

# NAFTA THOUGHTS

A Newsletter on the North American Free Trade Agreement

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August 1994

## TRINATIONAL MEETING REVIEWS, RENEWS ACTION ON TRADE AND DEMOCRACY

Over 300 people from 185 organizations throughout the Americas attended an international meeting entitled, "Democracy, Integration and Development", held in Mexico City on 22 and 23 July 1994. The participants described the current situation in Mexico and evaluated the progress made to date in trinational citizens' work on NAFTA and in developing alternative trade proposals, as well as in planning joint strategies for the coming months.

The conference marked the first time the three networks had come together since the NAFTA debate ended late last year. Participants meeting in sectoral working groups reached a new consensus on several elements of an alternative approach to trade. The level and depth of the discussions at the meeting demonstrated that the citizens' networks are clearly better organized and more sophisticated than they were at the beginning of the NAFTA debate in 1991, but all agreed on the need to renew and strengthen national and international work on trade in the coming year.

The meeting began with panel presentations on economic integration and the development of an alternative trade agenda. John Foster of Action Canada Network related that Canada is already being pressured to change domestic laws as part of NAFTA's implementation. He gave as an example the visit by Julius Katz to Canada in May on behalf of RJ Reynolds to argue that a local law requiring that cigarettes be sold in plain paper wrappers is against the terms of the Agreement. Foster pushed the citizens' networks to strengthen alliances and to communicate more closely as negotiations begin to extend NAFTA throughout the hemisphere.

Ron Blackwell of the Amalgamated Clothing and Textile Workers' Union (ACTWU) urged the networks, particularly those in the United States, to take up issues such as immigration that had been neglected during the NAFTA debate. As a first step, he urged separate consideration of the issue of immigration levels, which

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## ADMINISTRATION STILL TIGHT-LIPPED ABOUT NAFTA EXTENSION PLANS

Eight months after NAFTA's approval by the U.S. Congress, the Clinton Administration has yet to specify its plans for the extension of the agreement to other countries in the hemisphere and beyond.

Reports issued by the office of the U.S. Trade Representative (USTR) in May and by President Clinton in July provide general information on market opportunities around the world. Beyond stating that Chile will be the next candidate for a free-trade agreement, however, they do not specify which countries would follow or how the Administration would prefer to negotiate those agreements. The July report concludes, "It would be premature to propose free trade agreements without fully consulting with the affected countries or groups of countries, as well as with the Congress...[P]assage of the Uruguay Round implementing legislation [of the GATT] is our immediate top trade legislation priority."

Section 108 of NAFTA's implementing legislation requires that USTR present to the President, the Senate Finance Committee and the House Ways and Means Committee a list of the countries that meet the necessary conditions to enter into a free-trade agreement with the United States. This 69-page report, presented on 1 May as required under the law, reviews the status of economic-reform programs in a number of countries, focusing particularly on efforts to liberalize trade and investment regimes and to strengthen intellectual-property protection. Chile is listed as a top candidate for a free-trade arrangement in part because it is "...the regional leader in long-term macroeconomic stabilization."

The report also describes the development of regional trading blocs in Latin America and the Caribbean. Conspicuously absent is mention of Cuba, Haiti, Suriname and the Bahamas. In an apparent effort to broaden the focus of trade policy beyond this hemisphere, over a half of the text describes conditions in the Asia Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN) and

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## Trinational Meeting Reviews *(continued from page 1)*

is a matter for negotiation, from that of respect for the human and labor rights of workers once they are in country, which must be ensured and non-negotiable.

This was the first meeting of the trinational trade networks that also included citizens' groups beyond North America. Participants from Brazil, Colombia, and Chile described recent trade deliberations in South America and the growth of citizens' movements in their countries. Coral Pey of the Chilean Network for a Peoples' Initiative (RECHIP) described its work to extend the debate on trade in Chile beyond governmental circles to include the participation of grassroots groups and NGOs from a broad range of sectors. She emphasized how the experience of the trinational citizens' networks, particularly that of the Mexican Action Network on Free Trade (RMALC), has been an important inspiration for RECHIP's work to democratize trade-policy deliberations.

Renee Schilling of the Canadian Federation of Students, and an Ojibway from Canada, opened the panel on Chiapas and Indigenous Peoples with an expression of solidarity with the struggles of indigenous people in Chiapas in their efforts to confront difficult new global realities. Mexican journalist Luis Hernandez explained that the roots of the problems in Chiapas are complex, involving agrarian and social problems, as well as racism, a corrupt judicial system, strong links between the federal agencies charged with regional development and local monied interests, and a lack of true democracy. These conditions exist in other parts of Mexico, too, he explained, and, if left unresolved, will likely lead to similar conflicts in other parts of the country.

Javier Vargas of Convergencia insisted that the indigenous peoples have not gone to war; they have been warred against through centuries of exploitation. They have attempted without success to involve themselves in the political system. For the conflict to be truly resolved, he said, their demands for justice, democracy and peace must be addressed through an understanding based on mutual respect. Father Gonzalez y Duarte, representing Bishop Samuel Ruiz, agreed, stressing that Mexicans must learn from indigenous people about those issues, rather than simply swallow European culture whole as Mexico joins the global economy. This is not calling for a return to the past, he asserted, but for a new future, a new integration respecting cultural integrity.

The presentations concluded with a discussion of democracy in Mexico. Luz Rosales of the Civic Alliance, a non-partisan coalition of over 300 Mexican pro-democracy groups, explained their plans for citizen monitoring of the 21 August elections. The Civic Alliance has registered over 5,000 Mexican observers around the country and is expecting at least that many more to be in place by election day. In addition to its plans to observe any election-day irregularities, the Civic Alliance has been monitoring campaign spending and the use of government resources for electoral purposes.

Mexican political analyst Jorge Castañeda urged members of the international community to be skeptical of any reports they see on the elections and to come to Mexico themselves as observers. He cautioned that any fraud in this campaign will likely be subtle and sophisticated and not obvious to foreign witnesses. He urged observers to talk with as many people as possible and to venture outside of Mexico City to gain a true understanding of the electoral process.

The conference organizers had invited the presidential candidates from Mexico's three largest political parties, the PRI, the PAN and the PRD, to address the meeting. Only PRD candidate Cuauhtemoc Cardenas accepted the invitation. In his speech, Cardenas recounted that, while the PRD does not oppose trade agreements, it opposed NAFTA because it believes it will increase inequalities. Today, the PRD proposes a careful examination of the sectoral impacts of the Agreement in preparation for renegotiation of specific sections.

The panel presentations were followed by a series of workshops among conference participants. The final declaration from the meeting appears on pages 3-4. •

### NAFTATHOUGHTS

*Editor*..... Karen Hansen-Kuhn  
*Managing Editor*..... Steve Hellinger

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NAFTAThoughts provides information and perspectives on developments in Canada, the United States and Mexico related to the 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

927 Fifteenth Street, NW-4th Floor

Washington, DC 20005 USA

Phone: (202)898-1566

Fax: (202)898-1612

e-mail: dgap@igc.apc.org

## INTERNATIONAL MEETING

### INTEGRATION, DEMOCRACY AND DEVELOPMENT: TOWARDS A CONTINENTAL SOCIAL AGENDA

Political Transformations in Mexico Today

Mexico City, 22-23 July 1994

### FINAL DECLARATION

Representatives of social organizations from Canada, the United States, Mexico, Guatemala, Colombia, Brazil, Chile and Italy convened an international meeting, "Integration, Democracy and Development: Towards a Social Agenda" on 22-23 July 1994 in Mexico City, Mexico.

Among the purposes of the meeting were the following:

1. To recognize and monitor the social and environmental impacts of the process of regional integration, as well as the challenges it represents for popular movements.
2. To advance the construction of a Continental Social and Environmental Agenda that contributes to the development of an alternative proposal on integration that favors sustainable development over rapid generation and accumulation of wealth.
3. To discuss new proposals for coordination and organization that enable citizen influence in decisionmaking in national and international arenas.

Through the work undertaken at the meeting, we have found important consensus in our perspectives.

The continental social and environmental agenda is a united set of demands, directed to guarantee minimum conditions for sustainable and just economic development, as well improved standards of living. Among these proposals are: full employment; adequate labor conditions; fair wages; guaranteed food security; the elimination of any form of discrimination based on sex or race; policies that permit the recuperation and protection of the environment; full respect for the sovereignty and cultural identity of our peoples; and promotion of the rights of the most vulnerable sectors of the population -- children, women, indigenous peoples and others.

As the process of integration advances, we propose:

1. To fight for the establishment of a common wage floor that halts meager wages in less developed countries being used as a comparative advantage and as an instrument of blackmail against those who enjoy higher wages.
2. That, facing the downward standardization that is being promoted, pressure be exerted for the upward harmonization of all labor standards, including collective rights, so undermined today by a productivity-oriented vision and the excessive "flexibilization" of labor.
3. That the rights of peasants, farmers and indigenous communities be protected, and that the right of nations to determine their priorities in agricultural production and in their food policies be considered an equally vital necessity.
4. That the social agenda include, in a fundamental way, the protection and improvement of the environment in each country and in an integral manner throughout the region.

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**FINAL DECLARATION** (continued from page 3)

The social and environmental agenda requires, in addition to the determination of social organizations to make it a reality resulting from concerted actions, democratic and autonomous mechanisms on the part of governments so that it will be complied with and respected. We believe that the demand for the raising of labor and environmental standards should be used only for legitimate social and environmental purposes and not for protectionist ends. We are convinced that the upward harmonization of labor and environmental standards requires starting from the real recognition of existing inequalities and of asymmetries and, therefore, requires the establishment of compensatory economic mechanisms for less developed countries and regions.

The experience of the fight against NAFTA has given rise to the emergence of a new international solidarity. This has enabled us to understand each other, open spaces of influence for civil society in our countries and start on the path toward the common construction of development and integration alternatives. We are committed to convey this experience and to support social movements in other countries that now confront the challenge of their incorporation into the Agreement or subjection to other forms of integration subordinated to the interests of corporations.

Among the goals that our organizations have set are the following:

- \* to further strengthen and coordinate our efforts and strategies and to promote a more constant and systematic trinational struggle;
- \* to find ways to share information on our experiences with NAFTA;
- \* to respect the cultural and political differences among us and ensure that these differences constitute an advantage of diversity rather than an obstacle of division;
- \* to clearly communicate to the public that our struggle against neoliberal economic integration is not intended to preserve the past nor is it against economic integration in general -- we support economic integration, but it must be an integration that ensures social, environmental, cultural and gender justice;
- \* to fortify our struggle to modify the rules of international trade, that, as in the cases of the Uruguay Round of the GATT and NAFTA itself, favor the interests of corporations over the peoples' needs.

The organizations participating in the Meeting express our concern for the prevailing political situation in Mexico. We manifest our solidarity with the demands of the indigenous communities in Chiapas and agree on the need to find paths towards an honorable and peaceful solution to the armed conflict that has emerged in that state. Likewise, we express our willingness to support initiatives that contribute to the achievement of a true democratic transition in Mexico, with full respect for the sovereignty of this country.

The Meeting has constituted an opportunity to reaffirm the commitment of solidarity among our peoples and a space for sharing experiences and exchanging ideas that help us to find routes towards sustainable and just development and a continental integration that responds to the needs and aspirations of our peoples.

Action Canada Network  
Alliance for Responsible Trade (U.S.A.)  
Citizens Trade Campaign (U.S.A.)  
Mexican Action Network on Free Trade (RMALC)  
Chilean Network for a Peoples' Initiative (RECHIP)  
Chilean NGO Forum on Environment and Development  
Latin American Institute of Alternative Legal Services (ILSA - Colombia)

(Translation from the Spanish by The Development GAP)

## **APPOINTMENTS TO NAFTA ENVIRONMENTAL BODIES ANNOUNCED**

On 20 July the U.S. and Mexican governments made public their selections to the Joint Public Advisory Committee (JPAC) of the North American Commission for Environmental Cooperation (NACEC), established under NAFTA's supplemental agreement on the environment. The NACEC is designed to monitor and resolve complaints related to environmental problems arising from NAFTA's implementation. The JPAC will advise the Commission, which is composed of the environmental ministers from the three countries, and the Secretariat, which is located in Montreal.

Meanwhile, Victor Lichtinger Wiseman, an economist and environmental consultant with ICF-Kaiser in Mexico City, was selected to head the NACEC Secretariat. Environmentalists generally praised Lichtinger's knowledge of environmental issues and his receptiveness to citizens' concerns during the 1992 UN Conference on the Environment and Development in Rio de Janeiro.

The U.S. representatives on the JPAC are: Peter Berle, President of the National Audubon Society; Dan Morales, Attorney General of Texas; Jonathan Plaut, Chairman of the U.S. Council of International Business' Environmental Committee and Director of Environmental Quality for Allied Signal, Inc.; Jean Richardson, Professor of Environmental Studies at the University of Vermont; and John Wirth, President of the North American Institute.

The published list of Mexicans selected to serve on the JPAC includes: Jorge Bustamante, President the Northern Border College; journalist Ivan Restrepo; Maria Cristina Castro Sariñana, Quintana Roo state representative for the Secretariat of Social Development; businessman Guillermo Barroso; and Francisco Barnes from the National Autonomous University of Mexico.

Mexican environmentalists protested the lack of an environmentalist on the Committee. Alejandro Villamar of the Mexican Action Network on Free Trade expressed his concern that, "...while Canadian and U.S. environmental groups will have a say in the conduct of NAFTA, Mexico will effectively have none." NAFTAThoughts was not able to attain a list of Canada's JPAC appointments by press time.

U.S. environmental groups addressing the NACEC's first ministerial meeting on 25 July in Washington commended the Commission's creation and urged its members to define a clear agenda. Each of NAFTA's three signatories has pledged US\$5 million a year for the Commission's functioning, but so far little of this money has actually been disbursed. Justin Ward of the Natural Resources Defense Council recommended that a portion of the budget be assigned to the JPAC to enable it to perform in its dual function as liaison to the public and expert panel advising the Commission. He also insisted that the Commission be fully open to public participation from all three countries.

Andrea Durbin of Friends of the Earth advised that the "Commission make it a top priority to provide technical assistance, engage in mutual monitoring and enforcement activities and develop joint environmental emergency preparedness and response plans, particularly in the U.S.-Mexico border region."

The Sierra Club's Dan Seligman noted that the Commission's mandate to review NAFTA rules to ensure that legitimate environmental laws are not undermined by the agreement and to develop policies to ensure that environmental quality improves throughout North America "...is a tall order, and the stakes are high. The governments of the NAFTA countries must, therefore, do everything in their power to ensure the Commission's success. This is especially so because its powers and mandate are limited relative to the expectations laid out during the NAFTA debate." Mexican environmentalist Sofia Gallardo told the Journal of Commerce that, given the Commission's limited mandate, "if the new director wants to have real influence, he must have more imaginative strategies than mere sanctions...He should promote environmental impact studies on trade to prevent problems, rather than reacting to them." •

Sources: Michael Kleinberg, "Eco-Groups Balk at NAFTA Choices," The News [Mexico City], 23 July 1994; John Nagel, "Environmentalists Praise Choice for NAFTA Group," The Journal of Commerce, 20 July 1994; Remarks of Justin Ward, Natural Resources Defense Council before the North American Commission for Environmental Cooperation, 26 July 1994; Statement of Andrea Durbin, Friends of the Earth, to the Commission for Environmental Cooperation, 26 July 1994; Statement of Daniel A. Seligman, Sierra Club to the North American Commission for Environmental Cooperation, 26 July 1994.

## EXPORTS FAIL TO CREATE JOBS IN ILLINOIS

During the NAFTA debate, wildly varying estimates of the Agreement's impact on U.S. employment and wages emerged, each based on very different assumptions. With NAFTA's implementation well underway, efforts have begun to track the actual consequences on employment in a number of sectors. The University of Illinois Center for Urban Economic Development has contributed two useful reports to that effort.

The first, "Manual for Monitoring Local Manufacturing Employment, Plant Closings and Major Layoffs", was issued in April 1994. It is a guide for activists to track information on employment in companies exporting to Mexico and in labor-intensive manufacturing firms. It is intended in the first instance to test the claim made by proponents of the Agreement that increased exports lead to increased employment. Data on the latter set of companies will test arguments made by NAFTA opponents that firms with a large number of workers would be more likely to transfer production to Mexico, where wages are considerably lower.

The manual lists several sources of publicly available information on employment and plant closures. These include Current Employment Statistics Data, available from state departments of employment security, which lists employment by industry. Information on plant closings and layoffs is somewhat more difficult to gather, but several potential sources are listed along with a suggested format for reporting data.

In May, the Center released its own monitoring report on manufacturing employment trends in Chicago and Illinois and their relationship to exports. Manufacturing exports from Illinois firms to Mexico grew by over 400 percent between 1987 and 1992. Just six industries made up over 85 percent of those exports: industrial machinery and equipment; transportation equipment; electronic equipment; primary metals; chemicals and allied products; and food and related products. These industries are also among the state's largest employers, but employment data from 1991 to 1993 indicates that, instead of increasing employment, these industries actually experienced a net loss of 6,800 jobs, or 0.7 percent of total employment. In fact, the authors note, "...three of four industries exporting the greatest volume of goods to Mexico also had among the greatest number of job losses observed."

The Center performed careful statistical analysis of these findings, attempting to exclude the effects of the economic recession. That study found "no significant

relationship between exports and employment change." The report concludes, "If the findings of other monitoring efforts are consistent with our own, export-led employment growth can not be used to justify the new trade agreements. This would suggest that other impacts -- such as those which affect wages, the environment, workplace safety, consumer product safety, and the local economy -- should be the major criteria used in evaluating the costs and benefits of the trade pacts." •

*For copies of "Manual for Monitoring Local Manufacturing Employment, Plant Closings and Major Layoffs" and "Monitoring Manufacturing Employment Trends in Chicago and Illinois: Implications for NAFTA Impacts," contact The Center for Urban Economic Development, University of Illinois at Chicago, M/C 345, 815 West Van Buren, Suite 500, Chicago, IL 60680, tel. (312) 996-6336.*

### NAFTA Notes

U.S. sales of light vehicles to Mexico have increased since NAFTA's implementation, from 1,919 in the first four months of 1993 to 11,538 in the first four months of 1994. According to Steve Beckman of the UAW, however, there was, during the same period, an increase of 16,000 -- to 120,000 -- in Mexican vehicle exports to the United States, producing a significant net increase in U.S. imports.

Commerce Dept. figures released in July show that U.S. investments abroad have risen to over \$700 billion and that many U.S. companies now employ more people overseas than at home. AFL-CIO's Lane Kirkland declared, "Just about every major social problem we have today -- from our soaring crime rate and the decay of our cities to rises of poverty and homelessness -- can be traced to one factor: the decline...of decent-paying, entry-level jobs to people of limited skills...[M]any of these jobs... have been exported to countries where working people toil long hours for rock-bottom wages."

*Source: John Dillin, "Clinton Plans to Open Trade Door to Latin America, Irking Labor," Christian Science Monitor, 27 July 1994.*

## TIGHT-LIPPED

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the Closer Economic Relations Agreement (CER -- between Australia and New Zealand). It also describes market-opening measures taken by other countries such as China, Japan, Korea and India and in Sub-Saharan Africa, the Middle East, Europe and the former Soviet Union.

On 1 July, President Clinton issued the second report as required under Section 108 of NAFTA. This much shorter document describes the Administration's negotiating objectives in a general way. Explaining that extensive consultations are underway with an eye to the November meeting of the APEC leaders and the December Summit of the Americas, the report reiterates that the Administration is not now in a position to identify potential candidates for trade agreements other than Chile. The new focus on Asia and the Pacific reflects the region's position as the largest trading partner of the United States and the source of the bulk of the U.S. trade deficit.

The Administration foresees the possibility of various types of trade arrangements, of which free-trade agreements would be the most comprehensive. In determining appropriate strategies, it will consider the extent to which a country or trading group has a market-oriented economy and its level of trade with the U.S.

Its overall negotiating objectives, as included in the GATT implementing legislation, will be to obtain greater market access and further economic growth. Other specific objectives are delineated in the areas of financial and other services, investment, intellectual property, labor standards, trade and the environment and transparency. In order to achieve those objectives, the Administration has requested blanket fast-track authority to negotiate agreements with any country it deems appropriate.

Citizens' groups have stressed since the beginning of the NAFTA debate the crucial importance of integrating trade, social and environmental concerns. Nevertheless, the phrases "democracy", "labor standards" and "environment" are virtually nonexistent in these two official policy statements. As was the case during the Bush Administration, the Clinton Administration's overwhelming emphasis is on supporting free-market macroeconomic reform programs, including the deregulation of foreign investment and the protection of intellectual-property rights. It seems that unless citizens' groups throughout the Americas continue to keep the focus on social and environmental issues, they will disappear from the trade agenda entirely. •

*Sources: USTR, Report to the President and the Congress on Significant Market Openings, 1 May 1994; The White House, Report to the Congress on Recommendations on Future Free Trade Area Negotiations, 1 July 1994.*

## CONTROVERSY PERSISTS OVER FAST TRACK EXTENSION

As part of the GATT implementing legislation, the Clinton Administration has requested the extension of fast-track authority to negotiate free-trade agreements for four-and-a-half years. Principal negotiating objectives under the proposal are listed for trade in financial and other services, investment, intellectual property, labor standards, trade and the environment, and transparency. The Administration had initially proposed extending fast-track authority for seven years, but later cut back on its request due to the controversy that it generated in Congress. Objections were heard both from Republicans, who oppose any linkage between trade and issues related to labor and the environment, and from Democrats, who see the linkage as too weak and oppose fast-track as an undemocratic procedure for approving trade agreements.

Under both proposals, the President would be required to notify Congress at least 60 calendar days prior to the initiation of formal trade negotiations. If neither the House Ways and Means Committee nor the Senate Finance Committee were to reject the application of fast-track authority, it would be automatically authorized. Upon the completion of the negotiations, the President would have to provide Congress at least 120 calendar days' notice of his intent to enter into an agreement. At that time, he would submit relevant documentation, including the final text of the agreement and the draft implementing bill. The House of Representatives would then vote on the implementing legislation within 45 legislative days of its submission; the Senate would have an additional 15 legislative days to consider the agreement. In both cases, no amendments to the final bill would be allowed.

Rep. Bernard Sanders (I-VT) noted that the promotion of internationally recognized labor standards has been a U.S. negotiating objective since the 1974 Trade Bill. "Sadly," he commented, "U.S. trade negotiators, across Democratic and Republican Administrations alike, have failed miserably on this score...This latest open-ended, vague pledge by the U.S. Trade Representative (USTR) does not ensure that our legitimate trade-related worker rights and environmental concerns will be seriously redressed within the terms of any new trade agreement."

Consequently, Rep. Sanders, along with Representatives Bonior (D-MI), Brown (D-CA), Kaptur (D-OH), Frank (D-MA), DeFazio (D-OR), Hinchey (D-NY), Bentley (R-MD), Evans (D-IL), Dellums (D-CA), and Olver (D-MA), have introduced the Fair International Standards in Trade Act. This legislation would prohibit

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## THE SUMMIT OF THE AMERICAS: A CHALLENGE FOR NGOs

*by the Washington Office on Latin America*

For NGOs concerned about the future of hemispheric relations and their impact on human rights and democratization in Latin America, 8 and 9 December 1994 are dates to keep in mind. When President Clinton welcomes the governments of the hemisphere to Miami for the "Summit of the Americas", the stakes will be high. It is probable that positions will be adopted there and processes set into motion that will shape inter-governmental policies and their impact on economic and political processes for years to come. The driving force behind the Summit is economics, but already the issues of democracy, sustainable development and the environment have worked their way onto the agenda. NGOs in the hemisphere need to examine the development of the summit and make an informed decision soon as to whether it is worthwhile to try to affect its outcome in order to deepen the commitments of governments to these respective agendas.

The Summit of the Americas was conceived by Latin Americanists within the Clinton Administration who wanted to raise the profile of Latin America and the Caribbean within the Administration's overall foreign policy. It is also designed to stimulate the bureaucratic momentum needed to prevent free-trade agreements with the rest of Latin America from languishing after the passage of NAFTA. It is the only significant regional foreign-policy initiative to emerge from the Clinton White House, whose Latin America policy to date has been to push the free-trade agreement designed by George Bush through Congress and to manage crises that have arisen in different countries in the hemisphere.

Few details were known initially, but after months of planning within the U.S. government a conceptual framework and agenda for the Summit have begun to emerge publicly. Although the U.S. government is still consulting with the other governments in the hemisphere, at present it seems that the Summit will address three broad themes. The first, Democracy and Good Governance, relates to "how to strengthen our democracies and defend them collectively and improve our governance." The discussions on the collective defense of democracy could deal with threats to democracy, such as those produced in Haiti, Guatemala, Peru and Venezuela. Good governance concerns will focus on the issues of corruption, civic participation and elections. The second focus of the Summit, Trade Expansion and Investment, is on how to promote economic growth, broaden and facilitate trade relations and reduce poverty. The third theme will be Sustainable Development and environmental protection.

There are fifteen agencies of the U.S. government involved in the planning of the Summit, forming an inter-agency working group chaired by the two highest-ranking Administration officials for Latin America policy: Alexander Watson, Assistant Secretary of State for Inter-American Affairs, and Richard Feinberg, Director of Latin American Affairs in the National Security Council. Three subcommittees -- on Democracy, Economy, and Sustainable Development -- have been charged with organizing the different parts of the agenda. These subcommittees and smaller groups have been working to generate initiatives or proposals that might be presented to the hemisphere's leaders for possible adoption at the Summit. According to U.S. government representatives, the agenda will not be finalized until other governments of the hemisphere and representatives of civil society have been consulted.

Preparations for the summit have been disappointing in two main respects. First, political issues and economic issues are not adequately linked. Trade and investment policies are to be discussed separately, for example, from the discussion on the collective defense of democracy and good governance issues. This structure may prevent serious consideration of conditioning the expansion of free-trade agreements in the hemisphere on greater respect for human rights or democratic reform. The structure may also discourage serious discussion of the impact of economic policies on political developments, such as the strains placed on fragile democracies by the imposition of orthodox structural adjustment policies.

Nonetheless, U.S. officials have trumpeted the economic and political thrusts of policy as being mutually reinforcing. On 14 April, Alexander Watson testified in Congress that, "the Summit will be an historic opportunity for the Hemisphere to recognize explicitly the convergence of democratic and free-market values." Whether this position will be challenged in Miami remains to be seen, but it is unlikely as long as NGOs are excluded from the forum. To the extent that Latin American governments have had a voice in the Summit planning, they have used it mainly to try to weaken the emphasis on democracy questions and to ensure their separation from the economic agenda. This position mirrors that taken in the April meeting in Sao Paulo with ministers from the European Union. The response of the "Rio Group", made up of Latin American governments, was to "reject any political, economic, social and environmental linkage regarding market access in international trade relations."

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## RMALC DEMANDS NAFTA RENEGOTIATION

In a press conference held in Mexico City on 13 July, the Mexican Action Network on Free Trade (RMALC) articulated its demands for the renegotiation of NAFTA. Delivering a message to the Mexico's nine presidential candidates, RMALC's Bertha Lujan declared, "We want it renegotiated so that it gives the people of Mexico just and sustainable development, and a future for the country."

Noting that negotiations are currently underway to modify provisions of the agreement dealing with government purchases and that the U.S. Administration has requested the acceleration of certain tariff reductions, Lujan said that the treaty is "very much alive". The RMALC proposal includes the upward harmonization of wages in the three countries, the creation of compensatory and development funds, an impartial dispute-resolution mechanism and the inclusion of a social charter within the agreement, as well as greater coherence between NAFTA and international treaties on labor, environmental and human-rights issues. RMALC also proposes that, like Mexico, the United States consider NAFTA a treaty instead of an agreement and that the Mexican Congress establish certain legal reservations on the scope of the agreement.

Lujan concluded that, if Mexico is moving towards true democracy, there "should be a change in the way state and society interact. This is the starting point of our plan and we want the next government to keep this in mind." •

Sources: Monica Gutsch Salazar, "Group Calls for Different NAFTA" *The News* (Mexico City), 14 July 1994; Guadalupe Hernandez E., "Realiza el Gobierno Constantes Renegociaciones Sobre el TLC," *El Financiero*, 14 July 1994; Patricia Muñoz Ríos, "Pide la Red renegociar el Tratado de Libre Comercio," *La Jornada*, 14 July 1994.

### Summit

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The inadequate integration of NGOs has been the other major disappointment in the Summit preparations. As currently designed, the Summit of the Americas is essentially a discussion among governments. Some Washington-based NGOs, especially environmental groups, have been kept abreast of developments and consulted by Clinton Administration officials on sustainable development issues, but no formal mechanism has been established on trade and democracy issues that would guarantee systematic NGO input into the forum planning or clarify its parameters. Furthermore, it is not yet clear whether other critical economic issues, such as structural adjustment, will be discussed in Miami and whether NGOs will have a voice on those issues. U.S. officials have said in private that they can urge, but will not insist, that their Latin American counterparts adequately consult with NGOs from their countries. This effective exclusivity undermines the Summit's stated message in support of strengthening civil society. In this atmosphere, NGOs must seriously consider whether they can have any significant impact on the process and how much energy to expend trying.

The challenge for the community of NGOs and popular organizations in the hemisphere is to demand a more significant role in the formal process and to develop concrete proposals to be considered at the Summit. Whether these proposals become a part of official deliberations or are presented by NGOs in a parallel event remains to be seen. NGOs must make some effort to challenge the narrow official agenda and promote alternatives, or they will be in a weaker position to criticize approaches that may emerge from this Summit. •

### Controversy

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the President from entering into any trade agreement that does not contain provisions requiring each signatory to: adopt and enforce laws to afford internationally recognized workers rights; adopt and enforce laws to promote respect for internationally recognized labor standards; and treat the denial of these rights and standards as actionable unfair trade practices when used by any signatory as a means to gain a competitive advantage in trade.

In the end, it seems that Congressional consideration of fast-track authority may be delayed until after the vote on GATT. On 2 August Senate Finance Committee Chair Patrick Moynihan (D-NY) announced that his Committee will not include fast-track authorization in its version of the GATT implementing legislation mark-up. The *Journal of Commerce* quoted Moynihan insisting that, "...there is not now nor is there any prospect of sufficient votes for fast track in this legislation." The House Ways and Means Committee has been facing a similarly divisive debate on fast track has also removed it from the GATT bill.

If the House-Senate Conference Committee confirms that decision, fast-track authority would likely be taken up again sometime next year. However, the lack of authority to negotiate trade agreements would certainly mar the Administration's plans for the December Western Hemisphere Summit, which lists trade, democracy and the environment as its major foci. •

Sources: Administration Proposal on Fast Track Authority, 20 June 1994; Extension of Remarks by Congressman Bernard Sanders, 30 June 1994; John Maggs, "Senate Finance Panel Puts Trade Pact Before Fast Track," *The Journal of Commerce*, 3 August 1994.

**NAFTATHOUGHTS**

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