules in the Peru FTA will jack up prices for essential medicines – **causing people cut off to die unnecessarily from HIV/AIDS** and other treatable diseases. *The Big Pharma rip-off of exorbitant drug prices that we suffer should not be exported to other countries – instead we need a fix!*

**Peru FTA is a stepping stone to FTAA – a danger to U.S. farmers:** After CAFTA, PUFTA is the next agreement that the Bush administration is using to pressure Brazil and Argentina to join a Free Trade Area of the Americas (FTAA). Brazilian and Argentine agribusinesses enjoy subsidies that have helped make them powerhouse exporters of beef, citrus, sugar, soy, and cereals. Export surges from these countries could **seriously undercut U.S. family farmers** if an FTAA is put in place. *We need to fix the trade system that has led to rock-bottom commodity prices and American family farm bankruptcies, not expand it.*

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**"The United States is spending billions trying to eradicate the cocaine trade and here we are giving them an incentive to grow more coca."**

*-Joseph Stiglitz, former World Bank Chief Economist, on the potential impacts of AFTA.*

**"We are certain that the trade agreement will increase the cultivation of coca, which brings along with it a series of negative consequences including drug trafficking, terrorism and violence."**

*-Pedro Barreto, Archbishop of Huancayo, Peru.*

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For More Information on PUFTA, visit [www.tradewatch.org](http://www.tradewatch.org)

