



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

**Background on Trade
February 2011**

In our own day, the State finds itself having to address the limitations to its sovereignty imposed by the new context of international trade and finance, which is characterized by increasing mobility both of financial capital and means of production, material and immaterial. This new context has altered the political power of States.

--Pope Benedict XVI, *Caritas in Veritate*, No. 24, 2009

BACKGROUND

Trade agreements have human consequences and moral dimensions. A number of trade agreements are expected to come before the new Congress, including agreements with Korea, Panama, and Colombia.

The global trade talks and negotiations—called the “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).

Without the so-called President’s Trade Promotion Authority (TPA), which expired in June 2007, 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** 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 U.S.-Colombia Free Trade Agreement: The Obama Administration has made passage of a similar agreement with Colombia one of its legislative priorities. In April 2008, the Bush Administration sent the Colombia FTA to Congress for consideration without prior agreement from Congressional leadership. It has been stalled in Congress since then. Although it is gaining momentum in Washington DC, the U.S.-Colombia trade agreement may face serious obstacles in Congress because of Colombia’s past record on protecting human and labor rights. There are also concerns with rural displacement, the environment, and lack of access to patented medicines by the poor. The new 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. The United States also hopes to reach trade agreements with Panama and South Korea.

Trade Preferences: Since 2008, Congress has committed to a reexamination of its various trade preference programs to ensure that they are working to promote development in poor countries. Originally designed to offer preferential access (quota-free and duty-free) to the U.S. market for goods from very poor countries, these preferences focus on just a few commodities, e.g. oil, that have not contributed to broad-based growth

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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 has addressed diverse aspects of international trade. Rather than take positions for or against complex trade agreements, the Conference has offered ethical criteria to help guide policies on trade. These criteria were applied to the U.S.-Peru Free Trade Agreement and continue to be the focus of USCCB advocacy with regards to the current trade agreements under discussion, especially the U.S.-Colombia trade agreement. In November 2003, the U.S. Catholic Bishops issued the statement *For I Was Hungry and You Gave Me Food: Catholic Reflections on Food, Farmers and Farmworkers*, which articulates the Conference's specific policy on agricultural trade as reflected in the criteria 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/sdwp/international/globaltrade.shtml and www.usccb.org/globalpoverty.shtml or contact Fr. Juan J. Molina, OSST, United States Conference of Catholic Bishops, at (202) 541-3153 (phone); 202-541-3339 (fax), or jmolina@usccb.org.

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