



## Department of Justice, Peace and Human Development Office of International Justice and Peace

### Background on Trade February 2012

*History demonstrates that ensuring some amount of free exchange of goods and services is indispensable for development and peace. However, neither free trade nor any set of rules are fair by themselves. Free trade can only be called such when it conforms to the demands of social justice and it is fair inasmuch as it allows developed and developing countries to benefit in the same way from the participation in the global trading system and enables them to foster the human development of each and all of its citizens.*

*--Note of the Holy See on the Preparation for the Fifth WTO Ministerial Conference, *Ethical Guidelines for International Trade* (September 2003)*

### **BACKGROUND**

Trade agreements have human consequences and moral dimensions, and must be evaluated with reference to the effects that they have on the people of both developing as well as developed countries. Trade must benefit people, not just markets and economies.

The global trade talks and negotiations—called the “Doha Development Agenda” (DDA), or Doha Round—which were due to conclude by the end of 2006, have not been completed. The United States and other nations have turned to *bilateral* and *regional* trade agreements instead. The same concerns that existed at the beginning of the Doha Round (human rights, agriculture, labor rights, the environment, intellectual property, the role of multinational corporations, etc.) apply to these smaller free trade agreements (FTAs).

The so-called President’s Trade Promotion Authority (TPA) expired in June 2007 so the President of the United States cannot negotiate trade agreements without the possibility of having them altered by Congress.

#### **Bilateral trade agreements:**

The **U.S.-Peru Free Trade Agreement** was ratified and came into force in 2009 and incorporated important and enforceable provisions into the trade agreement text, including labor and environmental protections, as well as relaxing intellectual property provisions previously negotiated to allow greater access to affordable medicines. It is the first agreement incorporating provisions that protect the environment and labor rights.

The Obama Administration successfully secured passage of similar **U.S.-Colombia and U.S.-Panama Free Trade Agreements**, along with one with **South Korea**. These agreements had been stalled in Congress until October 2011. The U.S.-Colombia trade agreement faced serious obstacles in Congress because of Colombia’s past record on protecting human and labor rights. There were also concerns with rural displacement, the environment, and lack of access to patented medicines by the poor. The President of Colombia, Juan Manuel Santos, has made human rights a high priority, although the jury is out on how much progress will be made. With respect to passage of the agreement with Panama, concerns were raised regarding money-laundering and narcotics trafficking. Passage of the trade agreements was made possible because Colombia adopted new laws to protect human rights, labor and the property claims of indigenous peoples, and Panama bolstered anti-money laundering and anti-trafficking efforts.

**Trade Preferences:** Since 2008, Congress has committed to a reexamination of various trade preference programs to ensure that they are promoting development in poor countries. These were originally designed to offer preferential access (quota-free and duty-free) to the U.S. market for goods from very poor countries.

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However, these preferences focus on just a few commodities, e.g. oil, that have not contributed to broad-based growth in least developed countries. USCCB seeks to improve these trade preference programs by advocating they focus instead on commodities that poor countries can produce and to which the United States can give access. USCCB was also very engaged in the extension and improvement of the trade preferences program for Haiti (HOPE/HELP). (See Haiti Background for more information.)

## **USCCB POSITION**

USCCB does not take positions for or against complex trade agreements. Rather, the Conference has offered ethical criteria to help guide policies and decisions on trade. These criteria were shared with policy makers during deliberations on the U.S.-Peru, U.S.-Colombia and U.S.-Panama Free Trade Agreements, and will continue to be the focus of USCCB advocacy with regards to future trade agreements. The Church in the United States and Colombia promoted the adoption of new Colombian laws to promote human rights, labor reforms and the property claims of indigenous peoples. The U.S. Catholic Bishops' criteria on trade include the elements outlined below.

### **USCCB Criteria on Trade:**

#### **Domestic Farm Policy**

- The U.S. should target agricultural supports to small and moderate income farmers and to programs that promote sustainable agricultural practices and rural development.

#### **International Trade Policy—Subsidies, Tariffs and Quotas, and Differential Treatment**

- Wealthier countries should reduce the subsidies, tariffs, and quotas that severely constrict poorer countries in their ability to market their own products and sustain their own agriculture.
- Developing countries should be given some flexibility (technically referred to as “special and differential treatment”) in using appropriate subsidies, tariffs, quotas, and other support measures to make sure they have sufficient food supplies, enhance rural incomes, and promote rural development.

#### **Having a Voice**

- Trade documents should be made available during the process of negotiation for review and public comment.
- Major elements of civil society, including groups representing the poor, business, labor and religious communities, should have greater access to participation in the negotiation process.
- Wealthier countries should provide technical assistance to help poorer countries be able to participate more fully in trade negotiations and to ensure that sectors that would not benefit from the agreements are supported.

#### **Labor and Environment**

- Trade agreements should treat labor and environmental concerns as integral to trade agreements and not as peripheral matters.
- Trade agreements should lead to economic and social improvements at home and abroad, particularly for poor and vulnerable workers and their families; this can be accomplished by adopting internationally agreed upon labor standards and by ensuring there is a safety-net in sectors that would be affected by the agreements.
- Trade agreements should foster the right to organize and bargain collectively.
- Trade agreements should encourage and not undermine the ability of poor countries to promote environmental protection and sustainable agricultural practices.

#### **Migration**

- The impact of trade on migration should be concretely addressed when trade measures are considered.

**For more information:** Visit these websites: [www.usccb.org/about/international-justice-and-peace/](http://www.usccb.org/about/international-justice-and-peace/) and [www.usccb.org/globalpoverty](http://www.usccb.org/globalpoverty) or contact Richard Coll, United States Conference of Catholic Bishops, at (202) 541-3153 (phone); 202-541-3339 (fax), or [rcoll@usccb.org](mailto:rcoll@usccb.org).

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