

# STATE OF THE DEBATE

on the

Free Trade Area  
of the Americas

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**Prepared for the  
Rockefeller Foundation  
by  
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and  
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## About this Report

This report was commissioned by the Rockefeller Foundation to broaden their understanding of the FTAA process, the key actors involved, and the potential impact of an FTAA on poverty and other development issues in the hemisphere.

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**Methodology:** This report is based on an extensive survey of FTAA materials produced by government, media, and civil society organizations, as well as dozens of interviews with government officials, civil society leaders, and researchers throughout the region. It also draws from the experiences of the authors, who have participated in activities related to nearly every FTAA ministerial and Summit of the Americas, beginning with the Miami Summit in 1994. They have written dozens of articles on relevant issues, including, most recently, "Happily Ever NAFTA?" a debate with chief Mexican NAFTA negotiator Jaime Serra Puche, in the September/October 2002 issue of *Foreign Policy* magazine. Anderson also co-edited "America's Plan for the Americas: A Critical Analysis of the U.S. Negotiating Positions on the FTAA," by the Alliance for Responsible Trade, Feb. 12, 2001, and edited "Competing Visions for the Hemisphere: The Official FTAA Draft versus Alternatives for the Americas," by the Hemispheric Social Alliance, January 2002.

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### Notes on Language Used in This Report:

**FREE TRADE:** Supporters of the FTAA, as well as NAFTA and the WTO, usually self-identify as "free traders." Inasmuch as these integration agreements all call for the removal of tariff and other trade barriers, the term holds some meaning. However, as much as a third of trade is simply exchange between different units of the same large corporation and its prices are set to meet corporate needs, and have little to do with prices set in "free market" conditions; free traders are invariably silent about this reality. Second, many "free traders," including President Bush, often back heavy production and export subsidies on farm and other products, subsidies which are often viewed by other nations as severe distortions of trade. Finally, the proposed FTAA and other "free trade" agreements are filled with hundreds of pages of rules that set elaborate conditions on traded goods and services. On the other hand, many of the citizen groups that oppose the FTAA are in favor of "free markets" in that they encourage policies that would give preference to smaller, locally-rooted enterprises that compete in markets that are not dominated by large global corporations.

**TRADE AGREEMENTS:** The FTAA and NAFTA are usually referred to as "trade agreements," which is a misleading designation. Free trade agreements generally reach far beyond their traditional realm of trade in goods to encompass policy related to investment, government procurement, intellectual property and standard-setting. If one examines the text of these agreements, only a little of it involves removing barriers to trade. Most of it involves three other extremely important domains:

- the removal of barriers to investment crossing borders;
- restrictions on government policies that give advantage to local firms, or that might be perceived as interfering in foreign corporations rights to enter markets;
- other constraints on government regulation or retaining public firms.

In other words, these agreements have enormous impacts on government policy, and on the entire course of development, which explains why millions of people are engaging in debate over these agreements.



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# I. INTRODUCTION

In 1990, then-President George Bush announced a grand plan for a free trade zone “stretching from the port of Anchorage to Tierra del Fuego.”<sup>1</sup> Twelve years later, President George W. Bush is hoping to fulfill his father’s vision. Now called the Free Trade Area of the Americas (FTAA), the deal proposed by Bush the elder has progressed slowly but is now entering the final phase of negotiations, with talks set for completion by January 2005.

The goal of the FTAA is to create a WTO-plus in the Americas. In theory, negotiating with only 34 countries (all Western Hemisphere nations except Cuba) should be less complicated than with the WTO’s diverse 144 member nations. Thus, FTAA supporters hope to go further than they have been able to in the global trade body, using the FTAA to strengthen existing WTO obligations and commitments. The pro-FTAA forces around the region are a formidable grouping of: a) policymakers convinced that a specific set of national priorities will be advanced through a regional trade agreement; b) academics and policy analysts who support the theory that trade and investment liberalization promote overall economic prosperity; and c) a regional coalition of corporate interests which hope to profit from expanded markets for goods and investment. That said, the FTAA remains, fundamentally, a U.S.-driven initiative. The United States has worked through a series of Summits and Ministerial meetings to raise the FTAA to the highest position on the regional policy agenda.

However, at this juncture, there is a wide range of perspectives on whether the FTAA will become a reality. Particularly during the past year, FTAA supporters have suffered several setbacks. The 9-11 tragedy gave U.S. advocates of current trade policy a new rationale: “we can fight terrorism with trade.”<sup>2</sup> Nevertheless, the Bush Administration’s top priorities clearly lie outside Latin America. FTAA partners not only sense a lack of attention; many are also angered by what they see as a resurgence of U.S. trade protectionism. Over the course of one year, the United States raised barriers to imported steel, approved the most generous subsidies for U.S. agribusiness in history, and promised to protect U.S. textiles and other sensitive products from foreign competition. (Ironically, the latter was done to secure passage of so-called “Trade Promotion Authority”). More recently, the wave of corporate scandals has sent large corporations scrambling to recover public trust, leaving fewer resources and less capacity to promote international trade and investment interests. At the same time, the Latin American diplomatic community is joining an international chorus of concern about the seemingly cavalier attitude of the current Bush Administration to a range of diplomatic norms and international conventions.

As explained more fully in Section VI, FTAA supporters also now face an increased number of Latin American officials who are critical of policies referred to in the region as “neoliberal.” These include trade and investment liberalization as well as financial liberalization, privatization and other free market reforms. In Argentina this year, opposition forces toppled several presidents who advocated these policies. In Costa Rica, an anti-neo-liberal presidential candidate came close to winning and now controls a significant bloc in Congress. In Bolivia, a coca farming critic of neo-liberalism came in second in his country’s presidential election, winning an unexpected 21 percent of the vote and earning a bloc of 35 seats in Congress. And most significantly, FTAA critic Luiz Inacio “Lula” da Silva is likely to win a run-off for the Brazilian presidency on October 27. He received about 46 percent of the vote on October 6, more than 20 points ahead of the nearest challenger.

In response, the U.S. government is turning to governments that are more favorable to the current approach to trade (or susceptible to pressure) to negotiate bilateral and sub-regional agreements (including Central America, Chile, Uruguay, and several outside the hemisphere). Although this flurry of activity may stretch the capacity of U.S. trade negotiators, the hope is to create momentum towards the larger goal of an FTAA.

As explained in Section VII, a large number of citizens' groups across the hemisphere are increasingly taking a stand against the proposed FTAA. Civil society critics are becoming more organized, demanding a voice at the table and linking up across borders and sectors to present a united front against an FTAA that they believe promotes narrow corporate interests. Some hope that recent developments will scuttle the FTAA completely. Others hope to take advantage of potential opportunities to advance an alternative approach to regional integration, while others hope to find at least some room for reform.

The following sections of this report describe the evolution of the FTAA and the current context for the negotiations. Note that this paper does not attempt to offer a comprehensive evaluation of the pros and cons of the FTAA or of various reform proposals. Rather, the focus here is on presenting the political state of play as one input into the efforts of the Rockefeller Foundation to assess the political prospects of both the FTAA and for those advocating socially oriented reform of the regional integration system.

# FTAA Timeline

	1994	1995	1996	1997	1998
<b>Official FTAA</b>	12/94: 1st Summit of the Americas in Miami launches FTAA process.			5/97: Trade Ministerial in Belo Horizonte, Brazil.	4/98: 2nd Summit of the Americas, Santiago, Chile. Actual negotiations begin.
<b>Resistance:</b>					
<b>Civil society</b>	Discouraged by failed attempt to defeat NAFTA, few civil society groups attend Miami summit.			Brazilian trade unions host civil society forum parallel to ministerial.	1st Peoples Summit of the Americas held in Santiago. More than 1,000 participate.
<b>Government</b>				Fall 1997: U.S. Congress denies Clinton fast track authority.	9/98: U.S. Congress again rejects fast track authority.

Source: compiled by the authors based on official, media, and NGO resources.

## II. PROGRESS AND RESISTANCE: KEY MILESTONES

Although former President Bush proposed a hemispheric trade zone, his administration focused on the first stage of integration: the negotiation of the North American Free Trade Agreement (NAFTA). The FTAA didn't get off the ground until Bill Clinton took office. In December 1994, President Clinton and other leaders in the Western Hemisphere (everyone but Castro) gathered in Miami for the First Summit of the Americas to launch an array of initiatives, with a hemispheric trade agreement at the center. That year had already marked the inauguration of NAFTA and only days before the summit, Clinton officials had managed to push the U.S. Congress to ratify the agreement that created the World Trade Organization. The Miami Summit consisted primarily of a series of political speeches about the benefits of trade liberalization, undisturbed by protestors. U.S. opponents of the current approach to trade policy, who would have been the logical ones to organize a response, were still re-grouping after failed efforts to defeat NAFTA and the WTO. Few bothered to attempt to interfere with the proceedings in Miami.

During the first two years after the Summit, trade officials began developing the structure and scope of the negotiations. However, there was little public attention to the issue until 1997. That year, trade ministers met in Belo Horizonte, Brazil, where the trade union movement held a parallel summit for several hundred advocates of an alternative approach to trade policy. The Brazilian foreign minister accepted a statement of demands from the citizens summit that he later delivered to the assembled trade ministers. This statement formed the basis of subsequent statements by the several groups, including the Hemispheric Social Alliance, which now serves as an umbrella for much of the civil society activity on the FTAA (see Section VII).

That year, critics of U.S. trade policy also contributed to the Clinton Administration's failure to obtain fast track trade authority (now called "Trade Promotion Authority"). This authority allows the executive branch to negotiate trade agreements that are subject to an up-or-down vote in Congress, without amendments. The argument is that other countries are reluctant to negotiate complicated treaties with the United States without assurance that Congress will not revise them. The failure to win fast track is of historical significance for advocates as it demonstrated that they could successfully wage legislative battles against Fortune 500 companies (in this instance, even after a successful corporate lobbying campaign for NAFTA).

In 1998, resistance to the FTAA began to grow. U.S. citizens groups once again helped defeat a Clinton fast track bid. At the 2<sup>nd</sup> Summit of the Americas (held in Chile in 1998), both civil society groups and business became better organized. More than 1,000 people gathered in Chile for a "Peoples Summit" held Parallel to the Summit. President Clinton further disappointed the civil society community and critics of U.S. trade policy by snubbing the Peoples Summit in order to attend the Americas Business Forum—also held in parallel—a gathering of corporate leaders that has obtained quasi-official status. At each FTAA ministerial and Summit, the Forum develops recommendations that are delivered to negotiators.

	1999	2000	2001
<b>Official FTAA</b> →	11/99: Trade Ministerial in Toronto.		4/7/01: trade ministers announce agreement to release text 4/20-22/01: Quebec City Summit: leaders agree to FTAA timeline.
<b>Resistance:</b>	Tens of thousands protest in Quebec, thousands more demonstrate at home, including in 54 U.S. communities.		
→ <b>Civil society</b>	Hemispheric Social Alliance established, hosts civil society forum in Toronto.	11/00: HSA launches "liberate the text" campaign.	
→ <b>Government</b>	Some ministers attending HSA forum voice frustration with FTAA process.		4/01: Venezuelan President refuses to endorse FTAA timeline. 4/01: Parl. Confed. of the Americas demands a decision-making role. 12/01: opposition to fast track forces U.S. Republican House leadership to cut protectionist deals to obtain one-vote victory. 12/01: Lower House of Brazilian Congress passes resolution calling for withdrawal from negotiations.

In November 1999, top FTAA negotiators gathered in Toronto, amidst reports of impending public protests at the Seattle WTO talks. Eager to appear more open, some 18 trade ministers accepted an invitation for a dialogue with civil society representatives at a parallel forum, hosted by the Hemispheric Social Alliance (see Section VII for description). Although most of the ministers made only superficial statements, officials from several countries expressed frustration with the official FTAA process. The minister from Barbados, for example, stated that he felt the smaller economies were being dragged along by the richer countries. The representative of new Venezuelan President Hugo Chavez gave a broad critique of neo-liberalism. A year and a half later, Chavez was the only leader to refuse to sign the timetable for FTAA negotiations.

Buoyed by the massive demonstrations in Seattle, tens of thousands of demonstrators converged in Quebec City in April 2001 to protest the FTAA. The Hemispheric Social Alliance held the 2nd Peoples Summit, with more than 3,000 delegates from across the Americas. Other NGOs also held educational events. One component of the Peoples Summit was a forum involving about 120 legislators, mostly from Latin America. Under the umbrella of the Parliamentary Conference of the Americas (COPA), they issued a statement demanding that parliamentarians be allowed to participate in the integration processes and affirming that “any integration agreement must respect the existing regional agreements, the rights of workers and environmental protection.” The Network of Women Parliamentarians, which is part of COPA, passed a resolution calling for the integration of gender issues into trade policy.<sup>3</sup>

President Bush had hoped to arrive in Quebec City with fast track trade authority in hand. However, the Republican leadership had not brought the bill up for a vote, conceding that they lacked the support needed for passage. Then, post-9/11, White House officials were able to take advantage of pressure on lawmakers to demonstrate bi-partisan unity to help secure passage of the divisive legislation. In the December 2001 vote in the House of Representatives, the Administration stepped in at the last minute to cut deals around citrus, textiles and other products in order to win by a single vote. This not only exposed the deep divisions on the issue within the U.S. Congress but also provoked Latin American leaders to express concern about the Administration’s willingness to raise trade barriers in the middle of ongoing FTAA negotiations. However, Peter Hakim of the Inter-American Dialogue argues that regardless of how the vote was won, “U.S. negotiators now have the authority and credibility to reach agreements.”<sup>4</sup>

	2002	2003	2004	2005
<b>Official FTAA</b>	4/02: Vice Ministers fail to set guidelines for negotiations. 5/02: Vice Ministers reconvene -- produce only "initial" guidance. 10/02: deadline for completing second draft text. 11/02: 7th Trade Ministerial to be held in Ecuador. Brazil and United States to assume co-chairmanship.	12/15/02-2/15/03: Period for presenting offers on goods, services, investment, and gov't procurement.		1/05: Deadline for concluding negotiations. 12/05: Deadline for entry into force.
<b>Resistance:</b>				
<b>Civil society</b>	1/02: anti-FTAA rally of tens of thousands during World Social Forum in Porto Alegre, Brazil. Announcement of hemispheric "consulta popular" on the FTAA. 9/02: 10 million vote against FTAA in Brazilian plebiscite.			
<b>Government</b>	1/02: Protests drive Argentine President to vow break with neo-liberalism. 4/02: Costa Rican Congress rejects free trade deal with Canada. 6/02: Caricom officials complain about U.S. government accusations that the region is being uncooperative. 6/02: Costa Rica announces inability to negotiate liberalization of telecommunications, insurance, and electricity services. 10/02: FTAA critic Lula wins 47% of vote in Brazilian presidential election, 20 points ahead of candidate he will face in 10/27 run-off.			

Although the Bush Administration finally managed to obtain fast track trade authority in July 2002, the year was not a smooth one for the FTAA process. FTAA negotiators convened meetings in April and May 2002 that were nearly as disastrous politically as the Seattle WTO talks—even without the pressure of street protests or banks of TV cameras. At these meetings, Vice Ministers were scheduled to produce clear guidelines for starting the market access phase of the talks. The first meeting, held in Isla Margarita, Venezuela, failed to produce any document. A second effort in Panama City in May to meet the established May 15 deadline failed too, producing only “initial guidance.”<sup>5</sup> The biggest roadblock appears to have been the chief negotiator for the Caribbean Community (Caricom), former Jamaican ambassador to the United States Richard Bernal. Caribbean nations depend heavily on tariff revenues to drive their economies, revenues that the FTAA would reduce. During marathon sessions, Bernal dug in his heels on the demand for special and differential treatment for small economies. Infuriated by Bernal, U.S. officials sent several letters to Caricom governments accusing him of generating “substantial ill will throughout the room.” U.S. officials complained that Bernal had scuttled the meeting “by engaging in five hours of unconstructive debate (from 1:00 am until 6:00 am).”<sup>6</sup> Bernal replied that “the fact that we remained until 6 am is an indication of our commitment to the process.”<sup>7</sup> Press reports suggested that a compromise may have been reached at a follow-up meeting in September, but as of this writing, there has been no official announcement of a breakthrough in the logjam.<sup>8</sup> (for more, see Section VI)

The pervasive acrimony thus far raises doubts as to how much progress will be achieved at the next Trade Ministerial, scheduled for early November 2002 in Ecuador. At this gathering, officials are supposed to discuss a second draft text and begin the final phase of negotiations, due to be completed by January 2005. Another wild card will be the October 27 second round of the Brazilian election. Frontrunner Luiz Inacio “Lula” da Silva of the Workers Party, a former steelworker, often describes the FTAA (as it is being pursued) as an “annexation project” rather than an integration project.<sup>9</sup> Strong opposition to the FTAA in Brazil was evident at the World Social Forum in January/February 2002, where tens of thousands attended an anti-FTAA rally. Brazilian groups committed to a September 2002 popular referendum on the FTAA as part of a hemispheric “consulta popular” called by the Hemispheric Social Alliance and other groups.

A Lula presidency would send shockwaves through the FTAA process. At a minimum, it would add tension to the Brazilian-U.S. co-chairmanship of the negotiations, scheduled to begin in Ecuador. Some predict that a Lula win, combined with the current economic and political turmoil in much of South America, would portend the demise of interest in the FTAA altogether. Others, such as former Clinton advisor Richard Feinberg, argue the opposite—that “it is in such turbulent times that the value of an accord appreciates.”<sup>10</sup>

### III. ORGANIZATION OF THE NEGOTIATIONS

FTAA negotiations are organized in nine groups (see Figure 1), which are overseen by a Trade Negotiations Committee, made up of Vice Ministers. As of May 2002, these entities had logged some 169 separate meetings involving 800 to 900 people. The main concrete result is a 450-page first draft of the FTAA, which was released to the public in July 2001. Although the text is almost entirely in brackets, indicating areas where there is not yet official consensus, the draft indicates that NAFTA is the primary model for the FTAA. In fact, many sections repeat NAFTA language verbatim. (See Section IV, for an analysis of the implications of the draft text for the poor.)

#### ADVISORY COMMITTEES

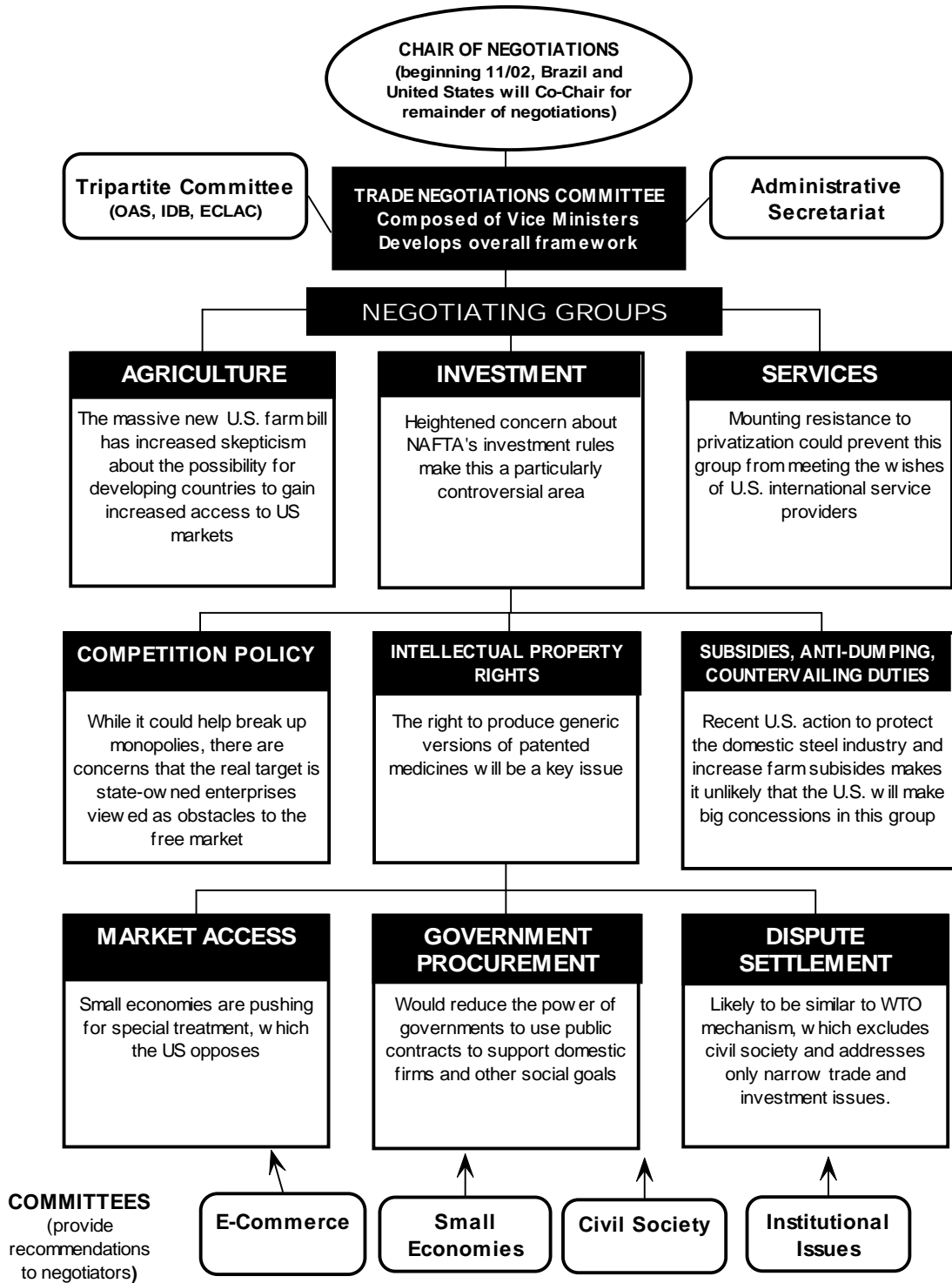
In addition to the negotiating groups, three advisory committees were created to deal with: a) the participation of small economies; b) inputs from civil society; and c) electronic commerce. In 2001, an additional committee was formed to handle technical and institutional issues relate to staffing and venue for the FTAA secretariat.

The **Civil Society Committee** has invited civil society groups to submit their concerns about the FTAA, but there has been no obligation on the part of committee members to respond to these submissions or to ensure that negotiators even read them. This year, the committee began holding regional hearings, but after so many years of frustration, there is little will on the part of civil society to engage with the Committee or process.

The **Committee on Electronic Commerce** is historic in that, with U.S. encouragement, it allows corporate representatives to sit side-by-side with government officials. The U.S. delegation has included several of the top producers of internet hardware, software and communications equipment, as well as law firms, consultants, business associations, and some non-governmental organizations (NGOs). When asked about the propriety of giving corporations seats at the table, Assistant U.S. Trade Representative Regina Vargo stated that the Committee is not a negotiating group but rather an educational body that provides recommendations to ministers. The participating firms appear to see it differently. One consulting firm that has participated on the Committee, JBC International, boasts on its web site that: "While other companies monitor trade policy, we create it. While our competition dispute trade barriers, we have the barriers eliminated." Not surprisingly, the thrust of the U.S. government/corporate agenda on e-commerce has been to promote an unregulated approach to the development of internet commerce that benefits the private sector by removing existing or potential barriers in the form of customs duties, sales taxes, restrictions on foreign ownership, and tariffs.

The **Committee on Small Economies** and the **Tripartite Committee**: The Organization of American States, the Inter-American Development Bank, and the United Nations Economic Commission for Latin American and the Caribbean (ECLAC) serve as the FTAA Tripartite Committee, tasked with providing technical support for the negotiations. The three individual institutions also provide FTAA-related technical assistance, particularly for the smaller economies. The Chilean Ambassador to the OAS, Esteban Tomic, points out that the OAS did not always play such an important role in the Summit process: "The initial conception of the process did not contemplate a role for the OAS, the principal political organ of the hemisphere," Tomic explained. "The reason is rooted in the low level of confidence in the organization. The OAS, founded in 1948 during the Cold War, had for a long time the reputation of being an instrument at the service of the United States and only at the beginning of the 1990s did it begin to recuperate prestige and glory, but this was too recent a development for the Summit process to be supported in a more decisive manner in its initiatives."<sup>11</sup>

**Figure 1. Organization of FTAA Negotiations**



Source: Compiled by authors from government and other sources.

## Official Guiding Principles

At a March 1998 meeting in San José, Costa Rica, the hemisphere’s trade ministers made several key agreements that opened the way for the official kickoff of negotiations the following month at the 2<sup>nd</sup> Summit of the Americas in Santiago, Chile. First, the trade ministers established the nine FTAA negotiating groups (see figure 1). Notably absent are negotiating groups on labor, the environment, or other social issues—which in turn is a major reason for the ongoing lack of attention to these issues in the negotiating process. On the labor front, the omission was deliberate—one of six “General Objectives” agreed to by the ministers in San José was that international worker rights should be dealt with exclusively by the International Labor Organization outside the ambit of the FTAA negotiations.

The trade ministers also agreed to a set of general principles that would guide the negotiating process. As with most official documents, interpretation of these principles requires significant expertise. The table below sets out some of the common understandings and possible implications of several key general principles.

Key General Principles*	Meaning/Implications**
<ul style="list-style-type: none"> <li>decisions will be made by consensus</li> </ul>	<ul style="list-style-type: none"> <li>it is unclear whether the FTAA can proceed if one or more countries refuses to sign</li> </ul>
<ul style="list-style-type: none"> <li>negotiations will be conducted in a transparent manner</li> </ul>	<ul style="list-style-type: none"> <li>transparency in this context focuses on transparency among negotiators, not between negotiators and the public</li> </ul>
<ul style="list-style-type: none"> <li>the FTAA will be consistent with WTO rules and disciplines and should improve upon these rules and disciplines wherever possible and appropriate</li> </ul>	<ul style="list-style-type: none"> <li>negotiations will likely generate a set of “WTO-plus” rules, meaning that obligations on states will extend beyond those already agreed upon in the WTO context</li> </ul>
<ul style="list-style-type: none"> <li>the FTAA will be a single undertaking</li> </ul>	<ul style="list-style-type: none"> <li>nothing is agreed until all is agreed—countries can not sign on to liberalization in only selected sectors</li> </ul>
<ul style="list-style-type: none"> <li>the FTAA can coexist with bilateral and sub-regional agreements, to the extent that the rights and obligations under these agreements are not covered by or go beyond FTAA rights and obligations</li> </ul>	<ul style="list-style-type: none"> <li>NAFTA, Mercosur and other existing agreements will not be negated by the FTAA. However, the FTAA will take precedence in areas where it goes further to lift trade and investment barriers</li> </ul>
<ul style="list-style-type: none"> <li>special attention will be given to the needs of the smaller economies</li> </ul>	<ul style="list-style-type: none"> <li>there is need for definition of what kinds of special concessions will be provided</li> </ul>
<ul style="list-style-type: none"> <li>all countries shall insure that their laws, regulations and administrative procedures conform to their obligations under the FTAA agreement</li> </ul>	<ul style="list-style-type: none"> <li>countries must commit to revising laws or regulations at all levels of government that conflict with FTAA rules</li> </ul>

\* Annex I in “Joint Declaration,” Summit of the Americas, 4<sup>th</sup> Trade Ministerial, San Jose, Costa Rica, March 19, 1998. ([http://www.ftaa-alca.org/ministerials/costa\\_e.asp](http://www.ftaa-alca.org/ministerials/costa_e.asp))

\*\* Based on author’s analysis.

## IV. POTENTIAL IMPACTS ON POVERTY

This section summarizes the key elements of the draft FTAA that are most relevant in terms of their potential implications for the poor in the region.<sup>12</sup> It then identifies examples of research needs related to each issue.

### A. AGRICULTURE

**Official purpose:** *to progressively eliminate agricultural tariffs, non tariff barriers, and export subsidies and to ensure that food safety standards are not disguised restrictions on trade.*

The argument in favor of such reforms is that they should be good for the poor for two reasons. First, they should help the rural poor in developing countries boost their incomes through increased exports of their crops. Secondly, they should help the urban poor by lowering the price of food through increased imports of cheaper agricultural commodities. The reality is more complicated.

Given the clout of domestic agribusiness interests and without the formation of a stronger domestic coalition, it is unlikely that the U.S. government will reduce agricultural tariffs or subsidies within the FTAA negotiating period. Moreover, even if access to the U.S. market were expanded, there is no guarantee that the benefits for middlemen would trickle down to small rural producers. The same is true on the import side. In Mexico, the price of tortillas rose 483 percent between January 1994 and January 1999, despite a dramatic jump in cheap U.S. corn imports.<sup>13</sup>

At this point, the outcome of the FTAA agriculture negotiations is difficult to predict. According to the U.S. General Accounting Office, FTAA negotiators have not agreed on how to treat each country's sensitive agricultural products and some say they are waiting to see how things progress in the WTO agricultural talks. Nevertheless, the 1998 San José declaration by FTAA trade ministers states that all products will be subject to negotiation. If the FTAA were to push an across-the-board elimination or deep reduction of all agricultural tariffs in all countries, it could have a negative impact on millions of small producers who

currently gain protection for the staple foods they grow. For example, Nicaragua charges tariff rates between 45-55 percent on certain types of corn and rice imports. Even free market-oriented Chile at times places duties as high as 90 percent on imports of wheat.<sup>14</sup> Costa Rica has also used a temporary import duty, called a "salvaguarda," to protect domestic rice growers. This duty was set at 52.8 percent early in 2002.<sup>15</sup>

**RESEARCH:** Mexican academic Alejandro Nadal has documented how NAFTA-induced changes in trade, combined with other policies, have deepened the socio-economic and environmental crisis in rural Mexico. More detailed study of the NAFTA experience in the United States and Canada, as well as updated information on impacts in Mexico (food security, food production, access to affordable food, rural development and social indicators, genetic diversity and stewardship), would be helpful. Another important research question would be, "In cases where governments have lifted barriers to agricultural imports, have consumers really benefited?"

### B. INTELLECTUAL PROPERTY RIGHTS

**Official purpose:** *to ensure protection of intellectual property rights (ownership rights and legal protections on ideas, artistic creations, technological innovations and marketing tools).*

Provisions related to patent rights on drugs and seeds have particularly important implications for the poor. The FTAA draft contains conflicting proposals on the right of governments to compel pharmaceutical companies to grant compulsory licenses to local firms to produce generic (not branded, and hence more affordable) versions of patented medicines. If the agreement were to include those that place more restrictions on governments, the poor could face reduced opportunities for access to affordable medicines.

The draft also contains several proposals that would restrict the rights of farmers to use seeds saved from plants and to access and use a range of agricultural research tools and methods.

The counter-argument is that if firms do not get patent protection, they cannot afford the research and development expenditures necessary to develop new medicines and agricultural technologies that may save lives or reduce poverty and hunger.<sup>16</sup>

**RESEARCH:** Work could be done to increase awareness of Brazil's generic drug program and the impact of the FTAA on the efforts of other countries to pursue similar strategies.

### C. SERVICES

**Official purpose:** *to progressively liberalize trade in services (everything from financial services, telecommunications, and tourism to health care and education). This means opening up local service markets to foreign businesses and restricting or prohibiting governmental policies that interfere with the market.*

For the poor, the main concern is that FTAA services rules will accelerate and lock in World Bank and IMF-promoted privatization policies that have often yielded profits for owners while failing to improve access to and quality of social services for citizens. In addition, privatization is often accompanied by large-scale layoffs.<sup>17</sup> U.S. officials deny that the FTAA would promote privatization, pointing to an exemption for public services. However, the draft text indicates that the pact would only allow exemptions for government services that are supplied "neither on a commercial basis, nor in competition with one or more service suppliers." This provides a huge loophole, since these conditions are extremely rare.

The counter-argument is that privatization and increased access for foreign investors will increase efficiency of services. Moreover, privatizing firms often argue that while there may be initial job cuts during the period of restructuring, the

dynamism of the private sector will eventually lead to job creation.

**RESEARCH:** Many existing studies examine the impact of privatization projects over a short time period. A potential research need would be to study privatization projects from a decade or so ago and see what has happened with employment and delivery of services over time.

### D. GOVERNMENT PROCUREMENT

**Official purpose:** *to increase opportunities for foreign investors to profit from government procurement markets.*

These rules would reduce the power of governments to use purchasing and public works contracts as instruments for promoting social goals, such as job creation in poor communities or to give preferences to businesses run by disadvantaged groups. According to the Caribbean Reference Group on External Affairs, "this issue strikes at the very core of national sovereignty and at their ability to do the necessary socio-economic engineering required in societies where inequity in the distribution of economic wealth is so poor."<sup>18</sup> FTAA procurement rules could also undermine the growing number of selective purchasing laws in the United States that require contractors to pay living wages or prove that their goods were not produced in sweatshops.

The counter-argument is that increased competition for public contracts would lead to increased efficiency, which could free up public funds for other purposes. According to Jeffrey Schott of the Institute for International Economics, "in some cases, restrictive public tenders provide political favors or mask corruption; often the procurement cost is inflated due to reduced competition among bidders."<sup>19</sup>

**RESEARCH:** The OAS Trade Unit has compiled information on government procurement provisions in trade agreements, but we were not able to find a survey of existing government procurement laws designed to support social goals in countries outside the

United States. An important research project would be to identify the extent to which such laws are currently being used, to evaluate their effectiveness, and to gauge the potential impact of the FTAA on them.

## E. MARKET ACCESS

**Official purpose:** *to establish rules for progressively eliminating tariffs, non-tariff barriers, and other measures that restrict trade. The guiding principle is that of "national treatment," which means that governments are required to treat foreign investors, investments, and products at least as favorably as their national counterparts.*

For the poor, particularly in small economies, one concern is that foregone tariff revenues would strain public budgets and potentially reduce the funds available for social services. Another concern is that governments in all countries would be restricted in their ability to protect sensitive products, vulnerable economic sectors, or those that are of strategic importance for long-term prosperity. Not only could they be forced to lift tariffs, but also non-tariff barriers, which could include supports for small producers and micro-enterprises. This would affect the poor in both developed and developing countries. For example, low-wage U.S. workers in the apparel industry and tomato production have already been hurt by increased imports.

The counter-argument is that poor people will benefit from increased exports. According to David de Ferranti, World Bank Vice President for Latin America and the Caribbean, products made by the poor now face the highest tariff barriers, so the poor have the most to gain from liberalization.<sup>20</sup>

**RESEARCH:** The IMF analyzes tariffs as a percentage of government revenue, while the Latin American Integration Association (ALADI) has examined the potential sectoral impacts of tariff elimination in the hemisphere. It would be useful to have more detailed analyses of how the elimination of such tariffs, as well as non-tariff barriers, would affect different income groups, particularly the poor.

## F. INVESTMENT

**Official purpose:** *to create a stable and predictable environment that protects international investors.*

Investment provisions related to capital controls, investor-state lawsuits, and performance requirements have particularly serious implications for the poor.

**Bans on capital controls:** The draft text suggests that the FTAA would go even further than NAFTA to prevent governments from using capital controls to promote financial stability. The draft states that countries would be required to permit freely and without delay all transfers of investment capital, broadly defined.

Many analysts argue that Mexico's 1994-95 financial crisis was deeper than it might have been because Mexico was prevented by NAFTA from imposing controls. The same is true of Asian countries that liberalized their capital accounts and then when investors got jittery in 1997, they suffered rapid capital flight. The global financial crisis that resulted drove many millions below the poverty line. Today, even the IMF admits that capital controls have been used effectively as a buffer in some countries, such as Malaysia and Chile. In addition, a group of 11 former finance officials from developing countries issued a statement in October 2001 that supports capital controls, at least as a temporary safeguard.<sup>21</sup>

The counter-argument is that controls on capital discourage foreign investment that is badly needed for economic growth. As an example, many point to Chile, which lifted its capital controls a couple years ago and in the aftermath, there was a spike in investment in the country's stock market.

**Investor-state provisions:** The FTAA draft includes virtually verbatim the full text of NAFTA Chapter 11's investor-state dispute mechanism. This procedure gives foreign corporations special rights to sue governments directly through international arbitration

processes that bypass domestic courts and violate traditional legal norms in terms of public information and transparency.

For the poor, this provision is of concern because it enables foreign investors to undermine public interest regulations, potentially including those designed to protect the disadvantaged. The key problem here stems from an extremely broad definition of expropriation. Traditionally, expropriation has meant the taking of property without the owners' consent for a public purpose. The FTAA draft would require compensation not only for this direct expropriation but also for indirect expropriation or measures "tantamount to" expropriation. That is, this would allow suits by foreign investors over any governmental act that diminishes the value of a foreign investment.

One example under NAFTA is the case of *Metalclad versus the Government of Mexico*. Metalclad, a U.S. company, was denied a permit by a Mexican municipality to construct a hazardous waste facility in the state of San Luis Potosí. Although the federal government had given the project a green light, local officials were concerned that the facility would pose environmental and public health problems for the surrounding rural area where most of the residents are impoverished seasonal agricultural workers. Metalclad retaliated by suing under NAFTA. An arbitral panel found in their favor and ordered the Mexican government to pay \$17 million in compensation.<sup>22</sup>

U.S.-based Bechtel corporation is trying to use similar rules to sue the government of Bolivia for the loss of a contract to operate the water system of the city of Cochabamba. After Bechtel increased water rates by an average of 50 percent, local residents rebelled and the company eventually abandoned the project. In this case, Bechtel created a corporate presence in the Netherlands in order to take advantage of a Dutch-Bolivia investment treaty that is similar to the NAFTA investment rules. Bechtel is demanding \$25 million, enough to hire 3,000 rural doctors, 12,000 public school teachers or give access to the public water distribution system for 125,000 Bolivian families.<sup>23</sup>

Supporters of these rules argue that they are necessary for developing countries to attract the foreign investment needed for economic growth.<sup>24</sup>

**Performance Requirements:** As in NAFTA, the draft FTAA would ban "performance requirements" on foreign investors. These are conditions that have been applied by governments to maximize the social, economic and environmental benefits of an investment. The FTAA draft lists seven types of performance requirements that would be banned, including those that require a certain level of local content in production or the transfer of a particular technology.

For the poor, this means that governments could not require that foreign investors purchase inputs or services from local suppliers or from certain disadvantaged groups. For example, because of NAFTA's ban on such conditions, Mexico cannot demand that the foreign-owned factories clustered along the U.S.-Mexico border use domestic inputs to ensure a multiplier effect for the rest of the economy. In 2000, the Mexican government reported that domestic content in this production was only 3.5 percent. The proposed bans would also mean, for example, that officials could not make foreign companies use more advanced technologies that might help develop the skills and productivity of local workers. China has used such conditions to develop a domestic aerospace industry.

#### **RESEARCH:**

There are already about 60 bilateral investment treaties among various countries in the hemisphere. A research question that emerges is whether these types of investment protections have actually helped attract investment and in what sectors. It would be useful to have more information on past use of performance requirements as well. Have they worked? Have investors actually been scared away by them? What other policies might be used to encourage investment that supports positive development?

NAFTA's investment rules have become extremely controversial and yet some of the top U.S. corporations continue to lobby hard to expand them in the FTAA. A potential research project might be to examine these firms, their investment activities, and what they might have to gain from NAFTA-style investor protections in the FTAA.

## ISSUES NOT COVERED IN THE FTAA PROCESS:

### G. DEMOCRACY/HUMAN RIGHTS

For the poor, the need for strong democracies is painfully clear in Latin America, where so many have suffered under military dictatorships and from the economic devastation caused by ongoing civil unrest. The draft FTAA contains no binding language on democracy standards. However, the 2001 Summit of the Americas declaration from Quebec City called for the creation of a Democracy Charter under the OAS, which was adopted on 9/11/01. Despite the news of the terrorist attacks, OAS representatives continued the process of approval to make a statement. Supporters of the charter argue that it was useful in guiding the OAS response to the recent coup in Venezuela. Others point out that the Declaration is not clear on the issue of enforcement. For example, it remains unclear whether an offending country would face trade sanctions or be removed from the OAS or what the response might be.

Some argue that binding democracy clauses are unnecessary because free trade deals alone shine an international spotlight on governments, making it more difficult for them to get away with anti-democratic or corrupt behavior. This has been the position, for example, of some key Chilean politicians who are focused on preserving the country's democracy after a decade and a half of military dictatorship.

**RESEARCH:** U.S. officials often say that they cannot push for an enforceable democracy clause because it would be opposed by Latin American governments. Is this true? It would be useful to

have results of a survey of Latin American leaders.

### H. LABOR/ENVIRONMENT

Officials have refused to create negotiating groups on either labor or the environment, despite strong support from trade unionists, environmentalists, and others who argue that the dominant approach to trade policy make both workers and the environment more vulnerable to exploitation. This indicates that the FTAA will be even weaker than NAFTA on these issues. NAFTA's side agreements on labor and the environment, while lacking strong enforcement mechanisms, are nevertheless an official recognition of the social impacts of trade agreements.<sup>25</sup>

The counter-argument is that more trade and investment alone will boost labor and environmental standards. Moreover, according to the head of the OAS Trade Unit, the United States, because of its market size, "is the only country that can threaten with credibility and actually produce damage, in many cases disproportionately so, by closing its market to the other trading partners."<sup>26</sup> Section V.D offers a discussion of various arguments against the integration of labor and environmental issues in the FTAA.

**RESEARCH:** Many economists argue that trade and investment liberalization are good for workers and point to studies that have used computable general equilibrium models to predict impacts of trade agreements.<sup>27</sup> How do the predictions made during the NAFTA debate compare with the actual results? How reliable are those being used currently to evaluate the FTAA?

### I. IMMIGRATION

Unlike members of the European Union, countries of the Americas have not addressed rules related to the cross-border movement of people in the context of economic integration. In NAFTA, the only provision related to immigration facilitates the movement only of

business professionals. The free movement of labor was originally contemplated in the planning for Mercosur, but later dropped from the agenda.

**RESEARCH:** Many civil society groups and some government leaders have called for undocumented workers to be granted amnesty by their host countries (particularly the United States) and for trade agreements to incorporate provisions to facilitate legal migration (particularly as remittances from migrants form a major source of foreign exchange for many countries in the region). It would be useful to have detailed studies on the potential economic and social impact of this action. Another common demand has been to create a development fund for areas of high levels of outmigration. A research question could be to identify these areas of high out-migration in the Americas, and what policy change, funding or other assistance might be required to help remedy the factors that are driving migration. Another research question would be to analyze the lessons of the EU's experience with free labor movement and similar policy options for the Americas.

#### J. RESOURCE TRANSFER/TECHNICAL ASSISTANCE/CAPACITY BUILDING

Many civil society advocates argue that the FTAA should include mechanisms for canceling foreign debts or providing development aid to help address inequalities between member countries, as was done in the European Union. The counter-argument is that the FTAA is part of the larger picture of hemispheric cooperation and there are many parallel efforts on economic development. Opponents argue that resource transfer is not necessary because more open trade

and investment alone will generate prosperity for countries.

**RESEARCH:** More work could be done to raise awareness of the impact of development lending in the EU context and what lessons could be applied to the Western Hemisphere. How much would it cost to carry out a similar program in this region? And what are the potential cost benefits (e.g., reduced migration, improved incomes)?

#### K. GENDER

Civil society advocates argue that trade and investment liberalization have differential impacts on women. For example, export assembly plants have employed a largely female workforce, exposing women to low-paying, sometimes precarious jobs, where worker rights are often violated. Others argue that these jobs offer opportunities for developing country women to escape traditional rural societies and pursue greater economic and social independence in urban areas. In addition, with increasing emigration from the poorest countries and regions in the Americas, several analysts draw attention to the growing feminization of the rural countryside.

**RESEARCH:** There is the need for a survey of existing research on regional, national, and sectoral trends in terms of the impact of trade and investment liberalization on women. Another important research question is the potential impact of an FTAA on women throughout the Americas and ways to advance an integration process that would specifically address and promote the livelihoods of women.

## V. THE SPECTRUM OF POLICY REFORM POSITIONS



This section briefly describes four general positions that civil society groups have taken on the FTAA: Stop FTAA, Comprehensive Alternatives, Reform, and Parallel Processes. Although it is not discussed in this section, the FTAA policy spectrum also includes the position in favor of a so-called “Clean” FTAA. This is the position held by those opposed to any linkage between narrowly defined trade and investment rules and social issues. We feel these broad labels are useful for analysis. However, it would be misleading to claim that every group or individual falls neatly or consistently into one category or another. Often positions shift or one strategy is emphasized over another in order to take advantage of strategic moments.

### A. STOP FTAA

There are two categories of rejectionists. Pure rejectionists, who advocate strong protectionist policies, are those who think problems associated with globalization are best solved by erecting big walls around national borders. Pat Buchanan is one of the most widely known advocates of the fortress solution. On the stump during his 1996 presidential election campaign, he told a crowd, “I’ll build that security fence, and we’ll close it, and we’ll say, ‘Listen José, you’re not coming in!’” A number of Buchananite Republicans in Congress have consistently voted against free trade legislation. They are supported by a handful of industrialists, such as textile magnate Roger Milliken. Another group of rejectionists includes organizations around the hemisphere that are most definitely not nationalist-protectionists but which have spent most of their energy and resources fighting trade agreements, as opposed to crafting alternatives. In the United States, Public Citizen has been a leader in pointing out the negatives of the FTAA proposals that have been made public thus far, and are likely to continue to be leaders of the groups that fight for rejection of the FTAA. This is not to say, however, that were negotiators to change course and build an agreement rooted in human rights and environmental safeguards, that Public Citizen and others would still be in opposition.

### B. COMPREHENSIVE ALTERNATIVES

Many organizations hold the view that opposing the FTAA is vital but not enough. With or without an FTAA, there will still be intolerable levels of inequality, poverty, environmental degradation and human rights violations in our hemisphere. Therefore, these “alternativistas” have crafted their own proposals for rules and institutions to help address the region’s pressing problems. They go far beyond minor tinkering with the existing FTAA model and instead promote broader social and economic development goals. There are dozens of manifestos reflecting this position from a wide range of groups. Recent examples include the Choluteca declaration by five Central American networks, a manifesto by representatives of peasant and indigenous groups and descendants of Africa, and a statement by more than 200 representatives of different Bolivian organizations and social sectors who launched an intensive anti-FTAA campaign in May 2002.<sup>28</sup> In addition to brief statements, several organizations have produced more detailed platforms for a comprehensive alternative. A few are described below.

#### **Hemispheric Social Alliance: “Alternatives for the Americas”**

The Hemispheric Social Alliance, a network of labor organizations and citizens coalitions representing close to 50 million people in the Western Hemisphere, has sponsored a multi-year collaborative process to articulate a positive alternative to the dominant economic model. These views are summed up in a

document entitled “Alternatives for the Americas,” which presents a detailed alternative to the Free Trade Area of the Americas. The guiding principle of the document is that trade and investment should not be ends in themselves, but rather the instruments for achieving just and sustainable development. It argues that a common human rights agenda should form the overall framework for all hemispheric policies, and include mechanisms and institutions to ensure full implementation and enforcement. This agenda should promote the broadest definition of human rights, covering civil, political, economic, social, cultural, and environmental rights, gender equity, and rights relating to indigenous peoples and communities.

A key component of “Alternatives for the Americas” is a call to ease the debt burden that has a stranglehold on most countries in the region. Such measures would build on the precedent set by the European Union, where richer countries funneled development aid into Spain, Portugal, Greece, and Ireland to lift up their living standards during early stages of integration. In order to level the playing field in the Western Hemisphere, the HSA calls for cancellation of debts of low-income countries. With regard to middle-income countries, it calls for the creation of a mechanism to assess and work out the debts, along the lines of the arbitration mechanism established through U.S. bankruptcy law.

The document also offers creative proposals for preventing a “race to the bottom” in labor standards. It recommends that countries be required to comply with core worker rights, as defined by the International Labor Organization (ILO). These include the right to freedom of association and collective bargaining, and bans on slave labor, child labor and discrimination. The document proposes that unions and non-governmental organizations be allowed to file complaints with the ILO regarding violations of ILO core standards. The ILO would then investigate to verify whether or not the conventions had in fact been violated. At a second stage, the ILO would formulate recommendations to the country to assist it in complying with the conventions that have not been respected. If this second stage were unsuccessful, then the perpetrator would be sanctioned.

One innovative aspect of the proposal is that it would allow sanctions to be applied directly against a corporate violator. The proposed punishment would be the loss of the benefits of the trade agreement. Sanctions against an entire country would only be applied if the country’s government were shown to be an active and repeated accomplice in the violation of fundamental workers’ rights. Similarly, the document proposes that a race to the bottom in environmental standards should be discouraged by subordinating trade and investment to policies that prioritize sustainable development and environmental protection. For example, it states that trade rules should not undermine the Basel Convention (which prohibits the export of dangerous waste products from OECD countries to non-OECD countries), the Montreal Protocol on Substances that Deplete the Ozone Layer, and the Kyoto agreements on greenhouse gas emissions.

The document also argues that governments should have the power to channel investment towards environmentally sustainable activities, reject privatization of natural resources, and eliminate policies that subsidize or encourage fossil fuel energy. It criticizes the trend towards establishing environmental regulations on the basis of “risk assessment” (which applies economic cost-benefit analysis to environmental resources). Instead, the document advocates for the use of the “precautionary principle” that, when in doubt, we should take the most environmentally cautious course of action.

On the issue of investment, the document calls for a ban on mechanisms, such as those include in NAFTA, which allow private investors (but not citizens’ groups) to sue governments directly over public interest regulations. The document calls for giving governments the right to screen out investments that make no net contribution to development, especially speculative capital flows.

## **Caribbean Reference Group on External Relations**

The CRG is a group of NGO networks representing over 1,000 national and community-based labor, women's, and other organizations in the Caribbean region. As an alternative to the FTAA, the CRG proposes the creation of a Social Development Pact of the Americas. The primary objective of such a pact would be poverty reduction. The CRG also calls for officials to recognize the special needs of small economies as well as the needs of workers, women and the environment. Although a bit less detailed, the CRG's "Initial Advocacy Position" includes many demands that are similar to those in the HSA document. In some sections it appears to be more accepting of eventual liberalization (e.g., it calls for a regional integration fund "to finance orderly transitions to a fully liberalized market system"). On the other hand, it takes a bolder stand on the issue of immigration, essentially demanding open borders. The document states that "any FTAA process must as an absolute requirement permit free movement of individuals, particularly workers, just as it seeks to promote the free movement of goods, services and capital."

## **Rights & Democracy**

Rights & Democracy, a Canadian NGO, advocates an approach that would ensure the primacy of international human rights laws in the case of a conflict between human rights and international trade law. The group has produced a platform document, working in partnership with the International Federation of Human Rights, the International NGO Committee on Human Rights in Trade and Investment, and the Inter-American Platform for Human Rights, Democracy, and Development. The paper demands that trade rules be consistent with international and regional treaties, including the International Covenant on Economic, Social and Cultural Rights, the ILO core standards and other human rights agreements.<sup>29</sup>

## **C. REFORM**

Reformists call for changes in the FTAA that are fairly narrow in scope, stopping short of challenging the dominant paradigm. For example, a number of groups have recommended that the FTAA incorporate some environmental goals. The National Wildlife Federation, for example, calls for environmental impact assessments; an acknowledgement that FTAA rules should not interfere "unnecessarily" with Multilateral Environmental Agreements; environmentally responsible investment rules, and the right for countries to set their own sanitary and phytosanitary standards.<sup>30</sup> A 1997 report by the World Resources Institute proposes that increased market access be swapped for environmental commitments. The report suggests that countries or groups be identified that have the most to gain from trade expansion. Then the United States and other OECD countries should offer expanded market access as a reward for upward harmonization of standards. (The report focuses on trade policy broadly and not just the FTAA)<sup>31</sup>

The position of Oxfam on trade also falls into the reformist category. Although the organization does challenge the dominant model in its proposals related to intellectual property rights and services, the Oxfam campaign emphasizes expanded market access, reflecting an acceptance of the export-oriented growth model.<sup>32</sup> The same can be said of small economy governments that focus narrowly on obtaining concessions in the form of longer timelines for liberalization. While they may be a source of irritation for the richer nations, their demands are still within the dominant policy framework. Some NGOs and governments, particularly in Central America, hope to be able to take advantage of trade talks to secure concessions from the U.S. government with regard to immigration (e.g., amnesty for undocumented workers), also without challenging the dominant framework.

## D. PARALLEL PROCESSES

Several environmental groups have demanded that trade negotiations be postponed until progress is made in strengthening environmental standards and institutions. However, there are a number who are promoting a parallel process on the environment that argue just the opposite—that the only way to make progress on environment is by linking the issue to something politicians really care about—the FTAA. According to William Krist, of the Woodrow Wilson Center, “Without the stimulus of the FTAA, it is likely that no major effort to strengthen environmental stewardship of the Americas will be undertaken.”<sup>33</sup> Likewise, John Audley and Edward Sherwin, of the Carnegie Endowment for International Peace, claim “absent the FTAA, there would be insufficient political will to reach a hemispheric environmental agreement.”<sup>34</sup> Many groups from several other countries call for a parallel environmental process with the goal of using economic negotiations as a tool for enhancing environmental protection and to ensure provisions are in place to defend the environment against negative impacts that might emerge from expanded trade. For example, Fundacion ECOS (Uruguay), the Centro Mexico de Derecho Ambiental, the Centro para la Investigación y Planificación del Medio Ambiente (Chile), and the International Institute for Sustainable Development (Canada) issued a statement proposing an Environmental Agreement for the Americas in parallel to the trade agreement.<sup>35</sup>

In general, the proposed parallel processes would deal with environmental impact assessments, technical assistance, information collection and dissemination, and civil society input. (Krist does veer away from the parallel track to recommend that the FTAA defer to multilateral environmental agreements, such as the Persistent Organic Pollution Convention and the Basel Convention on trade in hazardous waste.) Both Krist and Audley strongly oppose the use of sanctions to enforce environmental standards. According to the Carnegie paper, “The deterrent that promotes compliance with legislated environmental laws is not the threat of trade restrictions but rather moral suasion, and the means of remediation is not coercion but technical assistance.” Jeffrey Schott of the Institute for International Economics also promotes a parallel process on environment, although on labor, he recommends use of both carrots and sticks to penalize violations of national labor laws.<sup>36</sup> The Inter-American Dialogue, on the other hand, produced a report calling for a strictly parallel process on labor that could lead to a “non-trade-sanctions enforcement regime.”

The support for parallel processes is reminiscent of divisions around NAFTA in the United States. While the labor movement was unified in opposing NAFTA, the environmental community was split, with some groups working to defeat the deal while others lobbied in favor after the addition of a NAFTA environmental side agreement. The Carnegie paper describes the NAFTA side pact as “largely successful,” and says it could be a model for the FTAA parallel agreement as long as the sanctions mechanism in the NAFTA side pact (which has never been applied) is eliminated.

As in the NAFTA debate, many of the proposals for parallel processes are presented as tools for ensuring approval of the trade agreement. Some do so in order to increase the political palatability of their proposals; others because they truly see the addition of environmental provisions as a way to expedite the trade liberalization process. President Clinton clearly hoped the NAFTA side accords would appease labor and environmental critics. Likewise, the Carnegie paper argues that “...to mollify critics of trade liberalization, a parallel accord on the environmental should be concluded simultaneously with the FTAA.”<sup>37</sup> The IAD labor paper asserts that the notion of a parallel accord is “an effort to shake loose the current policy logjam in the FTAA/ALCA process and elsewhere over incorporating labor issues into trade agreements.”<sup>38</sup> That said, there are many groups and analysts that propose an environmental dimension to the negotiations for the more straightforward reason that they believe such provisions make good environmental and economic sense in any trade agreement.

## VI. THE SPECTRUM OF GOVERNMENTAL POSITIONS



### A. VOCAL RESISTERS

#### **BRAZIL**

Brazil's primary interests in the FTAA are in stark conflict with powerful political interests in the United States. The Brazilian government is seeking expanded access to the U.S. market for its agricultural goods, which currently face high barriers. According to Brazilian agriculture expert Marcos Jank, "The U.S. economy is one of the most open in the world, with an average import tariff below 5 percent. However, within the 10,000 different tariff lines that do exist in the U.S., there are 130 tariffs that exceed 35 percent—currently the maximum tariff charged by Brazil. Of those 130 items, 100 are in agribusiness, directly protecting—with what might be described as 'surgical precision'—the very products that are most relevant to Brazil, such as orange juice, sugar, fuel alcohol, tobacco, dairy products, and cocoa by-products."<sup>39</sup>

U.S. agribusiness will fight to maintain these protections. And their political might is evident in the fact that they recently received Congressional approval of the biggest package of agricultural subsidies in U.S. history. Brazil has also demanded reform of U.S. anti-dumping laws, which have been employed to raise tariffs on Brazilian steel and citrus products. But this is also extremely unlikely, given the strength of the U.S. steel lobby and other interests.

At the same time, Brazil has much to lose. As the heavyweight in Mercosur (the regional economic grouping of Brazil, Argentina, Uruguay and Paraguay), Brazil enjoys not only clout over its neighbors, but also preferential treatment that, if diluted by the FTAA, could hurt Brazilian exporters of a wide range of products. According to the Uruguay-based Latin American Integration Association (ALADI), perhaps the greatest threat could be to Brazil's auto exports. For example, in Argentina, tariffs of 36 percent apply to non-Mercosur countries, which has given Brazil's auto industry a distinct advantage in that market.<sup>40</sup>

Across the spectrum, Brazilian politicians are raising serious questions about the FTAA. Current President Cardoso has stated that "Mercosur is a destiny," whereas the FTAA is an option.<sup>41</sup> In December 2001, the Lower House of the Brazilian Congress unanimously passed a non-binding resolution calling on their government to pull out of the talks if the U.S. Congress included protectionist deals as part of fast track legislation. Members of the Brazilian business community have also expressed concerns about the FTAA and in fact Lula's running mate, José de Alencar, is a businessman from the textile sector.

For its part, the United States has an intense interest in ensuring that Brazil remains at the table. For U.S. exporters and foreign investors, Brazil is the crown jewel of the Americas. Brazil's economy ranked 11th in the world in 2001, with a GDP of \$503 billion.<sup>42</sup> Although Brazil in recent years has joined the trend towards lifting barriers to trade and investment, it still maintains restrictions on private investment in the health care, oil, mining, freight transport and many other sectors. The U.S. government is particularly interested in gaining protections for U.S. investors who have broken into the Brazilian market or plan to do so. Although Brazil is a major destination of U.S. investment, it is not a member of the International Center for the Settlement of Investor Disputes or any other international arbitration mechanism that handles foreign investment disputes.<sup>43</sup>

## VENEZUELA

President Hugo Chavez was the only leader out of 34 who refused to sign the timetable for FTAA negotiations at the Quebec City Summit in April 2001. His excuse was that such a commitment would require consent from Venezuela's legislature or from the people, through a popular referendum. But Chavez has made his personal feelings about the proposed pact clear. At a fall 2001 meeting on Venezuela-Cuba relations, Chavez reportedly described the FTAA as the "cauldron of hell itself" and said that Cuba was lucky not to have been invited to join.<sup>44</sup>

Chavez feels that Latin American countries should strengthen their own regional trade system before joining a trade bloc with the United States. To do otherwise, he says, would lead to "regional disintegration." Chavez expressed a desire to move his country closer to Mercosur by becoming an associate member and has stated that he hopes Venezuela will become a full member.<sup>45</sup> At a meeting of 25 country members of the Association of Caribbean States in December 2001, Chavez also encouraged leaders of those nations to reject the FTAA and pursue a regional alternative.

Chavez's brief ouster in mid-April 2002 and continued rumors of possible coups to come no doubt lessens his ability to persuade other countries to join him in resisting the FTAA. However, like Brazil, Venezuela is too important to the U.S. economy for the Bush Administration to ignore. While they may work to bolster the Venezuelan opposition, Bush officials may need a more deft approach to handling the resistance of a country that is the second leading source of U.S. oil imports.

## B. CONSTRAINED GRUMBLERS

### CARIBBEAN COUNTRIES

Surprisingly, as of this writing, the Caribbean countries are probably giving U.S. trade officials almost as many headaches as Brazil and Venezuela. The head Caricom negotiator, Richard Bernal, has fought vigorously for "special and differential" treatment, arguing that smaller economies should not be expected to compete on an equal footing in the unequal playing field of the Western Hemisphere.

These countries have good reason to be concerned. Many Caribbean countries depend heavily on tariffs for government revenue. According to the OAS, 19 countries in the Americas rely on trade tariffs for over 15 percent of their government revenue. St. Lucia, Belize, and the Bahamas all rely on trade taxes for more than 50 percent of their total federal revenues (compared with only 1.5 percent for the United States).<sup>46</sup> Governments from the region have expressed concern that the lifting of import tariffs from other FTAA countries, would force governments to face the difficult challenge of replacing this importance source of revenue in order to pay for essential services. The potential promise of increased trade revenues from exports is considered by most Caribbean officials to be vastly overstated.

Many of the smaller economies also rely heavily on a small number of export commodities, particularly sugar, bananas and coffee. This makes them extremely vulnerable to crop failure as well as changes in world markets. Evidence of this is the devastation experienced in small Caribbean countries after the loss of preferential access to European markets for bananas which they claim has cost thousands of banana farmers their livelihoods. This resulted from a U.S. challenge under the WTO on behalf of Chiquita, which owns numerous banana plantations in Latin America. The WTO sided with the United States.<sup>47</sup>

The FTAA would deepen the region's reliance on an export-led growth model. Without special preferences, these small nations will be forced to compete with larger nations that are also attempting to increase exports to the United States, including Brazil, a more efficient producer of sugar, the Caribbean's

No. 1 export. According to an IDB report, if the FTAA were to abruptly eliminate nonreciprocal preferences for the Caricom countries, they would face severe economic and social disruptions.<sup>48</sup>

The smaller economies' proposals for special treatment include longer timelines for implementing FTAA rules, waivers of reciprocity requirements, and special technical assistance to help them negotiate and implement FTAA rules and make use of the dispute settlement mechanism. They have been making such demands for several years. In response, they have received some special technical assistance and in 1998, they succeeded in pushing for the formation of a Consultative Group on Smaller Economies.<sup>49</sup> However, it appears as though other negotiators, particularly U.S. officials, didn't take the demands very seriously until the impasse over guidelines for market access in the spring of 2002. The specific point of contention was the establishment of base rate tariffs. The Caricom position was that they be allowed to start with "bound tariffs" (those agreed to under the WTO), rather than "applied tariffs" (the rate of duty actually in effect). In most instances, bound tariffs are higher than applied and the higher the starting point, the slower the opening. Part of their argument is that smaller countries should not be required to lift tariffs while countries such as the United States are escalating "non-tariff" barriers, such as farm subsidies.

After two meetings ended in an impasse, Vice Ministers met again in the Dominican Republic in early September. Although press reports suggested that a compromise was reached, U.S. Trade Representative Robert Zoellick stated afterwards that the United States had only a "willingness to work with" a compromise put forward by the Caribbean countries that would allow them exceptions for certain sensitive products.<sup>50</sup> In the past, the Bush Administration has opposed special treatment, pursuing instead a process in which countries would have some flexibility in deciding which tariffs on which products would be liberalized first, but with the goal of total tariff elimination for all countries within 10 years.<sup>51</sup> This should come as no surprise, since the U.S. government has always held up NAFTA as the model for the FTAA and NAFTA granted no special treatment to Mexico.

Despite Caricom's surprising resistance, it still falls into the category of "Constrained Grumblers" because of their negligible economic clout. Don Mackay, Director of the Canadian Foundation for the Americas, speculates that "the FTAA process may not be sufficiently inviting to attract even a majority of Caribbean countries when it comes time to sign the final agreement. The question is, what happens politically with the FTAA process when only 23 of the 34 countries sign the final agreement?"<sup>52</sup>

## **ARGENTINA**

Argentina, once considered a key U.S. ally in the FTAA process, is now a wild card. Current President Eduardo Duhalde announced at his inauguration in January 2002 that he was determined to break with the neo-liberal economic model.<sup>53</sup> However, Duhalde's message has become increasingly muddled as he has struggled (so far unsuccessfully) to obtain a rescue package from the IMF and the Bush Administration. But Duhalde (and whoever replaces him in the March 2003 election) must deal with a public that is unlikely to tolerate a continuation of neo-liberal policies, which many blame, at least in part, for the current crisis.

Perhaps more than any other country in Latin America, Argentina embraced the free market economic model. Beginning in the early 1990s, the government lifted barriers to trade and investment. With strong backing from the World Bank and IMF, it also liberalized financial markets, privatized most public enterprises, and tied its hands further by pegging the value of its currency to the U.S. dollar. When the value of the U.S. dollar began to rise in the mid-1990s, the economy began to stumble. Argentine exports lost competitiveness and industry began to decline, causing a jump in unemployment. However, while the now abandoned currency peg was a major factor in Argentina's collapse, other market reforms exacerbated the problems. Once trade barriers and capital controls had been lifted, the government was powerless to address the looming trade deficit and the flight of capital. The privatization of public assets reduced access

to services for the poor and middle class. Millions of Argentines lost health coverage as private international insurers pressured providers to cut costs. Argentine banks were sold to foreign firms, which cut back lending to small and medium enterprises, a previously important source of employment. All of this fueled the anger that exploded in riots in December 2001 (in which more than 25 people died), which in turn fueled the country's political and economic crash.

Today, Argentina remains in turmoil. In September 2002, the Supreme Court ruled that cuts Duhalde had imposed on public sector wages and pensions were unconstitutional. This further exacerbated tensions with the IMF, which is insisting on severe austerity measures as a condition for future lending. In recent weeks, the Argentine Finance Minister has indicated that a default on the country's debts to the IMF was a possibility, provoking IMF officials to threaten economic sanctions against the crisis-wracked nation. Frustrated by bitter relations with the North, Duhalde has at times stated that the country should concentrate on strengthening Mercosur. During the past decade, Argentina has become increasingly dependent on exports to Mercosur countries (one-third of total exports), largely due to preferential treatment among the Mercosur members. If the Mercosur preferences are diluted by the FTAA, Argentine exporters could suffer from competition from U.S. and Canadian suppliers. According to ALADI, about 173 products exported from Argentina to Brazil and, to a lesser extent other Mercosur countries and Chile, are in danger of being displaced by products from the United States or Canada. Although ALADI identifies some possible opportunities for increased Argentine exports to the United States and Canada, the organization concedes that there is a strong imbalance in favor of U.S. exporters.

Perhaps even more controversial than the trade issues in the Argentine context are the proposed FTAA provisions in services and investor protections. These rules would make it extremely difficult for the country to reverse the past decade's trend of handing over ownership of most of the country's assets to the foreign banks, insurance companies and other foreign corporations that have become exceedingly unpopular.<sup>54</sup> Nine months into the economic crisis, foreign banks in the center of Buenos Aires remain encased in steel to minimize damage by vandals.

## **COSTA RICAN CONGRESS**

In Costa Rica, new President Abel Pacheco supports the FTAA, but may face considerable opposition in Congress. In May 2002, the Costa Rican Congress refused to ratify a bilateral trade agreement between Canada and Chile. The Canadian and Costa Rican governments had signed the agreement in April 2001, but whereas the Canadian parliament promptly approved it, the Costa Rican Congress let the deadline for ratification pass as they prepared for a new government. Opposition appeared to center on a provision allowing imports of frozen potatoes from Canada that could hurt Costa Rican producers.<sup>55</sup> Analysts surmised that opposition to the pact was also stoked by the passage in May 2002 of the U.S. farm bill. The massive subsidies included in the U.S. bill (\$180 billion over 10 years) were perceived as a sign by many in the developing world that the North (with Canada lumped together with the United States) would never allow open competition with developing country agricultural producers.

By late August 2002, the two governments worked out a compromise on the agricultural provisions of the agreement that cleared the way for Congressional approval. However, skepticism toward neo-liberal policies is still high among many Costa Rican legislators. In fact, in June 2002, Costa Rican Trade Minister Alberto Trejos announced that the country could not put key services sectors – telecommunications, insurance and electricity – on the table in talks towards a U.S.-Central America trade agreement, which probably means they'll also be off the table in FTAA talks. He conceded that although the new president would favor it, the Congress would most likely oppose any deal that opened markets in those sectors.<sup>56</sup>

## C. UNEASY SUPPORTERS

Several Latin American governments are neither strong advocates nor opponents of the FTAA. However, these governments are facing mounting public resistance to privatization projects promoted by the World Bank and IMF. This suggests that there would also be strong opposition to the FTAA, which is likely to facilitate privatization.

In Bolivia, peasants, trade unionists and others received international attention in 2000 after they rose up against Bechtel, a U.S.-based corporation that had taken over the water system of the city of Cochabamba and hiked water rates by an average of 50 percent (see Section IV for more detail). This same coalition is now fighting Bechtel's efforts to obtain compensation for the loss of their contract and using the case to build opposition to the FTAA. They have garnered significant support in a new Bolivian Congress, in which a significant bloc of members are critical of privatization and neo-liberal policies in general.

In Peru, Alejandro Toledo, the country's first indigenous leader, often speaks of the need to "give a human face to globalization."<sup>57</sup> However, when citizens protested his plan to privatize electricity services in the city of Arequipa, Toledo declared a state of emergency and sent troops in to smash the resistance. The sale of the state-owned enterprise was a key condition to obtain IMF financing. Toledo was eventually forced to suspend the project after protestors called for a national strike and local mayors went on a hunger strike.

In another recent incident, a Peruvian village held a nonbinding referendum on whether to allow a Canadian mining company to explore the area for gold. Nine out of 10 residents voted against the project. Proposed FTAA investment rules would grant such investors more power over national governments. In terms of potential trade impacts, ALADI has concluded that Peru has little to gain, since most of the country's exports to the United States and Canada already enter tariff free or with low tariff levels, while Peruvian exporters face significant danger of being displaced by U.S. and Canadian suppliers of animal feed, copper, basic metals and other products.

Ecuador's President Jamil Mahuad resigned in January 2000, in the face of stiff public opposition to his economic reforms, including privatization. The current government will host the fall 2002 trade ministerial of the FTAA. It is under strong pressure from the nation's well-organized indigenous organizations to reject a development model based on exploiting natural resources for export. Ecuadoran oil interests, at odds with local communities for decades, are identified by ALADI as among the prime beneficiaries under the FTAA, should the United States lift tariffs on oil products.

Paraguay is another country facing political instability, in part due to mounting resistance to privatization and other structural adjustment measures. Suffering the ripple effects of financial crisis in neighboring Argentina and Brazil, Paraguayans have protested further free market reforms promoted by the IMF.

## D. VOCAL SUPPORTERS

### CHILE

Shortly after NAFTA went into effect in 1994, plans were announced for Chile to be added to the pact. But Chile has been waiting to become the "fourth amigo" in NAFTA for eight years. The country was the likely choice because it had already globalized most of its economy. Under the Pinochet dictatorship, Chile took the lead in liberalizing trade and investment and privatizing most sectors, including pensions. For the United States, expanding NAFTA to Chile would help legitimize NAFTA as the model for the FTAA.

When President Clinton failed to obtain fast track authority, Chile pursued trade and investment deals with the other NAFTA partners. Now that the Bush Administration has obtained fast track, both governments are hoping to quickly conclude negotiations on a U.S.-Chile trade agreement. The Chilean government claims that the bilateral pact would help Chile break out of its current pattern of exporting primarily raw materials and natural resources (agriculture, mining, fishing and forestry account for more than 85 percent of exports). They particularly emphasize opportunities in services trade. Well-known Chilean environmentalist Sara Larrain suspects that the Chilean government's real motivation is to "take advantage of the export of natural resources before Chile's competitors, Argentina and Brazil."<sup>58</sup> Currently, only about 17 percent of Chile's exports go to the United States.

The Alianza Chilena por un Comercio Justo y Responsable, a multi-sectoral citizens coalition, has engaged in a dialogue with Chilean officials and reports that their negotiators are putting up some resistance to U.S. proposals. For example, they claim that they have rejected U.S. demands to lift restrictions on pension funds investing abroad and are asking for waivers on liberalizing public services such as education and health care.<sup>59</sup> The outcome of these bilateral talks will provide important clues about the direction of the FTAA. U.S. Trade Representative Robert Zoellick announced in August 2002 that he hopes to complete the Chile deal by the end of the year.<sup>60</sup>

## **MEXICO**

Publicly, Mexico has been a strong ally of the United States in supporting the FTAA, but it is unclear whether President Vicente Fox will maintain this stance. In the early days of the Bush administration, Fox had high hopes of gaining some concessions from his Texas neighbor in the form of amnesty for Mexican immigrants in the United States and increased development aid. However, particularly since September 11, these items appear to have dropped off the Bush agenda and Mexico may be left with little to gain and much to lose by helping the United States promote the FTAA. Because Mexico already enjoys preferential access to the U.S. and Canadian markets under NAFTA, the country will only lose if the FTAA provides these same preferences to other countries in the hemisphere. Mexico's trade relationship with the rest of Latin America is negligible, with only 2 percent of trade directed to the region.

Don Mackay, a former Canadian trade negotiator and now Director of the Canadian Foundation for the Americas, charges that Mexico has expressed its reluctance to give up its NAFTA privileges by being "obstructionist and frequently unconstructive" in the negotiations. For example, Mackay points out that Mexico has aggravated other FTAA partners by constraining funding for the FTAA administrative structure, announcing that the new location for the Secretariat will be in Puebla instead of a preferred Mexico City location and attempting to block progress on transparency and civil society input.<sup>61</sup>

## **COLOMBIA**

The recipient of billions of dollars in U.S. aid, the government of Colombia is unlikely to challenge any major initiative of the Bush administration. The United States is the destination of about 40 percent of Colombia's exports, while Latin America accounts for about 20 percent, 15 percent of which is made up by other members of the Andean Community. Most Colombian products already enter the United States and Canada with no or low tariffs. According to ALADI, two areas in which there may be some opportunity for lower tariffs under the FTAA are in petroleum products and apparel. However, Colombia's potential for gains through exports are limited, particularly as long as the country is ravaged by civil war. Coca farmers who have tried to transition to legal export crops have been stymied by the lack of transport infrastructure and destruction of crops due to careless aerial fumigation (that is intended to target coca crops).

## **URUGUAY**

Uruguayan President Jorge Batlle has pursued a bilateral trade and investment agreement with the United States and in June 2002, the two countries announced a joint work program for bilateral discussions around virtually all the issues on the FTAA agenda.<sup>62</sup> Uruguayan officials argue that the country has suffered from its dependence on Mercosur markets and must pursue access to other foreign markets. About half of Uruguay's exports have been to other Mercosur members, where they receive preferential treatment. However, because of the Argentine crisis and ripple effects in Brazil, Uruguay's exports to its neighbors declined considerably in the past year.

If Uruguay could gain greater access to the U.S. market, through the FTAA or the bilateral deal, it could potentially export more products such as meat, rice, flour, nuts, wool and apparel. On the other hand, ALADI points out that if the FTAA diluted Mercosur preferences, Uruguay would likely face stiff competition from U.S. and Canadian suppliers, particularly in exporting to Brazil and Argentina. Products in particular danger of being displaced are rice, cereal flour, rubber products, paper, and auto parts.

## **CENTRAL AMERICA – PARTICULARLY EL SALVADOR**

In early 2001, the Bush Administration announced plans to begin talks around a U.S.-Central America Free Trade Agreement (CAFTA). The announcement seemed to be directed more at Brazil than at Central America. U.S. officials have been very forthcoming about their strategy of backing Brazil into a corner by pursuing bilateral or regional deals with less resistant trade partners. When Bush made a six-hour stopover in El Salvador in March 2002, the Central American leaders obligingly gathered for a photo op. El Salvador was the favoured site for the brief meeting as El Salvador President Francisco Flores is considered the strongest supporter of the neo-liberal model in the region.

In August, Nicaragua's chief negotiator stated that CAFTA talks are scheduled to begin by January 2003 at the latest, with completion expected in mid-2004. He told reporters that Central America should be seen as a good prospective trading partner, since it is an "oasis" of stability compared to South America.<sup>63</sup>

According to the U.S. General Accounting Office (GAO), Central American countries face disproportionately high U.S. tariffs relative to other FTAA countries, largely because of high tariff rates on textile and apparel goods. Although these nations recently obtained preferential access through the Caribbean Basin Trade Partnership Act, this is a unilateral agreement from which the United States can easily withdraw. With the CAFTA and the FTAA, these leaders hope to lock in access to U.S. markets more securely. Like Mexican President Vicente Fox, the Central American leaders no doubt also hope that friendly trade relations with the United States might improve their chances of securing concessions from Bush regarding Central American immigrants.

## **CANADA**

Canada is one of the most enthusiastic advocates of the FTAA, despite significant internal dissent among trade unions, opposition parties and others. Trade Minister Pierre Pettigrew has already aggressively pursued bilateral trade agreements with many countries in the hemisphere, including Chile and Costa Rica, and is now in talks with El Salvador, Guatemala, Honduras and Nicaragua. However, most of the country's economic relations continue to be concentrated in North America and thus the FTAA is seen as an opportunity to expand links with the rest of the hemisphere. According to a report by the Canadian Parliament's Standing Committee on Foreign Affairs and International Trade, Canada's largest export product to the region is wheat, which accounts for close to 16 percent of total exports to other countries in

the hemisphere. Other major export commodities include newsprint and other paper products, chemicals, aircraft, motor vehicle parts, prepared foods, electrical products and machinery and related parts.<sup>64</sup>

However, according to John Dillon, of Kairos, an ecumenical research institute based in Toronto, Canada's interest in the FTAA is more about investment than trade. According to Dillon, "Canadian mining companies have big stakes in places like Chile and Peru and they want protection." Indeed, the Parliamentary report states that "The most basic step towards improving Canada's linkages into Latin America and the Caribbean is to create an enabling environment for foreign investment."

Dillon also remarked that, "There is a Canadian preoccupation with Brazil due to the dispute over subsidized aircraft sales. I think this is a major reason why they want Brazil inside an FTAA rather than outside leading a Mercosur bloc."<sup>65</sup> The aircraft dispute blew up when Canada filed a challenge under the WTO over Brazil's assistance to Embraer, a jet manufacturer that is the main competitor to Canadian-based Bombardier. Brazil retaliated by attacking a Canadian federal program that provided interest-free loans to Bombardier and other aerospace and defense companies. The WTO ruled both programs illegal. According to Marc Lee of the Canadian Centre for Policy Alternatives, "both countries now claim that changes have brought them into compliance with WTO rules, but the dispute continues to simmer."<sup>66</sup>

While Canada's centrist government and conservative opposition parties are strong advocates of the FTAA, the other opposition parties, the Bloc Quebecois and the New Democratic Party, are quite critical. Both drafted dissenting opinions to the parliamentary report. The Bloc emphasized the need for social standards to take precedence over trade rules and urged support for a social development fund for the Americas as well as a Tobin tax on speculative currency transactions, among other issues. The NDP statement presents a more clearly rejectionist position against the current approach to trade agreements, based on what they perceive as a negative experience under NAFTA.

## **UNITED STATES**

Although the Bush Administration managed to obtain fast track authority from the U.S. Congress, trade liberalization continues to be an extremely divisive issue in the United States. And President Bush appears to be stoking the fire. Prior to the vote on fast track, Bush helped win over Republicans from steel districts by imposing high tariffs on imported steel. As a result, nearly all of the 50 Republicans in the steel caucus, including about two dozen who rarely voted in favor of such bills, voted with the President. Less than a month later, with fast track in hand, Bush rolled back the steel protections.

The November 2002 U.S. elections may reveal whether the White House will lose more than it gained on the fast track battle. The *Washington Post* has suggested that anger over fast track approval could help shift control of the U.S. House of Representatives to the Democratic Party, since in several competitive campaigns, the Republican candidate supported fast track while the Democrat opposed it.<sup>67</sup>

In the meantime, U.S. trade officials are pursuing a strategy of negotiating bilateral and regional deals with governments that are more supportive of the current approach to trade policy as a way to isolate those that are less enthusiastic. In a recent letter to Congress, Zoellick stated that "In pursuing an FTA with Central America, we are determined to lend momentum to the conclusion of the Free Trade Area of the Americas."<sup>68</sup>

## VII. CIVIL SOCIETY ENGAGEMENT

A range of civil society organizations and policy NGOs have attempted to engage with the official FTAA process through a number of channels:

- **Committee of Government Representatives on Civil Society:** This Committee was established at the 1998 San Jose trade ministerial to address civil society concerns regarding the FTAA. It was promoted by the U.S. government, which had an increased awareness of the need to at least appear open to hearing civil society concerns in the wake of the defeat in Congress of fast track trade authority and the demise of the Multilateral Agreement on Investment.<sup>69</sup> Civil society opposition was a key factor in both of these events. As mentioned in Section III, both civil society organizations and most policy NGOs have come to view the Committee as useless. Their central complaint is that the Committee requests submissions but is not obliged to respond to them. In 2002, the Committee began holding “regional forums.” The first North American forum in Merida, Mexico in July 2002, provided a clear indication of the lack of credibility of the Committee, as only a handful of civil society representatives were present. Although many NGOs and civil society groups have made detailed suggestions for making the Committee more accountable, U.S. officials claim that the other governments are fiercely opposed to such changes.
- **Government-funded consultations:** The U.S. and Canadian governments have funded groups like the Canadian Foundation for the Americas (FOCAL—created by the Canadian government), Chile-based Corporación PARTICIPA, and the ESQUEL Group, an NGO active in the United States and a half dozen South American countries, to organize consultations on the whole range of Summit of the Americas issues. From the onset, these exercises have been hampered by the suspicion that the convening groups were claiming to represent civil society when they were actually acting as agents of governments; and that these governments’ real interest was in creating the appearance of openness to civil society rather than gathering input that would lead to meaningful changes in the substance of the FTAA. When consultations failed to have any significant impact, these efforts lost further credibility.<sup>70</sup>
- **Lobbying national governments:** Given the weaknesses of the official FTAA Civil Society Committee, many NGOs, civil society groups and policy organizations have expressed their concerns directly to their own government negotiators. A paper produced by the Inter-American Dialogue, the University of Toronto, and the IDB indicated that such national-level consultations have had little impact. In some instances, the paper’s eight country case studies, written mostly by business representatives and former government officials, stated that civil society participants were hindered by a lack of understanding of trade issues. In the case of Colombia, the author explained that private sector consultations were limited to business representatives.<sup>71</sup> However, civil society and policy groups have reported that in some cases, national-level consultations have helped educate officials about potential negative impacts of some FTAA provisions and provided opportunities to put forward reform proposals. In general, the most important outcome of these activities so far appears to be that officials in some cases have revealed information on the status of the negotiations that would otherwise have been unavailable.
- **Dialogue during official meetings:** As mentioned previously, 18 trade ministers agreed to participate in a dialogue with civil society groups and policy organizations at the 1999 Toronto Trade Ministerial, although most of the officials offered little in the way of substantive exchange. At the 2001 Quebec City summit, there were plans for a debate between trade officials and civil society representatives, but the plan fell apart when the two sides could not agree on a venue and other conditions for the event.<sup>72</sup>
- **International Sign-on Letters:** One of the few successes in terms of civil society engagement was the July 2001 release of the draft FTAA, in response to a civil society campaign to “liberate the text” organized by the Hemispheric Social Alliance. The Alliance organized a sign-on letter endorsed by more than 300 groups

that demanded that the governments of the Americas release the draft.<sup>73</sup> However, while the text release was a victory for the civil society groups, the substance of the text confirmed that negotiators had ignored most of the key demands of civil society advocates during six years of work since the launch of the FTAA in Miami in 1994. Thus, most civil society groups have shifted much of their work to alternative strategies for influencing the FTAA process. Although there are ongoing efforts to engage with officials, particularly the many legislators across the hemisphere who are strong opponents of the current approach to the FTAA, there is also greater emphasis on public education and mobilization. The following section focuses on the evolution and current activities of the Hemispheric Social Alliance, the organization that unites many of the civil society groups promoting an alternative to the FTAA.

## **Hemispheric Social Alliance**

The HSA is a coalition of citizens networks and major labor federations representing about 50 million people in the hemisphere. The HSA has evolved out of more than a decade of cross-border cooperation among civil society organizations. Key dates in the Alliance's development include:

**1991-1994:** During the NAFTA debate, strong relationships were forged between multi-sectoral citizens networks in Mexico, Canada, and the United States. These include: the Mexican Action Network on Free Trade (RMALC) the U.S.-based Alliance for Responsible Trade (ART), Common Frontiers (Canada), and the Quebec Network on Hemispheric Integration (RQIC). These relationships formed part of the foundation of the HSA.

**1997:** The Brazilian labor federations hosted a major summit of unions and NGOs held parallel to the FTAA Trade Ministerial in Belo Horizonte, Brazil. The event involved the North American networks as well as groups from other Latin American countries. The summit's final declaration served as a framework for future collaboration to help build a movement in support of an alternative approach to the FTAA.

**1998:** The Chilean Alliance for Just and Responsible Trade (ACJR), another multi-sectoral network, hosted the Peoples Summit of the Americas, held parallel to the Presidents Summit on the FTAA. With more than 1,000 participants, this summit helped raise hemispheric collaboration and dialogue on the FTAA to a new level and formally launched the HSA. One of 11 forums that were a part of the Peoples Summit focused on alternative proposals and resulted in the first draft of the HSA's "Alternatives for the Americas," a detailed set of recommendations for an alternative to the FTAA.

**1999:** The HSA Secretariat was established in Mexico City and an HSA citizens forum was held parallel to the Trade Ministerial in October in Toronto. Participants presented the results of their discussions at an unprecedented meeting with trade ministers.

**2000:** The HSA initiated a "liberate the text" campaign involving more than 300 organizations throughout the hemisphere that petitioned the governments of the Americas to release the official draft of the FTAA negotiating text. HSA member networks presented the petition to their respective governments. In response, the governments agreed to release the text in all four languages of the hemisphere following the April 2001 Summit of the Americas.

**2001:** The HSA hosted the second Peoples' Summit in Quebec City in April 2001, parallel to the meeting of heads of state on the FTAA, with more than 3,000 delegates. The HSA Secretariat rotated from RMALC in Mexico City, to REBRIP, a multi-sectoral coalition in Sao Paulo, Brazil, beginning in March 2002. The Secretariat is housed by Brazil's largest labor federation, the Central Única dos Trabalhadores (CUT), which is considered one of the most effective organizing groups in the hemisphere. CUT International Relations Secretary Kjeld Jakobsen also serves as HSA General Secretary.

## **The HSA is currently focusing on two areas of activity:**

### **1. Consulta Popular (Peoples Consultation)**

Launched in September 2002, the “consulta” will involve a variety of campaigns to educate people about the FTAA and to provide a platform for citizens to voice opinions on that accord. In Brazil, the HSA chapter joined with 60 other groups, including the Brazilian Conference of Bishops, to conduct a national plebiscite on the FTAA during the first week of September. More than 10 million people participated in the unofficial plebiscite, casting their vote on three questions. The first two concerned the FTAA and whether Brazil should be a member of the agreement and whether the country should even participate in the FTAA negotiations. More than 98 percent voted “no” on question 1 and more than 96 percent “no” on question 2. The third question dealt with what Graciela Rodriguez, an HSA activist who helped coordinate the plebiscite, called a “sovereignty” issue, namely whether Brazil should allow U.S. military bases on its soil. More than 98 percent voted “no.” The results of the plebiscite received widespread media coverage in Latin America and drew even more attention to the FTAA issue in the weeks leading up to the Brazilian election. A follow-up campaign will now focus on demands for an official referendum.

In Mexico, coalitions are also planning a referendum intended to reach millions of people. Maria Atilano, National Coordinator of the Mexican Action Network on Free Trade, reports that the Mexican plebiscite will occur over a six-month period, with voting conducted on days of historic significance, such as the date of the arrival of Columbus in the Americas, anniversaries of the revolution and signing of the constitution, and the date on which Mexico’s oil industry was nationalized. There will be five questions, including two on the FTAA and one each on NAFTA, Plan Puebla Panama (See Section VIII), and the impact of trade liberalization on women. An independent organization will certify results. Consulta activities are underway in many other countries. Ecuadorian organizations are planning to launch their campaign with an international civil-society forum parallel to the meeting of FTAA trade ministers in late October in Quito. In Haiti, groups plan to hold a plebiscite in three provinces where more than half the population lives.

The U.S. chapter of the HSA, the Alliance for Responsible Trade, is working with other networks to convene a broad effort called the “Peoples Consultation” that will involve a series of town-hall meetings and other public events across the country. Participants will fill out a survey with questions addressing local concerns about the FTAA. Other groups, such as Citizens Trade Campaign and Southwest Organizing Project, are focusing on pushing anti-FTAA resolutions in city councils around the country.

### **2. Monitoring and Alternatives**

The HSA Monitoring and Alternatives team has produced the coalition’s platform document, “Alternatives for the Americas,” as well as detailed critiques of the draft FTAA text. The team has also drafted a questionnaire for HSA members to give trade officials in their own countries. The questions relate to key concerns of civil society groups in many countries. Responses will be gathered and synthesized to increase the collective public knowledge of the actual state and content of negotiations. One of the most active HSA Committees is the Gender Committee, which involves many members of the International Gender and Trade Network (see Appendix 1) in an ambitious research and education agenda looking at current impacts of trade and investment liberalization at the country and sectoral level, as well as the potential impacts of the FTAA from a gender perspective.

## VIII. OTHER INSTITUTIONAL AVENUES FOR ADVANCING SOCIAL GOALS

The FTAA negotiations and related public debate have, over the past eight years, dominated both regional political discussions and the Summit of the Americas process. They have diverted attention from critical social, economic, cultural and environmental agenda items related to social advancement, poverty alleviation, cultural exchange, and improved relations among the people of the hemisphere, and also from the institutions and avenues that currently do or potentially could help foster the realization of these goals.

Within civil society, peoples exchanges are advancing hemispheric understanding of this potential through such fora as the Hemispheric Social Alliance. The overwhelming majority of the 60,000 participants at the 2002 World Social Forum in Brazil were from the Western Hemisphere, so this Forum also enhanced hemispheric dialogue on integration issues.

At the inter-governmental level, there are also important institutions and exchanges that contribute to the goals mentioned above. Loose networks of parliamentarians have been meeting. The Organization of American States (OAS) offers a venue for human rights and democracy disputes. The Inter-American Development Bank (IDB) gives loans that, to varying degrees of success, address poverty issues. These and other regional institutions are briefly highlighted below.

### A. ORGANIZATION OF AMERICAN STATES

The Organization of American States (OAS) was chartered in 1948 and is made up of 34 member states, all countries in Latin America and the Caribbean except Cuba. Its policies focus on democratization of political processes, human rights, free trade, sustainable development, anti-drug intervention, and the removal of landmines in Central America. In September 2001, the Permanent Council adopted an Inter-American Democratic Charter that sets standards for representative democratic rule and sets forth mechanisms for responding to undemocratic seizures of power.

Some civil society advocates have criticized the Democratic Charter as being too ambiguous and weak to be effective. Canadian group Rights & Democracy calls it a “commendable step,” but emphasizes the need for stronger enforcement mechanisms and the extension to citizens, not just governments, of the right to call on the OAS to initiate investigations of violations of the Charter. They recommend that the provisions and obligations of the Democratic Charter apply also to the Summit of the Americas process, under which it currently has no binding authority.<sup>74</sup> The National Coordinate for Human Rights in Peru submitted a similar critique to the OAS on behalf of a number of NGOs from across the hemisphere.<sup>75</sup>

The OAS maintains an Inter-American Commission on Human Rights that reports on the human rights situation in member countries, and an Inter-American Court of Human Rights to provide recourse for victims of human rights violations. In-country investigations into human rights violations must, however, be carried out by invitation only from host governments, which can reject the recommendations for recourse made by the Commission, as was the case in an investigation into human rights abuses by police and army personnel in Mexico in 1998.<sup>76</sup>

Its economic development organ, the Inter-American Agency for Cooperation and Development, finances training programs through private/public sector partnerships, particularly in the field of digital technology. Funding levels have been negligible in comparison to other donor agencies. The IACD relies on voluntary contributions by member states, which have totaled between \$8–9 million annually.

The Inter-American Institute for Agricultural Cooperation, an OAS subgroup, promotes food security and prosperity in the rural sector in the Americas. Its Strategic Areas for Cooperative Services include commerce and agribusiness development, technological innovation, sanitation, education, and the dissemination of information relevant to agricultural producers.

Following the first Summit of the Americas in 1994, the OAS established a Trade Unit to promote trade liberalization processes in the Western Hemisphere in general, and the FTAA in particular. The Trade Unit's work in this area involves research on economic integration, compiling records of laws and commercial accords to serve as a base for negotiations and disseminating analytical, and statistical information through its Information Center on Foreign Trade (SICE). The Trade Unit is part of a Tripartite Committee to advance the FTAA negotiation process (described above)

## **B. INTER-AMERICAN DEVELOPMENT BANK**

The Inter-American Development Bank (IDB), established in 1959, is an international finance institution similar to the World Bank that provides loans and technical assistance for development projects in Latin America and the Caribbean. Ownership is shared by 26 borrowing member countries and 20 non-borrowing member countries. In 2001, the Bank approved loans totaling \$7.9 billion. A percentage of the total volume of lending is devoted to social equity (SEQ) loans and poverty targeted investment (PTI) loans. The IDB also hosts a Social Equity Forum aimed at discussing and implementing reforms designed to enhance growth with equity in the region.

The IDB's poverty reduction policies focus on opening up new markets for producers, providing worker training, and encouraging private sector job growth. While the IDB's charter prevents it from interfering directly with a country's domestic policy, loans may be conditional upon national reforms. Programs that fall under the category of poverty reduction can include activities to "modernize the state" by focusing on improved efficiency of government institutions (which often involves cutting state expenditures or the sale of public services and assets).

According to the Washington-based Bank Information Center, the IDB's policies on information disclosure and public consultation continue to be two areas where it is vulnerable to criticism. The IDB's current information disclosure policy states that information on IDB operations will be made available to the public absent a compelling reason not to. However, interested members of the public in many countries who visit the IDB country offices and request loan documents are frequently turned away empty handed. In the case of operations financed by the private sector department, the information disclosure policy allows private sector project partners to decide what information is released to the public. Additionally, project monitoring and evaluation reports are generally not available to the public, making it difficult to track the extent to which project objectives are achieved.

The IDB's "public consultations" have proven particularly problematic. Pertinent documents are frequently not provided to citizens engaged in consultations, or they are provided without enough lead time to address substantive matters. For example, the effectiveness of IDB consultations conducted in June 2002 throughout Central America on the Plan Puebla-Panama (see below) was undermined by problems of late distribution of documents, inappropriate language (participants in a meeting in Belize were sent Spanish language documents) and insufficient information (no project documents or budget information was provided).

### C. PAN-AMERICAN HEALTH ORGANIZATION

Serving as the Regional Office for the Americas of the World Health Organization, the Pan-American Health Organization works to improve health and living standards in the Americas. It has 35 member nations, as well as three participating states and two observer states in Europe. Initiatives include the prevention of the transmission of communicable and sexually transmitted diseases, lowering infant mortality rates, ensuring blood supply safety, and improving sanitation. The PAHO researches and provides information about public health issues, and trains health workers throughout the region. Its working budget for 2002 – 2003 is \$186.8 million.

### D. ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN (ECLAC)

With headquarters in Santiago, Chile, this UN agency, established in 1948, carries out research relating to public policy and social issues, economic integration, business management and the environment. There are 41 member states, including countries outside of Latin America and the Caribbean that have ties to the region, plus seven non-independent associate members. ECLAC's two-year budget for 2001 and 2002 is approximately \$90 million. The Commission is financed by the UN and from voluntary contributions from member states as well as various other foundations.

### E. PLAN PUEBLA-PANAMA

Plan Puebla-Panamá (PPP) is a proposal, drafted in March 2001 by Mexican President Vicente Fox, for a common strategy of economic integration and sustainable development in Central America and southern Mexico. It is hoped that PPP projects will improve infrastructure and utilities (highways, power lines, telecommunications), attract investment, and spur job growth in the Meso-American region. The Plan is backed by the World Bank and, principally, the IDB, which along with ECLAC and the Central American Bank for Economic Integration, makes up the PPP's advisory board. In November 2001, the IDB approved a \$240 million loan for an interconnected electrical power system in Central America. So far, 28 "mega-projects" have been set up under the Plan, with an estimated total cost of \$10 billion.

The PPP is seen by free trade proponents as an important step in establishing a level of regional integration that will improve the prospects for the speedy implementation of the FTAA and the Central American Free Trade Agreement (CAFTA). The PPP may also serve as a useful tool for the Bush Administration, which suggested that support to developing countries from the new U.S. foreign assistance program—the Millennium Challenge Account—could be conditioned upon further trade liberalization by the region.<sup>77</sup>

The PPP has raised concerns among civil society groups in various countries regarding the risk of displacement of rural and indigenous populations, environmental impacts, the creation of industrial zones characterized by exploitative working conditions, and the reorientation of agriculture from local consumption to primary product export.<sup>78</sup> Three hundred such groups rejected it outright at a meeting in Quetzaltenango, Guatemala in November of 2001. Their Declaration of Xejalú cited the proposal's planned misuse of human and natural resources for projects that do not correspond to the needs of communities in the region.<sup>79</sup>

### F. THE REGIONAL INFRASTRUCTURE OF SOUTH AMERICA INITIATIVE (IIRSA)

A project similar to the PPP is also being advanced by the 12 South American governments. The Integration of the Regional Infrastructure of South America Initiative (IIRSA), launched in 2000, is designed to link coastal zones of South America with the continent's internal regions. It has identified 162 projects in three focus areas: transportation, telecommunications, and energy. IIRSA's Technical Coordinating Committee is composed of the IDB, the Andean Development Corporation (CAF), and the Financial Fund for the Development of the River Plata Basin.<sup>80</sup>

#### G. "NON-TRADE" INITIATIVES OF THE SUMMIT OF THE AMERICAS PROCESS

As part of the Summit of the Americas process under which negotiations for the FTAA are carried out, participating countries and institutions agreed to a Plan of Action drafted at the first summit in Miami in 1994. The Miami plan listed 23 initiatives that were to be advanced in conjunction with the establishment of the free trade area. These initiatives were: Strengthening Democracy, Human Rights, Strengthening Society, Cultural Values, Corruption, Terrorism, Drug Trafficking, Mutual Confidence, Free Trade, Capital Markets, Hemispheric Infrastructure, Energy Cooperation, Telecommunications, Science and Technology, Tourism, Education, Health, Women, Microenterprises, White Helmets (emergency disaster relief), Sustainable Energy Use, Biodiversity, and Pollution Prevention.

When trade officials face criticism for failing to address social issues in the FTAA, they often claim that these issues will be adequately handled by the other Summit initiatives. However, unlike the FTAA, which is designed to be a binding agreement, the "non-trade" initiatives are purely voluntary. Moreover, critics charge that government officials have done little more than pay lip service to them. Indeed a report released in May 2002 by the Summit of the Americas Implementation Review Group, charged with evaluating progress on implementation of the Summit goals, shows considerable activity and funding for trade-related initiatives (as well as for the anti-drug initiative), while support for other initiatives is conspicuously sparse, particularly those for human rights and education.<sup>81</sup>

## Appendix I

### Key Groups and Academics Engaged in Research Related to FTAA

This section identifies some of the key institutions and academics involved in research related to the FTAA.

#### CENTRAL AMERICA AND THE CARIBBEAN

##### Nicaragua:

##### **Coordinadora Regional de Investigaciones Económicas y Sociales (CRIES)**

Apartado 3516 Iglesia el Carmen, 1 cuadra al norte Managua, Nicaragua

[www.cries.org](http://www.cries.org)

[info@cries.org](mailto:info@cries.org)

Large network of research groups in Central America and Caribbean. CRIES maintains a webpage and publishes a monthly bulletin following news of various trade agreements affecting Central America and the Caribbean. They are in the process of coordinating a forum of regional groups regarding FTAA. They also publish annual reports on economic integration in the Caribbean, taking into account the effects of the FTAA negotiation process.

##### **Centro de Estudios Internacionales**

PO.Box 1747 Managua, Nicaragua

505-278-5413

[www.ceinicaragua.org.ni](http://www.ceinicaragua.org.ni)

[cei@ibw.org.ni](mailto:cei@ibw.org.ni)

##### **Humboldt Center**

Apartado Postal 768 Managua, Nicaragua

505-249-8922

[www.ibw.com.ni/~humboldt](http://www.ibw.com.ni/~humboldt)

A research institute, focuses on impacts of trade on the environment.

##### **Centro de Investigación y Promoción de Estudios Sociales (CIPRES)**

505-267-2989

CIPRES carries out research and advocacy for small farmers in Nicaragua. Director Orlando Nuñez says the Center is analyzing the implications of the FTAA and Plan Puebla Panamá for subsistence agriculture in Nicaragua,

and coordinating efforts with other NGOs in Central America in organizing groups critical of the process.

##### Costa Rica:

##### **Fundación del Servicio Exterior para la Paz y la Democracia (FUNPADEM)**

Apdo. postal: 12835-1000 San José, Costa Rica  
506-283-9435

[www.funpadem.com](http://www.funpadem.com)

[funpadem@racsa.co.cr](mailto:funpadem@racsa.co.cr)

FUNPADEM has published a document on the FTAA negotiation process up to the present, available on their website. The foundation focuses on interests for Central American countries in process, including: issues of social cost, relationship between democracy and economic advancement, access to markets in which Central American producers hold comparative advantage (esp. the confectionary industry), lack of foreign investment in region, and participation of NGOs in deliberations.

##### El Salvador:

##### **Centro de Estudios y Apoyo Laboral (CEAL)**

1a C.Pte. Condominio Montemaría 2-2D San Salvador, El Salvador

503-260-5306

CEAL is a research and advocacy group focusing on labor issues, and works closely with labor unions in the textile industry in El Salvador. Along with other groups in the Hemispheric Social Alliance, CEAL is studying the effects of trade liberalization on the labor sector, and preparing a chapter on Central America in the upcoming publication *Alternatives for the Americas*.

##### **Asociación Equipo Maíz**

29 Av. Norte #1117 San Salvador, El Salvador  
503-225-3810

The Asociación Equipo Maíz carries out research on a wide range of public policy issues. They have published analyses on the impact of international trade on inequality and the role of women in El Salvador. They are currently working on an upcoming series of publications about specific international trade initiatives, focusing on issues of labor, the environment, and immigration.

**Red de Acción Ciudadana frente al Comercio e Inversión – Sinti Techan**

sinti\_techan@yahoo.com

Red Sinti Techan is a network of labor unions and NGOs in El Salvador organized to discuss and publicize trade issues, and propose alternatives to trade policies. The network publishes a regular bulletin providing news and analysis on international agreements, including the FTAA and Plan Puebla Panamá. In addition, it is active in mobilization of groups and advocacy.

**Guatemala:**

**Consejo de Investigaciones para el Desarrollo de Centroamérica (CIDECA)**

502-254-0582

cideca@inteln.net.gt

CIDECA serves as a discussion group for civil society organizations focusing on trade agreements affecting Central America. The institute organizes regional forums, including the Mesa Global de Guatemala, which focuses on trade agreements, including the FTAA, and the Plan Puebla Panamá. They maintain a website with information about trade issues at <http://usuarios.lycos.es/cideca/tlc.htm>.

**Consejo de Investigaciones e Información en Desarrollo (CIID)**

Lote 5 Mz H Col. Llano Alto Zona 6 Villa Nueva, Guatemala

502-635-6825

ciid@inteln.net.gt

[usuarios.lycos.es/ciid/ciid.htm](http://usuarios.lycos.es/ciid/ciid.htm)

**Dominican Republic:**

**Centro de Investigación Económica para el Caribe (CIECA)**

Osvaldo Báez No. 5, Gazcue, Apartado Postal 3117 Santo Domingo, República Dominicana  
809-686-8696

[www.cieca.org](http://www.cieca.org)

[cieca@codetel.net.do](mailto:cieca@codetel.net.do)

Researcher Miosotis Rivas has written on the lack of transparency and participation of civil society groups in the FTAA negotiation process. Both reports are available online.

**Honduras:**

**Red de Comercialización Comunitaria Alternativa (Red COMAL)**

504-773-0096

[comal@bigfoot.com](mailto:comal@bigfoot.com)

Red COMAL is a network of about 16,000 small farmers in Honduras, providing technical training and market information for agricultural producers. In conjunction with the Bloque Popular, Red COMAL has spoken out on the implications of the FTAA for Honduras regarding domestic production, health, and the environment.

**Jamaica:**

**Association of Caribbean Economists (ACE)**

P.O. Box 735 Kingston 8, Jamaica

[ace.20m.com](http://ace.20m.com)

An association of economists affiliated with various universities and research institutes in the region. Researchers Norman Girvan and Miguel Ceara Hatton published a book on *Caricom, Central America and the Free Trade Agreement of the Americas* (FES: 1998). Ceara has also written a report on “The Impact of Commercial Accords on the Dominican Republic,” released by CIECA in July 2001 and available online. On FTAA, the report discusses the problems of addressing the concerns of smaller countries in the negotiation process, particularly through the Consultative Group on the Smallest Economies.

**Barbados:**

**Caribbean Policy Development Center (CPDC)**

Halsworth, Welches Road St. Michael, Barbados  
246-437-6055

[www.cpdngo.com](http://www.cpdngo.com)

[cpdc@caribnet.net](mailto:cpdc@caribnet.net)

The CPDC includes the Caribbean Reference Group on External Relations, a grouping of development NGOs in the Caribbean who focus on issues of trade liberalization. The Reference Group advocates creating a Social Development Plan of the Americas to tie a social development platform to the trade agenda, and calls for “greater transparency, equity and concrete social development clauses in the trade agreement.” The Reference Group has studied the development of the FTAA negotiations, and released a full study in 2000. Its current work is in analyzing the draft of the FTAA, focusing on issues of relevance to the smaller economies of the Caribbean, particularly agriculture, services and investment, as well as issues of gender and the environment.

**SOUTH AMERICA****Brazil:****DIEESE – Inter Trade Union Department of Statistics and Socio-Economic Studies**

<http://www.dieese.org.br/>

DIEESE is a trade union-supported economic institute with offices in 15 states throughout the country. They conduct research on labor-related issues, including trade and investment policy.

**Centro de Estudos de Cultura Contemporânea (CEDEC)**

Rua Airosa Galvão 64, Água Branca, CEP 05002-070 São Paulo, Brasil

55-11-3871-2966

[www.cedec.org.br](http://www.cedec.org.br)

[cedec@cedec.org.br](mailto:cedec@cedec.org.br)

CEDEC carries out research regarding regional integration in South America, with a focus on Mercosur. CEDEC is also currently carrying out research on the FTAA, and organizing various conferences among civil society groups in Brazil about the subject.

**Argentina:****Central de los Trabajadores Argentinos**

Av. Independencia 766 - C.P. 1099 Buenos Aires, Argentina

54-11-4307-3829

[www.cta.org.ar](http://www.cta.org.ar)

Union federation, published “ALCA: neoliberalismo y nuevo pacto colonial” (2001) by Enrique Arceo.

**Centro de Estudios Ambientales (CEDEA)**

54-11-812-6490

Published “Environmental Impacts of Trade Liberalisation on the Fisheries Sector in Argentina” (2000).

**Bolivia:****Coordinadora de Integración de Organizaciones Económicas Campesinas de Bolivia (CIOEC)**

C/Murillo #1046 Edificio Vivado, Piso 1 La Paz, Bolivia

591-2-231-0547

[www.cioec.org](http://www.cioec.org)

[cioec@ceibo.entelnet.bo](mailto:cioec@ceibo.entelnet.bo)

An association of small producers organizations, focuses on impacts on the agricultural sector.

**Centro de Estudios para el Desarrollo Laboral y Agrario (CEDLA)**

Av. Jaimes Freyre 2940 Casilla 8630 La Paz, Bolivia

[www.cedla.org](http://www.cedla.org)

[cedla@caoba.entelnet.bo](mailto:cedla@caoba.entelnet.bo)

Studies trade, investment and impacts on labor.

**Chile:****Alianza Chilena por un Comercio Justo y Responsable**

Irrarázaval 3260, oficina 1 Ñuñoa, Santiago de Chile

56-2-341-6597

[www.comerciojusto.terra.cl](http://www.comerciojusto.terra.cl)

[alianzaj@ctcinternet.cl](mailto:alianzaj@ctcinternet.cl)

ACJR is a multi-sectoral network that serves as the Chilean chapter of the Hemispheric Social Alliance. Among the coalition’s numerous publication on trade is “Negotiations for a Free

Trade Agreement Between Chile and the United States: A Critique and Proposal," March 2002.

**Red Nacional de Acción Ecológica (RENACE)**

Seminario 768, Nuñoa, Santiago, Chile

56-2-2234483

www.renace.cl

secretaria@renace.cl

A network of ecological activist groups, RENACE was founded in 1988 to provide a forum for sharing information among NGOs and articulating environmental issues on a national level. RENACE heads a campaign to resist the current FTAA negotiation process.

**Centro de Investigación y Planificación de Medio Ambiente (CIPMA)**

Bucarest 046-D, Providencia, Casilla 16362

Santiago de Chile

56-2-334-1091

www.cipma.cl

info@cipma.cl

Published "Environmental Impacts of Trade Liberalisation and Policies for the Sustainable Management of Natural Resources: A Case Study on Chile's Mining Sector" (1999).

**Ecuador:**

**Centro Ecuatoriano de Derecho Ambiental (CEDA)**

Eloy Alfaro 1770 y Rusia, tercer piso Quito,

Ecuador

593-2-223-1410

www.ceda.org.ec

comercio-e@ceda.org.ec

Published "Evaluation of the Trade Implications of Cleaner Production and Certification Programs in Key Ecuadorian Export sectors: banana, shrimp and flowers" (1999) and "Environmental Impacts of Trade Liberalisation on the Banana Sector in Ecuador" (2000).

**NORTH AMERICA**

**Mexico:**

**RMALC – Mexican Action Network on Free Trade**

Godard 20

Col. Gpe. Victoria

07790 México, D.F.

México

Tels/fax: (52 55) 5355 1177

Email: rmalc@laneta.apc.org

http://www.rmalc.org.mx/

RMALC is a multi-sectoral coalition formed in opposition to NAFTA and now serves as the Mexican chapter of the Hemispheric Social Alliance. RMALC produces extensive materials on the NAFTA experience and the proposed FTAA.

**La Red de Investigadores y Sindicalistas para Estudios Laborales**

Contact: Carlos Salas, csalas51@yahoo.com

**El Colegio de Mexico**

Program for Science, Technology, and Development

contact: Alejandro Nadal

Nadal has conducted research on the impact of NAFTA on farmers in Mexico and works with researchers at Tufts University to coordinate work on the FTAA.

**Equipo Pueblo**

A. P. 27-467, México, D.F. CP.- 06760

Tel: 5539 0055 y 5539 0015 Fax: 5672 7453

http://www.equipopueblo.org.mx/

Publishes numerous materials on free trade and other issues, including a bimonthly Spanish/English bulletin called "The Other Side of Mexico."

**United States:**

**Alliance for Responsible Trade (ART)**

927 15<sup>th</sup> St, NW, 4<sup>th</sup> floor

Washington, DC 20005

202-898-1566

www.art-us.org

ART is the U.S. chapter of the Hemispheric Social Alliance. It was established in 1991 as a U.S. multisectoral coalition with an internationalist perspective on trade. Since NAFTA's 1994 official entry, ART has worked

with its Mexico and Canada colleagues to document NAFTA's economic and environmental impacts. Following the December 1994 Miami Summit of the Americas, ART has extended its focus to the proposed FTAA and has organized public events and produced educational materials designed to promote expanded public debate on U.S. trade policy.

ART's diverse member groups are involved in grassroots organizing, lobbying, research, and educational work. Those most engaged in research on the FTAA include the following: **Development GAP, Friends of the Earth, Institute for Policy Studies, Campaign for Labor Rights, Alliance for Democracy, American Friends Service Committee, Institute for Agriculture and Trade Policy, Global Exchange, AFL-CIO, Economic Policy Institute, Center for International Environmental Law, Center of Concern, and Womens EDGE.**

#### **The Global Development and Environment Institute**

Cabot Center, Fletcher School, Tufts University  
Medford, MA 02155  
617-627-3530  
ase.tufts.edu/gdae  
gdae@tufts.edu

GDEI has a Sustainable Hemispheric Integration Project (SHIP) that will be expanded during the next few years to include a collaborative effort with economists in Brazil, Argentina, Chile, Costa Rica, as well as Mexico to respond to developments in the FTAA process. The project will also examine the extent to which trade and investment liberalization have contributed to sustainability and improved livelihoods in Mexico.

#### **North-South Center**

1500 Monza Avenue  
Coral Gables, FL 33124-3027  
305-284-6868  
www.miami.edu/nsc

Published numerous documents related to the FTAA, including "Protecting the Environment While Opening Markets in the Americas" (January 2002). Also coordinates, with other

groups, the Leadership Council for Inter-American Summitry.

#### **John F. Henning Center for International Labor Relations**

University of California at Berkeley  
2521 Channing Way #5555 Berkeley, CA 94720  
510-642-1583

henningcenter.berkeley.edu

Based at the Center for Labor Research and Education – Institute of Industrial Relations at the University of California-Berkeley, published *NAFTA Realities and FTAA Dangers* by Katie Quan, director of the Center.

#### **World Resources Institute**

10 G St. NE Suite 800 Washington, DC 20002  
202-729-7600

www.wri.org

Based in Washington, DC. Published "Analysis and Assessment 1997" by C. Ford Runge, Eugenio Cap, Paul Faeth, Patricia McGinnis, Demetri Papageorgiou, James Tobey, and Robert Houseman.

#### **World Wildlife Fund**

1250 24<sup>th</sup> St. NW Washington, DC 20037  
202-293-4800

www.worldwildlife.org

As part of their "Balanced Trade" project, the World Wildlife Fund is planning to produce a sustainability assessment of "Trade-related Policies and Soybeans in Brazil."

#### **Institute for International Economics**

1750 Massachusetts Avenue, NW  
Washington, DC 20036-1903  
202-328-9000

www.iie.com

Published "Prospects for Free Trade in the Americas," by Jeffrey J. Schott (2001).

Forthcoming: "New Regional Arrangements and the World Economy," by C. Fred Bergsten.

#### **Canada:**

#### **Canadian Centre for Policy Alternatives (CCPA)**

Suite 410, 75 Albert Street, Ottawa, ON, K1P 5E7

613-563-1341

[www.policyalternatives.ca](http://www.policyalternatives.ca)

[ccpa@policyalternatives.ca](mailto:ccpa@policyalternatives.ca)

The CCPA runs a Trade And Investment Research Project that will be monitoring the FTAA negotiating groups on investment and services and analyzing text as it becomes available. They are also monitoring the US-Chile negotiations, especially in the area of services and investment, for clues as to US government and industry objectives in the hemispheric negotiations. They are following the interplay between the services and investment negotiations in the FTAA and the WTO, and monitoring US and Canadian government negotiating strategies on services and investment in both forums. The CCPA will be publishing a study on competition policy negotiations in the WTO and their potential impacts on developing countries, which will be relevant to the FTAA talks on competition policy. The Centre is continuing to analyze the implications and impacts of NAFTA investor-state tribunal decisions.

### **Alternatives**

3720 du Parc #300 Montreal, Quebec Canada H2X 2J1

524-982-6606

[www.alternatives.ca](http://www.alternatives.ca)

Alternatives has acted as the secretariat of Réseau québécois sur l'intégration continentale (RQIC), a multi-sectoral network that is the Quebec chapter of the Hemispheric Social Alliance. It has published a number of relevant materials, including "A Caribbean Perspective on the FTAA: David vs Goliath," by Norman Girvan (April 2002); "Say No to the FTAA! Yes, A Different World is Possible: Bridging the Americas with Solidarity, Democracy and Social Justice," by Alternatives (May 2001); "The Lady and the FTAA: The New Women's Movement," by Dana Borcea (April 2001); "FTAA: Forbidden to Take Action in the Americas," by Troy McGarrigle," (April 2001). Publications in Points de Repères, Alternatives' French online journal: "Democratie dans les Ameriques de l'ALENA a la ZLEA," by Dorval Brunelle (Winter 2001); "Le

Mexique sous les assauts du neoliberalisme," by Pierre Beaudet (Winter 2001).

### **Canadian Environmental Law Association (CELA)**

517 College Street, Suite 401 Toronto, Ontario M6G 4A2

416-960-2284

[www.cela.ca](http://www.cela.ca)

Published "Civilizing Globalization: Trade and Environment 13 years On" (March 2001).

A non-profit international organization founded in 1970 to use existing laws to protect the environment and to advocate environmental law reforms.

### **Center for Research on Latin America and the Caribbean (CERLAC)**

240 York Lanes 4700 Keele St., York University, North York, Ontario M3J IP3

416-736-5237

[www.yorku.ca/cerlac](http://www.yorku.ca/cerlac)

[Cerlac@yorku.ca](mailto:Cerlac@yorku.ca)

Published working paper, "Unions and NAFTA: The Canada and Mexico Experiences" (April 2001) by Cirila Quintero Ramirez; "A Report on Reforming the Organization of American States to Support Democratization in the Hemisphere: A Canadian Perspective" (1996). From 1993-95, CERLAC sponsored The Organization of American States and Democratizing Development in Latin America Project. Established in 1978 at York University as an interdisciplinary research unit concerned with economic development, political and social organizations and cultural contributions of Latin America and the Caribbean, working in tandem to bring academic and cultural links between these regions and Canada.

### **Council of Canadians**

502-151 Slater St., Ottawa, Ontario K1P 5H3, Canada

1-800-387-7177

[www.canadians.org](http://www.canadians.org)

Published "NAFTA's Big Brother: The FTAA and the threat of NAFTA-style investment state rules" report by Murray Dobbin, who argues that NAFTA's Chapter 11 lawsuit cases illustrate parallel impending fates for sovereign

governments and their laws if the FTAA is signed and enacted at its present form.

Founded in 1985 as a citizen watchdog organization, the Council of Canadians conducts research and runs national campaigns aimed at bringing issues to the public foray, including the following: promoting economic justice, reviewing democracy, asserting Canadian sovereignty, advancing alternatives to corporate-style free trade and preserving the environment. The Council's work on trade and investment issues aims at making corporations more accountable, organizations more democratic and promoting citizen awareness.

### **Groupe de Recherche sur l'integration Continentale (GRIC)**

Political Science Department, University of Quebec at Montreal, H3C 3Pq, Canada  
514-987-3000

[www.unites.uquam.ca/gric](http://www.unites.uquam.ca/gric)

Publications in French: "L'integration de la société civile dans les ZLEA," by Rachel Sarrasin (April 2001); "La Zone de libre-echange des Ameriques: un chantier en construction," by Brigitte Vaillancourt (May 2001); "L'ebauche de ZLEA: Que disent les textes?" by Dorval Brunelle (August 2001).

Based at the University of Quebec at Montreal, GRIC is a research unit of the Center of International and Global Studies (CEIM). Its focus concerns studying the phenomenon of international economic integration, not limited to, but with a particular focus on the Americas. Its

### **International Institute for Sustainable Development (IISD)**

161 Portage Avenue East, 6<sup>th</sup> floor, Winnipeg, Manitoba, R3B OY4  
204-958-7700

[www.iisd.ca](http://www.iisd.ca)  
[info@iisd.ca](mailto:info@iisd.ca)

Published "Ecological Rules and Sustainability in the Americas," by Monica Araya, Bastida Munos et al (2002) and "Trade Rules and Sustainability in the Americas" (1999). IISD advances policy recommendations on trade and investment, economic policy and climate change, with a particular focus on North-South issues.

### **Kairos**

129 St. Clair Ave. West Toronto, Ontario  
Canada M4V 1N5

416-463-5312

[www.kairoscanada.org](http://www.kairoscanada.org)

Published "Global Economic Justice Report: Crisis and Resistance in Argentina" (March 2002).

Founded in 2001, Kairos consists of a coalition of 10 Canadian churches, church based agencies and religious organizations dedicated to promoting human rights, justice and peace, viable human development and universal solidarity among peoples of the earth. Among the organization's 6 priority areas include global economic justice, researching and critiquing the global economic system in relation to the lack of considering the social and environmental impacts on marginalized people.

Website offers an extensive bibliography on research and online links relevant to NAFTA, Mercosur, Caricom, the Andean Community and the FTAA.

### **Rights & Democracy (formerly ICHRDD)**

1001 de Maisonneuve Blvd. East, Suite 1100,  
Montreal, Quebec H2L 4P9 Canada

514-283-6073

[www.ichrdd.ca](http://www.ichrdd.ca)

Published "A Human Rights Framework for Trade in the Americas," in March 2001.

Created by the Canadian Parliament in 1988 with an international mandate to encourage and support universal values of human rights. Rights and Democracy initiates and supports programs to strengthen laws and democratic institutions, mainly in developing countries, and focuses its work on the following four thematic priorities: democratizing development; women's rights; rights of indigenous peoples and globalization and human rights. Given the public concern regarding the human rights impact of globalization and the FTAA, Rights and Democracy works to promote transparency and public participation in the decision-making process.

### **Canadian Foundation for the Americas (FOCAL)**

1 Nicholas Street, Suite 720, Ottawa, Ontario  
K1N 7B7 Canada  
613-562-0005  
www.focal.ca  
focal@focal.ca  
Published "Challenges Confronting the Free  
Trade Area of the Americas," by Donald R.  
Mackay (June 2002); "Central America: The  
Difficult Road Towards Integration and the Role  
of Canada" (May 2001).

## REGIONAL

### **Hemispheric Social Alliance**

<http://www.asc.hsa.org>

The HSA is producing detailed critiques of the draft FTAA text. A preliminary analysis was produced in January 2002 (*The Free Trade Area of the Americas Exposed: Civil Society Critique of the Official Draft Text*). A more detailed version will be released in late October 2002. The HSA will also be releasing at that time an expanded and updated version of its platform document "Alternatives for the Americas." In addition, HSA member networks are producing a variety of public education materials as part of the HSA's "consulta popular," or peoples consultation on the FTAA. At the end of the consultation, the HSA will compile a hemispheric report to governments based on the outcomes of the consulta.

### **Global Policy Network (GPN)**

1660 L Street, NW, Washington DC 20036  
202-775-8810

[www.gpn.org](http://www.gpn.org)

Published "NAFTA at Seven: Its Impact on  
Workers on all Three Nations," (April 2001)  
GPN consists of policy and research institutions  
connected to the world's trade union  
movements, providing country report  
information with labor market analysis and  
economic statistics of each respective state. Since  
its March 2000 inception, GPN's purpose has  
been to exchange information and research  
among member organizations; facilitate  
coordinating analysis of common issues; and  
provide information to others on the state of  
working people in the global economy. Its

research information includes links to reports  
and web sites on NAFTA.

### **International Gender and Trade Network (IGTN)**

1225 Otis Street, NE, Washington DC 20017  
202-635-2757 ext. 115  
[www.genderandtrade.net](http://www.genderandtrade.net)

IGTN is an international network of gender  
advocates launched in 1999 working to promote  
equitable, social and sustainable trade. The  
network utilizes research (providing links to  
FTAA resources and related websites), advocacy  
and economic literacy to address specific trade  
issues of seven regions, including Latin America,  
the Caribbean and North America.

### **Global Environment and Trade Study (GETS)**

A project on the environmental agenda of the  
FTAA supported by the Ford Foundation, to be  
carried out by three organizations: a group  
formed by the Yale Center for Environmental  
Law and Policy (YCELP) and the Institute for  
Agriculture and Trade Policy in the United  
States; Centro Internacional de Política  
Económica (CINPE) in Costa Rica; and Center  
for Environmental Investigation and Planning  
(CIPMA) in Chile. GETS will focus on trade and  
environment since Seattle in a number of  
forums. CINPE will focus on the environmental  
dimensions of the various negotiating areas of the  
FTAA. CIPMA will review environmental  
evaluations of existing trade agreements, identify  
principle environmental issues in a select number  
of countries and make recommendations for  
tackling problems. The YCELP also hosts a small  
Sustainable Americas Project which has hosted  
informal meetings among government officials  
on investment issues in the region and supported  
conferences and publications on trade-related  
issues in the Americas.

### **International Investment Rules Project**

Involves the Nautilus Institute (US), the  
International Institute for Sustainable  
Development (Canada), the Singapore Institute  
for International Affairs, and ECOS Fundacion  
(Uruguay). All are preparing "thinkpieces" to  
articulate key substantive and strategic issues.

**Grupo Zapallar**

A group formed in 1999 involving more than 40 people from South America, including businesspeople, environmentalists, and officials from trade, foreign and environmental ministries. The purpose of the group is to promote reflection, education, and development of proposals. Their major publication so far is: "Cinco estudios sudamericanos sobre comercio y ambiente," by Marianne Schaper, Ana María Hernández, María Fabiana Oliver, María Alejandra Vélez, and edited by Nicolás Lucas. December 2001. Available on the following website: [www.cipma.cl](http://www.cipma.cl).

**Asociacion Latinoamericana de Integracion (ALADI)**

Cebollati 1461, Código Postal 11200  
Montevideo, Uruguay  
598-2-410-1121  
[www.aladi.org](http://www.aladi.org)  
[sgaladi@aladi.org](mailto:sgaladi@aladi.org)  
ALADI has published reports on the negotiation process and the likely impact of the FTAA on trade flows for individual member nations, as well as on the topics of intellectual property and electronic commerce.

## APPENDIX II

### Regional Trade Groups in the Western Hemisphere

There are now about 40 separate trade agreements in effect throughout the hemisphere. Here are some of the larger regional agreements:

#### **Caribbean Community (Caricom)**

**Members:** *Antigua and Barbuda, Bahamas, Barbados, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago*

The Caribbean Community was formed as an outgrowth of the Caribbean Free Trade Association (CARIFTA), formed in 1965. CARIFTA was converted into a Caribbean Common Market, which was retained as an integral part of Caricom, established by the Treaty of Chaguaramas in 1973. Its expressed goals are the establishment of a Caribbean Single Market and Economy, coordination of foreign and economic policies among member countries, and provision of common services in such fields as health, education, and communications.<sup>82</sup>

#### **Andean Community**

**Members:** *Bolivia, Colombia, Ecuador, Peru, Venezuela*

The first manifestation of the Andean Community began with the signing of the 1969 Cartagena Agreement, designed to create a customs union within 10 years and coordinate macroeconomic policies, originally for the purpose of import substitution. Under the direction of the Andean Presidential Council, the Andean Community moved in the direction of trade liberalization and a common market, starting in 1990. A Free Trade Zone was established among Bolivia, Colombia, Ecuador and Venezuela in 1993, into which Peru was incorporated in 1997. A Common External Tariff policy was established in 1994, and since 1998, negotiations have been underway for establishing a Free Trade Zone between the Andean Community and Mercosur.<sup>83</sup>

#### **Central American Common Market (CACM)**

**Members:** *Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua*

The CACM was planned as part of the Central American Economic Integration Program in 1952. El Salvador, Guatemala, Honduras and Nicaragua formed the CACM in 1960, with

Costa Rica joining in 1962. Member countries agree to lower tariffs and a system of common external tariffs (Sistema Arancelario Centroamericano), generally set between 1-15% for non-agricultural imports.<sup>84</sup>

#### **Common Market of the Southern Cone (Mercosur)**

**Members:** *Argentina, Brazil, Paraguay, Uruguay*

**Associate Members:** *Bolivia, Chile*

The third largest trading bloc after the EU and NAFTA, Mercosur began as an extension of a trade agreement between Brazil and Argentina dating back to 1986. Its legal basis was established by the Treaty of Asunción, signed by the four member nations in 1991, and the integration process began January 1, 1995. Its goal is to establish a common market with free movement for all goods and services, capital and labor in the four countries. Members have also adopted a Common External Tariff (CET) that sets a uniform rate, ranging from 0 to 20%, for about 85% of all tariff categories. With a combined GDP exceeding \$1 trillion, Mercosur members account for 76% of South America's GDP and 25% of total world trade.<sup>85</sup>

#### **North American Free Trade Agreement (NAFTA)**

**Members:** *United States, Mexico, Canada*

NAFTA forms the world's largest free trade area, comprised of 370 million people and \$6.5 trillion in production.<sup>86</sup> Since its inception on January 1, 1994, it has worked toward the steady elimination of tariff and non-tariff barriers to trade and investment in member countries. The agreement also provides for intellectual property and investors' rights, and includes a dispute resolution process under which investors can sue governments for violations of those rights. NAFTA is not a customs union, and unlike Mercosur, provides for no common external tariffs for non-member countries.<sup>87</sup>

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