SUPPLEMENTALS GARNER LITTLE CITIZEN SUPPORT

On 13 August, after months of negotiations, the U.S. Trade Representative and the trade ministers of Canada and Mexico signed the supplemental agreements on labor and environment. While President Clinton claimed that, "With these agreements on environmental quality and labor standards, the North American Free Trade Agreement has become a fair trade agreement as well," many congressional leaders were less sanguine. House Majority Leader Richard Gephardt expressed his disappointment in the agreements, stating that they "fall short in important respects."

Citizens’ groups in Canada, the United States and Mexico were also critical of the new accords. "The supplemental agreement on labor," said the Alliance for Responsible Trade (ART), "leaves labor rights as unprotected as they were under the agreement the Bush Administration negotiated." The Mexican Action Network on Free Trade (RMALC) denounced the anti-democratic manner in which the negotiations of both NAFTA and the side agreements were carried out. The RMALC had presented specific proposals to the negotiators on a number of issues, including labor and environmental standards, migration, compensatory funding mechanisms and human rights, none of which were reflected in the supplemental accords. According to Michelle Swenarchuk of the Canadian Environmental Law Association, "The NAFTA environmental side agreement cannot fix the serious environmental problems that will flow from the words of NAFTA, both for standard-setting and for resource management." In fact, the side agreements do not appear to have satisfied any citizens’ group that had not already announced its support for NAFTA.

The supplemental agreements would each establish a complex process of consultations for handling challenges to a government’s persistent failure to enforce national labor or environmental laws. While these two processes differ, they both require a series (continued on page 5)

FINAL ROUND OF THE NAFTA FIGHT BEGINS

Both pro- and anti-NAFTA campaigns are swinging into high gear as the congressional debate over NAFTA enters its final stages. According to press reports and discussion in Congress, it seems likely that a vote on the agreement will occur before the end of the year, possibly by the end of November.

President Clinton recently sent letters to congressional leaders indicating that he intends to introduce the implementing legislation to Congress by 1 November. The House Subcommittee on Trade has already approved the implementing legislation and passed it on to the Ways and Means Committee, which will consider it during the first week of October. Under fast-track rules, once the legislation is introduced, Congress would have up to 90 legislative days to consider the agreement (60 if no revenue measures are included). It is not required, however, to use all of that time, so a vote could occur within a few weeks of the bill’s introduction.

President Clinton ended speculation that he was ambivalent about NAFTA with a series of events and actions intended to engender support for the increasingly unpopular agreement. In a highly publicized ceremony at the White House on 15 September, Clinton was joined by former presidents Bush, Carter and Ford, who proclaimed their support for the accord. Clinton vowed to fight "every step of the way" for the agreement’s passage.

The following week, House Majority Leader Richard Gephardt (D-Missouri) announced his plans to oppose "this NAFTA," concluding that "there are those who will argue the merits of this agreement based on economic theories. I'm more interested in economic reality. The reality is that the nature of Mexico's economic and political system is such that workers will be asked to bear the burden of an Agreement that doesn't address the issues. The reality is that the Agreement could have achieved more to be a force for progress." (continued on page 2)
NEPA DECISION OVERTURNED

After hearing arguments a month earlier, the Court of Appeals for the District of Columbia overturned, on 24 September, Judge Charles Richey's decision ordering USTR to prepare an Environmental Impact Statement (EIS) on the potential impact of NAFTA. The National Environmental Policy Act (NEPA) requires that an EIS be prepared on "every recommendation or report on proposals for legislation and other major Federal actions significantly affecting the quality of the human environment." USTR had not been willing to conduct this analysis, which could take from six months to two years to complete.

In the appeal of the ruling, the Court agreed with USTR that NEPA does not include a "private right of action" and thus that Public Citizen, Friends of the Earth and Sierra Club, the plaintiffs, do not have legal standing under NEPA. It found that the plaintiffs do have standing under the Administrative Procedure Act (APA), which allows for challenges by persons "adversely affected or aggrieved by agency action within the meaning of a relevant statute."

"The central question in this appeal then," Chief Judge Mikva's decision reads, "is whether Public Citizen has identified some agency action that is final upon which to base APA review...Even though the OTR [Office of the Trade Representative] has completed negotiations on NAFTA, the agreement will have no effect on Public Citizen's members unless and until the President submits it to Congress...If and when the agreement is submitted to Congress, it will be the result of action by the President, action clearly not reviewable under the APA." Friends of the Earth and Sierra Club are considering joining Public Citizen in its appeal of the ruling to the Supreme Court.

Jane Perkins, President of Friends of the Earth, criticized the Appellate Court's decision, noting that the NEPA "was designed to ensure that the government and the U.S. public did not fly blindly into environmentally unsound projects and policies. The NAFTA's environmental plane is now fogged in." •


FINAL ROUND (continued from page 1)

House Majority Whip David Bonior (D-Michigan), who has been organizing weekly meetings of congressional opponents of NAFTA, has become increasingly active in his opposition to the agreement. Of the pro-NAFTA campaign, he said, "They have all the corporate leadership. They have the president. They have the Republican leadership. They're the odds-on favorite to get it done. But there's a populist movement against it."

Even NAFTA's most ardent supporters admit that they don't yet have the votes. While several polls show stronger support in the Senate, opposition to the agreement has grown in the House of Representatives. Rep. Robert Matsui (D-California), a supporter of the agreement, stated that only 65 of 258 House Democrats now support NAFTA. President Clinton, Bill Daley (who was recently appointed Special Counselor to the President on NAFTA), and the corporate pro-NAFTA coalition, USA*NAFTA, have sharply increased their lobbying efforts over the last few weeks.

The final decision on NAFTA is far from clear at this point. The next two months will likely be a busy and contentious period for both supporters and opponents of the agreement. •


NAFTATHOUGHTS

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"Not This NAFTA" has become the rallying cry for NAFTA opponents throughout the continent, as citizens' groups emphasize the need to defeat this accord and develop an alternative trade and development agreement. Taking advantage of the presence in Washington of Bertha Lujan and Hilda Salazar of the Mexican Action Network on Free Trade (RMALC), representatives of the Alliance for Responsible Trade (ART), Citizens' Trade Campaign (CTC), RMALC and Action Canada Network (ACN) met on 26 and 27 September to discuss short and medium-term strategies to achieve these goals.

The participants agreed that the priority in the next few months is to defeat the signed NAFTA in the U.S. Congress and to increase the public debate on the agreement in Canada and Mexico. On 2 October, members of ACN held a cross-border rally on NAFTA at Niagara Falls with representatives of U.S. and Mexican citizens' groups. ACN is working to make the opposition to NAFTA a key factor in the upcoming national elections in Canada, particularly since Liberal leader Jean Chretien has indicated that, if the Liberals win a majority of Parliament on 25 October, they would seek to renegotiate the agreement. Recent press reports, however, indicate division within the party on that issue. The New Democratic Party remains opposed to both NAFTA and the U.S.-Canada Free Trade Agreement, while the Conservative Party supports both agreements.

In Mexico, RMALC is planning a national day of action on foreign debt which will also highlight the negative impact of NAFTA on Mexicans. RMALC believes that a resolution to Mexico's crushing debt burden must be an element of an alternative approach to trade and development. RMALC members encouraged U.S. and Canadian groups to organize similar events in their countries and asked to be kept informed of any of those actions.

Since the March 1993 trinational meeting, members of the four citizens' networks have been contributing to a document outlining the principles of a positive trade and development agreement. A summary of that draft document is included in this issue of NAFTAThoughts. Participants emphasized that this document is not meant to be an alternative trade agreement, but rather an outline of some of the key elements that should serve as the basis for a democratic negotiation of such an agreement.

While substantial consensus is reflected in this document, there are still several issues that need to be explored in greater depth. Trinational working groups were thus formed on three issues: financing mechanisms; standards and enforcement mechanisms; and immigration, human and labor rights. The groups' participants intend to maintain regular contact on these issues, and point persons were named from each country to facilitate this work.

The working group on financing mechanisms will explore appropriate vehicles for the funding of community development initiatives, infrastructure development, environmental cleanup and worker retraining in Mexico, the United States and Canada needed to address the inequalities among and within the three countries. Participants stressed that this funding should not be used simply to ameliorate the negative impact of the top-down economic policies that are currently increasing inequalities throughout the continent, but rather to support the development approach outlined in the alternatives document. Karen Hansen-Kuhn at The Development GAP (tel. 202-898-1566) was named temporary U.S. facilitator of this working group, but participants hope to find someone from one of the border groups that has been working on this issue to lead the effort.

The second working group, on standards and enforcement mechanisms, will work to reach a consensus on the appropriate definition of labor and environmental standards. While International Labor Organization conventions provide substantial guidelines for labor standards, environmental rights and standards remain less well defined. Also, while all participants agreed on the need for some kind of mechanism to enforce those rights in an alternative trade arrangement, difficult issues of sovereignty and appropriate implementation of any sanctions remain. If you are interested in participating in this working group, contact Pharis Harvey at the International Labor Rights Education and Research Fund (tel. 202-544-7198).

(Continued on page 4)
The final working group identified at the meeting would continue discussions on immigration, an issue that has not yet been adequately addressed in discussions among the trade networks. Bertha Lujan suggested focusing future discussions on the issues of the circulation of people across borders and increasing the legal rights of immigrant workers. Lori Rottenberg of the Association of Farmworker Opportunity Programs (tel. 703-528-4141) was named temporary U.S. facilitator of this group. She indicated that she would seek to involve people already working on immigration reform efforts in the United States.

While participants agreed that the fate of NAFTA will certainly influence future strategies, all recognized the need to continue to broaden and deepen international citizens' movements in order to achieve trade and development relations that benefit the peoples of the three countries, as well as the rest of the hemisphere.

SUPPLEMENTALS (Continued from page 1)

of meetings between governmental representatives and special commissions set up under the accords and the presentation of action plans for correcting the problem. If that is not successful, a dispute resolution panel could eventually be convened. That panel could impose monetary fines of up to US$20 million against the country (not against companies) found to be failing to enforce its laws, and, if the country fails to pay the fine, the other two governments could suspend NAFTA benefits "in an amount no greater than that sufficient to collect the monetary enforcement assessment" (Article 36.1). In Canada, the payment of fines would be enforced through the Canadian court system.

Both agreements contain important qualifications that call into question their ability to compel enforcement of national laws. The North American Agreement on Environmental Cooperation (NAEAC) establishes separate enforcement tracks for submissions by non-governmental organizations or individuals, on one hand, and governments, on the other. Submissions by non-governmental organizations can result in a "factual record" being prepared by NAAEC's Secretariat, but cannot result in action plans, monetary fines or trade sanctions. Even that record can be made public only if two of the three Council Members (the Ministers of the Environment from each country) agree.

If a submission by a government results in a dispute resolution panel being formed, that panel may "seek information and technical advice from any person or body that it deems appropriate, provided that the disputing Parties so agree and subject to such terms and conditions as such Parties may agree" (Article 30, emphasis added), indicating that a government could block consultation with independent experts.

Despite these deficiencies, six U.S. environmental groups (National Wildlife Federation, Conservation International, Natural Resources Defense Council, World Wildlife Federation, National Audubon Society and the Environmental Defense Fund) endorsed the North American Agreement on Environmental Cooperation (NAEAC). At the same time, over 300 national and local environmental groups announced their opposition to the NAAEC and NAFTA. Greenpeace noted that the NAAEC, besides offering only weak protection for those areas it does address, fails to deal with important issues such as the potential impact of increased trade on natural resource conservation, sustainable agricultural production, "green" procurement policies and biodiversity.

The North American Agreement on Labor Cooperation differentiates among various types of labor violations. Persistent failure to enforce national laws on child labor, workplace health and safety, and minimum wages could ultimately result in trade sanctions. In contrast, failure to enforce laws regarding "industrial relations", which includes freedom of association and the rights to organize and to collective bargaining, are off limits. This provision undermines existing U.S. laws, such as the Generalized System of Preferences, which deny tariff benefits to countries that violate labor rights.

Finally, the two side agreements contain provisions allowing a country to circumvent challenges to its enforcement record altogether by claiming that it had other priorities. Both agreements specify that a Party cannot be found to have failed to enforce its environmental or labor laws in cases where that action reflects a "bona fide" decision to allocate resources for enforcement to other environmental or labor matters deemed to be of higher priority.

Bob White of the Canadian Labour Congress asserted that side agreements "won't hire one unemployed worker nor will they do anything to protect workers' rights in any of the three countries...What Canada really needs is a responsibly managed trading relationship with the U.S., Mexico and the rest of the world that will enable us to foster economic development in accordance with our own needs and potential while cooperating as much as possible with the development strategies of other countries." •

A Just and Sustainable Trade and Development Initiative for North America

by
The Alliance for Responsible Trade
Citizens Trade Campaign
The Mexican Action Network on Free Trade
also endorsed by Action Canada Network

— September 28, 1993 —

SUMMARY*

I. New Principles

On March 25-27, representatives of citizens’ organizations from Mexico, the United States, and Canada met in Washington, D.C., to discuss proposals for a new social and economic agenda for the continent. The meeting included representatives from environmental, labor, religious, consumer, and farm groups. It was the fifth trinational gathering during the past two years in which we have developed common understandings about the impact of accelerated integration on our respective peoples. The following is a draft of work in progress on just and sustainable trade and development initiatives for North America that have emerged from our ongoing discussions. They are offered as ideas to help stimulate a more democratic debate on alternatives to NAFTA.

The signatory networks have closely studied and discussed the hastily negotiated NAFTA and the side agreements on labor and the environment. We have concluded that this NAFTA package promotes a brand of economic integration that benefits a small sector in each of our countries at the cost of rising inequalities and continued degradation of the ecosystems on which we and future generations depend. We advocate the rejection of the NAFTA package and the initiation of new negotiations to craft rules that encourage mutually beneficial trade, investment, and development activities. We emphasize that, in contrast to the NAFTA process, new negotiations must be based on a democratic process and dialogue that includes all segments of civil society. Our countries can reduce trade barriers and remove some obstacles to investment, as long as we embrace a new framework of initiatives for our continent and for the world that steer trade and investment to promote fair paying jobs, democratic and self-reliant communities, and a healthy environment.

The initiatives outlined below are either absent or inadequately addressed in NAFTA and the side agreements on labor and the environment. Hence the slogan of some our members: “Not this NAFTA.” The initiatives outlined below are offered as a starting point of a more democratic dialogue, and are based on sound principles. Respect for basic human rights, the promotion of democracy, citizen participation in decision-making, environmental sustainability, and the reduction of economic inequalities among and within our countries should be the foundations on which North American development is built.
II. The Question of Fairness: Addressing Inequalities

Central to the problems of integration are the enormous disparities among the nations of North America which threaten to drag us all down toward the lowest wages and standards. The experience of the European Community reinforces the need to address such inequalities in a proactive manner. Through "structural" and "regional" development funds, the EC has stimulated economic activity in relatively less developed sectors and countries.

A. Funding Mechanisms
We support the development of new North American financing mechanisms, including a regional bank, as long as such mechanisms address the needs of poor areas and poor people in all three countries. Such mechanisms, however, should not be used to justify the continuation of national economic policies that perpetuate poverty. These new institutions should be managed transparently and democratically with broad social, governmental and private participation. There are examples of small-scale community foundations that have improved living conditions of poor Mexicans by supporting high-impact social service projects and involving those affected in decision-making. We need to share the lessons of the more successful of such ventures in Mexico and in other countries, and encourage governments and the private sector to assist these foundations.

B. Reform Multilateral Institutions
Our nations should take the lead in thoroughly reviewing the lending operations of the World Bank and other multilateral institutions, with the goal of ending their traditional trickle-down policies. We should then jointly call for the United Nations to convene a meeting that would focus on democratizing the institutions that govern the world economy and would explore the need for new institutions to promote equitable, sustainable and participatory development.

C. Reduce Debt
Mexico remains the second largest debtor nation in the developing world. Payments to service this debt are a major drain on the country’s resources. Realistic debt reduction schemes that are not tied to International Monetary Fund and World Bank conditionalities would free resources to fund development initiatives. Debt reduction schemes should steer the payment of debt service in local currency into development funds that are administered in a democratic manner.

D. Trade Adjustment
None of our three countries has a plan for assisting the millions of small farmers displaced by farm concentration and economic integration. A new guaranteed funding source should be established in each country to supplement the inadequate trade adjustment assistance funds for job retraining and agriculture and infrastructure development in communities and industries affected by growing integration.

III. International Rules

We need to create the necessary checks and incentives to ensure that corporate activity across borders contributes to the common good. There are several areas where action is needed.

A. Enforceable International Worker Rights and Labor Standards
A new trinational agreement should incorporate comprehensive and enforceable protection of worker rights and workplace health and safety standards. The form this takes must address the uneven levels of development among our nations, and the disparity in power among our three governments. The three countries would negotiate the precise composition of "internationally recognized" worker rights but they would include several rights that fail to be linked to enforcement mechanisms in the proposed labor side agreement to NAFTA, namely the rights to free association, to organize, to collective bargaining, to strike, as well as protections against all forms of discrimination as outlined by the International Labor Organization (ILO). A central feature of any new agreement is making internationally recognized worker rights enforceable through a fair, swift, transparent and democratic process. We should also develop mechanisms that would make the growth of workers’ incomes, including average industrial wages, commensurate with growth in productivity. Minimum wages in each country should allow for a decent quality of life.
B. Environmental Rights and Standards
There is no international equivalent to the ILO in the field of the environment. As a result, there is no set of agreed upon internationally recognized environmental standards. As a first step in this direction, we advocate the trilateral negotiation of a set of basic continental environmental rights, such as the right to know (about public environmental threats) and the right to a toxic-free workplace and living environment. Neither the NAFTA, nor its environmental side agreement (the North American Agreement on Environmental Cooperation), do anything to address or redress the continental environmental problems and concerns that have arisen and will continue to develop, as a result of free trade. Any new agreement must hold as fundamental, the need to define and set minimum regional (or international) environmental standards as "floors," not ceilings, which would enable the upward harmonization of environmental standards in the interests of North America as a whole.

C. Codes of Conduct
Historically, most trade agreements have enhanced the mobility of corporations to shift investment and goods across borders without imposing responsibilities on firms to address the harmful social or environmental effects of these activities. As corporations become more global, we need new codes to increase the public accountability of private firms. Among the codes that deserve serious consideration are the United Nations Code of Conduct on Transnational Corporations; the Maquiladora Standards of Conduct; individual corporate codes such as those adopted by Levi Strauss and Sears; fair and green marketing programs; and a proposed Foreign Environmental Practices Act.

IV. Sustainable Alternatives
In addition to addressing inequalities and setting new international rules, each country can take several proactive steps to promote more sustainable development of the continent. Such steps—left out of the NAFTA package—are outlined below.

A. Abiding by International Human Rights Law
All three nations should adopt the norms and procedures used by the United Nations and the Organization of American States and establish effective mechanisms to defend human rights.

B. High Wage, High Skill Development
Unless each country encourages high-wage, high-skill development that expands North American markets, workers in all three countries will continue to suffer the consequences of corporate strategies to reduce costs by lowering wages.

C. Alternative Energy and Natural Resource Policies
Each country should adopt policies to speed the transition from fossil fuels and nuclear power to energy efficiency and clean renewables, a shift that will create jobs and improve the economy as it protects public health and the climate.

D. Sustainable Agriculture
In order for trade and agriculture policy to contribute to regenerating rural communities, all three nations should be encouraged to expand successful supply management systems and to negotiate international commodity agreements where possible, and any new agreement should help enforce the ban on exporting goods at prices below the cost of production. In addition, each nation, as well as sub-federal jurisdictions, should have the power to determine the level of health risk each is willing to tolerate in its food system.

E. The UN Commission on Sustainable Development
Trade and development agreement negotiators should seek counsel and advice from the UN Commission on Sustainable Development to ensure that future agreements respect and encourage sustainable and equitable development.
V. The U.S.-Mexico Border

The U.S.-Mexico border, with some 2,000 foreign factories employing half a million workers on the Mexican side, harbors some of the worst environmental and labor conditions on the continent. As a result, there is an urgent need for action along the border. Dozens of citizens' groups on both sides of the border are taking the lead in developing innovative proposals for improvement. The following are some salient parts of proposed alternatives.

A. Immigration
Perhaps the most glaring yet deliberate omission in NAFTA is the lack of attention to immigration issues. The human rights of immigrants, which are constitutionally guaranteed in each of the three nations, must be safeguarded, and new rules to protect migrant rights and economic well-being should be instituted. As a first step, we call for the creation of a bilateral commission on violence at the U.S.-Mexican border. With the participation of nongovernmental organizations, the commission would investigate the excessive use of force by border control agents from both countries.

B. Polluter Repairs Principle
Corporations should pay for and clean up the environmental damage for which they are directly responsible, and they should pay their fair share of taxes.

C. North American Commission on Health and the Environment
The Border Ecology Project and the Proyecto Fronterizo de Educacion Ambiental suggest the expansion of the proposed North American Commission on the Environment to address public and occupational health issues.

D. The Right to Know
The Texas Center for Policy Studies, working with other groups, has proposed legislation that would require U.S. companies on the border to file with the Environmental Protection Agency toxic emission data comparable to that required under federal "Right-to-Know" legislation.

The initiatives outlined above are offered both to clarify the deficiencies and problems of NAFTA, and to contribute to the framework for new trinational negotiations that can replace the proposed NAFTA package with a just and sustainable development initiative for North America.

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*If you would like a copy of the full 10-page document from which this summary is drawn, write to: John Cavanagh, Institute for Policy Studies, 1601 Connecticut Ave., NW, Washington, DC 20009.