

OUR AMERICAS

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for Just and Sustainable Trade and Development

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CHILE - UNITED STATES

Frei Visit to U.S. Arouses Citizen Opposition

by Coral Pey, RECHIP

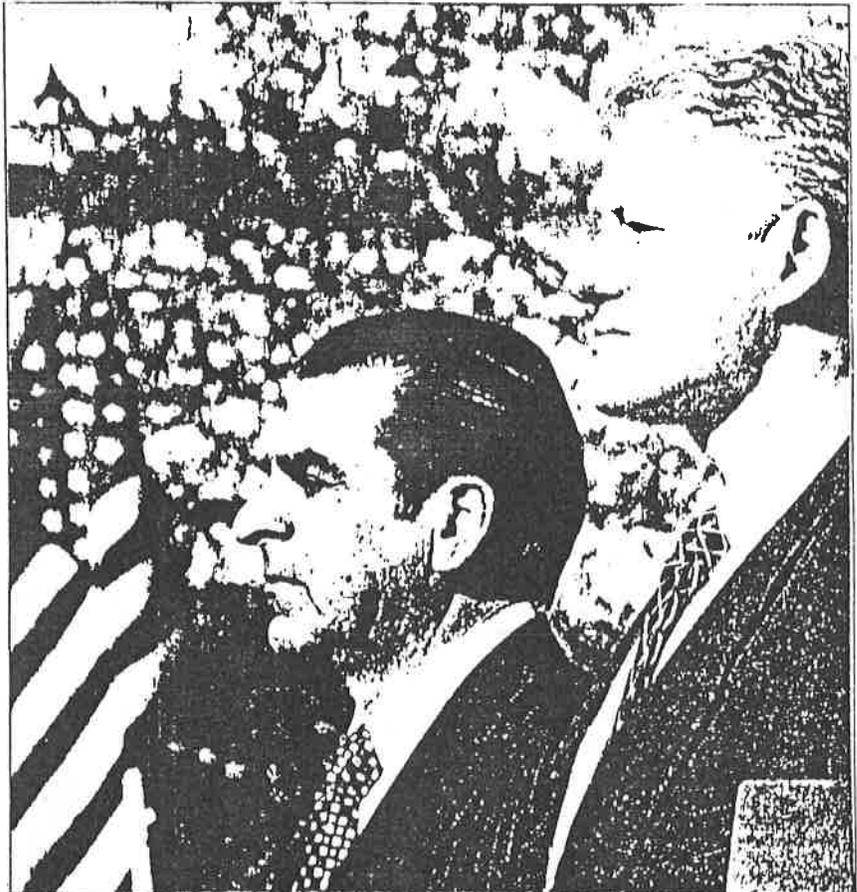
The meeting between Chilean and U.S. Presidents Eduardo Frei and Bill Clinton in Washington in February had a clear, though frustrated, goal: to obtain fast-track authority from the U.S. Congress to make possible Chile's accession to NAFTA. According to the two leaders, that accession would constitute a concrete advance toward the creation of the Free Trade Area of the Americas.

Meanwhile, citizens coalitions in Canada, Chile, Mexico and the United States addressed a letter to the leaders of their countries, opposing Chile's inclusion in the trade pact. The letter recounts the impact of the accord on the member countries, while describing the negative repercussions of Chile's "economic miracle", effects that would likely be compounded with the country's incorporation into NAFTA.

According to the document, "three years of experience under NAFTA has proved it to be an unmitigated failure for most people in Mexico, Canada and the United States", It adds that under NAFTA:

Mexico has experienced its most severe economic crisis in 60 years, with unemployment increasing by more than two million

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UNITED STATES

Editor's note: The following proposal was presented on 16 January at a U.S. congressional forum on trade sponsored by the Progressive Caucus. It was prepared by Sarah Anderson and John Cavanagh (IPS), Cam Duncan (The American University), Karen Hansen-Kuhn (D'GAP), Pharis Harvey (International Labor Rights Fund), Maria Riley (Center of Concern), and Rocio Mejia (Center of Concern and RMALC) in order to open a debate on the framework for new rules for trade and economic integration. The authors welcome comments from interested readers.

NAFTA: New Rules for Just and Sustainable Trade and Development

It has been three years since the implementation of the North American Free Trade Agreement, and it is painfully clear that NAFTA is increasing the economic disparities among and within the member countries. Promises made by the leaders of the United States, Mexico and Canada that the agreement would generate jobs and economic prosperity have not been fulfilled. Instead, Mexico remains mired in an economic debacle, and workers in the United States and Canada find themselves under even greater threat of job loss and wage cuts. The following changes in the Agreement would serve as a first step toward making it serve the needs of the peoples and the environments of North America. These changes emerge from basic principles that should be applied in the negotiation of all trade agreements signed by the United States.

1. Give the people a voice.

Under NAFTA, there are a variety of dispute-resolution processes, ranging from swift and firm actions on cases involving intellectual property rights to slow and ineffectual procedures on labor and environmental issues. All decisions are made by panels of unelected, unaccountable officials and, with the exception of public hearings of labor and environmental cases, all are made in secret.

Citizen representatives of affected sectors should be included in any evaluations, negotiations and dispute-settlement processes. The results of those processes should be made public. Also, these processes should be designed to punish the guilty parties. In some cases, this would mean penalizing the companies involved, rather than countries as a whole.

2. Advance, rather than undermine, social progress. The increasing economic inequality and insecurity currently experienced throughout the Americas is rooted in rapid changes driven by global corporations, whose loyalty is no longer to the locality or nation, but only to their shareholders. Countries are pitted against each other as firms press them to offer the lowest wages and labor and environmental conditions. NAFTA codifies this race to the bottom by facilitating unregulated flows of capital among countries.

Instead, trade agreements should serve to harmonize standards upward by affirming other international agreements, including: International Labour Organization Conventions; the United Nations Convention to Eliminate All Forms of Discrimination Against Women; and the Inter-American Convention on Human Rights. The United States should also ratify all pertinent ILO conventions, such as Convention 87 on freedom of association and Convention 98 on collective bargaining.

3. Bring labor rights into the core of trade agreements. The North American Agreement on Labor Cooperation (NAALC, NAFTA's labor side agreement) represented a step forward in the establishment of a formal linkage between a trade agreement and the observance of labor rights. The NAALC is not directly tied to NAFTA, however, and is thus a fatally flawed accord. While cases brought before the U.S. National Administrative Office under the NAALC have served to highlight labor-rights abuses, they have not resulted in remedies for any of the workers involved.

The NAALC should require compliance with internationally recognized labor laws. Furthermore, violations of freedom of association and bargaining should be considered on an equal level with violations of laws on child labor, workplace safety and the minimum wage. The provisions contained in the NAALC should be incorporated into the body of NAFTA, not relegated to an unenforceable side agreement.

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UNITED STATES

Fast Track Authority Still in Doubt

by Karen Hansen-Kuhn, The Development GAP

While the expansion of NAFTA remained on the back burner during last year's U.S. presidential-election campaign, most analysts expected that the Clinton Administration would rush to request fast-track authority from Congress early in 1997. Instead, the Administration has become mired in a sea of doubts about the wisdom of using NAFTA as a model for further economic integration. With heavy criticism coming from both Democrats and Republicans, as well as from various sectors of civil society, it seems unlikely that the Administration's trade agenda will enjoy smooth sailing in the foreseeable future.

During the original NAFTA debate, the Clinton Administration made a number of assertions about the benefits of free trade. The U.S. Congress and public were promised that the Agreement would generate such domestic benefits as increased exports and high-wage jobs, as well as improve relations with Mexico. The Administration was already lauding the Mexican government for its far-reaching economic reforms and supposed movement toward establishing more democratic structures.

In the wake of the collapse of the Mexican economy in early 1995, however, Members of Congress and the U.S. public have grown increasingly skeptical that these benefits will ever materialize. The accumulated U.S. trade deficit with Mexico has surpassed \$33 billion in the two years since the massive devaluation of the Mexican peso, which lowered the prices of Mexican export goods. Coupled with the austerity conditions attached to the bailout package financed by the U.S. Treasury and the International Monetary Fund, the devaluation also further decreased the purchasing power of Mexican wages

and increased job losses in the United States. A November 1996 poll conducted by BankBoston found that 52 percent of Americans say their views of free trade are less favorable than they were a year as a result of what they now know about NAFTA and GATT.

That poll also found that 73 percent of the U.S. population believes that labor and environmental issues should be negotiated as part of trade agreements. Nevertheless, there has been considerable controversy over the nature of fast-track authority. The most recent authority allowed the Administration to negotiate provisions "necessary and appropriate" to implement an agreement. The Clinton Administration used that language to justify negotiation of the labor and environmental side agreements to NAFTA, as well as some limited clauses on the environment in the text of the agreement. It is reported to be arguing for such language in the new fast-track legislation. Republicans have opposed the inclusion of those issues, causing the stalemate that has existed on the issue since 1995. In fact, in a speech made earlier this year to the National Association of Manufacturers and reported by Inside NAFTA, Senate Majority Leader Trent Lott (Republican-Mississippi) declared, "We're not going to agree to the labor and environmental stuff...It's not going to happen. Forget it. And [Clinton] knows it."

Meanwhile, U.S. unions have been pressing hard for a different approach to trade. On 19 February, the AFL-CIO's Executive Council issued a statement insisting that no fast-track authority be granted that, "does not include provisions and enforcement mechanisms for addressing worker rights, labor standards and environmental protection. These provisions must be part of the core agreement and subject to the same dispute settlement procedures available to other covered issues. The interests of workers must no longer be shunted aside to inadequate side agreements." The labor federation also demanded that negotiating authority address the issue of international capital markets, underlining the "folly of relying solely on the 'market' as a means of achieving economic prosperity."

House Minority Leader Richard Gephardt (Democrat-Missouri) echoed these concerns in a lengthy letter he sent on 26 February to colleagues in Congress. In addition to underlining the negative impact of NAFTA on the U.S. economy and workers, Gephardt reported on a trip he and Rep. David Bonior (Democrat-Michigan) recently took to the U.S.-Mexico border. "Rather than improving conditions," he wrote, "the NAFTA has validated Mexico's system of labor relations, wage setting mechanisms and environmental enforcement that has damaged the standard of living, health and safety of the Mexican people." He concluded that he is, "...unwilling to support new trade negotiations that do not address these fundamental flaws by including labor rights and the environment as chapters in the core of the agreement equal in stature and force and linked to provisions on investment and trade...Access to the enforcement process for average citizens and non-governmental organizations must be provided. Transparency throughout the process must also be ensured."

It is difficult to see how the Clinton Administration will reconcile such dramatically different perspectives. Congressional sources previously reported that the Administration had hoped to request fast-track authority before Chilean President Eduardo Frei's visit to Washington on 26 February. Later, sources said the new target date was 24 March, but, as Our Americas goes to press, that date too had passed. However that proposal is finally crafted, it is virtually certain to lead to further controversy and heated debate among all concerned.



CHILE**INVESTMENT KEY IN APEC ACTION PLANS**

by Coral Pey, RECHIP

Last November, the fourth Ministerial Summit of the Asia Pacific Economic Cooperation (APEC) countries was held in the Philippines. Without a doubt, APEC is a significant bloc in the international arena. Its members generate 56 percent of the world's Gross Domestic Product and almost a half of all global exports of goods. In addition, those countries make up 30 percent of the world's land surface. Moreover, APEC includes three members of the G-7, the three NAFTA countries and all of the so called Asian «tigers».

The Manila meeting focused on the establishment of a free trade area by the APEC countries by the year 2020. The participating governments had previously presented Individual Plans of Action (IPAs) designed to achieve that goal.

At the Manila meeting, the IPAs were brought together in the Manila Action Plan on APEC (MAPA). While the IPAs and the MAPA are not binding agreements among the member countries, they are important indicators of their member governments' plans related to APEC. The following is a brief description of APEC and its member governments' commitments as described in press reports and in the IPAs and the MAPA.

Definition

An «association of economies» with «voluntary» trade commitments in the Asian Pacific region.

Participants have subsequently agreed to build a free-trade zone involving developed countries by the year 2010 and developing nations by 2020

Date enacted and important milestones

1989: first meeting held in Canberra, Australia. APEC was initially constituted as a «consultative forum» for discussion.

1991: second meeting held in Seoul, South Korea. General discussions among members.

1993: third meeting held in Seattle, USA. As a result of pressure from Australia, New Zealand and the United States, members agree to focus primarily on trade issues.

1994: Bogor, Indonesia. Members commit to establish target dates and plans for liberalization of trade and investment regimes.

1995: Osaka, Japan. Each country presents its IPA for trade and investment liberalization.

1996: Manila, Philippines. MAPA, a collective action plan based on the IPAs, is approved by APEC members: Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua, New Guinea, Singapore, South Korea, Thailand, Taiwan and the United States.

Decision making structure

Three levels of decisionmaking: Meetings of Presidents and Prime Ministers; Meetings of Foreign Relations and Economic Ministers; ongoing Budget, Economy and Administration Commissions

Participation of private sector and non governmental organizations

ABAC, the Advisory Business APEC Committee, made up solely of businesses from the member countries, has formal status as an advisory group of the national leaders. NGOs have no formal status nor access to the APEC process.

Tariff and non tariff barriers

The IPAs and the MAPA call for progressive reduction of tariff and non tariff barriers to trade. This includes commitments to reduce and/or eliminate any non-tariff measures that are inconsistent with the WTO's. While Chile, Hong Kong, Australia, Singapore, United States and New Zealand committed to eliminate tariffs on the majority of goods by the year 2010, Japan proposed at the Manila meeting that APEC focus more on expanding economic cooperation and

assistance among member countries.

Since much Japanese assistance is tied to purchases from its businesses, this position that was interpreted by many analysts as designed to promote new investment opportunities for the Japanese private sector.

Investment

The MAPA includes commitments for liberalization of investment regimes through the progressive provision of most favored nation status and national treatment for investors from member countries.

Members commit to ensure transparency in investment regulations and to facilitate investment activities through technical assistance.

Services

The MAPA calls for progressive and unrestricted opening to foreign investment, reducing restrictions on market access and granting national treatment for commercial services.

Country specific commitments made in the IPAs include reducing restrictions to foreign investment and liberalization of telecommunications, financial, transportation (air and maritime), energy, tourism, educational, environmental, health, recreational, cultural and sports services.

Telecommunications

The MAPA encourages privatization and unrestricted access to foreign investors in this sector. Chile, Hong Kong, New Zealand, Papua New Guinea, and the United States have already adopted these commitments.

Business and professional travellers

The MAPA recommends virtually uncontrolled entry and exit of APEC professionals and businesspeople into and out of member countries. It also includes the eventual establishment of Business Traveler's Cards, which would permit foreign investors to travel freely in any of the APEC member countries.

Intellectual Property

As part of the MAPA, members commit to adapt national legislation to the WTO Agreement on Aspects Related to Trade in Intellectual Property Rights.

Member countries extend bilateral technical assistance to each other as appropriate in selected areas such as patents and analysis, computerization, human resource development and information exchanges.

Deregulation

In the MAPA, APEC members agree to identify and negotiate a range of bilateral and multilateral agreements on competition policy (anti-monopoly practices) in such areas as infrastructure (ports and airports), telecommunications and information services.

Customs procedures

The MAPA calls for simplification, harmonization and computerization of customs procedures and tariff nomenclatures. APEC members agree to provide mutual recognition for customs standards and alignment with international standards. WTO regulations to be adopted by the year 2000.

Member governments commit to publish information on administrative lines of action, procedures and rules, as well as customs laws and regulations. Members agree to establish safeguard measures for the protection of intellectual property rights granted in the WTO agreement on trade-related intellectual property (TRIPS).

Rules of origin

The MAPA calls for harmonization of rules of origin according to the WTO Agreement on Rules of Origin

A compendium on the issue is to be published in 1997.

Technical norms and standards

The MAPA calls on members countries to consider reaching new Agreements on Mutual Recognition of technical norms and standards in sectors beyond those already established in the MAPA and the IPAs, members agree to establish bilateral or multilateral Mutual Recognition Agreements on technical standards. Members commit to ensure transparency and harmonization of standards in the APEC economies in such sectors as land-transport vehicles. Beginning in 1997, members will work to identify specific standards and measures.

Dispute resolution

In the MAPA, members have committed to publish a list of existing dispute settlement mechanisms available in each country and to encourage the private sector to utilize them in order to minimize disruption of business activities in the private sector or between the government and the private sector. Member countries agree to discuss alternative dispute-resolution services, including the possible use of the 'Dialogue on Trade Policy', a commission of experts that relates to APEC's Trade and Investment Committee.

MEXICO

Commentary: NAFTA, the Region and a New Federal Pact

by Javier Medina, *Fronteras Comunes (Mexico)*

This July, the U.S. Congress will review President Clinton's report on NAFTA, evaluating the benefits and drawbacks of the trade agreement. In light of this, Mexico should also carefully reflect on the benefits of NAFTA and establish which aspects of the agreement it is in Mexico's interest to renegotiate. But beyond that, it is imperative that there be critical reflection on the country's political, economic and social conditions and, starting from that evaluation, decisions as to whether those conditions justify the country continuing to operate under the rules stipulated in the treaty.

RMALC recently held a public forum along these lines which made clear the urgency of a new federal pact. By this we mean that, if certain regions, principally the most disadvantaged, are to be protected from the negative impacts of NAFTA, then a true federal system must be constructed in Mexico.

NAFTA, as the crowning of the neoliberal economic model implemented by the Mexican government, has come to represent precisely the opposite of what was promised before and after it came into force in January 1994.

We are still waiting for the recovery of agriculture, employment, local industry, productive investment, etc. It goes without saying that the scenario is totally adverse. In reality we have seen how the unemployment rate grows (despite a need for a million new jobs per year, only 400,000 are being created), as wages lose purchasing power and micro, small, and medium-scale industries are

essentially dismantled. The effects of NAFTA itself come into play in this process, as well as the repercussions of the shock plans imposed by the international financial institutions and the U.S. government, conditions that were meekly accepted by a government incapable of generating a national alliance or basic consensus to defend the country's sovereignty and people against the blows inflicted by the economic model and its component measures.

NAFTA has meant a loss of sovereignty (such as in the cases of the privatization of the petrochemical and electricity industries), meager advances in democracy (except for the electoral reform approved in November 1996, there has been no other progress), and greater centralization of decisionmaking. These elements work together to create a series of problems. Of those, perhaps two are key: the lack of true federalism; and the lack of democratization of decisionmaking.

Many times, organizations such as RMALC have warned of the risks of indiscriminate trade liberalization. The Network has raised such critical issues as the upward harmonization of laws, including labor laws, of substantial adaptations to protect natural resources and the environment, the establishment of fair rules on migratory workers, the need for special precautions on issues related to the country's productive capacity, all of which is taken into account in calls for a social clause or charter. These issues were raised and then forgotten by the Mexican negotiators in their rush to sign an agreement that by any reckoning lacked social consensus. It is sufficient to remember that social, civil, business, farmers', indigenous and other organizations were openly excluded from those talks. Even beyond that, there was little information and what was provided was dribbled out little by little. All of these factors speak to the antidemocratic nature of decisionmaking in this country.

Much has been said about the impacts of NAFTA on production, wages, services, the environment, sovereignty. Nevertheless, there is little information available on the impacts of NAFTA on particular regions. Here the question of federalism arises again. It is clear that the Mexican states have been greatly affected by the economic model. Where among those who negotiated NAFTA were representatives of local groups and producers, of non-official unions or indigenous groups?

Trade liberalization in Mexico, in contrast to the liberalization achieved by the countries in the European Economic Community during the 1980s, has not been accompanied by an invigoration of federalism. Just when the regions need strong state jurisdictional authorities with their own initiatives, those authorities find their hands tied by the few policy instruments available to them.

Federalism, as a form of economic-policy organization, could permit each region to seek to exploit its particular comparative advantage, while lessening the negative impacts to which they have become vulnerable in an open international environment.

It is therefore imperative to stress the urgency of a new federal pact that gives the states, and their different governmental levels, decisionmaking power on issues of natural resources, tax collection, management of social policy, etc., in order to ensure more equitable development of the country. If not, we will be forced to continue to watch as whole regions effectively disappear, thanks to the fact that resources were divided unfairly among the states.

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CHILE

Commentary: GLOBALIZATION AND MODERNIZATION: THE CHALLENGES FOR CHILEAN EDUCATION IN THE 21st CENTURY

by Hernan Gonzalez, Federation of Education Students and Dante Donoso, RECHIP (Chile)

One of the main conclusions of the region wide Conference on Education held in Quito, Ecuador in 1993 was that the principal problem with education in Latin America is its quality. In Chile, the results of the national SIMCE and PAA examinations, which measure the quality of education and college aptitude, respectively, are presented as evidence of improvement in this area.

Nevertheless, one may ask whether these exams measure other results that society expects from formal education. Increases in the incidence of depression, suicide and sexually transmitted diseases among young people are some indications of the true quality of education that do not appear to be taken into account when reforms are designed. Instead, the educational reforms being carried out in Chile respond to the demands of Chile's insertion into the global economy.

Working within such narrow parameters, the government has concluded that the educational reform, centered on secondary education, is needed in order to provide appropriate and egalitarian access to the world of technology and science. According to Sergio Molina, the former Minister of Education, such reform should be oriented toward developing "a population of high productivity, flexible to change, creative and capable of rapidly incorporating technological innovations in the productive process". At the same time, education is held out as the main factor in the elimination of poverty, "providing the possibilities for each person, through his or her own means, to gain access to better and greater opportunities for personal, social, economic and cultural development".

Policy of Consensus or Consensus of Politicians?

Pablo Arellano, the current Minister of Education, points out several

programs reflecting a consensus in support of educational reform. The first of these is the decentralization of the administration of educational programs from the National to the municipal level that was carried out in the 1980s. A second is the new mode of designing educational programs that was left to us by the Organic Constitutional Law on Teaching (LOCE), promulgated by General Pinochet the day before Patricio Aylwin assumed Chile's presidency in 1990. These relate to educational infrastructure, mainly library equipment and "Quality and Equity Improvement" programs. According to the Minister Arellano, those reforms are sustainable, "thanks to the existence of a governmental education policy". In reality, the consensus around these reforms is quite fragile. When the issue of financing the reforms arises, such members of Parliament as Andres Allamand, President of the right wing National Renovation party, accuses the government of not complying with previous agreements that had in fact been ratified by his and all other parties with Parliamentary representation. It is clear that it is not education but rather its centrality to the economic strategy that has generated consensus among the politicians, business and financial institutions.

Businessman Fernando Leniz, one of the members of the Brunner Commission, which was created by the government to develop the proposed educational reform, has suggested that the educational reforms should be financed through the sale of all remaining state owned enterprises. He fails to mention other possible sources of funding. Military expenditures, for example, are equal to about 57 percent of total public spending on education and health, a level that has remained constant for several years. The state should guarantee its citizens' right to education, using adequate funding as a means of redistributing national income.

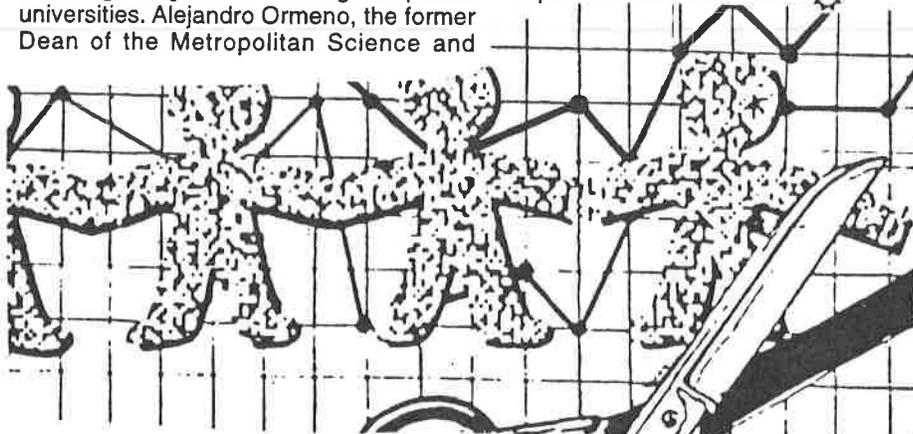
Meanwhile, professors and students have taken to the streets, with the former demanding increased salaries and the latter insisting on greater funding for public universities. Alejandro Ormeno, the former Dean of the Metropolitan Science and

Education University (UMCE, the former Institute of Pedagogy of the University of Chile), points out the risk that the reform will fail and accuses the Minister of Education of acting without any clear plans. According to Ormeno, a "political decision" has been made, while civil society has been excluded from participating in the reforms, having been neither consulted nor informed on the proposals.

Official pronouncements continue to stress that the elimination of poverty depends on reform of secondary education, since young people continue to experience both high dropout rates (6.77% in 1993) and unemployment (12.8%, more than double the national average in 1996). What is needed, it is claimed, is to prepare highly skilled youth for the work world. These workers would, in fact, constitute a productive asset that indirectly subsidizes private enterprise.

Hence, rather than the elimination of poverty, the true objective is to maintain the high rates of economic growth experienced over the last 12 years. This growth, however, has not translated to reductions in inequality in income distribution. According to data from the Ministry of Planning, in 1995 the richest ten percent of the population received income of 442,000 pesos while the poorest received just \$11,000.

Without changes in both the educational strategy and economic policies that affect income distribution, the educational reform program is little more than a means to continue to enrich the wealthy. Meanwhile, Chilean youth are condemned to become little more than the labor necessary for a supposed "second phase" of export development without even minimal assurances that the future will hold any real promise for improvements in their lives.



CANADA

LABOR AND CIVIL SOCIETY TO CHALLENGE FTAA AGENDA

information compiled by Common Frontiers

The Brazilian Unitary Confederation of Workers (CUT) has announced that it, along with other civil society groups, is organizing an alternative forum parallel to the next meeting of the hemispheres trade ministers on the proposed Free Trade Area of the Americas (FTAA) in Belo Horizonte, Brazil.

The idea of the forum is to advance the social perspective on regional integration in the hemisphere. To this end, the CUT is in the process of inviting representatives of unions and other civil society organizations from North and South America. It is doing so in cooperation with ORIT, the Latin American regional coordination of trade union centrals affiliated with the International Confederation of Free Trade Unions (ICFTU).

The schedule for the Belo Horizonte meeting is as follows.

May 11: opening political event involving national and international representatives;

May 12 :13: ORIT Trade Union meeting the participants will examine the various topics on the Ministerial Agenda for the FTAA, jobs and social rights, and the FTAA s institutional structure, as well as discuss and approve statements and a political document to be taken to the joint trade union and social sector plenary and, ultimately to the Ministers Meeting;

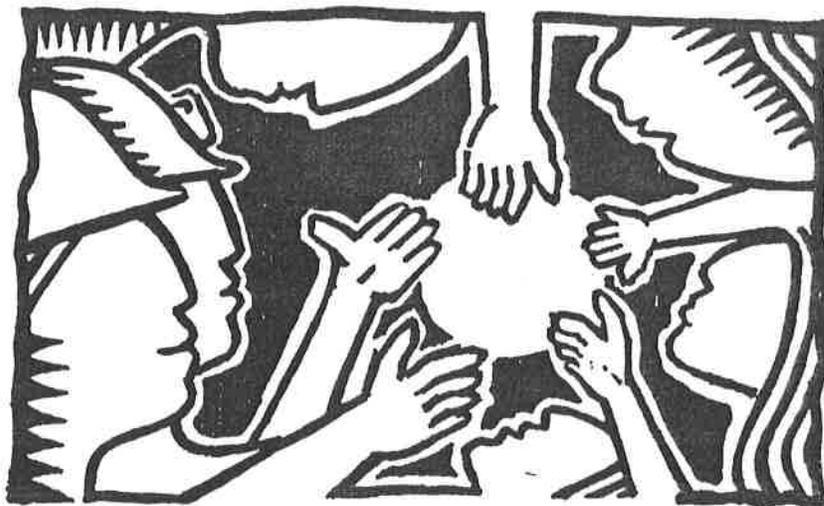
May 14: panel discussions on Globalization/Neoliberalism and Unemployment;

May 15: panel discussions on Agrarian Issues, Culture and Identity, and a public event;

May 16: solidarity action with Cuba at the Belo Horizonte municipal building, approval of the Political Manifesto, and the closing event.

There are also sectoral activities being planned for union affiliates and other civil society organizations attending the Belo Horizonte forum, both before and after the forum and during the ORIT meeting, as well as a meeting of the Hemispheric Network for Just and Sustainable Trade Development, which includes RECHIP, RMALC, ART and ACN Common Frontiers.

Participants in that meeting will discuss joint strategies and actions over the coming months. For additional information and updates on the Belo Horizonte Forum, please see at the CUT/Brazil home page at <http://www.cut.org.br>. For updates on plans for the meeting of the Hemispheric Network meeting, please contact the Our Americas editors



CANADA

NAPO TO HOLD TRI- NATIONAL ANTI-POVERTY CONFERENCE

The National Anti-Poverty Organization is an umbrella organization of poor people's organizations across Canada. Its members have experienced the wholesale attack on Canada's social programs in the aftermath of the FTA (Free Trade Agreement between Canada and the U.S.A.) and NAFTA.

NAPO is organizing a conference of anti-poverty activists from Canada, the United States, and Mexico, to be held in Canada in October or November of this year. The purpose of the conference is to initiate contact and networking amongst anti-poverty activists in the three countries. Joint strategies to confront growing poverty and exclusion will be the main theme of the three-day gathering.

NAPO would like to contact with mexican and U.S. networks interested in collaborating on this initiative. For further information contact Lynne Toupin, Executive Director of NAPO, at napoweb.net

CANADA

THE HUMAN IMPACT OF "FREE TRADE" - A PEOPLE'S SUMMIT

By Mary Rowels, Canadian Labour Congress

In Vancouver, Canada this November, while leaders of 18 Asia Pacific countries plan trade liberalization strategies, a People's Summit of women, trade unionists, environmentalists, indigenous peoples, and human rights advocates will meet to discuss the human impact of «free trade».

APEC (Asia Pacific Economic Cooperation) negotiations for trade liberalization began in 1989 in Australia, and took off in 1993 at a Leaders meeting in Seattle, hosted by President Clinton.

Participating countries have embraced a goal of achieving free trade between developed countries by 2010, and with developing countries by 2020.

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Human Impact... cont. from Page 7

There is no mammoth trade agreement as such each country annually prepares an Action Plan showing their progress or footdragging on removing "barriers" to trade and investment. Committees and working groups deal with issues like human resources development, trade and investment, transportation, energy and finance.

The human cost of trade liberalization, workers rights and human rights are conspicuously absent from APEC discussions. With a few exceptions, representatives of unions, NGOs, human rights organizations, womens' groups or indigenous peoples are not represented in the official national talks. But as you might expect, the international business community does have access to APEC through a special Business Advisory Council (ABAC).

In Canada (the host of the next APEC meeting), the Liberal government (the government presently in power) clearly looks forward to the APEC meetings as a pre and post-election international stage on which they can promote their commitment to expanding trade with Asia.

The activist community looks forward to the APEC popular meetings as a chance to increase Canadian and international opposition to economic arrangements that discount human lives or environmental destruction.

The popular summits at Seattle, Kyoto, and last year in Manila, have brought together increasing numbers of women, environmentalists, trade unionists, international development groups, peasants, and human rights activists, from the 18 APEC countries. They have also become increasingly successful in focusing media attention on the casualties of free trade, and the unwillingness of leaders to deal with human rights and workers rights.

A joint steering committee with representatives at the national and Vancouver level has been working since September to organize the 1997 Vancouver People Summit on APEC.

The national organizing Committee includes the Canadian Council for International Cooperation, the Canadian Labour Congress, the International Centre for Human Rights and Democratic Development, the National Action Committee on the Status of Women, the Canadian

Environmental Network, the Canada-Asia Working Group, the Council of Canadians and the Canadian Network on International Human Rights. In Vancouver, the steering committee includes British Columbia (B.C.) members of these large coalitions, and representatives from local groups, like the B.C. Teachers Federation, the Vancouver and District Labour Council, and the Trade Union Research Bureau.

The Vancouver Popular Summit will open on 19 November and include four days of plenaries and forums on and workshops on specific topics.

A large march and rally have become a traditional part of the People's Summit and they are planned as the Summit's finale on Sunday, 23 November.

A number of Canadian organizations are already cooperating to organize issue workshops or conferences as part of the larger Summit.

The Canadian Labour Congress and the International Centre for Human Rights and Democratic Development, for example is planning a forum on "trade liberalization and democratic development".

The forum will include a tribunal to hear first hand testimony from workers in several APEC countries, illustrating the abuse of human rights in the global economy. After hearing the evidence, the judges will make recommendations to the APEC leaders on changes needed to secure freedom of association, migrant workers rights, and to end child labour, discrimination against women and forced labour.

The forum will also include workshops on organizing experiences in the informal economy, making transnationals accountable, using the ILO (International Labour Organization), and issues for workers north and south.

Other forums being planned as part of the Popular Summit include one by the B.C. Council for International Cooperation on sustainable development and environmental issues, a women's forum to be hosted by the National Action Committee on the Status of Women and workshop on opposing transnational corporations that will be convened by the Council of Canadians.

Human rights organizations are working on a forum on human rights, and Codevelopment Canada is working on a youth forum— some of this may

occur on-line.

The APEC Research group at the University of British Columbia is developing a proposal for a forum on economic alternatives to trade liberalization. The International Media and Public Policy Centre, the Communications, Energy and Paper Workers Union (CEP), and PEN (an association of writers and poets), are working on a media issues forum. The Vancouver and District Labour Council is also working on a forum on forestry, fishing, and environmental issues—which has drawn interest from a number of New Zealand based unions and indigenous people's organizations.

All groups are attempting to identify international partners. There are likely to be other issue forums of one or two days length, for example, on indigenous people and rural/peasant issues.

Support for the People's Summit is expected and needed from international development and aid agencies, from church organizations, from unions and from foundations, in Canada, in the United States and beyond.

The largest single cost for the conference, apart from conference space, is sponsorship of international guests, since many popular organizations in APEC countries lack these sources to permit foreign travel.

In addition to contribute to the Summit travel pool, Canadian organization are also invited to participate in the planning process at the Vancouver level.

Organizing meetings and public consultations will be ongoing during the coming months in Vancouver. Information on the Summit, prepared by the joint steering committee, is being circulated now to international organizations and individuals who have attended previous Summits. The People's Summit has an office established in Vancouver in Suite 910, 207 West Hastings, Vancouver V6B 1H6. The telephone number is 604-682-1930 and the fax is 682-1931. The People's Summit coordinator, Terre Flowers, can be reached by e-mail at popsum97@bc.sympatico.ca 

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Frei visit...

people along with a sharp increase in unstable jobs and pollution, a one-third reduction in real wages, the displacement of one million Mexican farmers, an increase in foreign debt from US\$142.2 to \$162 billion, and poverty that has increased to beset 50 percent of the population;

* the U.S. trade deficit with Mexico has increased to US\$15 billion, and more than 600,000 U.S. jobs have been lost, resulting in the weakening of collective bargaining efforts; and

* more than 334,000 Canadian manufacturing jobs have been lost, raising national unemployment to 10 percent while social programs have been slashed and serious environmental problems have grown.

In describing the effects of the neoliberal economic model implemented over the past two decades in Chile, the letter focuses on how the quality of life in that country has deteriorated.

*Economically: the minimum wage has fallen compared to the high cost of living. Many workers still lack the right to organize and bargain collectively, while the gap between rich and poor continues to widen.

*Institutionally: despite the return to democratic rule, authoritarian enclaves of power continue to exist. Augusto Pinochet remains head of the military, and he continues to designate eight of Chile's 32 senators, thereby limiting popular will. The amnesty for officials responsible for crimes against humanity has provoked the concern and condemnation of such international bodies as the European Union and the United Nations, as has the continued practice of torture of many detainees in prisons.

*Environmentally: conflicts caused by over-exploitation of natural resources have increased. These result from the fact that 80 percent of the country's high export volume derives from natural-resource-related sectors (forestry, fishing, mining and agriculture), as well as from the lack of effective environmental laws.

The document also relates the opposition of Chile's indigenous people, who, like their counterparts in Chiapas, have suffered an intensifying discrimination and plundering of their land.

The letter was endorsed by 325 citizens' organizations in the four countries. Among the coalitions signing the letter were the Alliance for Responsible Trade and Citizens Trade Campaign (U.S.), the Action Canada Network, the Mexican Action Network on Free Trade (RMALC), and the Chilean Network for a Peoples' Initiative (RECHIP) and the National Environmental Network (RENACE) in Chile.

In the United States, the letter was delivered to President Clinton and to every Member of Congress, while in Chile it was distributed through press conferences led by the leaders of unions and human rights, student and environmental organizations ✨

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Federal Pact...

For example, the poorest states lose much of their human resources when people migrate to other areas with better economic conditions or when they emigrate to the United States. It is noteworthy that such poor states as Oaxaca, Guerrero, Michoacan, Chiapas, Veracruz, and Guanajuato, are those with the highest rates of out-migration.

Certainly, in many of these states the phenomenon of "caciquismo", or dominance by local bosses, persists, and this could represent an obstacle to a new federal plan. However, to the degree that opposition political parties are strengthened as viable alternatives and fair laws are structured with mechanisms to ensure their

enforcement, the risk that some group or person remains in power could be reduced as the logical consequence of political competition.

In conclusion, since its inception, the need to renegotiate NAFTA has been proposed, and some have even demanded that the best option would be to abrogate the treaty. There is much greater consensus around the issue of renegotiation, but this will not be possible without a national plan that includes a new federal and social pact. Otherwise, the violence of an economic model in which the population's well being and the protection of strategic sectors and regions are not considered priorities will only continue. The challenge is to break the chains that subject us to the designs of the most powerful nation on earth and to establish just social relations that guarantee true development ✨



MEXICO

A NEW STOP ON THE FREE TRADE CRUSADE

by Victor Osorio, RMALC

The Ministerial Conference of the World Trade Organization (WTO) was held in Singapore from 9 - 13 December. The agenda of the meeting, held nearly two years after the multilateral organization's founding, included an evaluation of the advances achieved on trade liberalization and consideration of issues that could eventually broaden the institution's coverage.

The original sins

The creation of the WTO was one of the most important and well-publicized results of the Eighth Round of Multilateral Negotiations, better known as the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). Its creation concluded, 50 years later, the implementation of the international system designed in Bretton Woods to regulate international economic relations in the post war scenario.

Resistance was generated in some circles of the U.S. Congress, which utilized arguments very similar to those used to prevent the creation of the International Trade Organization in the late 1940s as the complement to the World Bank and International Monetary Fund (IMF). The matter was concluded, however, as a result of intense lobbying efforts on the part of large transnational corporations in favor of the creation of the new multilateral organization.

The bet was clear. The agreements achieved after eight years of arduous negotiations, which included as almost the sole actors the great powers, represented a package of international economic rules that transcended the strictly trade sphere and supposed a level of discipline to which the GATT never even aspired (because of its nature as an "agreement"). Its implementation would require, therefore, a mechanism to guarantee full compliance with those agreements, signed in Marrakesh in December 1994.

The new agency's own workplan and resistance by developing countries prevented the reproduction of the weighted vote structure (proportional to funds contributed) used in the World Bank and IMF. Instead, a more "democratic" decisionmaking mechanism was chosen, but one in which the principle of "consensus" prevails. Nevertheless, the great powers were careful to maintain the system of "uses and customs" under which the GATT had functioned for close to half a century: "informal" closed door meetings among the industrialized countries, in which they "cooked up" the main agreements that were later formally approved by the normal mechanisms.

The Singapore agenda

During the WTO Ministerial Conference's discussions, the member countries' conviction and commitment to the paradigms of all out deregulation and trade liberalization were ratified, as was an appreciation of its inevitability and its numerous blessings.

Michel Camdessus, Chairman of the IMF, expressed in a lyrical and emphatic way the "official" assessment of the consensus: "All countries confront the temptation to preserve the status quo and maintain existing trade barriers or to erect new ones always saying that they are only temporary. We all know, however, that protectionism has defeated itself. And although it is important to provide a social security net to the most vulnerable segments of society, the attempts to preserve noncompetitive business sectors are condemned to failure in the long term and in the meantime represent unjustified costs for taxpayers and consumers...Perhaps now is the time for the international community to renew its commitment to an ambitious trade liberalization, on the basis of nondiscrimination, that places all countries on the road to the process of liberalization".

However, under the facade of an apparent unanimity lie different experiences and assessments of what it means to fight in day to day life against the new rules of international trade, as well as diverse expectations regarding the role of the youngest of the multilateral organizations that regulate the world economy. The governmental delegations arrived at Singapore polarized around two major positions:

The bloc making up the majority of the developed countries, headed by the United States, that, besides full

implementation of the Uruguay Round agreements, hoped to obtain greater strategic advantages with the inclusion of new themes on the WTO agenda.

For the United States, the central aspect was the achievement of an agreement on the reduction of tariffs on "information technology products", one of the few segments of the world market in which it still maintains a hegemonic position; for the European Union, meanwhile, the focus of interest was the drive for an agreement on liberalization of foreign investment, which it had been promoting since 1995.

A broad range of developing countries unwilling to assume additional commitments beyond those acquired in the Marrakesh agreements, and in fact interested in demonstrating the disadvantages that compliance with specific aspects of provisions on services and intellectual property rights had presented for them.

The Conference produced two main documents: the «Ministerial Declaration» and the «Ministerial Declaration on Trade in Information Technology Products».

The "Ministerial Declaration", to which, by the way, the majority of Ministers only had access after it had been formally presented to the press, contains a rhetorical reiteration of the WTO's noble goal: its commitment to elevate "world standards of living" and its conviction that the best way to achieve that goal is to promote "economic growth and increased trade".

The document reflects the position of caution or outright rejection by the majority of third world countries regarding the initiative to establish a link between trade and labor rights.

They indicated that the appropriate forum for promoting protection of labor rights is the International Labour Organization (ILO) and that the best contribution that the WTO could make in this regard is to intensify trade liberalization under the surprising argument that trade itself would generate greater prosperity and therefore a greater capacity for compliance with the minimum standards included in the international agreements and took a stand against the utilization of those standards for "protectionist purposes" 

The difficult consensus of civil society groups

Parallel to the Ministerial Conference, various unions and non-governmental organizations held a meeting in Singapore in order to define their position on the WTO governmental agenda. There were a number of problems with the citizens meeting. For one, it suffered from the lack of suitable work facilities, which forced the participants to meet quickly. At the same time, it reflected the lack of consensus that existed between the unions and civil society organizations from the industrialized countries, on the one hand, and those from the Third World, on the other.

The central point of contention was the link between international trade mechanisms and the strengthening of labor standards and rights. That discussion was not new. In various forums, and particularly in the process of follow up to the latest meetings of the Asia Pacific Economic Cooperation (APEC), positions had already been presented on the issue. In a meeting held in Singapore prior to the citizens' meeting described above, a group of organizations led by the International Confederation of Free Trade Unions (ICFTU) proposed that the WTO member countries completely

assume the obligation to fully observe the basic labor standards defined by the ILO in order to guarantee workers' fundamental freedoms.

As a consequence, participants in the ICFTU meeting directed the Ministerial Conference to "establish a working group on trade and international labor standards in order to examine how the WTO rules can be adapted to ensure that they strengthen the relation of mutual consolidation between international labor standards and the multilateral trade system". Their proposal also included an outline of the procedures necessary to achieve that objective: a periodic review of the observance of basic labor standards in the WTO member countries conducted by ILO experts; consultation mechanisms; and, finally, recourse to "warnings" and, if the nations involved do not cooperate, an appropriate multilateral trade response.

On the other hand, at the subsequent citizens meeting, a broad group of NGOs and unions led by third world organizations emphasized the need to critique the WTO agenda and its antidemocratic nature. They recommended against embarking on new themes such as labor and instead pointed out the inconsistency between the noble goals of the multilateral organization and economic rules imposed on the majority of countries to the detriment

of their sovereignty and their capacity to deal with urgent social and environmental problems. And they reiterated their assessment that the liberalization process that resulted from the Uruguay Round has mainly benefited large transnational corporations and the great world powers.

"It is clear", said the citizens meeting participants in a public declaration, "that many developing countries have opposed the introduction of new issues, and that there is no consensus on those issues in the Ministerial Conference. They are not on the agenda yet due to the persistent objections of many developing countries. We are extremely concerned that the Ministerial Conference's attention focus on intense negotiations on these controversial issues. Such attention would be a deviation from the meeting's original agenda: review of the Uruguay Round and the problems of implementation, which are subjects of great interest and importance to developing countries and the public".

Participants in the citizens meeting also expressed their fear that, given the characteristics of the real decisionmaking mechanisms in the WTO, the establishment of a link between international trade and the protection of labor rights would be converted into a protectionist tool that the most economically powerful countries could use at their discretion.

"To assimilate labor rights violations with anti-dumping measures could provide excuses for protectionism", insisted the civil-society groups, who concluded that "compensatory mechanisms imposed unilaterally by powerful countries on weak nations lack legality, moral authority and the effectiveness to lead to improvements in working conditions or in human rights conditions".

The debate among civil-society groups, including unions, in the North and South continues, but it has been marginalized from the official discourse emanating from the Ministerial Conference. It will be necessary to clarify positions and to establish points upon which to define strategies that bring people together around the common interest of protecting labor rights worldwide



Huck-UE/Huck-Konopacki

4. Strengthen enforcement of environmental laws. The North American Agreement on Environmental Cooperation (NAAEC) suffers from failings similar to that of the NAALC. Recent efforts by the Mexican government (in addition to pressures on local government in the United States) to weaken environmental laws in order to attract foreign investment also underscore the importance of A reliance on international standards rather than compliance with national laws. The NAAEC should be amended to include consideration of issues related to natural resources, and the provisions of the NAAEC should be included within the body of NAFTA.

Also, Article 1114 of NAFTA states that parties "should not" encourage investment by relaxing domestic health, safety or environmental measures, but the only consequence for doing so are consultations among the parties. Violations in these areas should be grounds for dispute resolution.

5. Allow controls on the casino economy. As a result of the liberalization of trade and investment regimes, many countries have grown quite dependent on inflows of essentially unregulated foreign investment. In the aftermath of the Mexican peso crisis in December 1994, nervous investors yanked their funds out of stock markets throughout the Americas, wreaking havoc on local economies. This "tequila effect" was avoided in Chile, in

large part because that country still maintains certain restrictions on speculative-capital flows.

A trade agreement should support each country's national development strategy. The investment chapter of NAFTA should be amended to permit governments to order performance requirements on foreign investors, such as requiring that the company generate employment in the community, achieve a certain level of exports or transfer technology. Countries should also be allowed to maintain protection for small and medium-scale producers and for key sectors in their respective national development plans, as well as establish requirements on portfolio investments in order to prevent disequilibria in the financial sector.

6. Promote food security. Trade liberalization has undermined the ability of households, localities, regions and nations throughout the Americas to buy or grow food of sufficient quantity, variety and quality to meet nutritional needs. The right of NAFTA members to maintain food and nutritional security, through the provision of protection or supports for food producers if necessary, should be established in NAFTA, and the required liberalization of basic grains should be removed from the Agreement.

7. Narrow wealth and resource gaps. After years of adherence to World Bank- and IMF-sponsored structural adjustment programs, Mexico's debt burden has worsened. A realistic debt-reduction plan for Mexico that is not tied to IMF, World Bank or U.S. Treasury

conditionalities would free resources to fund development initiatives. Additionally, a small tax on trade, perhaps 0.5 or one percent, could be used to finance environmental cleanup and infrastructure, regional reconversion funds, and trade-adjustment assistance. The management of these funds should be decentralized and democratic in order to respond to local needs, particularly those created by shifts in investment resulting from increased trade.

8. Reopen the debate on immigration and trade. While NAFTA guaranteed mobility for businesspeople and certain classes of professional workers, it excluded consideration of many of the social issues central to integration, including the protection of migratory labor. As was discussed at an international meeting of trade activists held in Madison, Wisconsin in October 1994, this discussion should be reopened in an atmosphere of cooperation, solidarity and understanding of each nation's sovereign expectations as a basis for mutually beneficial co-existence among our nations. Representatives of immigrants', workers', farm, business and other civil-society organizations should be included in discussions intended to foster solutions to immigration issues that respect the dignity, health and human rights of migrant workers

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