

# NAFTA THOUGHTS

A Newsletter on the North American Free Trade Agreement

Vol. 4, No. 1

April 1994

## UE AND TEAMSTERS SUBMIT FIRST NAO COMPLAINTS

Just six weeks after NAFTA's beginning on 1 January, the United Electrical, Radio and Machine Workers of America (UE) and the International Brotherhood of Teamsters filed the first complaints of violations of worker rights with the National Administrative Office (NAO) of the U.S. Department of Labor. The NAO is the administrative body set up under the North American Agreement on Labor Cooperation (NAALC -- NAFTA's supplemental agreement on labor) to receive complaints on enforcement of labor laws in Mexico and Canada. UE and the Teamsters were challenging actions taken by General Electric (GE) and Honeywell, respectively.

The complaints followed mobilizations on the part of both unions to pressure the companies to reinstate Mexican workers allegedly fired for attempts to organize independent unions. In its complaint against General Electric, UE claims that the company's motor plant in Juarez, Mexico has "flagrantly violated the labor and human rights of its employees." Two years ago, UE established a Strategic Organizing Alliance with the Authentic Labor Front (FAT), Mexico's independent labor federation, to target certain maquiladora plants in the Juarez/Chihuahua region for unionization efforts.

As part of that effort, five GE workers from U.S. plants represented by UE travelled to Mexico on 6 November 1993 to meet with their counterparts at the Juarez GE plant who are attempting to organize through the FAT-affiliated metal-workers' union, STIMAHCS. A portion of their meeting was filmed by *The MacNeil/Lehrer News Hour*, which was preparing a story on cross-border organizing. On 19 November, the *UE News* also published an article about the trip, including a photograph of some of the workers who had attended the meeting. Just six days later, four of the Mexican workers were fired, including three whose pictures had appeared in the *UE News*. By 10 December, seven more workers had been fired. GE claimed that it had offered six of those workers reinstatement, but that all had chosen statutory severance pay instead. In fact, UE later learned that this offer had never been made.

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## NOT THIS NAFTA, SAY CHILEAN UNIONS AND NGOs

In anticipation of official discussions on a free-trade agreement between Chile and the U.S., Chilean unions and NGOs are insisting any trade agreement between the two countries promote fair and sustainable trade rather than simply replicate the problems embodied in NAFTA.

In a joint statement released on 7 March, the Chilean Central Unitaria de Trabajadores (CUT) and the AFL-CIO declared that, "Simple accession to the flawed NAFTA is unacceptable and will be vigorously opposed by workers." Instead, the union federations urged that bilateral negotiations be held with the active participation of workers in order to arrive at an agreement that addresses the unique circumstances in each country.

"If new trade agreements are to benefit workers," the union federations explained, "it is essential that negotiations be focussed on the need to redress the imbalance between the rights of corporations and the rights of workers." They insisted that any negotiations result in an agreement that ensures respect for labor rights, including freedom of association and the right to collective bargaining. In addition to promoting enforcement of national labor laws, the unions insisted that arbitration and sanction mechanisms be established to enforce respect for labor rights. "Without these guarantees," they added, "we will oppose any trade agreement."

The Chilean Network for a Peoples' Initiative (RECHIP), an NGO coalition, is also concerned about the potential impact of a free-trade agreement between Chile and the U.S. Speaking on 25 March at a conference in Washington, DC on "NAFTA, Chile and the Environment" organized by the Center for International Environmental Law, RECHIP's Sara Larraín expressed their concern that a free-trade agreement would "worsen the problems endemic to Chile's export driven model."

Larraín explained that, in contrast to Mexico, Chile's exports are mostly comprised of primary commodities: 48 percent from the mining sector; 18 percent from agriculture; 13 percent from fishing; and 12 percent from forestry. Only 9 percent of Chilean exports undergo any

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## First NAO Complaints *(continued from page 1)*

UE alleges that these firings, in addition to other worker-rights infractions at the plant, violated the Labor Principles outlined in the NAALC, several international human and labor-rights conventions, as well as Articles 6, 7 and 123 of the Mexican Constitution and the Federal Labor Law of Mexico. UE is asking for public hearings on the incident in Juarez or El Paso, Texas, that the fired workers be reinstated with back pay and that GE be required to comply with Mexican and international laws.

The Teamsters issued a similar complaint against Honeywell, Inc., alleging that the company fired 21 workers at its "Mexico Export Factory" plant in Chihuahua for attempting to join the STIMAHCS. One of those workers, Ofelia Medrano, stated in an affidavit that she was held in the Honeywell office for several hours, as company officials tried to convince her to disclose the names of other union organizers in the plant. She maintains that the officials claimed that Honeywell would close its Mexican plant before permitting an independent union like STIMAHCS to form there. According to the complaint, several of the fired workers were told that they must sign resignation forms and waive claims against Honeywell in order to collect their severance pay. Many of the women felt compelled to sign the forms.

In its complaint, the Teamsters request that public hearings be held in Chihuahua or El Paso on the matter, that the fired workers be rehired with back pay, and that the Mexican government require Honeywell to comply with national labor laws.

According to the NAALC, the NAO must rule within 60 days on whether to accept the submissions. Regardless of the outcome of those petitions, UE and Teamster members vowed to continue to press these issues and carefully monitor the impact of NAFTA on Mexican and American workers. UE's Chris Townsend declared, "It's our intention to fully pursue this matter. The NAO petition is only one step in a long-term commitment by UE to Mexican workers." •

*Sources: "Submission and Request for Review presented to the United States National Administrative Office re General Electric Company" by the United Electrical Radio, and Machine Workers of America, 14 February 1994; and "Complaint before the United States National Administrative Office re Honeywell, Inc." presented by the International Brotherhood of Teamsters on 14 February 1994.*

## GLOBAL VISIONS: BEYOND THE NEW WORLD ORDER

edited by Jeremy Brecher,  
John Brown Childs and Jill Cutler

This book critiques the current model of "globalization from above" and proposes alternative strategies based on the idea of "globalization from below," a strategy contributor Richard Falk describes as consisting of "an array of transnational social forces animated by environmental concerns, human rights, hostility to patriarchy, and a vision of human community based on the unity of diverse cultures seeking an end to poverty, oppression, humiliation and collective violence." Contributors include Vandana Shiva, Martin Khor, Cuauhtémoc Cárdenas, Lula, Xabier Gorostiaga, Nahla Abdo and Primitivo Rodriguez.

*Copies are available for \$16 plus postage from South End Press, 116 St. Botolph Street, Boston, MA 02115 or call 1-800-533-8478.*

## NAFTATHOUGHTS

*Editor*..... Karen Hansen-Kuhn  
*Managing Editors*..... Ross Hammond  
Doug Hellinger  
*Design & Production*..... Cynthia Power

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### Editorial Offices:

The Development GAP  
927 Fifteenth Street, NW-4th Floor  
Washington, DC 20005 USA

Phone: (202)898-1566  
Fax: (202)898-1612  
e-mail: [dgap@igc.apc.org](mailto:dgap@igc.apc.org)

## Chileans on NAFTA (continued from page 1)

kind of processing before they are exported. Since Chile began its structural adjustment program in the 1970s, she said, expansion in GDP has been accompanied by exhaustion of the country's natural-resource base and severe environmental degradation.

Adding to these problems has been a sharp drop in Chile's terms of trade. Between August 1992 and August 1993, the world prices for copper, cellulose and fishmeal, Chile's main export products, dropped an average of 20 percent. Since import prices have not decreased, the country has been forced to export ever-increasing volumes of those goods in order to purchase the same quantity of manufactured products. Nevertheless, Chile's trade deficit has continued to increase, leading the country to increase its foreign-debt to finance that deficit.

Outgoing President Aylwin just signed Chile's first Environmental Framework Law on 1 March 1994. Larraín noted that "the new law was hastily adopted and provides few guarantees, since it only refers to broad principles and instruments for environmental policy, without having developed the laws and regulations necessary for applying those elements to every sector of national activity." She added that it provides for only limited citizen participation in the determination of future regulations. The law does require environmental impact assessments of new investments, including privately funded enterprises. However, it permits the business to begin production before the assessment is completed providing it purchases an insurance bond. Larraín maintained that this would put unacceptable pressure on CONAMA, the National Commission on the Environment, to approve projects regardless of their environmental impact.

Clearly, Chile's current state of environmental regulation, as well as its export structure, are substantially different than those that exist in Canada, the United States or Mexico. NAFTA's supplemental agreement on the environment ties countries only to enforcement of national laws, which in the case of Chile's Environmental Framework Law, are incomplete and untested. Larraín stressed that RECHIP is also concerned about other potential impacts of a free-trade agreement, including human rights and labor issues. Instead of rushing to accede to NAFTA, the groups urged the Chilean government to begin careful discussions with broad public participation about appropriate trade relations to ensure equitable and sustainable development. •

Sources: *CUT and AFL-CIO Joint Statement*, 7 March 1994; *Instituto de Ecología Política, NAFTA: An Intensification of the Environmental Problems Related to Chile's Unsustainable Export-Oriented Growth*, 25 March 1994.

## ENVIRONMENTAL GROUPS PRESENT RECOMMENDATIONS ON NAFTA SIDE AGREEMENT

Environmental groups from Mexico, the United States and Canada met in Mexico City from 7-8 February to draft recommendations on the structure and operations of the North American Commission for Environmental Cooperation (NACEC), established under NAFTA's environmental side agreement. The meeting was attended both by groups that had opposed and supported NAFTA. All agreed that the NACEC should be guided by principles of openness, public participation and accountability in its operations.

Thirty-one organizations signed a set of recommendations directed at the environmental ministries in each country. They provided guidance on the criteria for selection of the Executive Director, insisting that he or she be a recognized environmental leader and that the Executive Director's office coordinate the relationship between the NACEC and NAFTA and facilitate public participation in the complaint process. They also urged that the advisory committees set up under the side agreement be comprised of members selected in an open, democratic manner, and that the committees have the following attributes: autonomy; a policy of open access to information; the ability to request the preparation of reports and factual records by the Secretariat; and sufficient resources to undertake their operations. The environmental groups exhorted the NACEC Secretariat to actively solicit public participation in the preparation of its reports.

The groups plan to continue to monitor the implementation of the NACEC, including its workplan and the proposal to locate the commission in Vancouver, British Columbia. Many have also planned separate initiatives to carefully track the environmental impact of NAFTA in all three countries. •

Source: "NGO Recommendations for Implementation of the North American Environmental Commission," 22 February 1994.

### Monitoring NAFTA

While the recent events in Mexico and the upcoming Congressional elections in the United States may have slowed NAFTA's full implementation, many citizens' groups throughout North America are carefully monitoring the Agreement's impact. We encourage readers to send *NAFTAThoughts* any information on the impact of the accord in your community. We will publish summaries of materials received by 31 May in the June 1994 issue, which will be distributed to over 500 readers in the U.S., Canada and Mexico.

## PROPOSALS VARY ON NAFTA EXTENSION

Now that NAFTA has been approved and is in force, the Clinton Administration is moving forward with plans for the Enterprise for the Americas Initiative that would extend free-trade agreements throughout the hemisphere and possibly to Asia. It is still unclear exactly how the Administration will proceed, but decisions will soon be made on how and where the U.S. will negotiate future agreements, as well as the importance of labor and environmental standards within these accords.

Section 108 of NAFTA's implementing legislation requires that the office of the U.S. Trade Representative (USTR) present to the President, the Senate Finance Committee and the House Ways and Means Committee a list of the countries that meet the necessary conditions to enter into a free-trade agreement with the United States. This list must be ready by 1 May 1994. By 1 July, President Clinton must produce a report for Congress recommending the countries with which the United States should negotiate free-trade agreements and in what manner. Chile is still expected to be the next candidate for a free-trade agreement, either by accession to NAFTA or through a bilateral agreement (see article on p. 1).

There has been a debate within the Administration on the best way to proceed with future free-trade agreements. Mickey Kantor has said that the United States should utilize a "building block" approach to negotiate provisional bilateral agreements with Latin American and Caribbean countries that are not ready to assume the reciprocal obligations of NAFTA.

On 23 February, *Inside NAFTA* published a leaked "USTR Discussion Draft on Post-NAFTA Policy" dated November 1993 that outlines a plan for the President to "seize the opportunity of locking in hemispheric reform by announcing a program of **continuous progressive expansion** [emphasis in original] which would include: a program of educating the American public on the benefits of trade expansion; the long-term goal of hemispheric free trade; negotiating free-trade agreements (FTAs) with appropriate countries in Latin America and the Caribbean, and possibly some Asian countries; progressively moving from 'fair' trade to free trade by concluding sectoral agreements ('building blocks'); a more intensive dialogue with countries in the region, particularly those not ready for sectoral agreements."

According to the Draft, the Administration would attempt to negotiate limited sectoral agreements, including agreements on intellectual-property rights and investment, as "stepping stones" to more comprehensive

agreements. Among the criteria for eligibility for free-trade agreements are a "demonstrated commitment" to macroeconomic stability, implementation of IMF-approved reform programs, willingness to open markets without expectation of "'special and differential' treatment due to level of development", resolution of GSP petitions on labor rights, and agreement to implement certain NAFTA-specific conditions on labor and the environment.

Meanwhile in Congress, several new trade initiatives are underway. In the House, Reps. George Brown, Jolene Unsoeld, Barney Frank, Richard Durbin, George Miller, John LaFalce, Helen Bentley and Bernard Sanders have written a letter to President Clinton, insisting that future trade agreements contain binding provisions linking enforcement of environmental safeguards and worker rights to trade and asking that reauthorization of the Generalized System of Preferences (including worker-rights provisions) and fast track be addressed as separate legislation rather than being included in the GATT implementation bill. The eight Representatives are currently circulating the letter for additional congressional endorsements.

Also, in March 1993, Rep. Sam Gibbons, Chairman of the Trade Subcommittee in the House of Representatives, introduced H.R.1403, also known as the "CBI Parity Act", a bill whose objective is to "ensure that the Caribbean Basin Initiative [CBI] is not adversely affected by the implementation of NAFTA." The CBI gives one-way trade benefits to countries in Central America and the Caribbean.

During a three-year "transition" period, the CBI Parity Act would provide tariff treatment equivalent to that given Mexico under NAFTA for goods not covered under the CBI. Goods covered under the CBI could enter U.S. markets under CBI or NAFTA tariff levels, whichever is most advantageous to the exporting country. It also provides fast-track authority to the President to negotiate free-trade agreements and/or supplemental agreements on the environment and labor with countries in Central America and the Caribbean.

The bill does not require countries signing on to NAFTA to also sign the supplemental agreements, so even the modest gains made in those agreements linking labor and environmental issues to trade could be lost as NAFTA is extended throughout the hemisphere. In fact, there is no mention in the bill of the need for continued adherence to international worker-rights standards, as is the case with the CBI.

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# UNCERTAIN POLITICAL CLIMATE IN MEXICO RAISES NAFTA QUESTIONS

by Carlos A. Heredia, Equipo PUEBLO

Events in Mexico since 1 January have resulted in a very volatile and unpredictable political situation. The Chiapas uprising, the overshadowing of Salinas' presidential candidate Luis Donaldo Colosio by peace negotiator Manuel Camacho, the kidnapping of the owner of the country's largest private bank, and finally, the assassination of Colosio have thrown the political system into a tailspin.

Although it is still too early to assess the impact of these recent developments on the upcoming 21 August presidential elections, the following points must be understood in order to make some sense out of what is happening in Mexico:

a) At the root of the current political instability is the lack of an open, public and democratic procedure to select a PRI candidate and the long absence of clean elections at the municipal, state and national level. With or without a NAFTA, a serious crisis was bound to develop either in the pre-election period or as a result of the poor credibility and legitimacy of election results. Despite the signature on 27 January of an Agreement for Peace, Justice and Democracy among the main contenders in the presidential election -- and the fact that it has been incorporated into binding law -- the gubernatorial election in the state of Morelos on 20 March was so marred with fraud that it only highlighted the distance between what is agreed to on paper and the practice of PRI and government operators in rigging elections with the blessing of top authorities.

b) The reason why such a localized threat as that from Chiapas could throw the whole Mexican political system into disarray is that the Zapatistas are voicing the protest of millions of Mexicans who feel they have been excluded from the process of the so-called economic modernization, as well as from meaningful political participation.

c) The Clinton Administration has backed the Mexican government throughout this ongoing turmoil. The announcement -- on the day after the murder of Colosio -- by U.S. Treasury Secretary Lloyd Bentsen that the United States would lend Mexico \$6 billion in an until-then secret swap loan, has deterred speculators from betting against the peso. Paradoxically, the New York Times has reported that this loan, and another \$6 billion package from European banks, were prepared prior to the NAFTA vote in order to help Mexico withstand the

fallout of a defeat of the trade pact in the U.S. Congress. This quick response by the Clinton Administration underlines Bentsen's remarks of late February in Mexico City in which he indicated that, whoever emerges as the winner of the August elections, they will be expected to continue the same kind of economic policies the Salinas government has implemented. This bailout has been interpreted by the opposition as yet another attempt by the U.S. government to prop up a ruling party that can no longer guarantee political and social stability.

d) Finally, a massive damage-control operation is already underway by the Mexican government and Televisa, the private television monopoly that is the main source of news for Mexicans. People are feeling both fear and the need for protection from the increasing political violence in Mexico. The Zapatistas maintain that the assassination of Colosio is the work of those authoritarian and militarist circles in the government that want to stop the dialogue for peace and the opening of the political system. But the defenders of the status quo are conveying a message that associates violence with those who advocate political change. As absurd as it may sound, the critical press, progressive non-governmental organizations and the left have been singled out as responsible for the violence. That is why some analysts have suggested that, in spite of its profound crisis of legitimacy, the regime may still manage to emerge as the only possible -- if not desirable -- option for Mexicans.

Getting back to NAFTA, a clear paradox has emerged: the doomsday scenario that proponents of the Agreement promoted if NAFTA was rejected by the U.S. Congress is now taking place with the pact's enactment. Considerations of social polarization and political instability were disregarded in the belief that NAFTA and the market would make everything fall into place. After the Chiapas uprising, demands for amendments to the Agreement in order to accommodate the Zapatista demands for progress on land and basic-grains issues have been met with government promises to undertake studies that will do no more than collect dust on the shelf. PRD candidate Cuauhtémoc Cárdenas and Colosio himself have distanced themselves from the economic model of which NAFTA is the focal point. Before his assassination, Colosio was timidly and only rhetorically distancing himself from his initial pledge to pursue a policy of mere economic continuity. While not pledging

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## CAMPAIGN LAUNCHED ON WORLD BANK, IMF

As trade activists move on to work on the GATT or the extension of NAFTA to other countries in the Americas, a campaign has begun to challenge the World Bank and the International Monetary Fund (IMF), the institutions that have put in place the economic framework leading to these free-trade agreements. A main concern raised about NAFTA is the fact that it is locking in Mexico's current low-wage, deregulated economic model, a model that is not unique to that country. Mexico, along with over 75 other countries around the world, has implemented a packet of economic reforms called "structural adjustment" under the direction of the World Bank and IMF. Countries refusing to implement these policies are routinely denied access to official multilateral and bilateral development funds and commercial credits.

For the past decade, a growing coalition of environmental, religious and development organizations has worked to reform the operations of the World Bank and IMF. Despite some successes in stopping or modifying particularly damaging projects, the World Bank and IMF have been unwilling to implement changes to make themselves more transparent and accountable or to move off structural adjustment policies. Now, as these institutions begin their golden anniversary celebrations, coalition members have become convinced of the limits of the current reform campaign and the need for a stronger, more hard-hitting strategy. They are saying, "50 Years Is Enough" to the development model pushed by the Bank and Fund and, if they don't change, to the institutions as we know them today. •

*(See flyer on next page for additional information.)*

### **Proposals** *(Continued from page 4)*

Rep. Gibbons had intended to include the CBI Parity Act in the NAFTA implementing legislation. In the end, it was decided not to include it because of the estimation that it would cost more votes than it would gain. It is still possible that the bill will be up for consideration this spring, but the Administration is also preparing its own initiative on trade with Central America and the Caribbean. That proposal might be included with the implementing legislation for the GATT, which the Administration could introduce as early as this May.

In the Senate, Christopher Dodd (D-CT) has introduced S.1939, the "Western Hemisphere Free Trade Area Act of 1994." In that bill, countries participating in the Caribbean Basin Initiative or the Andean Pact, as well as Puerto Rico and the Virgin Islands, would be eligible to negotiate entry to a hemispheric free-trade area. Other countries in the Western Hemisphere would also be eligible if they: have democratically elected governments; have demonstrated a consistent pattern of respect for human rights; have implemented economic and investment policies consistent with NAFTA; have in place, or plan to adopt, laws to ensure environmental protection; and are enforcing laws to guarantee respect for internationally recognized worker rights. The bill would provide fast-track authority to negotiate agreements with eligible countries and is intended to achieve a hemispheric free-trade area by the year 2000.

While NAFTA was intended to be the model for future free-trade agreements, there is still considerable discussion underway in Congress and the Administration, as well as among citizens' groups, as to the best way to proceed on these issues. The nature of the decisions taken in this area will determine whether economic integration simply replicates NAFTA-style free trade or promotes just and sustainable trade and development. •

### **Mexico** *(Continued from page 5)*

a departure from Salinas' economic model, he was certainly tempering free-market dogma with remarks on social justice, if only for electoral reasons. In any event, it seems certain the next government will have to seriously address the issues of growing economic inequality and social exclusion by doing more than repeating the mantra that NAFTA and the market will resolve these problems.

Although the international political and financial establishment has maintained its confidence that, once again, the "resilient" Mexican political system will find a solution to the current ordeal, the cost this crisis will entail for the nation is still unclear. The very profound internal rift in the PRI has nothing to do with democratizing the party, but rather is about the question of who benefits from the model. The dispute stems from the displacement of the old guard, who lived off the patronage system based on state enterprises and public funds, by the new technocrats, who shifted alliances and have made a fortune through their share in deals such as the privatization process and the configuration of new conglomerates in the Mexican economy. Furthermore, Salinas has systematically undermined the PRI, not to democratize it, but to further concentrate power around him and his clique. That is why he encountered so much opposition to immediately appointing former Budget Secretary Ernesto Zedillo as Colosio's successor.

The main challenge for the Mexican people is to prevent the regime's crisis from dragging the whole nation into a whirlwind of despair. The Zapatista call to build "a Mexico in which there is room for all Mexicans" is a good description of the kind of country most Mexicans want to construct. •



## US CAMPAIGN

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WORLD HUNGER YEAR  
WORLD SUSTAINABLE  
AGRICULTURE ASSOCIATION

° Steering Committee Member

**1994** marks the 50th anniversary of the founding of the World Bank and the International Monetary Fund (IMF), institutions that have come under increasing criticism for their role in financing and promoting development overseas that is inequitable, environmentally damaging and non-participatory. After a dozen years of effort by environment and development organizations lobbying the U.S. government and negotiating with the Bank and IMF for reforms on behalf of Southern NGO partners, a diverse group of U.S. organizations have established the "50 Years Is Enough" coalition in order to raise awareness across the United States about the disastrous social, environmental and economic record of these institutions. Given the continued resistance of the World Bank and IMF to fundamental and meaningful change, the aim of the coalition is to limit the power of these institutions and to promote a public exploration of possibilities of creating new structures, or modifying existing ones, that could deliver more relevant and appropriate assistance.

"50 Years Is Enough" was chosen as a campaign slogan to express the strongly held belief by growing numbers of people around the globe that the type of development that the World Bank and IMF have been promoting, being inimical both to the interests of the poor and that of the natural environments of the Third World and Eastern Europe, cannot be allowed to continue. It is meant to imply neither a reformist nor an abolitionist approach, but rather to state that fundamental, structural changes in these institutions are necessary. Due to the overwhelming influence of the United States in financing and setting policy for the World Bank and IMF, U.S. groups feel a special responsibility to ensure that every effort is made to change these institutions and promote alternatives – both institutional and economic – developed in conjunction with citizens' organizations in affected countries. Towards this end, the coalition is establishing links with other 50th anniversary efforts in Africa, Asia, the Caribbean, Europe, and Latin America.

Because fundamental change in the operations and policies of these institutions will only come about through sustained and persistent pressure from the outside, the demands of the "50 Years Is Enough" coalition are directed primarily at external actors, including the media, the public, the U.S. Congress and the Clinton Administration. Accordingly, participating organizations are working on three different fronts: encouraging the U.S. media to present the true record of the World Bank and IMF; raising public awareness about the impact of these institutions on people's lives and natural environments worldwide; and advocating with the U.S. Congress and Clinton Administration on the need for far-reaching changes in these institutions.

The focus of the collective NGO effort in 1994 will be on the media, and for that purpose a Media Coordinator will direct and coordinate a high-profile media campaign and link up with the media work of partner organizations in other countries, especially around the World Bank/IMF Annual Meetings in Madrid in September. A nine-member steering committee and three-member executive committee have been formed to oversee the work of the Coordinator and coordinate the work of the coalition. Four thematic action groups have also been created to develop specific coalition positions, determine strategies and

tactics, and coordinate the output of the participating organizations. The four groups cover the environment, structural adjustment and economic justice, multilateral debt, and the restructuring of and alternatives to the IMF and World Bank. Each action group will incorporate women's analysis and priorities into its strategies and positions.

The coalition is advocating for more open and accountable institutions that promote socially and environmentally responsible development. Specifically, coalition members are pushing for changes such as: far-reaching reforms in current World Bank energy, agriculture, forestry and water sector lending and the cessation of Bank support for environmentally destructive projects; the elimination of current World Bank and IMF "structural adjustment" lending in favor of more limited economic-policy-reform programs that are derived through participatory processes and that support equitable, sustainable and more self-reliant development; a total revision of the information policies of these institutions in favor of full and timely disclosure and the establishment of total independence for the World Bank's new inspection panel from Bank management and Executive Directors; removing the International Development Association (the World Bank's soft-loan window) from Bank management and the immediate de-linking of the Global Environment Facility (GEF) from the Bank; a public exploration of alternative funding mechanisms to the World Bank and IMF; a narrowing of the role of the IMF; an international moratorium on additional money for the World Bank's hard-loan window and the IMF; and relief from debt owed to the World Bank and IMF, not dependent upon current structural adjustment conditionality.

The "50 Years Is Enough" coalition encourages other organizations in the United States to become involved. For more information, contact the members of the Executive Committee, or the heads of the action groups listed below.

**Environment Action Group**

Bruce Rich/Mimi Kleiner  
Environmental Defense Fund  
1875 Connecticut Avenue, N.W. Suite 1016  
Washington, DC 20036  
tel: 202-387-3500 fax: 202-234-6049  
e-mail: mimi@edf.org

**Structural Adjustment/Economic Justice Action Group**

Lisa McGowan  
The Development GAP  
927 15th Street, NW 4th Floor  
Washington, DC 20005  
tel: 202-898-1566 fax: 202-898-1612  
e-mail: dgap@igc.apc.org

**Multilateral Debt Action Group**

Christina Herman  
Missionary Society of St. Columban, Campaign  
on Debt and Development Alternatives  
c/o Friends of the Earth-U.S.  
1025 Vermont Ave., NW, Suite 300  
Washington, DC 20005  
tel: 202-783-7400 fax: 202-783-0444  
e-mail: codda@igc.apc.org

**World Bank and IMF Restructuring and  
Alternatives Action Group**

Cam Duncan  
Greenpeace USA  
1436 U Street, NW  
Washington, DC 20009  
tel: 202-319-2458 fax: 202-462-4507  
e-mail: cam.duncan@green2.dat.de

**Executive Committee Members**

Doug Hellinger  
The Development GAP  
for address see above

Marijke Torfs  
Friends of the Earth-U.S.  
for address see above  
e-mail: foedc@igc.apc.org

Owen Lammers  
International Rivers Network  
1847 Berkeley Way  
Berkeley, CA 94703  
tel: 510-848-1155 fax: 510-848-1008  
e-mail: irm @igc.apc.org

## CITIZENS' GROUPS RAISE CONCERNS ABOUT GATT

After years of being known derisively as the "General Agreement to Talk and Talk," the Uruguay Round negotiations of the GATT were concluded on 15 December 1993. Implementing legislation for the resulting Final Document could be introduced to the U.S. Congress in late spring. Under fast-track procedures, Congress would vote to approve or reject that legislation without being able to amend it.

A number of citizens' groups around the world have expressed serious concerns about the potential impact of this new version of the GATT. Greenpeace cautions that, with few exceptions, GATT prohibits export controls, which could exacerbate unsustainable patterns of natural-resource exploitation. Besides directly limiting the exploitation of natural resources, export controls have been used to encourage local processing of these goods, thus ensuring increased income for local communities. If export controls are prohibited, Greenpeace argues, "income becomes entirely dependent upon the rate at which the resource is extracted -- and the viability of local economies becomes far more vulnerable to unstable commodity trends."

The new GATT Final Document also includes a proposal to establish the World Trade Organization (WTO), which, if approved, would replace the GATT with the WTO, establishing a permanent institution. The WTO would have even more power than the GATT because it would exist as a legal entity, like the World Bank or United Nations. Also, the WTO could make binding changes in certain trade rules if two-thirds of the member countries so vote. Current GATT rules require a consensus vote to make such changes.

Procedures for dispute resolution would also change under the WTO. Currently, any member country can challenge the domestic laws of another nation as unfair barriers to trade before a secret panel of experts in trade law. Under the WTO, decisions by that panel would be automatically adopted unless there is consensus among all members to stop it. This is a radical change from current rules, which require consensus to adopt panel decisions.

Several U.S. environmental laws are already subject to challenge under the GATT. The European Union (EU) has challenged Corporate Average Fuel Economy Standards for automobiles, the Gas Guzzler Tax, and the Marine Mammal Protection Act. Decisions on those challenges are expected within the next few months.

New controversy has also been stirred up over the insistence by the United States and France that international labor standards be included on the agenda for WTO negotiations. GATT Director General Peter Sutherland says that introducing this linkage, "would place the system at immediate risk of collapse." GATT members will meet in Marrakesh mid-April to sign the accord and to draft a work program and a permanent Committee on Environment and Trade to address environmental issues within the WTO.

In its position paper on this proposal, Third World Network (TWN), a coalition made up of NGOs and individuals from such countries as Malaysia, India, Ghana, and Uruguay, cautions against empowering the WTO to be the agency charged with developing the international agenda on trade and the environment. TWN argues that the GATT and WTO, "because of their narrow trade focus, lack the jurisdiction, competence and capacity to be a coordinating agency to handle these interlinked issues."

TWN argues that the Final Document demonstrates the overwhelming power that a few countries have in decision making. They assert that a United Nations agency such as the Commission on Sustainable Development or the U.N. Conference on Trade and Development would be a more appropriate forum for discussions on the link between trade and the environment in the context of sustainable development.

TWN urges caution in the upcoming discussion on the WTO's work plan on trade and the environment. It does, however, propose that the following issues be included: "a complete review of the agreement on TRIPs (trade-related intellectual-property rights) vis-à-vis the environment and sustainable development, including the issue of patenting of life forms; a ban on trade in domestically prohibited products; and measures enabling export restrictions by developing countries on natural resource products to gain value-added and thus help protect the environment and promote sustainable development." •

*Sources: Greenpeace, "GATT vs. Sustainable Natural Resources Management," March 1994; "Statement of Andrea Durbin, Trade Policy Analyst, Friends of the Earth US, Before the Subcommittee on Trade, Committee on Ways and Means on the Environmental Implications of the Final Agreement of the GATT," 2 February 1994; Public Citizen, "GATT Would Be Transformed Into a More Powerful 'World Trade Organization'," 11 January 1994; David Goodhart, "A Bid to Push the World to Rights," *Financial Times*, 5 April 1994; "The World Trade Organization, Trade and the Environment: Position Paper of the Third World Network," 22 March 1994 (peacenet & econet: trade.strategy conference).*

**NAFTATHOUGHTS**

c/o The Development GAP  
927 Fifteenth Street, NW - 4th Floor  
Washington, DC 20005