

The U.S.-Oman Free Trade Agreement

**Report of the
Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC)**

November 15, 2005

Table of Contents

- I. Purpose of the Committee Report1
- II. Executive Summary of the Committee Report.....1
- III. Brief Description of the Mandate of the Labor Advisory Committee.....1
- IV. Negotiating Objectives and Priorities of the Labor Advisory Committee.....2
- V. Advisory Committee Opinion on the Agreement2
 - A. Trade Impacts of the Oman FTA3
 - B. Labor Provisions of the Oman FTA3
 - C. Other Issues in the Oman FTA6
- VI. Conclusion8
- VII. Membership of the Labor Advisory Committee8

**Labor Advisory Committee for Trade Negotiations and Trade Policy
Report to the President, the Congress and the United States Trade Representative
on the U.S.-Oman Free Trade Agreement**

November 15, 2005

I. Purpose of the Committee Report

Section 2104(e) of the Trade Act of 2002 (TPA) requires that advisory committees provide the President, the U.S. Trade Representative (USTR), and Congress with reports required under Section 135(e)(1) of the Trade Act of 1974, as amended, not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135(e) of the Trade Act of 1974, as amended, the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principle negotiating objectives set forth in the Trade Act of 2002.

The committee report must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the relevant sectoral or functional area of the committee.

Pursuant to these requirements, the Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC) hereby submits the following report.

II. Executive Summary of the Committee Report

This report reviews the mandate and priorities of the LAC, and presents the advisory opinion of the Committee regarding the U.S.-Oman Free Trade Agreement (FTA). It is the opinion of the LAC that the Oman FTA neither fully meets the negotiating objectives laid out by Congress in TPA, nor promotes the economic interest of the United States.

The labor provisions of the Oman FTA will not protect the fundamental human rights of workers in either country, and represent a big step backwards from the Jordan FTA and our unilateral trade preference programs, including the Generalized System of Preferences (GSP), which does apply to Oman currently. The Oman FTA's enforcement procedures completely exclude obligations for governments to meet international standards on workers' rights. Provisions on investment, procurement, and services constrain governments' ability to regulate in the public interest, pursue responsible procurement policies, and provide public services. Rules of origin and safeguards provisions invite producers to circumvent the intended beneficiaries of the trade agreement and fail to protect workers from the import surges that may result.

III. Brief Description of the Mandate of the Labor Advisory Committee

The LAC charter lays out broad objectives and scope for the committee's activity. It states that the mandate of the LAC is:

To provide information and advice with respect to negotiating objectives and bargaining positions before the U.S. enters into a trade agreement with a foreign country or countries, with respect to the operation of any trade agreement once entered into, and with respect to other matters arising in connection with the development, implementation, and administration of the trade policy of the United States.

The LAC is one of the most representative committees established by Congress to advise the administration on U.S. trade policy. The LAC is the only trade advisory committee with more than one labor representative as a member. The LAC includes unions from nearly every sector of the U.S. economy, including manufacturing, high technology, services, and the public sector. It includes representatives from unions at the local and national level, together representing more than 10 million American working men and women.

IV. Negotiating Objectives and Priorities of the Labor Advisory Committee

As workers' representatives, the members of the LAC judge U.S. trade policy based on its real-life outcomes for working people in America. Our trade policy must be formulated to improve economic growth, create jobs, raise wages and benefits, and allow all workers to exercise their rights in the workplace. Too many trade agreements have had exactly the opposite result. Since NAFTA went into effect, for example, our combined trade deficit with Canada and Mexico has grown from \$9 billion to \$111 billion, leading to the loss of more than one million jobs in the United States. Under NAFTA, U.S. employers took advantage of their new mobility and the lack of protections for workers' rights in the agreement to shift production, hold down domestic wages and benefits, and successfully intimidate workers trying to organize unions in the U.S. with threats to move to Mexico.

In order to create rather than destroy jobs, trade agreements must be designed to reduce our unsustainable trade deficit by providing fair and transparent market access, preserving our ability to use domestic trade laws, and addressing the negative impacts of currency manipulation, non-tariff trade barriers, financial instability, and high debt burdens on our trade relationships. In order to protect workers' rights, trade agreements must include enforceable obligations to respect the core labor standards of the International Labor Organization (ILO) – freedom of association, the right to organize and bargain collectively, and prohibitions on child labor, forced labor, and discrimination – in their core text and on parity with other provisions in the agreement.

The LAC is also concerned with the impact that U.S. trade policy has on other matters of interest to our members. Trade policy must protect our government's ability to regulate in the public interest; to use procurement dollars to create jobs, promote economic development and achieve other legitimate social goals; and to provide high-quality public services. Finally, we believe that American workers must be able to participate meaningfully in the decisions our government makes on trade, based on a process that is open, democratic, and fair.

V. Advisory Committee Opinion on the Agreement

The Oman FTA fails to meet these basic goals. The FTA largely replicates the NAFTA, which has cost the U.S. more than one million jobs, allowed violations of core labor standards to continue, and resulted in numerous challenges to laws and regulations designed to protect the public interest. In the past three years, American workers have lost almost 3 million

manufacturing jobs, many due to the failures of our trade policy. These same policies resulted in another record-breaking trade deficit last year, of \$618 billion. The U.S. ran an \$88 million trade surplus with Oman last year, but, if history is any guide, the FTA will only erode our trade balance with the country.

The LAC is not opposed in principle to expanding trade with Oman, if a trade agreement could be crafted that would promote the interests of working people in, and benefit the economies of, both countries. Unfortunately, the U.S. Trade Representative has failed to reach such an agreement with Oman. Instead, the labor provisions of the Oman FTA make little progress beyond the ineffective NAFTA labor side agreement and actually move backwards from the labor provisions of our unilateral trade preference programs and the Jordan FTA. Meanwhile, the commercial provisions of the agreement do more to protect the interests of U.S. multinational corporations than they do to promote balanced trade and equitable development.

A. Trade Impacts of the Oman FTA

In almost every case in which the United States has concluded a comprehensive “free trade agreement” with another country, the impact on our trade balance has been negative, despite promises to the contrary. Our combined trade deficit with Canada and Mexico is now more than ten times what it was before NAFTA went into effect. Since granting China Permanent Normal Trade Relations in 2000, the U.S. trade deficit with China has more than doubled, hitting a staggering \$162 billion last year – making it our single largest bilateral deficit. The U.S. has even managed to rack up a trade deficit with tiny Jordan, with whom we had a surplus when we entered into a free trade agreement in 2001. Our trade deficit continues to rise as we reach new trade deals. Even in the services sector, where we are supposed to enjoy a trade advantage, we have seen our surplus fall as U.S. investors move overseas to export services back into the U.S. market. In advanced technology products, another area in which many people assume the U.S. has a competitive edge, our 1999 trade surplus of \$19 billion turned into a \$37 billion deficit by 2004.

It is hard to know if our trade balance will fare much better under the Oman agreement. The administration has still not released any analysis of the economic impacts of the agreement, despite clear instructions from Congress to do so. Section 2102(c)(5) of TPA instructs the President to provide a public report to Congress on the impact of a future trade agreement on United States employment and labor markets. This review is supposed to be available as early as possible in the negotiations, before negotiating proposals are put forward. But now, even after negotiations have been concluded, there is still no such review available. The ITC review of the economic impact of the new trade agreement, also mandated by Congress in TPA, is not yet completed.

While the overall trade relationship with Oman is small relative to the economy of the United States, it is possible that the agreement will result in a deteriorating trade balance in some sectors, including sensitive sectors such as apparel. Even where the market access provisions of the agreement themselves may not have much of a negative impact on our trade relationship, these provisions when combined with rules on investment, procurement, and services could further facilitate the shift of U.S. investment and production overseas, harming American workers.

The dramatically lower costs of energy in Oman provide enormous opportunities for energy-dependent industries to use the country as an export platform. As is the case with the United Arab Emirates (UAE), where a foreign glassware manufacturer has set up shop and may use the UAE's natural gas -- which costs less than 1/12th of what it does in the U.S. -- to flood the U.S. market with glassware, a similar opportunity exists with Oman.

Chemical manufacturers, energy interests and others could similarly benefit from Oman's energy pricing structure. Oman, like many other energy-rich nations, has a built-in advantage in low energy costs. But, beyond this initial advantage, energy costs to Oman's manufacturing interests do not reflect market prices. Additionally, the failure of the United States to have a comprehensive energy policy to ensure long-term stable supplies and affordable prices puts the U.S. at a substantial disadvantage. The failure of the Bush Administration to aggressively address energy costs has serious repercussions for our manufacturing sector and, indeed, for all energy consumers. The U.S.-Oman FTA will exacerbate that disadvantage by providing enhanced access to the U.S. market without addressing the non-market pricing of energy.

B. Labor Provisions of the Oman FTA

The Oman FTA's combination of unregulated trade and increased capital mobility not only puts jobs at risk, it places workers in both countries in more direct competition over the terms and conditions of their employment. High-road competition based on skills and productivity can benefit workers, but low-road competition based on weak protections for workers' rights drags all workers down into a race to the bottom. Congress recognized this danger in TPA, and directed USTR to ensure that workers' rights would be protected in new trade agreements. One of the overall negotiating objectives in TPA is "to promote respect for worker rights ... consistent with core labor standards of the ILO" in new trade agreements. TPA also includes negotiating objectives on the worst forms of child labor, non-derogation from labor laws, and effective enforcement of labor laws.

Unfortunately, the labor provisions of the Oman FTA fall far short of meeting these objectives. Instead, the agreement actually steps backwards from existing labor rights provisions in the U.S. -- Jordan FTA and in our Generalized System of Preferences (GSP) program. In the Oman agreement, only one labor rights obligation -- the obligation for a government to enforce its own labor laws -- is actually enforceable through dispute settlement. All of the other obligations contained in the labor chapter, many of which are drawn from Congressional negotiating objectives, are explicitly not covered by the dispute settlement system and thus completely unenforceable.

Labor Rights in Oman

Oman does not come close to meeting International Labor Organization (ILO) criteria for compliance with core labor standards, and the weak and inadequate labor rights protections in this agreement will allow these severe deficiencies in Oman's labor laws to persist.

Omani and foreign workers alike are severely restricted in their right to associate freely and are therefore subject to exploitation and violations of their rights. Abuse of foreign workers, including forced labor, non-payment of minimum wage, and even physical and sexual violence

are known occurrences in Oman, and yet the Government has not adequately enforced its own laws forbidding such practices.

The most serious issue is Oman's systematic denial of workers' freedom of association. The Omani government is in egregious violation of ILO conventions and universally accepted international practice.

Omani workers are denied freedom of association, as defined by ILO Conventions 87 and 98. The Omani Labor Code categorically denies Omani workers the right to organize and join unions of their own choosing. Under certain subscribed circumstances, workers in Oman are entitled to representation on "labor-management committees." The International Confederation of Free Trade Unions (ICFTU) 2004 annual report on workers' rights and the State Department 2004 country report on human rights practices both report that only 15 such committees have in fact been established, and where they exist they are by law "not authorized to discuss wages, hours, or conditions of employment." ¹

A review of Oman's current Labor Law, issued by decree in 2003, ² reveals a pattern of exceptions to the very standards it proclaims as law, from the exclusion of foreign domestic workers and civil servants from protection under the law, to loopholes that allow for a wide variety of interpretations of basic rights. This leaves workers dependent not upon the law, but upon the discretion of powerful vested interest groups that form the core of a semi-authoritarian regime.

Ministry of Manpower Decrees 135 and 136, issued in 2004, outline stringent government oversight parameters for both worksite level committees and a national committee intended to serve as a national representative body. ³ Although the workplace level committees allow for a semblance of rank and file participation through the General Assembly, workers may not join the assembly until they have completed one year of employment. The Minister of Manpower is directly responsible for ratifying the election results for both the workplace and national committees, and may object to any nominee to the administrative bodies who does not meet a set of stringent conditions, including fluency in Arabic language, a condition which would disqualify most foreigners from leadership positions.

Omani law similarly denies workers the right to organize and bargain collectively:

¹ 2004 Department of State Country Reports on Human Rights Practices, <http://www.state.gov/g/drl/rls/hrrpt/2004/41729.htm>

² *Omani Labour Code of 26 April 2003*

D. Ministry of Information

The New Labor Code was issued by Royal Decree No. 35 of 2003, and abrogates the previous Labor Law issued by Royal Decree Nov. 34 of 1973.

www.omanet.om/arabic/government/gov20.asp?cat=gov

³ Sultanate of Oman, Ministry of Manpower, "Ministerial Decision No. (135/2004), "On Principles of Formation and work of Representative Committees in Establishments," and Ministerial Decision No. (136/2004) – "On Principles of Formation and Work of the Main Representative Committee." May 11, 2004, Translated by POLE: Ahmed Al-Sawei.

The right to collective bargaining is still not recognized under the new, 2003 law. Pay and working conditions are generally defined by individual contracts in accordance with government minimum wage guidelines, which for most citizens is a mere \$260 per month. Many foreigners work in occupations that are exempt from the minimum wage guidelines, which is “insufficient to provide a decent standard of living for a worker and family.” Temporary workers are not covered by law. Enterprises with more than 50 employees must set up a joint labor-management committee as a communications forum. They may not discuss pay or working conditions.⁴

While all workers in Oman are denied basic labor rights, the large foreign workforce, who constitute the majority of workers in Oman, are especially vulnerable to abuse and exploitation. Foreign workers have the right to remain in the country for the duration of their work contracts; but employers are known to hold the passports of guest workers, and in the worst cases of abuse, even deny individuals the ability to extract themselves from dangerous or cruel work conditions. Laws protecting workers from forced labor are not enforced. According to the State Department:

The Government did not investigate or enforce the law effectively. Foreign workers at times were placed in situations amounting to forced labor. Employers have withheld documents that release workers from employment contracts and allow them to change employers. Without such a letter, a foreign worker must continue to work for his current employer or become technically unemployed, which was sufficient grounds for deportation.⁵

Oman has an equally deplorable record on trafficking in persons, according to the State Department’s 2004 Trafficking in Persons Report:

Oman is a destination country for women and men who migrate legally and willingly from South Asia –primarily from India, Bangladesh, Pakistan, Sri Lanka, and the Philippines—for work as domestic workers and laborers but are subsequently trafficked into conditions of involuntary servitude. Some of these workers suffer from physical and sexual abuse or withholding of ages or travel documents. . . According to a noted human rights activist, several dozen foreign children trafficked for the purpose of exploitation as camel jockeys were reportedly seen near the border with the United Arab Emirates.⁶

Oman has not taken steps to ensure that its laws afford workers their internationally recognized rights. The establishment of workplace committees and a national representative committee do not substitute for the overhaul in Omani law necessary to bring it into compliance with ILO

⁴ICFTU 2004 Annual Report on trade Union Rights
<http://www.icftu.org/displaydocument.asp?Index=991219477&Language=EN>

⁵ State Department COUNTRY REPORTS ON HUMAN RIGHTS PRACTICES 2004
<http://www.state.gov/g/drl/rls/hrrpt/2004/41729.htm>

⁶ TRAFFICKING IN PERSONS REPORT – Released by the Office to Monitor and Combat Trafficking in Persons, June 3, 2005:
<http://www.state.gov/g/tip/rls/tiprpt/2005/46614.htm>

standards. Despite commitments dating back to the mid-1990s to reform Omani labor laws to make them consistent with the core labor standards of the ILO, this has not yet happened.

The proposed FTA would allow Oman to maintain these restrictions on workers' rights in its law, and even to further limit workers' fundamental rights in the future. Even for the one labor obligation in the FTA that is subject to dispute resolution – the requirement to effectively enforce domestic laws – the procedures and remedies for addressing violations are significantly weaker than those available for commercial disputes in the agreement. This directly violates TPA, which instructs our negotiators to seek provisions in trade agreements that treat all negotiating objectives equally and provide equivalent dispute settlement procedures and equivalent remedies for all disputes.

The labor enforcement procedures cap the maximum amount of fines and sanctions available at an unacceptably low level, and allow violators to pay fines that end up back in their own territory with inadequate oversight. These provisions not only make the labor provisions of the agreement virtually unenforceable, they also differ dramatically from the enforcement procedures and remedies available for commercial disputes:

- Under the rules governing commercial disputes, trade sanctions are supposed to have “an effect equivalent to that of the disputed measure [i.e., the measure that violates the agreement].” Yet under the rules governing labor disputes, the amount of a monetary assessment is not just based on the harm caused by the disputed measure. Instead, the panel also takes into consideration numerous other factors, many of which could be used to justify a lower, and thus less effective, sanction. Factors to be considered include the reason a party failed to enforce its labor law, the level of enforcement that could be reasonably expected, and “any other relevant factors.” The agreement does not state whether these issues should be considered only as mitigating or aggravating factors, presenting the possibility that a panel could cite these additional factors to reduce the amount of a monetary assessment for a labor violation below the level necessary to remedy the violation – an outcome not permitted for commercial violations.
- In commercial disputes, the violating party can choose to pay a monetary assessment instead of facing trade sanctions, and in such cases the assessment will be capped at half the value of the sanctions. In labor disputes, however, the assessment is capped at an absolute level, no matter what the level of harm caused by the offending measure. Not only are the fines for labor disputes capped, but the level of the cap is so low that the fines will have little deterrence effect. The cap in the Oman agreement is \$15 million – around 2 percent of our total two-way trade in goods with Oman last year.
- Not only are the caps on fines much lower for labor disputes, but any possibility of trade sanctions is much lower as well. In commercial disputes, a party can suspend the full original amount of trade benefits (equal to the harm caused by the offending measure) if a monetary assessment (capped at half that value) is not paid. In a labor dispute, the level of trade benefits a party can revoke if a monetary assessment is not paid is limited to the value of the assessment itself – capped at \$15 million.

- Finally, the fines are robbed of much of their punitive or deterrent effect by the manner of their payment. While the LAC supports providing financial and technical assistance to help countries improve labor rights (and all members of the LAC were appalled to see the funds for such activities in the administration's budget for 2005 slashed from \$99.5 million to just \$18 million), such assistance is not a substitute for the availability of sanctions in cases where governments refuse to respect workers' rights in order to gain economic or political advantage. In commercial disputes under the Oman FTA, the deterrent effect of punitive remedies is clearly recognized – it is presumed that any monetary assessment will be paid out by the violating party to the complaining party, unless a panel decides otherwise. Yet for labor disputes, the violating country pays the fine to a joint commission to improve labor rights enforcement, and the fine ends up back in its own territory. No rules prevent a government from simply transferring an equal amount of money out of its labor budget at the same time it pays the fine. And there is no guarantee that the fine will actually be used to ensure effective labor law enforcement, since trade benefits can only be withdrawn if a fine is not paid. If the commission pays the fine back to the offending government, but the government uses the money on unrelated or ineffective programs so that enforcement problems continue un-addressed, no trade action can be taken.

The labor provisions in the Oman FTA are woefully inadequate, and clearly fall short of the TPA negotiating objectives. They will be extremely difficult to enforce with any efficacy, and monetary assessments that are imposed may be inadequate to actually remedy violations. The Oman FTA will do very little to actually ensure that core workers' rights are respected and improved in the U.S. and Oman. Given Oman's failure to respect core workers' rights and the huge inadequacies in its labor laws, it is especially problematic to implement an FTA with weak labor protections at this time.

C. Other Issues in the Oman FTA

In addition to the very serious problems with the labor provisions of the Oman agreement outlined above, commercial provisions of the agreement also raise serious concerns for the LAC. These issues have been discussed in detail in previous LAC reports on the Australia, Central America, Chile, Morocco, Bahrain, and Singapore FTAs. Unfortunately, the Oman FTA contains many of the same provisions as these previous agreements, and raises many of the same concerns, summarized in brief below.

Investment: In TPA, Congress directed USTR to ensure “that foreign investors in the United States are not accorded greater substantive rights with respect to investment protections than United States investors in the United States.” Yet the investment provisions of the Oman FTA contain large loopholes that allow foreign investors to claim rights above and beyond those that our domestic investors enjoy. The agreement's rules on expropriation, its extremely broad definition of what constitutes property, and its definition of “fair and equitable treatment” are not based directly on U.S. law, and annexes to the agreement clarifying these provisions also fail to provide adequate guidance to dispute panels. As a result, arbitrators could interpret the agreement's rules to grant foreign investors greater rights than they would enjoy under our domestic law. In addition, the agreement's deeply flawed investor-to-state dispute resolution mechanism contains none of the controls (such as a standing appellate mechanism, exhaustion requirements, or a diplomatic screen) that could limit abuse of this private right of action.

Finally, the marked difference between the dispute resolution procedures and remedies available to individual investors and the enforcement provisions available for the violation of workers' rights and environmental standards flouts TPA's requirement that all negotiating objectives be treated equally, with recourse to equivalent dispute settlement procedures and remedies.

Intellectual Property Rights: In TPA, Congress instructed our trade negotiators to ensure that future trade agreements respect the declaration on the Trade Related Aspects on Intellectual Property Rights (TRIPs) agreement and public health, adopted by the WTO at its Fourth Ministerial Conference at Doha, Qatar. The Oman FTA contains a number of "TRIPs-plus" provisions on pharmaceutical patents, including on test data and marketing approval, which could be used to constrain the ability of a government to issue compulsory licenses as permitted under TRIPs and the Doha Declaration. In addition, the proposed FTA goes beyond TRIPs by, in effect, recognizing the "work for hire" doctrine in Article 15.4(6) of the agreement. This provision is unfair to artists and performers, and is strongly opposed by the LAC.

Government Procurement: The FTA's rules on procurement restrict the public policy aims that may be met through procurement policies at the federal level. These rules could be used to challenge a variety of important procurement provisions including domestic sourcing preferences, prevailing wage laws, project-labor agreements, and responsible contractor requirements. The LAC believes that governments must retain their ability to invest tax dollars in domestic job creation and to pursue other legitimate social objectives, and that procurement rules which restrict this authority are inappropriate.

Rules of Origin: Any preferential trade agreement must include a rule of origin that assures that products are manufactured as well as assembled in the beneficiary country. The high degree of international investment in most manufacturing industries makes it essential to set a high rule of origin, focused on manufacturing content rather than on indirect costs or simply on tariff classification changes. The "substantial transformation" rule of origin included in the Oman agreement is highly problematic. It allows products to qualify for duty-free benefits even if only 35 percent of their value (including content and costs of production) comes from the FTA countries, as long as a "substantial transformation" takes place in the exporting FTA country. There is no minimum amount of value that must originate in the exporting FTA country, as long as a transformation takes place there and as long as the combined FTA country value is 35 percent. This rule is weaker than the Jordan FTA, and could deprive Omanis of much of the anticipated employment benefits of the agreement. This rule invites abuse by multinational corporations, who will be able to manipulate their production and purchasing to ship goods made primarily in third countries through Oman for a minimal transformation before entering the U.S. duty free. The rule of origin fails to promote production and employment in the U.S. and Oman, and it grants benefits to third countries that have provided no reciprocal benefits under the agreement and that are not subject to the agreement's minimal labor and environmental rules.

Safeguards: Workers have extensive experience with large international transfers of production in the wake of the negotiation of free trade agreements and thus are acutely aware of the need for effective safeguards. The safeguard provisions in the Oman agreement, which offer no more protection than the limited safeguard mechanism in NAFTA, are not acceptable. A surge of imports from large multinational corporations can overwhelm domestic producers very quickly,

causing job losses and economic dislocation that can be devastating to workers and their communities. For many American workers losing their jobs to imports, it may be their own employer that is responsible for the surge of imports. In such a case, and similar situations in which an international sourcing decision has been made on the basis of a free trade agreement, the usual remedy of restoration of the previous tariff on the imports will not be enough to reverse the company's decision to move production abroad. U.S. negotiators should have recognized that much faster, stronger safeguard remedies are needed. The Oman FTA has failed to provide the necessary import surge protections for American workers.

Services: NAFTA and WTO rules restrict the ability of governments to regulate services – even public services. Increased pressure to deregulate and privatize could raise the cost and reduce the quality of basic services. Yet the Oman agreement does not contain a broad, explicit carve-out for important public services. Public services provided on a commercial basis or in competition with private providers are generally subject to the rules on trade in services in the Oman FTA, unless specifically exempted. The specific exemptions for services in the Oman agreement fall short of what is needed to protect important sectors. There are, for example, no U.S. exceptions for energy services, water services, sanitation services, or public transportation services. Even for those services the U.S. did make exceptions for, such as public education and health care, the exemption only applies to some of the core rules of the FTA, not all. These partial exceptions are particularly worrisome given the tendency of trade dispute panels to interpret liberalization commitments expansively, and to interpret exceptions to those commitments narrowly. One manifestation of this problem is the recent WTO decision against the U.S. on gambling services – the U.S. argued unsuccessfully that gambling was not covered by the WTO's General Agreement on Trade in Services, and now potentially faces the prospect of choosing between changing our gambling laws or enduring trade sanctions.

VI. Conclusion

The LAC recommends that the President not sign the Oman agreement until it is renegotiated to fully address each of the concerns raised in this report. If the President does send the agreement to Congress in its current form, Congress should reject the agreement, and send a strong message to USTR that future agreements must make a radical departure from the failed NAFTA model in order to succeed.

The LAC recommends that USTR reorder its priorities before continuing with negotiations towards new free trade agreements with the Andean Region, Panama, Southern Africa, and Thailand. American workers are willing to support increased trade if the rules that govern it stimulate growth, create jobs, and protect fundamental rights. The LAC is committed to fighting for better trade policies that benefit U.S. workers and the U.S. economy as a whole. We will oppose trade agreements that do not meet these basic standards.

VII. Membership of the Labor Advisory Committee

Paul Almeida, Department of Professional Employees, AFL-CIO
Ron Ault, Metal Trades Department, AFL-CIO
Morton Bahr, CWA (emeritus)
George Becker, USW (emeritus)

Barbara Blakeney, ANA
Thomas Buffenbarger, IAMAW
Francis Chiappardi, Jr. NFIU
Jeff L. Fiedler, FAST
Patricia A. Friend, AFA-CWA
Leo Gerard, USW
Ron Gettelfinger, UAW
Melissa Gilbert, SAG (former)
Stephen Goldberg, Northwestern University Law School
Joseph T. Hansen, UFCW
Edwin Hill, IBEW
Cheryl Johnson, UAN
Edward McElroy, AFT
Charles E. Mercer, Union Label and Service Trades Department
Bruce Raynor, UNITE HERE
Michael Sacco, Seafarers International Union of North America
Andrew Stern, SEIU
John J. Sweeney, AFL-CIO
Duane Woerth, ALPA
Edward Wytkind, TTD
Boyd Young, USW (former)
William H. Young (NALC)