

1 June 2004

Honorable Representative Dennis Hastert
Speaker
Honorable Representative Nancy Pelosi
House Democratic Leader
Honorable Representative Ciro D. Rodriguez
Chairman of the Hispanic Caucus
U.S. House of Representatives
Washington, DC 20515

Dear Members of Congress:

We write to you as representatives of workers', farmers', indigenous people's, women's, youth, community, human rights, cultural, religious and other non-governmental organizations from Bolivia, Colombia, Ecuador and Peru to inform you of our complete disagreement with the letter sent by U.S. Trade Representative Robert Zoellick to the U.S. House of Representatives on 13 November 2003 regarding the initiation of negotiations of a free-trade agreement (FTA) between our Andean countries and the United States.

The purpose of the Andean FTA arises from the obstacles confronting the FTAA process, as Mr. Zoellick himself recognized when he affirmed that the Andean FTA, "*would also lend momentum to concluding the Free Trade Area of the Americas negotiations by January 2005.*" Rather than recognizing the underlying reasons for the deadlock in the FTAA negotiations, Zoellick prefers to extend the failed North American Free Trade Agreement (NAFTA) model to the Andean region.

The FTAA, as well as the Andean FTA, are much more than agreements on trade, as they compromise human rights, the state's capacity to promote development, natural resources, democracy, sovereignty and our peoples' well being.

Agreements based on the failed NAFTA model will not serve to fulfill the goals proclaimed by the United States to promote democracy, opportunities, and development. Instead, these agreements and the neoliberal model will lead to growth in the resentment that the peoples of the South feel for the United States, because they will worsen our living standards and contribute to the generation of social conflicts. This has occurred from Mexico to Argentina. Last year, in the Andean region, a social uprising forced the resignation of former Bolivian President Gonzalo Sanchez de Lozada due to his neoliberal policies. An FTA between the Andean region and the United States will only exacerbate poverty, inequality, migration to the United States and drug trafficking.

Such issues as investment and government procurement, which are some of the new "Singapore issues", have been rejected by the majority of countries that make up the World Trade Organization (WTO). Zoellick himself has rejected the inclusion of three of those issues in that organization. In a press conference held on 20 February in Geneva,

Zoellick declared that rules on investment, competition policy, and transparency in government procurement should be "off the table". Similarly, agreements like those on intellectual property (TRIPS) and services (GATS) are not being deepened in the WTO due to resistance by the majority of its members. Nevertheless, the official U.S. position in the bilateral and subregional negotiations like the Andean FTA is precisely to impose these issues and rules. In other words, as they say in our countries, "what they can't get in through the door, they are trying to push through the window...room by room."

The USTR proposal is that, before they sit at the negotiating table, the Andean countries should have "*made progress in the resolution of pending bilateral investment problems.*" In other words, our countries should submissively accept the international arbitration panels made up of arbitrators who are selected in part by the transnational corporations making the claims, who then deliberate and make judgments without possibility of appeals and in secret behind the backs of the population and over the our countries' Constitutions. A population that is mostly poor would have to pay the compensation demanded by these corporations, determined not according to the amount they have invested, but instead according to the profits that they hoped for. This is the case of the lawsuit by the Bechtel Corporation against Bolivia. Bechtel had invested less than half a million dollars in water services in Cochabamba, but demanded compensation of US\$25 to 50 million for the cancellation of the contract. Or the case of Telecom de Colombia, which is confronting suits of more than US\$1.6 billion. How many billions of dollars must Andean countries pay for the suits that have already been brought by various transnational corporations?

In his letter to the House of Representatives, Zoellick indicated that the rules for the Andean FTA should ensure, "*that Andean investors in the United States do not have greater rights than local investors.*" According to Zoellick himself, foreign direct investment (FDI) by Andean investors in the United States was US\$4.5 million in 2002, so Peruvian, Colombian, Ecuadorian, and Bolivian investment in the United States is insignificant. In other words, protection for investors means rules that only benefit U.S. corporations. It is worth noting that none of the U.S. proposals entail sanctions against transnational corporations that fail to fulfill their contract obligations, practice double accounting, destroy the environment or corrupt public officials in the countries in which they are established or seek to do business.

The economies of Bolivia, Peru, Colombia and Ecuador are smaller than the 50 biggest U.S. corporations. In order to strengthen this imbalance, Zoellick promotes rules that completely favor transnational corporations to the detriment of our countries' smaller economies. Who else, if they do not favor the demands the demand that foreign investment be free of performance requirements, as promoted by the office of the U.S. Trade Representative (USTR)? In addition, the official U.S. position does not seek to reduce the inequalities between small and large economies, since the office of the USTR has rejected proposals by many countries to create a system of compensatory funds, similar to the program utilized during the integration process in the European Union.

On the issue of services, we are once again confronting a set of rules that promotes the model of deregulation and privatization that we in the Andean region have already suffered. Between 1992 and 1999, the privatization of public services in the Andean Community of Nations (CAN) rose to US\$19 billion, and there are estimates that the services market that is yet to be “conquered” in the Andean countries is many times that amount.¹ This privatization process is already affecting essential services such as water, health-care and education, converting these human rights into simple merchandise.

In regards to intellectual property, USTR seeks to guarantee the patents held by large transnational corporations without considering the impact that this will have on health, education, scientific and technological development, traditional knowledge and biodiversity in our countries. In addition, these rules will have an impact on the whole world, as our countries are depositories of great biodiversity that should be treated as mankind’s heritage and not as a simple good. To us, this is an assault against the human species, since a pharmaceutical company’s patent is held above the population’s right to health and life. We believe that the proposal to permit patents on animal or vegetable life forms that result from non-biological or microbiological processes is an aberration that goes against all ethics and nature.² We believe that demanding respect for patents, 90 percent of which are held by countries in the North, disregarding the fact that the sources of biodiversity that gave rise to them are in the countries of the South, constitutes a new form of piracy similar to that suffered by our countries during the period of colonization.

Without analyzing any of these issues, Zoellick proposes to, “*Seek to strengthen the Andean countries’ procedures to enforce intellectual-property rights, such as by ensuring that the Andean countries’ authorities seize suspected pirated and counterfeit goods, equipment used to make such goods or to transmit pirated goods,*” and calls for “*criminal penalties under the Andean countries’ laws*” in addition to “*compensation of rights holders for infringements of intellectual property rights.*” What would be the impact of millions of dollars of compensation that our peoples would have to pay to transnational corporations? No economy or democracy in our Andean countries would be viable if it is obliged to comply with this kind of standard!

As for government procurement, the USTR proposal is to, “*Seek to expand access for U.S. goods and services to the Andean countries’ government procurement market.*” While on the one hand, USTR maintains a series of mechanisms to protect and support its national producers, on the other hand it wants our countries to eliminate one of the few remaining mechanisms to encourage national production in the Andes: government procurement. If the United States has encouraged programs like the “Buy America” program to promote national employment and local economies, how can it deny the right to apply the same measures to Peru, Colombia, Ecuador and Bolivia? Including the issue of government procurement in the FTAs is an attack against our sovereignty, since it restricts our right to decide on our public policies at the economic level.

¹ *Análisis del Impacto del ALCA en la Comunidad Andina*, 2003, Secretaría General de la CAN.

² Services Chapter of Third FTAA Draft, Article 2.

On this issue of Agriculture, Zoellick proposes that the Andean countries, "*support achieving the U.S. objective in the WTO negotiations of eliminating all export subsidies on agricultural products.*" In other words, our countries would renounce the demand that the United States reduce and eliminate its multimillion dollar subsidies to U.S. agriculture, and while the countries that strongly subsidize agriculture reach an agreement, our countries' agriculture would be demolished by an avalanche of U.S. agricultural goods. We have seen the example of how this turned out for Mexican family farmers under NAFTA. It produced an exodus of rural people, who now live as undocumented workers in the United States.

The Andean FTA is being presented as a natural continuation of the Andean Trade Promotion and Drug Eradication Act (ATPDEA), which ends in December 2006, while omitting mention of the fact that this U.S. tariff preferences law includes conditions on Andean countries that make our countries' sovereign and democratic right to decide. For example, it establishes that an Andean country can only be eligible for tariff reductions under the ATPDEA to the degree that it "*participates in negotiations toward the completion of the FTAA or another free-trade agreement.*" This implies that if an Andean country decides that it is not advisable to participate in the FTAA or the FTAs, it would be immediately sanctioned with the exclusion of those tariff reductions.

In addition to these economic and trade conditions, there are conditions that involve the eradication of coca plantations and the securing of the respective certification. After ten years of application of the U.S. policy of eradication of coca farms in the Andean region, the results have been negative. The coca plantations that are eliminated in one country are compensated by new plantations in another. The reason that the production of coca continues practically unchanged in the region is that the demand in northern countries, and particularly in the United States, is not decreasing. The problem of drug addiction is essentially in the demand that exists in Northern countries. Even if all coca production in the region were eliminated, the production of narcotics would continue in other parts of the world. The source of drug addiction is not the existence of one or another plant, since that criterion would lead to the idea of demolishing much of the biodiversity in the Amazon region and Africa.

The cost in human lives and the violence generated by the coca eradication policy in the Andean countries can not be imposed through blackmail. How would it seem to the United States if the rest of the world adopted a policy that said that if the United States does not reduce the quantity of drug addicts in its country then it would be subject to trade sanctions?

The U.S. anti-drug policy in the Andean region has been a pretext to promote the militarization of our countries and U.S. control over vast territories. For this reason, it concerns us that Robert Zoellick, in his letter to Congress, says that the Andean FTA would be "*a natural complement to Plan Colombia.*"

One of the requirements for beneficiary status in the ATPDEA is "*support for U.S. efforts in the fight against terrorism*". This condition is humiliating since we already

have every right to oppose and question actions such as the U.S. invasion and occupation of Iraq, a policy that is currently being criticized by many U.S. citizens.

U.S. exports to the Andean region are less than one percent of total exports. For Bolivia, Peru, Colombia and Ecuador, the US. market is close to half of its exports. Resorting to these conditions to grant preferences that are irrelevant to the U.S. economy is the cruelest form of modern blackmail applied through so-called free trade.

In addition to all of these issues, there are serious problems for our countries in the procedures for negotiating the Andean FTA. USTR proposed to *“initiate negotiations in the second quarter of 2004 with the countries that have demonstrated their readiness to begin. We will incorporate the countries that need more time to prepare at a later stage.”* This means that first the United States will negotiate with Colombia, Ecuador and Peru and later with Bolivia in order to reach one trade agreement with annexes by country. Bolivia would therefore be in a position of nearly absolute subordination to the “agreements” reached between the United States and Colombia, Ecuador and Peru. Once again, we are confronting a policy to divide and negotiate separately.

The organizations signing this letter are not against trade with the United States. We want and desire an expansion in commercial trade, under terms that prioritize the strengthening of our national production. If there is work and sustainable production, there will be stability and growth in the Andean region. Assaulting our already precarious economy means assaulting our democracy and sovereignty. The peace that everyone in the world wants can not be imposed by the law of the strongest.

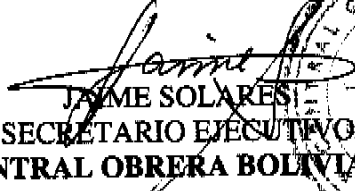
We support promoting transparent, open and respectful negotiations on improvements in trade flows with all countries, but without any kind of conditions.


For all of these reasons, we request that the U.S. Congress withdraw all support for the negotiations of an FTA with the Andean countries and grant a hearing in the U.S. House of Representatives for a delegation of civil-society organizations from Bolivia, Colombia, Ecuador and Peru to discuss our criteria on what we believe should be trade relations within a framework of respect and for sustainable development in the hemisphere and the world.


Sincerely,
[signatures attached]


cc: Carlos D. Mesa Quisbert, President of Bolivia
Alvaro Uribe Vélez, President of Colombia
Lucio Gutiérrez, President of Ecuador
Alejandro Toledo, President of Peru
Robert Zoellick, USTR

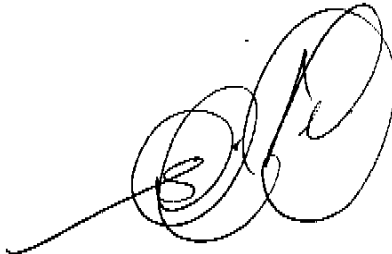
Por Bolivia:

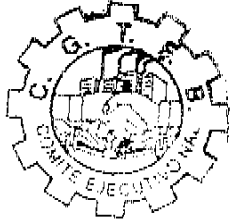

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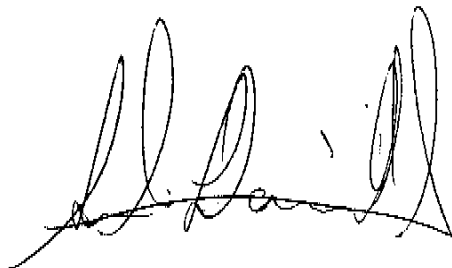
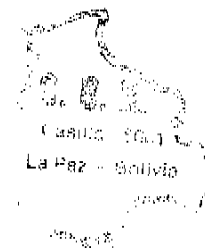




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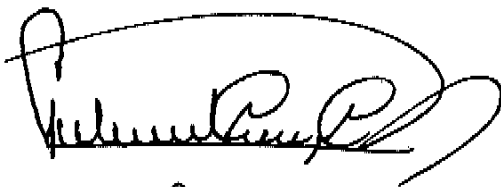
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~~Natalia Pérez~~
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Mesa de Trabajo Mujeres y Economía
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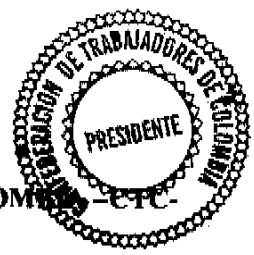
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ENRIQUE DAZA

Red Colombiana de Acción Frente al Libre Comercio y al ALCA

-RECALCA-

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Otras Organizaciones Andinas que suscriben la carta dirigida al Congreso de los Estados Unidos, sobre TLC entre Estados Unidos y los Países Andinos:

PERUANAS :

- Asociación Filomena Tomaira Pacsi
- Central Unitaria de Trabajadores -CUT- Perú
- Forum Solidaridad Perú
- Grupo Género y Economía
- Grupo Red de Economía Solidaria del Perú -Gresp
- Instituto Salud y Trabajo
- Instituto de Investigación y Capacitación de la Familia y la Mujer - Incafam
- Programa Laboral de Desarrollo -Plades
- Red Global Latinoamericana
- Red Latinoamericana Mujeres Transformado la Economía -Remte-
- Tierra Vida.
- Capitulo Peruano de la Plataforma Interamericana de Derechos Humanos, Democracia y Desarrollo

ECUATORIANAS :

- Confederación de Nacionalidades Indígenas del Ecuador -Conaie-
- Confederación de Pueblos de la Nacionalidad Kichwa del Ecuador - Ecuarunari-
- Confederación Nacional de Seguro Social Campesino del Ecuador - Confeunassc-

COLOMBIANAS:

- Asociación Nacional por la Salvación Agropecuaria
 - Sociedad Colombiana de Economistas
 - Federación Colombiana de Estudiantes de Contaduría Pública
 - Federación Colombiana de Colegios de Contadores Públicos
 - Organización Colombiana de Estudiantes -OCE-
 - Asociación Censat Agua Viva
-