

NAFTATHOUGHTS

A Newsletter on the North American Free Trade Agreement

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NAFTA DRAFT TEXT RELEASED, CITIZENS' GROUPS RESPOND

On 20 March the Action Canada Network released a confidential draft text of the NAFTA to counterpart networks in the United States and Mexico. The text, dated 21 February 1992, contains sections on which consensus has been reached, as well as many "bracketed" sections where proposals are listed but in which no agreement has yet been achieved. Networks in Canada, Mexico and the United States have been distributing the text to the media, as well as doing preliminary analyses of it.

Canadian Analysis

The Action Canada Network, Canadian Centre for Policy Alternatives and Common Frontiers have written "North American Free Trade Agreement Draft Text: Preliminary Briefing Notes". It includes analyses of the impact the provisions in the draft text could have on the environment, fresh water exports, agriculture, investment, intellectual property, textiles, government procurement, rules of origin, and the auto and clothing industries.

The writers examine potential problems that could result from a NAFTA as presented in the draft text. For example, the U.S. proposes "post termination" provisions for investment, meaning that if an agreement were eventually terminated, any investments made prior to termination would continue to be subject to NAFTA rules for an additional ten years. This is an important issue, as many Canadians are now demanding the abrogation of the U.S.-Canada agreement. The section in the draft text on land transportation services includes the operation of non-energy pipelines, which the authors contend could permit large-scale exports of Canadian fresh water to the United States while removing Canadian federal and provincial government control over their water supplies.

The Canadian report concludes that "free trade" is no solution at all to the fundamental problems of the Canadian economy. 'Free trade' has destroyed a

substantial part of our existing capacity...[and] has failed to promote positive economic renewal. The transformation of the FTA into a NAFTA would compound the problem."

U.S. Analysis

Paralleling the work of their Canadian colleagues, several individuals from MODTLE and Citizen Trade Watch Campaign have prepared a paper entitled "Too High a Price for Free Trade." Environmental issues are hardly mentioned in the draft text, say the authors. Instead, environmental regulations are treated as "trade exceptions" that must be justified. On agriculture, they write that the NAFTA text jeopardizes domestic supply management programs, and "affirms the decoupling of financial support to farmers from production, thus establishing farmers as the next population to be defined as welfare recipients."

The NAFTA described in the draft text also threatens each country's ability to set its own course for social and economic development by severely limiting trade restrictions and subsidies, even in key sectors. It also poses a threat to democratic processes through "the empowerment of supranational [and unelected] commissions to judge laws and decide if such democratically achieved laws can be maintained under the rules set out in a NAFTA."

The authors claim that the overriding principle in the draft text "is that a corporation from one of the three countries should be able to operate freely and without discrimination in the other two," without any provisions for local communities to protect themselves. They conclude by stating that, unless the agreement "is rewritten from the bottom up, from the preamble to the annexes, it has virtually no chance of garnering support from major constituency groups, including family farmers, environmentalists, the religious community, labor, and consumer advocacy groups." *

RMALC SENDS SUPPORT TO DEMONSTRATION AT USTR

The Mexican Action Network on Free Trade (RMALC) sent a message of solidarity to a 6 April demonstration sponsored by the United Electrical, Radio and Machine Workers of America (UE), MODTLE and Citizen Trade Watch Campaign at the office of the U.S. Trade Representative (USTR), Carla Hills. Protesters were decrying the potential job losses stemming from a NAFTA and demanding to speak with Hills.

The RMALC is an association of over one hundred Mexican organizations (unions, environmental, women's, peasants' and settlers' groups and non-governmental organizations) that has been working for more than a year on issues related to the Free Trade Agreement being negotiated by the governments of Mexico, the United States and Canada.

In its statement, the RMALC demanded the opening up of the negotiations and an agreement that considers social interests, not just the interests of transnational companies. It stated that any agreement must include consideration of: Mexico's foreign debt; the labor rights of workers in Mexico, the U.S. and Canada; environmental problems; and human rights. Calling for increased cooperation among citizens groups in the three countries, the RMALC said, "Only united can we confront these negotiations that our governments are conducting behind our backs."

Asserting that the negotiations are primarily about facilitating investment flows among the three countries, the RMALC criticized the absence in the draft text of references to the social and environmental impacts of a NAFTA.

The RMALC emphasized the link between access to information and the democratization of Mexican society, noting that "only small sectors within the government understand that it is not possible to even think of putting an Agreement into practice without the active support of a majority of society." In order to prevent the loss of national control over energy, agriculture and other sectors (as happened in the negotiations between Canada and the U.S.), the RMALC stressed that "the trinational work of vigilance of society over the negotiations must continue" in each country through the efforts of the citizens' networks.

RMALC concluded by saying that "it will be difficult for the government of Carlos Salinas to fulfill even half of the promises it has made to the population. He is offering many jobs and better wages as benefits of the NAFTA. We do not believe that the Agreement will bring a rapid and generalized improvement in the standard of living of the whole of the Mexican population." •

Resources:

- "Fear of jobs lost to foreign lands spurs protest on free-trade pact," Elizabeth Lesly, *The Washington Times*, 7 April 1992
- Letter from the Red Mexicana de Acción Frente al Libre Comercio, 3 April 1992.

NAFTATHOUGHTS

Editor..... Karen Hansen-Kuhn
Managing Editor..... Ross Hammond
Executive Editor..... Steve Hellinger
Design & Production..... Cynthia Power

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NAFTATHOUGHTS provides information and perspectives on developments in Canada, the United States and Mexico related to the proposed North American Free Trade Agreement. Views expressed in *NAFTATHOUGHTS* are those of the writers and do not necessarily represent those of the affiliated organizations. Contributions are welcomed.

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Editorial Offices:

The Development GAP
1400 I Street, NW - Suite 520
Washington, DC 20005 USA
Phone: (202)898-1566 Fax: (202)898-1612
Peacenet: dgap

Mucho Ojo: Lo que debes saber sobre el Tratado de Libre Comercio de América del Norte (TLC)

This is the Spanish edition of Look Before You Leap, published by The Development GAP. Available in May. Contact The Development GAP at 1400 I Street, Suite 520, N.W. Washington, DC 20005, (202)898-1566, fax (202) 898-1612.

MONTREAL MINISTERIAL MEETINGS MONITORED

The trade ministers of Canada, the United States and Mexico ended a three-day meeting in Montreal on 8 April, claiming to have made significant progress in reaching consensus on a NAFTA. USTR Carla Hills even went as far as saying that an agreement could be completed and signed by November.

Despite her optimism, there still are major areas of contention, particularly in the automobile and textile sectors. In the former, the U.S. is urging that 60 percent of the value of a car would have to be produced in North America in order for it to be exempt from tariffs, while Canada and Mexico are arguing for a 50 percent content rule, so as not to discourage foreign investment.

Despite the very short notice given of these meetings, the Action Canada Network organized a series of events to present the views of Canadian, U.S. and Mexican trade networks. Don Wiener of the Fair Trade Campaign, also representing Citizen Trade Watch Campaign and MODTLE, was quoted in the Globe and Mail as claiming that support in the U.S. Congress for a NAFTA was slowly unravelling "in the face of a public conviction that the deal would damage weaker U.S. industries and jeopardize national health and safety, labor and environmental regulations." The president of the Canadian Auto Workers, Robert White, said that a NAFTA would lead to further job losses for Canadians and suggested that the domestic-content rule be increased to 80 percent.

Carlos Heredia of the Mexican Action Network on Free Trade expressed his coalition's concern that "[Corporations and conglomerates] are the ones who are bound to get the most benefit from NAFTA. What about small and medium-sized businesses which create 80 percent of employment in Mexico?" *

Resources:

- * "NAFTA called threat to environmental rules; Only multinationals benefit: coalition," by Drew Fagan, The Globe and Mail, 8 April 1992.
- * "Nafta 'depends on US Congress'," by Bernard Simon, Financial Times, 9 April 1992.
- * "Progress Reported in Talks On North American Trade," by Clyde Farnsworth, The New York Times, 9 April 1992.

INTEGRATED BORDER ENVIRONMENTAL PLAN CRITICIZED

On 25 February the Bush Administration released the long-awaited Integrated Border Environmental Plan, negotiated between the U.S. and Mexican governments in response to public concern that increased trade would worsen the serious ecological problems along the border.

According to Mary Kelly of the Texas Center for Policy Studies, while there are some improvements over an earlier draft, the Plan "still falls far short of the needs in the border area today." Over one half of the commitments for action made by the U.S. Environmental Protection Agency and its Mexican counterpart, SEDUE, for 1992 are simply for information exchanges and visits. While the two governments have committed \$700 million for pollution cleanup and water treatment, Kelly criticized the lack of funding for needed infrastructure projects and the absence of discussion about sustained funding sources for environmental regulation and infrastructure.

In written testimony submitted to Congress, Michael Gregory of Arizona Toxics Information criticized the deletion of nearly all references to health in the Plan. He said the Plan also fails to adequately address binational emergency response measures and that all references to the development of a comprehensive system to track hazardous wastes have been deleted. He added that what the Plan and NAFTA should do, but do not, is to recognize and build on the work of binational citizens' committees that have been formed in the border area to focus on health, the environment and emergency responses. *

Resources:

- * "A Response to the EPA/SEDUE Integrated Border Environment Plan," Texas Center for Policy Studies, 1 March 1992.
- * Testimony of Michael Gregory, Arizona Toxics Information, before the U.S. House Subcommittee on Regulation, Business Opportunities and Energy on the Proposed North American Free Trade Agreement and Integrated Border Environmental Plan, 21 February 1992.

UPCOMING VOTES ON WAXMAN- GEPHARDT RESOLUTION

by Atlanta McIlwraith, Public Citizen's Congress Watch

House Concurrent Resolution 246, sponsored by Henry Waxman (D-CA) and Richard Gephardt (D-MO), is a sense-of-the-Congress resolution which states that "Congress will not approve legislation to implement any trade agreement if such agreement jeopardizes United States health, safety, labor or environmental laws." This resolution, which applies to both GATT and NAFTA, would put members of Congress on record in support of this position. The resolution currently has over 140 co-sponsors.

The Subcommittee on Health and the Environment will mark up the resolution on 30 April, after which it will be taken up by the full Energy and Commerce Committee. From there it will be referred to the Ways and Means Committee and to Subcommittee on Trade.

Citizen Trade Watch Campaign and Fair Trade Campaign will be targeting all members of these committees to urge them to co-sponsor and support the resolution, which must be marked up and voted out of both committees in order to reach the House floor.

In a story which aired 15 April on National Public Radio's Morning Edition, Rep. Waxman declared his willingness to try to kill the GATT if it compromises U.S. health, safety or environmental standards.

Meanwhile, in the Senate, Wendell Ford (D-KY) joined 28 of his colleagues as a co-sponsor of Senate Resolution 109, authored by Donald Riegle (D-MI). This resolution would modify the fast-track rule to allow for amendments on a NAFTA in five areas: the environment, labor, rules of origin, dispute resolution, and adjustment assistance for displaced U.S. workers. The resolution would also expand debate on a NAFTA from 20 hours to two weeks and cut the extension of fast-track authority from two years to one.

Coalitions of citizens' groups around the country are working to expand the number of co-sponsors for both resolutions. For more information on local and national lobbying efforts related to these resolutions, contact Public Citizen at (202) 546-4996. •

Resource:

- Citizen Trade Watch Campaign letter urging Representatives to co-sponsor H.Con.Res.246.

HOUSE RECEIVES TWO NEW BILLS ON TRADE

by Bill Goold, Office of Rep. George Brown

Congressman George Brown (D-CA), introduced two bills in the U.S. House of Representatives on 9 April designed to integrate environmental, labor and agricultural standards into negotiations on the NAFTA and any succeeding FTAs that arise from President Bush's Enterprise for the Americas Initiative. The Brown bills (The North American Environmental, Labor and Agricultural Standards Act of 1992 and The Western Hemisphere Environmental, Labor, and Agricultural Standards Act of 1992*) would amend the Omnibus Trade and Competitiveness Act of 1988 to provide for legitimate trade-related environmental, labor and agricultural issues to be dealt with directly in the negotiations for any NAFTA or hemispheric free-trade agreement by mandating the adoption of these standards and an enforcement mechanism as U.S. negotiating objectives.

Key provisions of the Brown bills are:

- ▶ Fundamental environmental, labor and agricultural standards (e.g., the prevention of export of toxic substances banned in the country of origin, freedom to join a union and bargain collectively, and protection against export of agricultural products that undermine counterpart health and safety standards in the importing country) must be negotiated and safeguarded within any NAFTA or other FTA;

- ▶ The systematic denial or practical negation of the aforementioned standards, as a means for any signatory nation to gain competitive advantage in international trade, would be an unfair trade practice and thus liable to sanction;

(Continued on page 5)

Cross-Border Links Directory

This English/Spanish directory provides an annotated listing of all educational, social justice and labor organizations with special interest in relations between Mexico, Canada and the U.S. Available in June for \$6.95 plus \$2.50 shipping.

To order contact: Resource Center, Box 4506, Albuquerque, NM 87196, phone (505)842-8288, fax (505)246-1601.

(Continued from page 4)

- ▶ A trilateral commission would be established to receive and adjudicate unfair trade practice complaints, including those involving failure to respect and enforce environmental, labor and agricultural standards, and to render binding judgments backed by various sanctions and incentives to end the unfair trade practice at issue;
- ▶ Non-governmental organizations within any signatory nation, as well as the governments themselves, would be empowered to file complaints with the commission alleging non-compliance with the terms of the NAFTA or other FTA; and
- ▶ Technical assistance, especially scientific and technological expertise, would be provided to facilitate solutions to complaints brought before the commission involving environmental and workplace safety and health problems.

Hearings will be held soon before the House Science, Space and Technology Committee, chaired by Congressman Brown, geared towards finding practical ways in which to build respect for agreed-upon environmental, labor and agricultural standards into the terms of any NAFTA or other FTA and into the day-to-day conduct of international trade, investment and aid. •

* A full rationale for the Brown bills is spelled out in an article authored by Congressman Brown, Bill Goold, and John Cavanagh in the Spring 1992 edition of the *World Policy Journal*.

Resource:

•North American Environmental, Labor and Agricultural Standards Act of 1992.

RURAL WOMEN'S CONFERENCE

Rural women from more than a dozen states gathered in Des Moines, Iowa from 31 January to 2 February to formulate a "Rural Agenda for America". Economic issues and free trade were a central part of the discussions at the "Harvesting Our Potential" conference sponsored by PrairieFire Rural Action. For a text of the resolution on trade, or the entire agenda, contact Joan Allsop, PrairieFire, 550 11th Street, Des Moines, IA 50309.

Following the conference a group of women decided to continue doing educational work on free trade and agricultural issues. For more information or to arrange a workshop contact Denise O'Brien, RR 2, Box 79, Atlantic, IA 50022.

TRINATIONAL WOMEN'S CONFERENCE HELD IN MEXICO

From 5-8 February over 100 women participated in the Tri-National Conference of Women on Free Trade and Economic Integration held in Valle de Bravo, Mexico State. Participants included representatives of central labor bodies; teachers', garment, hospital, bank, university and electrical workers' unions; domestic and maquila workers' community-labor organizations; free-trade action networks; and research and social justice organizations.

At the conference, women explored the impact of economic restructuring in their respective countries. Common elements included privatization, deregulation, job insecurity, cutbacks in public services, the "maquilization" of the female -- and now also male -- work force, and the declining power of unions. They also noted the rise of racism in the U.S. and Canada stimulated by massive job loss.

Women exchanged experiences regarding their work to democratize their unions so that they become more effective instruments in the defense of workers' rights. In the face of growing trilateral integration, they also put forward demands relating to salaries, training, comparable worth, workplace health and safety, democracy and racism.

The final declaration of the conference called for the defense of women's social rights as an integral part of the North American Free Trade Agreement negotiations. Plans were made for a trilateral fact-finding tour in the maquiladora zones in northern Mexico and for an information exchange network among unionists from the three countries. A second trilateral conference is also under consideration. •

For more information, contact Mary McGinn at Labor Notes, 7435 Michican Avenue, Detroit, MI 48210, phone (313) 842-6262.

Mexico InfoPak Available

Mexico InfoPak: A Briefing Book for Community Leaders includes 12 pull-out sections on Mexico's political system, economy, environment, human rights situation and issues related to NAFTA.

\$5/copy, 2-10 copies for \$3.00 each, from the Resource Center, Box 4506, Albuquerque, NM 87196, (505) 842-8288.

Also available from the Resource Center: Mexico: A Country Guide, \$11.95.

MEXICAN OPPOSITION LEADER CALLS FOR GREATER DEMOCRACY IN MEXICO, CRITICIZES FREE TRADE AGREEMENT

by Jared Kotler, Washington Office on Latin America

"We are not going towards democracy in Mexico, but rather in reverse," said Mexican opposition leader Senator Porfirio Muñoz Ledo. He was speaking on 3 March at a Capitol Hill forum on "Free Trade, Democracy and Human Rights," sponsored by the Washington Office on Latin America, the International Labor Rights Education and Research Fund and Congressman George Brown, Jr. (D-Ca).

Muñoz Ledo represents Mexico's left-of-center Party of the Democratic Revolution (PRD), formed by Cuauhtémoc Cárdenas soon after the 1988 election won by President Carlos Salinas de Gortari amid widespread evidence of voting fraud. A former president of Mexico's ruling party (the PRI) and Ambassador to the United Nations, Muñoz Ledo was a leader of the Democratic Current, a reform movement within the PRI that broke off to form the PRD.

In his talk, Muñoz Ledo described the mechanisms of vote fraud which have helped the PRI hold uninterrupted power since 1929. The "shaving of voting lists," he said, has deprived some 10 million Mexicans of their right to vote. In another scheme, known as "the carousel", voter credentials denied to opposition supporters are given to PRI members so that they may vote numerous times. Muñoz Ledo also pointed to the discovery, in February of this year, of some 80,000 voter identity cards hidden in a mine in the State of Guanajuato.

Reiterating charges of fraud in the 1988 elections, Muñoz Ledo reported that in February the PRI burned 25,000 ballot boxes from 1988 that had never been opened. In doing so, he added, "the testimony of the infamy was destroyed, but remains in the conscience of the people." Muñoz Ledo stated that the PRD would support the presence of international election observers for the 1994 presidential elections, an idea the ruling PRI has long rejected on the grounds that it would interfere with Mexican sovereignty.

Calling NAFTA "big business for big business," Muñoz Ledo warned that the outcome will be massive Mexican migration to the United States, as peasant

farmers, pushed off their land as a result of constitutional reforms to do away with Mexico's "ejido" system, stream north in search of work. According to Muñoz Ledo, those reforms, which Salinas claims will enable Mexican firms to compete with U.S. firms, will in fact clear the way for big agribusiness to move into Mexico, converting the Mexican countryside into "an enormous banana republic." In both the United States and Mexico, warned Muñoz Ledo, the end result of NAFTA will be a further concentration of wealth.

Muñoz Ledo predicted that President Bush would not risk his own re-election by presenting a signed NAFTA to the U.S. Congress during an election year unless Bush is absolutely sure that he has enough votes to pass an agreement. If Bush is re-elected, Muñoz Ledo speculated, Salinas may try to reform the Mexican constitution to allow his own re-election, a move that would remove a traditional escape valve in Mexican politics and result in "enormous turmoil." •

Unions and Free Trade: Solidarity vs. Competition

by Kim Moody and Mary McGinn

This new trade union handbook details the effects of free trade on U.S., Canadian and Mexican workers. The authors argue that solidarity, not competition, is the only viable long-term strategy for unions. Available for \$7 plus postage.

Free Trade Organizer's Packet from Labor Notes

This packet has an assortment of newsletters and pamphlets from labor organizations concerned with the consequences of a NAFTA. Included in this packet is a special issue of American Labor entitled "\$4 a Day? NO WAY," organizing materials and a directory of coalitions, unions and organizations working on free trade in all three countries. Available for \$3 plus postage.

To order the handbook and/or packet contact: Labor Notes, 7435 Michigan Avenue, Detroit, MI 48210, phone (313) 842-6262.

WIRETAP SCANDAL BLEMISHES SALINAS AND THE PRI

by Jared Kotler, Washington Office on Latin America

The discovery on 7 March of a bugging device at an important political meeting of the right-of-center National Action Party (PAN) has raised fresh doubts about President Salinas' commitment to democratizing the Mexican political system. Quoted in the Washington Post on 10 March, PAN leader Luis Alvarez declared that the bugging exposed "the real face of the system" in Mexico. The incident, dubbed "Moreliagate" by the local press after the provincial Mexican capital where the bugging occurred, has set off a political furor in Mexico.

According to U.S. and Mexican press reports, three suspects captured at the Morelia hotel where the meeting was taking place had bugging devices and opposition party documents in hand. One confessed in custody to be working for a regional representative of a political intelligence gathering arm of the federal Interior Ministry; the other two were found to be registered, with press credentials, in hotel rooms paid for by the press office of the Michoacán state government.

PRI and government leaders have denied any involvement in the incident. On 16 March the Mexican Attorney General's office announced it would prosecute the three suspects on misdemeanor charges but indicated that it would be up to the opposition to prove the involvement of higher-ups.

The Moreliagate scandal is not the first instance of alleged official surveillance in Mexico. In March 1991 a bug was discovered in the office of the director of the National Commission on Human Rights, an ombudsman agency set up by President Salinas to improve Mexico's human rights record. *

Resource:

- * "Mexican Government Accused of Bugging Opposition Meeting," by Edward Cody, The Washington Post, 10 March 1992.

If you would like to receive NAFTA information packets that include the articles and papers listed in *NAFTATHOUGHTS*, please contact The Development GAP at (202)898-1566 (phone), (202)898-1612 (fax) or through Peacenet (dgap). There is a fee of \$15.00/year to cover copying and mailing costs.

NAFTA DRAFT HIT BY FARM GROUPS IN CONGRESS

by Lynden Peter, U.S./Mexico Trade Project

U.S. farm and commodity groups expressed their concern about the recently released NAFTA text in testimony before the House Agriculture Committee on 8 April. Denise O'Brien of the National Family Farm Coalition asserted in her testimony that "the draft NAFTA text attempts to accomplish the dirty work of the Uruguay Round of the GATT negotiations," whether or not a GATT agreement is finalized. "As with the current round of the GATT, the NAFTA text...jeopardizes the ability of the U.S. Congress to enact legislation in the future that would be based on a supply management approach," she testified.

Family farmers in Canada, Europe, Japan, Mexico and the U.S. are concerned, said O'Brien, about the impact of both the current GATT round and the NAFTA negotiations. "We do not want a back door approach to gain GATT through NAFTA where agriculture and family farmers lose," she emphasized. "It is not a farmer against farmer issue but a farmer versus agribusiness situation that is controlling our future as family farmers."

O'Brien criticized the "direction and priorities" of the NAFTA negotiations as outlined in the draft text. These included, she said, "increased concentration of land and production; continuing lower world commodity prices; lower food safety standards and the elimination of a country's capacity to determine its own agricultural programs and manage its own food supply."

Michael Dunn of the National Farmers Union testified that the movement of food processing facilities from the U.S. into Mexico will hurt rural communities in the U.S. that are dependent on food-processing jobs. He also expressed concern that the proposed NAFTA would not have adequate provisions to prevent Mexico from becoming "a platform for the shipment of agricultural products from third countries after only minimal processing or relabeling." Dunn added that the text does not address the use in Mexico of pesticides that are banned in the U.S., nor would it strengthen inspections of agricultural imports for pesticide residues and other contaminants. *