



## The Free Trade Area of the Americas— Expanding NAFTA to the Rest of the Hemisphere

THE FREE TRADE AREA OF THE AMERICAS (FTAA) is a proposed new free trade agreement that would cover almost all of North, Central and South America—34 countries—except for Cuba. The U.S. government and the other governments in the hemisphere have been talking about this agreement for seven years, and hope to have it completed by 2005. The public has not been allowed to see official proposals for the agreement or the draft text of the agreement, but negotiators say their model for the FTAA is the North American Free Trade Agreement (NAFTA), which the United States, Mexico and Canada entered into in 1994. The FTAA is designed to expand NAFTA to the entire Western Hemisphere, from Canada to Chile.

### **Why are we hearing about the FTAA now?**

This year, trade negotiators met in Buenos Aires, Argentina, on April 6 and 7 to finalize the first complete draft of the FTAA. Leaders of the 34 countries involved then will meet in Quebec, Canada, from April 20–22 in a “Summit of the Americas” to move negotiations forward based on this first draft. So far, all of these negotiations have been carried out in secret. Trade unions, environmentalist and other citizens’ groups throughout the hemisphere are demanding that the first complete draft be made public and that any hemispheric agreement address social and developmental concerns, not just business issues. Citizens’ groups argue that an FTAA based on NAFTA will undermine governments’ ability to protect workers’ rights, the environment and public health and safety—it will not promote economic equality and stability nor do enough to help poorer countries develop.

### **Remember NAFTA?**

Negotiators want the FTAA to be just like NAFTA. The U.S., Mexican and Canadian governments promised that NAFTA would deliver more jobs, a clean environment and prosperity to ordinary people in all three countries. But NAFTA has failed to live up to these promises:

- **NAFTA rules allow companies to pit worker against worker and drive down wages and working conditions.** Trade between the NAFTA countries grew dramatically in the past seven years, but this growth has been very unbalanced. U.S. workers lost hundreds of thousands of good jobs under NAFTA, as our companies relocated to Mexico to take advantage of lower wages, weaker worker and environmental protections and improved access to the U.S. market. Companies also use the threat of leaving to break union organizing drives and get concessions at the bargaining table. Though Mexico now exports much more to the United States, Mexican workers have not gotten their fair share of the benefits; their wages actually have dropped about 10 percent in inflation-adjusted pesos since NAFTA started. Canadian workers also have seen their wages fall below U.S. levels. **The current FTAA contains no protections for workers’ rights and only will increase the power of corporations to exploit workers.**
- **NAFTA has not created a healthy economy in Mexico.** Because of its large external debts and inability to control financial speculation, the Mexican government had to devalue its currency

in 1995 when panicky investors pulled billions of their dollars out of the country. This created a severe economic crisis, and Mexico still has not recovered despite growing trade and investment under NAFTA. Wages are lower than they were before NAFTA started and poverty levels actually are higher. Regional and economic inequality persist, and many workers from rural areas have migrated to work in the maquiladora zones or in the United States, where their rights are not protected fully. Pollution levels also are up in Mexico and the border region poses a severe environmental challenge. **If the FTAA does not do more to help countries pursue sustainable and equitable development, instability and inequality in the region will increase.**

- **NAFTA gives corporations the right to challenge our laws in secret tribunals and to demand compensation from governments.** Companies have used NAFTA to challenge laws protecting the environment, public health and consumers, arguing that these laws hurt their profits. For example, when a Mexican state did not allow the Metalclad Corp. to build on a local ecological preserve, Metalclad used NAFTA to successfully demand more than \$16 million in compensation from the Mexican government. In another case, a company called Methanex is demanding almost \$1 billion from the United States because California passed a law banning a harmful fuel additive that Methanex produces. **The FTAA would extend these rights to even more investors.**

- **NAFTA restricts the ability of governments to regulate services—even public services.** Increased pressure to deregulate and privatize services could raise the cost and reduce the quality of such basic services as health care and education. A NAFTA dispute panel just decided the United States will have to let Mexican truck companies provide their services throughout this country, even though we do not have enough inspectors to ensure these trucks meet our safety and labor standards. The U.S. company UPS is arguing that Canada's public postal service violates NAFTA, because governmental support for the postal service is an unfair subsidy. **The FTAA will put further limits on how our**

**governments provide and regulate services in the public interest.**

- **NAFTA does not allow governments to include social, environmental or workers' rights criteria in their purchasing decisions.** When President Clinton ordered the federal government to stop using taxpayer dollars to buy goods made with the worst forms of child labor, he had to exclude Mexico and Canada from the order because these kinds of protections are not allowed under NAFTA rules. If these rules are extended to state and local governments, responsible contracting requirements and living wage laws could be challenged. **FTAA negotiators are deciding what criteria we can use when we buy goods and services with our own tax dollars.**
- **The NAFTA labor side agreement has not protected workers' rights.** In Canada, Mexico and the United States, fundamental workers' rights continue to be abused with impunity. The North American Agreement on Labor Cooperation (NAALC) has proven ineffective; although NAALC cases have led to number of hearings and reports on labor issues, no concrete changes have been made to improve workers' rights. **FTAA negotiators are not discussing protections for workers' rights at all—in fact, they have refused even to form a study group on the issue.**

**If NAFTA has failed ordinary people, who is pushing for it in the FTAA?**

Big Business has made big profits off NAFTA, and they would love to see it spread over 34 countries instead of just three. This April, multinational corporations and such groups as the Chamber of Commerce threw cocktail parties and fancy dinners for the trade negotiators. In another annual tradition, the business groups met in Buenos Aires in an official "business forum" to decide what they want in the FTAA, and all the trade negotiators came to hear their views. But only Big Business got this official privilege—there was no such meeting in Buenos Aires for ordinary citizens' groups. Unions, environmentalists, farmers and other groups from all over the hemisphere will continue to be effectively locked out of the FTAA negotiations.

### **What is the AFL-CIO's position on the FTAA?**

The AFL-CIO welcomes closer economic ties with the rest of the hemisphere, but we think that new trade and investment rules must be based on respect for human rights and a shared plan for sustainable, democratic and equitable development. Integration has to be about more than just protecting corporate rights and raising profits. Trade agreements must include, in their core, enforceable protections for fundamental workers' rights, human rights and the environment. Agreements must not undermine public services or public health, nor allow individual investors to challenge state laws in secret. In order to develop, countries must be allowed to regulate financial speculation and must have access to generous debt relief and development aid. Unfortunately, everything we know about the FTAA tells us it does not meet any of these requirements; instead, it just repeats the mistakes of the past. The AFL-CIO rejects the current FTAA and we will work with our allies in the hemisphere to fight it.

### **What is the AFL-CIO doing to fight an expanded NAFTA?**

Since 1995, the AFL-CIO has been meeting regularly with trade unions from all over the hemisphere—members of a regional trade union confederation called ORIT—to share information and find common ground on the FTAA. Since 1997, we also have participated in a much broader network of citizens' groups from the hemisphere called the "Hemispheric Social Alliance." In addition to trade unions, the Alliance includes women's groups, farmers, environmentalists, human rights activists and many other organizations that do not want NAFTA expanded. The Alliance has developed proposals for alternatives to the FTAA that put the needs of people first.

This year, all of these groups are mobilizing to oppose the current FTAA. They are educating their members, strengthening their networks, lobbying their governments and preparing for mass demonstrations. Unions and other groups in Argentina turned out thousands of their members in Buenos Aires to protect the FTAA. Groups are organizing to go to Quebec not only to

demonstrate, but to attend teach-ins and participate in a People's Summit organized by the Hemispheric Social Alliance. The AFL-CIO is educating our members and helping to organize demonstrations throughout the United States on April 21–22—these solidarity actions will link the FTAA to local organizing drives and community issues.

### **Want more information?**

To find out more about what trade unions in the rest of the Americas have said about the FTAA, you can look at a statement from ORIT at [www.clc-ctc.ca/campaigns/orit\\_ltrr.pdf](http://www.clc-ctc.ca/campaigns/orit_ltrr.pdf).

For information about the People's Summit being organized in Quebec by the Hemispheric Social Alliance, see [www.peoplssummit.org](http://www.peoplssummit.org); you also can find out what members of the Hemispheric Social Alliance in the United States, including the AFL-CIO, have been working on at the Alliance for Responsible Trade website at [www.art-us.org](http://www.art-us.org). These sites also have links to the alternatives to the FTAA developed by citizens' groups.

For information about the impact of the FTAA on women, see the Women's EDGE website at [www.womensedge.org](http://www.womensedge.org) or contact the AFL-CIO Working Women's Department at 202-639-5064.

To get FTAA educational materials for union members, contact the AFL-CIO Education Department at 202-637-5188. More general educational materials are available from the United for a Fair Economy website at [www.ufenet.org](http://www.ufenet.org).

If you want to find out about local actions in your area, check out the Jobs with Justice website at [www.jwj.org](http://www.jwj.org) or contact the AFL-CIO Field Mobilization Department at 202-508-6989.

To find out more about the AFL-CIO Campaign for Global Fairness, go to [www.aflcio.org/globaleconomy/index.htm](http://www.aflcio.org/globaleconomy/index.htm).