

NAFTA THOUGHTS

A Newsletter on the North American Free Trade Agreement

Vol 1, No. 1

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NEW NAFTA NEWSLETTER

Welcome to *NAFTA Thoughts*, a new newsletter of and for the networks working on the North American Free Trade Agreement.

The Development GAP has been sending out information packets on the proposed NAFTA for several months. These packets keep growing in size. People have informed us that they also receive information packets from the Institute for Agriculture and Trade Policy (IATP) and other organizations working on free trade. We decided to reduce this "information overload" by producing a newsletter that summarizes new material on recent actions and potential consequences related to a NAFTA.

This is a first attempt at such a newsletter, but, just as we relied on groups around the country to supply materials for the mailings, we need your help with articles for this bulletin. We would appreciate receiving short articles of interest to people concerned about a NAFTA, as well as feedback on *NAFTA Thoughts* to make the next edition as useful as possible to readers.

On the last page of this newsletter there is a list of relevant articles, letters and papers for those people who want further information on the topics summarized. For copies of these materials, please contact me at The Development GAP at (202)898-1566 (phone), (202)898-1612 (fax) or through Peacenet (dgap). If you would like to continue to receive the full information packets, please contact Cynthia Power, also at The Development GAP. There will be a \$15 fee to cover the copying and mailing costs of these materials for the next year. The newsletter will be sent free of charge and will also be available on Peacenet on the carnet.mexnews conference.

Karen Hansen-Kuhn

NAFTA DELAY

Several newspapers, including the *Journal of Commerce*, the *Toronto Star* and *El Financiero* report a likely delay in concluding the NAFTA negotiations, possibly until 1993. This may be due to difficulties in such aspects of the negotiations as local-content requirements for automobiles and the protection of the textile industry. It also stems from efforts to conclude negotiations on the Uruguay Round of the GATT by early 1992. Rumors are that NAFTA negotiators from Mexico and the U.S. have been sent to Geneva to work on the GATT.

Many observers believe the Bush Administration would like to delay consideration of a NAFTA until after the Presidential elections. If the Administration waits until 1993 to present the agreement, however, Congress would likely have to vote a second time on fast-track authority, which expires in March of that year. Presidents Bush and Salinas meet at Camp David on 14 December to discuss the state of the negotiations.

Harris Wofford voiced concern about potential job loss resulting from a NAFTA in his successful Senate campaign in Pennsylvania. MODTLE and others hope to make concerns on NAFTA's potential negative impact an important part of the upcoming Congressional and Presidential campaigns.

A recent poll in Canada revealed 47 percent of Canadians oppose and 35 percent favor both the U.S.-Canada FTA and a NAFTA. The Mulroney Administration is eager to conclude negotiations in 1992, prior to elections in 1993. According to the *Toronto Star*, "There has already been discussion among Conservative strategists around Mulroney about pulling out of the talks if they drag into 1993."

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ELECTORAL FRAUD IN TABASCO

The electoral fraud that plagued the 18 August Congressional elections in Mexico was in evidence again in the 17 November elections in the state of Tabasco. The ruling PRI claims to have won all of the mayoral and congressional seats.

On election day, members of the Mexican National Accord for Democracy (ACUDE), the Human Rights Committee of Tabasco (CODEHUTAB) and the Convergence of Civil Organizations for Democracy (Convergencia) conducted electoral monitoring in nine of seventeen municipalities holding elections. While ACUDE is scheduled to release its elections report within the week, Adolfo Aguilar, a member of ACUDE, reported in the 25 November edition of *El Financiero*: "What we saw and witnessed in Tabasco does not lend itself to ambiguous interpretations: the process was marked by notorious irregularities that together decisively influenced the results of the vote." Monitors witnessed threats, vote buying, and expulsion of opposition party representatives, among other abuses.

There are few doubts that many people did, in fact, vote for the PRI, given its tight control over state resources. However, there is strong reason to believe that the opposition PRD party won at least two of the municipal elections. Election monitors in the city of Cárdenas were unable to find anyone who admitted voting for the PRI. The PRI won that municipal election by just 440 votes after election authorities annulled 3,374 votes.

Aguilar and others doubt the PRI will concede the fraud, especially since it seems likely the progressive PRD, rather than the conservative PAN party, actually won the elections. He states that since 1988 a pattern of selectivity in recognition of opposition triumphs has emerged -- "nothing, or almost nothing, to the PRD and generosity with the PAN."

Citizens in Tabasco have reacted strongly to the fraud. PRD leader Andrés Manuel López Obrador decided to follow the example of civil resistance set after the August elections in San Luis Potosí. On 23 November over 500 people joined López Obrador in a march from Villahermosa to Mexico City to protest the fraud. While there has not yet been any official response to the march, Aguilar observes that a pattern of citizen demands for national attention to local electoral fraud has emerged and taken hold.

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NAFTA Thoughts

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NAFTA Thoughts presents views on developments in Canada, the United States and Mexico related to the proposed North American Free Trade Agreement. Contributions are welcomed.

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TRADE CONCERNS AND ALTERNATIVES AIRED AT ZACATECAS

Environmental, labor, agricultural, religious, and other citizens' groups from Canada, the U.S. and Mexico met on 25-27 October in Zacatecas, Mexico for a forum entitled "Public Opinion and the Free Trade Negotiations -- Citizens' Alternatives". This meeting was held concurrent with the round of official NAFTA negotiations in that city. Representatives from 11 organizations in the three countries attended. The international forum received wide press coverage in Mexico.

On 25 October, after reports from the Action Canada Network, the Mobilization on Development, Labor, Trade and Environment (MODTLE), and the Red Mexicana Frente al Libre Comercio (RMALC), participants broke into thematic working groups to discuss proposals on trade. Even though each network had developed its own proposal for an alternative trade agenda, they were able to hammer out a consensus document. Tony Clarke (ACN), Pharis Harvey (MODTLE) and Berta Lujan (RMALC) delivered the document to the official negotiators on 27 October. (MODTLE is currently seeking endorsement of both its alternative agenda and the consensus document. **Please note that the deadline for endorsements of the MODTLE and trinational papers has been changed from 20 November to 31 December.**)

On 26 October a public meeting was held to present various points of view on the NAFTA negotiations. Panelists spoke on sectoral issues, as well as on the need to establish a continental development initiative that would benefit the citizens of all three countries. The Forum ended on Sunday with a panel discussion on "Democracy, Politics and the Free Trade Agreement". It featured presentations by political leaders Cuauhtémoc Cárdenas (President of the PRD), Salvador Nava (Frente Cívico Potosino, and widely recognized as the winning candidate in the recently annulled elections in San Luis Potosí), Andrés Manuel López Obrador (PRD, Tabasco), Javier Llavas (PAN, Nuevo León), Jorge Eugenio Ortiz Callegos (PAN) and Adolfo Aguilar Zinser (researcher at the UNAM). *KHK*

GLOBAL VILLAGE vs. GLOBAL PILLAGE: A One-World Strategy for Labor

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*Up-and-coming from ILRERF:
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Suppression of Labor Rights in Mexico.*

UNCANNY SILENCE FROM CRAFTY CARLA

by Rebekah Greenwald

As of 22 November 1991, three months after United States Trade Representative (USTR) Carla Hills announced that Mexico, Guatemala and many other countries with severe and undeniable labor-rights violations would not be reviewed for eligibility under the Generalized System of Preferences (GSP), the Trade Policy Staff Committee of the USTR still has not provided the legally mandated rationales for its decisions. The U.S. Trade and Tariff Act of 1984 stipulates that a country's duty-free access to the American marketplace under the GSP depends on its basic respect for internationally recognized workers' rights. Interested parties submit petitions on countries that do not recognize worker rights, which the USTR must accept if the office cannot prove that significant progress has been made in that country in the area of labor rights.

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(continued from page three)

The fact that the USTR has stewed in silence for three months leads many of the petitioners to believe that the USTR made irrational decisions for which it has no justification that can be stated publicly. William McGaughey Jr., Thomas J. Laney and Jose Quintana, who filed the petition on Mexico, which was supported by the Minnesota Fair Trade Coalition, the International Labor Rights Education and Research Fund (ILRERF) and Hubert Humphrey III, Attorney General for the State of Minnesota, and spuriously scorned by USTR, are still baffled by the USTR's lack of response. "The only reason for their rejection I can think of," said Laney on a snowy November afternoon, "is that it would mess up their negotiations of the NAFTA. Unfortunately, that reason is not covered under the law."

Laney, McGaughey and General Counsel for the ILRERF, Terry Collingsworth, have sent reminder letters to the USTR. Laney's letter cited the illegality of the decision not to review Mexico: "We are very concerned that the U.S. Trade Representative can ignore a situation at Ford-Cuautitlan that has resulted in murder...How do you overlook the fact that Mexican workers are routinely fired, beaten, disappeared, shot and even killed for exercising their right to democratic trade unionism?" Collingsworth's letter focused on the violation of process: "Your August 21 announcement [of the decision] was itself over one month late, based on the July 15 deadline mandated by your regulations, see 15 C.F.R. S 2007.3 (a)(2), and now we have waited nearly three months beyond that for some meaningful explanation. I trust that you would agree that the GSP review process is not served by substantial delays that impact petitioners' ability to provide you with accurate, relevant information on worker rights."

The contempt the USTR holds for GSP petitioners is of a piece with its contempt of Congress in the NAFTA negotiating process. An increasingly frustrated Congress is not any more likely to accept bogus rationales for an agreement which does not protect the labor and human rights of citizens or the integrity of the environment

than are petitioners likely to accept fraudulent rationales for ignoring the laws governing the GSP program. If the USTR had acceptable reasons for its decisions on the GSP within the terms of the law it should certainly have communicated them by now. Its decision not to do so can only lead interested parties, including the Congress, to believe that the USTR is not acting in good faith.

A NAFTA study kit including the booklet, *North American Free Trade Agreement: Opportunity or Threat?*, is available from: Trade and Development Program, 802 Rhode Island Ave., NE, Washington, DC 20018. Send \$3 per order for shipping.

HEARINGS ON EPA/SEDUE BORDER PLAN

The EPA and SEDUE recently held hearings on the proposed Integrated Border Environmental Plan, which was supposed to deal with the environmental implications of a NAFTA. Mary Kelly of the Texas Center for Policy Studies commented that the hearings were significant for three reasons: "(1) large attendance in both the U.S. and Mexico border cities; (2) consistency of opinions expressed by state and local government officials and representatives of community and environmental groups that the Plan was too vague and failed to address how the various programs and plans would be funded; and (3) recognition that any successful free trade agreement must include measures to deal with environmental implications of increased trade and economic integration."

In October The Texas Center for Policy Studies released a report entitled Facing Reality: The Need for Fundamental Changes In Protecting the Environment Along the U.S./Mexico Border. Copies are available for \$5.00 from their office at P.O. Box 2618, Austin, Texas 78768 or phone (512) 474-0811.

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MEMBERS OF U.S. CONGRESS INSIST ON DEFENSE OF ENVIRONMENTAL AND SOCIAL STANDARDS

While the NAFTA negotiations appear to be on hold, several Members of Congress are continuing to question the Administration on the content and direction of the talks. Senator Donald Riegle (D-MI) has introduced Senate Resolution #109 to change fast-track procedures to permit amendments to trade agreements in the following areas: environmental, health and safety standards; fair labor standards; rules of origin; dispute resolution; and adjustment assistance for U.S. workers. There are currently 21 co-sponsors of this resolution.

In the House, Rep. Henry Waxman and Majority Leader Richard Gephardt, along with 20 co-sponsors, introduced a resolution stating Congress' intention not to approve legislation to implement any trade agreement, including the Uruguay Round of GATT or a NAFTA, that jeopardizes U.S. environmental, public-health, consumer-safety or labor laws. The Fair Trade Campaign and Citizen Trade Watch are working to gather co-sponsors for both resolutions.

Besides these resolutions on future agreements, Reps. Gephardt, Sander Levin, Jim Moody, Don Pease and Ron Wyden sent a letter to Carla Hills stating their expectations for the current negotiations. The 14-page letter outlines what they believe should be the parameters of acceptable North American and Uruguay Round agreements. They insist that a NAFTA must not undermine U.S. trade remedies, such as counter-vailing duties and anti-dumping laws, and must set rule-of-origin criteria at least as high as under the U.S.-Canada FTA.

On environmental issues, they note that, "Congressional testimony has revealed that the [Draft Border Environmental] Plan is little more than a smoke screen for the status quo." They see the Draft Environmental Review as equally inadequate and state that environmental provisions should cover at least the following areas: a border clean-up program; investment criteria incorporating the concept of "the polluter pays";

investment standards in the area of environmental standards and enforcement so as to eliminate incentives for transfer of business operations overseas; protection of environmental and health laws and regulations both within international trade agreements and from subsequent attack as non-tariff barriers to trade; and tough, mandatory enforcement provisions, with recourse to trade sanctions and citizen suits.

The Congressmen protest the fact that the Administration will limit its actions on labor issues to the gathering and exchange of information. They state that a NAFTA must include measures to enhance enforcement of worker health and safety laws, child-labor laws and worker rights in the three countries. An Agreement, they argue, should also include a dispute-resolution mechanism that addresses environmental, consumer health, worker health and safety, child-labor and worker-rights laws and regulation problems, as well as commercial disputes. Finally, they state that the Administration should consider mechanisms to allow longer phase-outs of tariffs for sensitive industries, such as the textile and apparel industries.

The letter goes on to address concerns related to the current GATT negotiations in the areas of dispute resolution, worker rights, health and safety, agriculture, U.S trade laws, government procurement, and general worker-adjustment provisions.

As of this writing there has been no response from Carla Hills. We will include any follow-up information in subsequent newsletters.

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The Development GAP will be sending recipients of this newsletter a copy its new publication:

Look Before You Leap: What You Should Know About a North American Free Trade Agreement

Please contact The Development GAP for information regarding additional copies and/or bulk purchase of the booklet.

SALINAS ANNOUNCES EJIDO REFORMS

by John Burstein

As a result of the controversial 18 August elections, the PRI, and several smaller parties loyal to it, now controls a constitutional majority in both houses of the Mexican Congress, which will allow it to change articles of the Constitution.

The Salinas Administration did its best to put a positive spin on its proposed constitutional "reform," which would effect fundamental changes in Mexico's communal land law. The "ejido" lands were created by Article 27 of the Mexican Constitution. The proposed amendment is widely perceived to constitute an abrogation of the ejido system. It has created an uproar among many popular agrarian organizations and political commentators in the Mexican press.

While promising to give greater autonomy to ejido members, the amendment formally puts an end to the distribution of lands to land-poor peasant communities. It establishes individual ownership of ejido lands, with owners given the legal right to rent or sell the properties. Mexican popular organizations fear this will lead to the accumulation of land in the hands of a few large landholders and increase poverty in the countryside. Furthermore, the "reforms" allow foreigners to become full owners of Mexican land.

Political analyst Rodolfo Peña wrote recently in *La Jornada* that the government's action is a fundamental reversal of the Mexican Revolution, a social "reorganization following the terms of the Free Trade Agreement." The redistribution of land to the peasants on the principle that it should be used by those who live on it was, according to Peña, the "most serious and important step into the future" taken by the Revolution.

The Mexican land reform has remained immensely popular politically, although it is widely recognized that production levels are low. Critics suggest this failure is due to inadequate government funding and a corrupt, bloated agrarian bureaucracy. Recent demonstrations have called on the government to increase credit to, rather than cancel out, the ejidos.

U.S. CONGRESS HEARS TESTIMONY ON MEXICAN DEMOCRACY

by Anne Fitzgerald

The House Subcommittee on Western Hemisphere Affairs held hearings on 16 October entitled "Update on Recent Developments in Mexico." In contrast to recent sparsely attended hearings on the 18 August elections, over 100 people attended this session, which focused on electoral reform and human rights in Mexico.

Chairman Robert Torricelli (D-NY) opened the meeting by reiterating his support for a NAFTA and fast-track authority. However, he vehemently asserted that a free-trade agreement must be about more than eliminating trade barriers. He stated that, just as NATO and the EC are "democracy only" clubs, he believes that Mexican democracy should be a condition for and the foundation of any trade agreement with Mexico.

Douglas Payne of Freedom House, Delal Baer of the Center for Strategic and International Studies, and Holly Burkhalter of Americas Watch testified at the hearing. Payne testified that, although Salinas has committed his administration to economic as well as electoral reform, economic restructuring has taken precedence over political reform. He stated that in negotiating a trade agreement the U.S. must not view human rights, fair elections and fair trade as separate issues. Baer maintained that despite "serious anomalies" in elections for state governorships, there has been progress toward democratization in Mexico. Burkhalter welcomed the establishment of the National Human Rights Commission by the Mexican government, but lamented "the continued use of torture by police and Mexico's long-standing policy of impunity for those who commit human rights abuses."

Chairman Torricelli concluded the hearing affirming his support of a free-trade agreement, but not at the expense of electoral reform, the protection of human rights and increased democratization. He stated, "...a free trade agreement is about much more than auto parts, the price of produce or intellectual property rights. It is also about justice."

ADDITIONAL MATERIALS AVAILABLE FROM THE DEVELOPMENT GAP

NAFTA DELAY:

- ▶ Damian Fraser, "Nafta takes shape amid doubts over US political will for early deal," Financial Times, 21 November 1991.
- ▶ Linda Diebel, "U.S. confirms trade deal stall, paper reports," Toronto Star, 10 November 1991.

TABASCO ELECTIONS:

- ▶ Adolfo Aguilar Zinser, "La Lección de Tabasco," El Financiero, 25 November 1991.

ZACATECAS MEETINGS:

- ▶ "A principios de 92, el borrador del TLC: El laboral, tema paralelo; no estará en el Tratado: Serra Puche," "Asistieron Cárdenas y Nava al foro alternativo en Zacatecas," Las conclusiones de la contrarreunión, a los negociadores comerciales," La Jornada, 28 October 1991.
- ▶ "Ni advenedizos, ni aventureros en la 'Red': Berta Luján," Momento, 28 October 1991.
- ▶ "Chronicle: The Treaty and the 'Network'," Momento, 28 October 1991.
- ▶ Alva Senzek, "Nafta's Closed Doors Put Spotlight on Parallel Protest Movement," Journal of Commerce, 29 October 1991.
- ▶ Action Canada Network, Working Propositions for Zacatecas: Elements of an Alternative Approach to North American Development and Trade, 1991.
- ▶ MODTLE, Development and Trade Strategies for North America, 1991.
- ▶ RMALC, Proposals from the Mexican Action Network on the Free Trade Agreement, 1991.
- ▶ Final Declaration from the Zacatecas Forum, 1991.

EPA/SEDUE BORDER PLAN

- ▶ Patrick McDonnell, "Environmental Fears Voiced on Free-Trade Plan," Los Angeles Times, 24 September 1991.
- ▶ Dave Harmon, "Texas officials blast EPA plan," The Brownsville Herald, 17 September 1991.

CONGRESS AND STANDARDS

- ▶ Fair Trade Campaign, S. Res. 109 Means Action on the President's Promises, 1991.
- ▶ Citizen Trade Watch Campaign factsheet on Waxman/Gephardt Resolution, 1991.
- ▶ House Resolution by Reps. Waxman and Gephardt.
- ▶ October 23 letter to Carla Hills from Reps. Gephardt, Levin, Moody, Pease and Wyden.

EJIDO REFORMS:

- ▶ David Clark Scott, "Mexican Agricultural Reforms Set Stage for a New Revolution," Christian Science Monitor, 21 November 1991.
- ▶ Damian Fraser, "Salinas prepares to do battle with old allies," Financial Times, 8 November 1991.

CONGRESS AND DEMOCRACY:

- ▶ Testimony of M. Delal Baer, Holly Burkhalter and Douglas Payne before the House Subcommittee on Western Hemisphere Affairs, 16 October 1991.