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As Latest Round of AFTA Negotiations Continues, Andean Trade Agreement's Prospects Look Dim; Labor, Investment and National Security Concerns Raised

Statement of Lori M. Wallach, Director of Public Citizen's Global Trade Watch

The latest round of negotiations of the proposed Andean Free Trade Agreement (AFTA), an expansion of NAFTA to Colombia, Ecuador and Peru, has continued to drag on this week in Cartagena, Colombia. The negotiations, which were originally scheduled to be finished by the end of 2004, are stalled because of continuing disagreements between the United States and Andean nations about several issues, including Andean countries' opposition to intellectual property protection rules that would raise medicine prices and NAFTA-style investment rules that limit countries' sovereignty to set land-use policy, counter currency speculation and regulate foreign investors in a way that benefits host countries' populations. As well, regarding Colombia, U.S. insistence that the Andean countries phase out domestic farm programs covering staples such as corn, beans and rice has raised serious national security concerns regarding how such trade provisions would contradict U.S. drug policy programs promoting the growing of such crops instead of coca in the region. Meanwhile, some of the Andean countries are seeking to include labor rights and environmental protections that go beyond the low standard set in the Central America Free Trade Agreement (CAFTA), while the Bush administration opposes real improvements.

The situation demonstrates how difficult the Andean NAFTA expansion agenda is: The Andean countries have a set of demands regarding food security, access to drugs and foreign investor policy that are essential if AFTA is not to undermine their countries' economic and political stability. The Bush administration opposes each one of the Andean demands on these issues, and this deadlock has stalled the pact's negotiations. Meanwhile, the Andean governments know that if they do not obtain improved labor and environmental language and eliminate provisions on foreign investment and drug access that caused widespread Democratic opposition to CAFTA, AFTA will become a prohibitively costly and difficult political fight. Thus, even if an agreement could be negotiated, observers in Congress and within the Andean diplomatic corps know that absent these changes, it would be hard to imagine AFTA passing Congress any time soon, given that the Bush administration had to spend much political capital to force passage of CAFTA, a six-nation expansion of NAFTA. CAFTA, which was opposed by all but 15 House Democrats, was a difficult sell even among Republican members of Congress who tend to favor most of the Bush administration's agenda, and unlike, AFTA, which drags in the Colombia drug issues, CAFTA did not implicate U.S. national security issues. This lack of congressional support for CAFTA highlighted a broad rejection – by Republicans and Democrats alike and by the U.S. public – of expansion of the NAFTA model.

Moreover, opposition to CAFTA grew, in part, from widespread concerns about the agreement's lack of protection for Central American workers. Similar concerns for Andean workers are likely to be even more pronounced, given that the labor conditions in the Andean countries, particularly Colombia, are regarded as far worse than those in Central America. It has been widely reported that Colombian trade unionists are not

just intimidated but routinely kidnapped and killed for attempting to organize around workers' rights. In fact, the U.S. State Department, in its 2004 Country Reports on Human Rights Practices, documented the murder and attempted murder of labor unionists in Colombia, and reported that "prominent human rights NGOs complained that the Government arbitrarily detained hundreds of persons, particularly social leaders, labor activists, and human rights defenders." The fact that labor unions in Colombia are protesting AFTA so heavily is a clear and frightening sign that they expect the agreement to make abysmal labor conditions even worse.

AFTA also raises real conflicts between U.S. Trade Representative's demands on agriculture and U.S. national security goals and policies. U.S. and Colombian experts widely fear that NAFTA-style agriculture provisions, which would allow for the massive influx of cheap, subsidized U.S. crops, would put U.S.-funded drug crop-substitution efforts at risk, thus encouraging farmers to return to coca production, negating any progress that may have been made to stop the violent drug production and trafficking that continues to plague Colombia. This resurgence of drug production not only would be disastrous for the Andean nations but also would prove to be a threat to America's national security.

Bush administration trade negotiators are also pushing for the extension of NAFTA investor-state rules, a power grab that Andean governments have resisted as similar commitments have already proven disastrous through the U.S. Model Bilateral Investment Treaty (BIT). Public Citizen has shown in a recent report, *NAFTA's Threat to Sovereignty and Democracy: The Record of NAFTA Chapter 11 Investor-State Cases 1994-2005*, that the growing list of NAFTA "investor-state" cases now totals more than \$40 billion in compensation demands, in which foreign investors have attacked regulatory and other government actions before closed, extra-judicial tribunals.

For more information on investor-state rules of NAFTA and proposed agreements, please visit:
www.tradewatch.org.

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