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Special Thanks to Mike Prokosch, Irma Valeriano, Jaggi Singh, Bob Naiman, Wendy Call, and Lauren Sullivan for their help!

**ACERCA is a project of the Alliance for Global Justice and a member of the Native Forest Network**

## Acronyms – Alphabet Soup Anyone?

**ABF** – American Business Forum  
**ACERCA** – Action for the Community and Ecology in the Regions of Central America

**AGJ** – Alliance for Global Justice

**ALCA** – Area de Libre Comercio de las Américas (FTAA in Spanish)

**ATL** – Advanced Tariff Liberalization (also known as the Global Free Logging Agreement)

**CEO** – Chief Executive Officer

**ECLAC** – United Nations Economic Commission for Latin America and the Caribbean

**FTAA** – Free Trade Area of the Americas

**GATT** – General Agreement on Tariffs and Trade (part of the WTO)

**GM** – genetically modified

**GMO** – genetically modified organisms

**IDB** – Inter-American Development Bank

**IMF** – International Monetary Fund

**INS** – US Immigration and Naturalization Service

**MAI** – Multilateral Agreement on Investments

**MMT** – Methylcyclopentadienyl Manganese Tricarbonyl

**MNCs** – multinational corporations (same as TNCs)

**NAFTA** – North American Free Trade Agreement

**NGOs** – Non-Governmental Organizations

**OAS** – Organization of American States

**ORIT** – Inter-American Regional Organization of Workers

**TLC(AN)** – Tratado de Libre Comercio de América del Norte (NAFTA in Spanish)

**TNCs** – transnational corporations (same as MNCs)

**TRIPS** – Agreement on Trade-Related Intellectual Property Rights (part of the WTO)

**USTR** – United States Trade Representative

**WHO** – World Health Organization

**WTO** – World Trade Organization

Envision the Free Trade Area of the Americas: one huge and “integrated” open market, engulfing the entire Western Hemisphere, in which corporate and investor “rights” are more important than millions of people having any real democratic participation in their economic, political and cultural lives; more important than animals and the environment; and more important than workers’ safety and decent wages. Does this sound like an environment in which a democratic society can thrive?

The Free Trade Area of the Americas (FTAA) is the next step on the corporate agenda to ensure that multinational corporations’ profits continue to increase at the expense of the environment, lives, jobs and human rights. After 500 years of exploitation in the Americas, the privileged wealthy are still trying to get richer. In a day and age where 475 individuals hoard the same amount of wealth as the poorest 50% of the world’s population<sup>1</sup>, it is obvious that the promised trickle-down of prosperity is clogged with the blood and sweat of a poor majority working for the benefit of a rich minority.

The FTAA is the expansion of the North American Free Trade Agreement (NAFTA) to the entire Western Hemisphere with the exception of Cuba. Given the effects of NAFTA on North America—the job losses and decreased wages in Canada, Mexico, and the United States; the acceleration of pollution especially in the free trade zone on the Mexican-U.S. border; and the loss of indigenous communal land holdings in Mexico; it is astonishing (but not surprising) that anyone claiming to be a representative of the people would even consider expanding NAFTA.

The FTAA will expand NAFTA, not only geographically, but is also likely

to include new rules and policies designed to give investors (corporations) rights and freedoms that are more extensive than the ones they enjoy under NAFTA. If the FTAA is passed, thirty-four countries of the Americas and the Caribbean, where over 755 million people reside, will be subject to a new international law that will undermine national environmental, labor, human rights, and food safety laws. A New World Order is literally under way that is granting corporations power that even governments do not possess.

Free trade agreements, like the proposed FTAA, are just one of the cogs that enable the globalization of capitalism. Every cog that we can successfully dismantle will slow down the process of job displacement, ecocide and indigenous genocide. People from throughout the hemisphere are uniting to resist and eliminate the possibility of the FTAA. We refuse to allow corporations, free trade agreements, and governments to dictate how we live our lives. Join us and say ¡Ya Basta! (Enough already!)



Langelle/ACERCA

Anti-FTAA activists demonstrate outside the meeting of the Organization of American States in Windsor, Ontario, June 2000

## FTAA = MAI + NAFTA = DEATH

DEATH to democracy, indigenous rights, environment,  
human rights, labor unions, women’s rights  
sovereignty, healthcare, education, food safety, culture,

LIFE

## Trade and Investment: A little history

Trade agreements eliminate barriers to trade like tariffs, quotas and subsidies, making it easier for the movement of goods and services across international borders. Investment agreements facilitate the movement of capital, by restricting governments' ability to limit the flow of money. Investment agreements actually provide corporations protection on their investments and their investment plans. The risk of investment then rests with governments and is paid for by people, not by the corporations who reap the profits.

The General Agreement on Tariffs and Trade (GATT), which was established in 1947 after World War II, was the first major global trade agreement. In 1995, the World Trade Organization (WTO) incorporated GATT in addition to creating 18 other agreements to liberalize other areas of trade like intellectual property rights and agriculture.

Both NAFTA and the WTO include investment rules and policies. NAFTA contains an investor-to-state dispute settlement body (Chapter 11), which allows corporations the freedom to sue foreign governments if their corporation is not allowed to implement their full investment plan because of strict environmental or labor laws (see *Protecting Corporate Profits*, page 14).

The MAI was drafted to extend NAFTA's investment rules and Chapter 11 beyond the countries of North America. This agreement would have restricted governments' ability to prohibit or limit privatization of public enterprises (education, healthcare, etc.) and required the removal of performance requirements (e.g. requiring a foreign corporation to use a certain percentage of locally manufactured goods in a factory). The MAI sought to broaden the definition of investment to include all sectors of the economy; not just the commercial sector but also the service and public sectors.

In 1998, thanks to intense external and internal condemnations, the MAI was officially declared dead. Its resurrection was attempted at the WTO Seattle Ministerial in 1999, where, once

**Trade ministers are trying yet again to bring the MAI back from the dead, now in the form of the FTAA.**

again, it was put to its grave. Trade ministers are trying yet again to bring the MAI back from the dead, now in the form of the FTAA.

Since the draft of the FTAA text is not available to the public (or even to Congress) we can only speculate on what will actually be in the final text. However, we can guess what each of the negotiating groups is planning based on past trade and investment agreements (NAFTA, MAI, and WTO), and the language in the FTAA Ministerial Declarations. We also know that the negotiating groups are working closely with the WTO to ensure that WTO policies are being imple-

mented throughout the Western Hemisphere. This will endanger environmental, labor and human rights laws that thus far have escaped the scrutiny of the WTO.

While some of the policies being drafted into the FTAA are included in NAFTA, many are not. A quick glance at the policies being drafted reveals a striking resemblance to the failed policies proposed as part of the MAI and during the Seattle Ministerial of the WTO. By incorporating provisions such as those in NAFTA, the WTO, and the MAI, the FTAA will be the most comprehensive trade and investment agreement to date. It is very obvious that the U.S. Trade Representative (USTR) and the multinational corporations are attempting to impose their diabolical, pro-profit agenda on the Western Hemisphere, rather than globally. They have been failing at the global level, so they are going to attempt it regionally.

### Free Trade and Economic Development

Supporters of the FTAA claim it will benefit people in Latin America through greater access to U.S. markets for goods they produce. The simplest answer to this claim is that the economic model we now call "globalization" has been in place in Latin America for the last twenty years: if these policies were benefiting the majority of people in these countries, we should be able to see some clear evidence of this by now.

But the last twenty years in Latin America have seen very slow economic growth by historical standards. Average incomes in Latin America ("per capita GDP") rose only 6% from 1980 to 1998, whereas between 1960 and 1980, average incomes rose by 75%. Yet in the previous period there was less "globalization": international trade and investment represented a smaller share of national economies, and economic development was more internally-directed.

Increasing trade with the United States isn't likely to help people in the region if they're not allowed to have

national economic policies that spread the benefits. For example, it's not going to do Bolivia, a "heavily indebted poor country," any good to increase its exports to the United States if all of the export earnings are siphoned off to pay debts to the International Monetary Fund, the World Bank, and the Inter-American Development Bank. Increasing exports in such a situation actually diverts production from domestic consumption to paying debts.

Moreover, although the text of the agreement is still secret, the FTAA is certain to have provisions that will further restrict the ability of Latin American countries to build their domestic economies: requirements to observe patents and copyrights held by U.S. corporations, prohibitions on governments imposing "performance requirements" on U.S. corporations, and provisions allowing U.S. corporations to sue Latin American governments.

*Bob Naiman,  
Center for Economic and Policy Research*

# What is in the FTAA Agreement?

Originally composed of 12 Working Groups, the FTAA negotiators are now divided into nine Negotiating Groups and three Committees. The three Committees are responsible for making recommendations to the Trade Ministers. The Hemisphere's Trade Ministers have held five Ministerial Meetings since the Miami Summit of the Americas in 1994. At these meetings the Ministers exclusively discuss the FTAA with the purpose of outlining working plans for the negotiating process and make many important decisions about the FTAA. The Trade Ministers are scheduled to meet in Buenos Aires two days before the next Summit of the Americas.

## Groups Negotiating for the Corporate Rulers

The negotiating groups are responsible for drafting chapters of the final FTAA document and have been meeting at least every 18 months for the past four years.<sup>2</sup> These meetings have generally taken place behind locked hotel room doors (draw your own conclusions...). This allows the negotiators to hammer out the details of the draft chapters of the FTAA in secret. The draft will be on the agenda at the next Summit of the Americas, which will be held in Quebec City in April 2001.

The following descriptions of what the negotiating groups are likely to include in their draft documents are based on the stated objectives of each of the negotiating groups, and what we know about the attempted MAI and WTO policies.

### 1. Market Access – A Free Trade Free-for-All

The purpose of the policies in this section is to gradually eliminate tariffs and non-tariff barriers that restrict trade. This is the free trade part of the FTAA. Tariffs are fees or taxes imposed by governments on the import and export of goods. They are usually imposed to make imported goods more expensive than domestically produced goods. Most tariffs have been eliminated through WTO and NAFTA however some still exist. Non-tariff barriers include anything that could

have the same effect as a tariff, such as environmental or labor regulations. During FTAA negotiations all tariffs will be subject to negotiation, which means, potentially, no sector of the economy will be immune from free trade rules (thereby eliminating protections for agriculture, medicine, public services, etc.).

### 2. Services – Did Someone Say PRIVATIZE?

This was part of the failed WTO talks at the Seattle Ministerial in 1999 and would open national markets to international investors in such areas as health, education, telecommunications, water and other services. While most countries have liberalized, or opened to foreign investors, parts of their service sector as part of the General Agreement on Tariffs and Trade (GATT), the FTAA will seek further liberalization, which will lead to many poorer countries having their services bought out or monopolized by foreign investors (or multinationals). One of the first steps in liberalizing services is the privatization of publicly owned services. The World Bank and the International Monetary Fund have laid the foundations for liberalization by requiring countries to privatize many services as part of their structural adjustment programs.

A recent World Bank privatization project forced Bolivia to allow foreign ownership of water services in the city of Cochabamba. The subsequent rise in water prices met with intense resistance by city residents. People continually demonstrated in the streets, disrupting the city for several days. When police violence and repression failed to end the demonstrations, the Bolivian government was forced to change its policies regarding foreign ownership



Nicaragua's Rio Waspuik in the Bosawas Reserve and other reserves are threatened by the FTAA that seeks to turn all the Earth's natural resources into commodities to be bought and sold by multinational corporations.

Langelle/ACERCA

of water. The FTAA would limit governments' ability to restrict foreign ownership of services, leaving communities vulnerable to the predations of multinational corporations (MNCs)- such as what happened in Cochabamba.

### 3. Government Procurement – By, of, and for the Corporations

Most governments have purchasing policies that favor locally produced goods and services. The FTAA would require governments to establish an "open and transparent" policy for government procurement –forcing governments to reveal their procedures and the sources from which they purchase their goods and services. This would be the first step in ensuring that governments are not giving preferential treatment to local producers and suppliers. The FTAA would also impose a policy of "non-discrimination" in government procurement which would force governments to eliminate purchasing policies that favor local businesses. Negotiators are also considering the establishment of a dispute settlement body for complaints of suppliers against purchasing governments, clear evidence of the priority being given to corporations' profits rather than people or local economies.

### 4. Agriculture – Genetically Modify My Ag!

The FTAA seeks to expand upon the WTO Agreement on Agriculture to restrict government subsidies for small

farmers and eliminate price controls for important commodities, such as rice or corn. This spells disaster for small farmers who cannot possibly compete with giant agribusiness and for the poor who cannot afford to buy food at world market prices. When Mexico removed controls on corn imports, US corn flooded the Mexican market and millions of Mexican farmers went bankrupt. The US government is also seeking to expand the market for genetically modified organisms (GMOs). The FTAA is likely to include provisions that require other countries to remove any regulations or restrictions on the sale or production of GMOs.

## 5. Intellectual Property Rights – Whose Idea Is It Anyway?

Before the WTO, governments were free to establish their own policies regarding patenting of technology and information (intellectual property) based on an innovation or invention's importance to society. For example, many countries would restrict the patenting of certain medicines because they are important to public health. The intellectual property agreement of the WTO has already restricted governments' ability to define what constitutes intellectual property and how to regulate it. These rules give big companies a monopoly on patented mate-



Langelle/ACERCA

Mexico's Lacandon rainforest—the tremendous biodiversity of the entire Hemisphere is seriously threatened by the FTAA

## Biotechnology and the FTAA

The interests that are seeking to impose the FTAA include many of the same corporations that have tried to overwhelm the food supplies of the US, Canada and Latin American countries alike with unsafe, largely untested products of biotechnology. Argentina and Uruguay have joined the US and Canada as significant exporters of genetically engineered food products, even though the US still produces the lions share of such crops worldwide.

Studies of the effects of genetic engineering in agriculture have demonstrated a wide range of problems for the environment, the safety of food, and the integrity of local farm economies. These consequences could be significantly heightened under an FTAA agreement for a number of reasons. First and foremost, Latin America is a center of biological diversity for many of our common food crops, including corn, tomatoes, peppers, potatoes, beans and squash. Engineered crop varieties would be likely to cross-pollinate with related wild plants, spreading exotic combinations of genetic traits at the expense of local ecosystems, and threatening hundreds of indigenous crop varieties. If the FTAA renders countries such as Mexico and Brazil unable to regulate imports of engineered foods and seeds, the consequences for already-marginalized rural communities would be severe.

Since 1999, people in Brazil have been fighting to prevent the cultivation of genetically engineered soybeans (resistant

to the herbicide, Roundup) in their country. Today, the country's largely GE-free soybean crop is sold at a premium to companies in Europe and Japan that cannot obtain such assurances from US suppliers. A federal court ruling in July of 2000 supported consumer groups efforts to keep these products out of Brazilian agriculture. Would such initiatives survive under the FTAA? Similarly, Canada has banned the use of Monsanto's genetically engineered cow hormone rBGH (recombinant Bovine Growth Hormone), and sustained this ban under tremendous pressure from US government and corporate interests. Will the FTAA further restrict such efforts to protect public health and sustain local agricultures? Companies such as Grupo Pulsar and PLANFOSUR (a venture of the Texas-based Temple-Inland Forest Products) have described plans to grow plantations of fast-growing genetically engineered eucalyptus trees in Mexico and other countries. Will the FTAA impair peoples ability to protect themselves and their lands from these latest biotechnological threats?

The FTAA, like NAFTA and the WTO, is a project committed to promoting trade at the expense of all other social, economic and environmental needs. Food safety standards under the WTO are subordinated to international sanitary and phytosanitary standards, controlled by the corporate-dominated and publicly unaccountable Codex Alimentarius Commission. The WTO has imposed

what is termed the harmonization of laws designed to protect the public i.e., no country or local area could seek greater protections than those imposed internationally, most often by the United States. This applies not only to food, but also to trade in biological resources (bioprospecting, also known as biopiracy) and the patenting of living organisms.

Traditional Mayan healers have protested plans by the University of Georgia and a Welsh biotechnology company to collect medicinal plants for research and potential patents. A Mexican biotechnology institute (based at the National Autonomous University, UNAM) has contracted with a San Diego biotech company called Diversa to provide biological samples for a mere \$50 each. In 1991, Costa Rica signed an exclusive agreement with the Merck Chemical Company, granting the company sole access to the country's biological resources in exchange for a million dollars and a five percent royalty on commercial uses. The US National Institute of Health obtained a patent on genetic sequences from the antibodies of an indigenous Guaymi woman from Panama, a patent that was ultimately renounced in the face of overwhelming international pressure. The FTAA is likely to make it far more difficult to expose and challenge future projects such as these.

*Brian Tokar;*

*Institute for Social Ecology,  
ACERCA Advisory Board*

rials. Companies with monopolies then control the pricing which often makes it difficult for impoverished people to obtain patented materials and restricts other companies from manufacturing cheaper generic materials. (See *Protecting Intellectual Property*, at right)

## 6. Subsidies, Anti-dumping, and Countervailing Duties – Who’s Dumping on Who?

Subsidies are assistance governments give to corporations to offset the costs of production; they can be in the form of monetary awards or in the form of regulations or policies designed to give advantages. Dumping is when products are introduced into a country at a lower than normal value. Countervailing duties are the measures a government can take to counteract the effects of subsidized or dumped foreign imports into a country’s market. The WTO has established rules for what subsidies a government is allowed to provide, what recourse governments have in the event that products are dumped into their markets (anti-dumping), and what kinds of countervailing duties governments can impose. These guidelines essentially put the burden of proof of damage on the government whose domestic markets are “injured” or “damaged” by dumping or subsidies. Since dumping and subsidies are more likely to be enacted by richer, more powerful countries, and the burden of proof is on the country suffering damages, which tend to be poorer countries with few resources to invest in the extensive investigative process, these rules generally benefit wealthier countries. The FTAA intends to “enhance compliance” with existing WTO rules.

## 6. Competition Policy – Corporate Monopolies Only

A similar policy was attempted in the Seattle Ministerial of the WTO. This would be a catch-all attempt to eliminate any policies, regulations or anything that might favor local producers of goods and services. This is another blow to small, locally owned businesses (including small farms). By ensuring a market environment does not give any advantage or protection

## Protecting Intellectual Property

One provision which is common in so-called “free trade agreements” which their supporters don’t like to talk about is the requirement that other countries follow U.S. patent and copyright laws. Adherence to U.S. patent and copyright laws is called “respect for intellectual property rights” by supporters of these provisions. One reason supporters of these agreements don’t like to talk about intellectual property provisions is that they have nothing to do with “free trade.” Just the opposite is true: these provisions are restrictions on trade. They are requirements that countries obey laws passed by other countries to grant corporations monopolies on producing certain goods.

And respecting these monopolies can be very costly, particularly to developing countries. For example, while people in the United States who have AIDS may live for years with the latest treatments, contracting HIV/AIDS is an imminent death warrant for people in Africa. The key reason is that people and governments in Africa could not possibly afford Western AIDS drugs at patent-protected prices.

The rules of the World Trade Organization designed to protect the intellectual property claims of multinational corporations have exceptions that are supposed to allow countries to prioritize making essential medicines affordable over respecting patent claims. But the policy of the U.S. government, at the behest of the pharmaceutical industry, has been to try to block developing countries from using these exceptions. This dispute, in the case of South Africa, led activist groups in the U.S. to disrupt campaign appearances by Vice-President Gore until the Clinton Administration agreed to reverse its policy. However, the U.S. continues to pursue provisions on intellectual property in trade agreements which would be stronger than the WTO provisions and thus make it difficult for developing countries to make essential medicines affordable. It is almost certain that the still-secret draft FTAA text contains provisions on intellectual property that go beyond the provisions of the WTO.

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Research

to local or small business, the FTAA guarantees that big corporations will always have the advantage. It will be the *WalMartization* of the Western Hemisphere as small businesses are overrun by multinational corporations.

## 7. Dispute Settlement – Guess Who Wins?

Working within the scope of the WTO’s Understanding on Rules and Procedures Governing the Settlement of Disputes, the FTAA seeks to establish a “transparent and effective” means for resolving disputes among countries and solve private trade controversies. It is likely that the FTAA will include provisions to allow corporations to seek redress for grievances with governments. This gives corporations power to prevent governments from enforcing any law or regulation designed to protect people or the environment. For example, if clean air stan-

dards require expensive technology to control emissions at a factory, the corporation can sue the government to change the law. This gives unaccountable corporations the power to overturn laws enacted by elected governments. (See page 14 for examples of how corporations have already taken advantage of these kinds of “rights.”)

**By 1997, approximately 28,000 small Mexican businesses had been destroyed [since NAFTA] due to foreign multinational competition and their Mexican partners.<sup>5</sup>**



Langella/ACRCA

Two Mexican men from Chiapas blockade a road as part of their ongoing protest of NAFTA. In 1997, more than 7.5 million Mexicans were documented as earning less than Mexico's legal minimum wage, 20% more than in 1993. Among Mexico's working class, salaries at the end of 1997 had fallen to 69% of their 1994 value.

## 9. Investment – It's Risk-Free!

To "create a stable and predictable environment that protects the investor"<sup>3</sup> is the objective of this working group. This is the resurrection of the defeated MAI, which provided a variety of protections for investors at the expense of labor, environmental, and consumer advocacy laws. While we do not know exactly what the final draft of the FTAA will look like, based on the language they have used in their Ministerial Declarations, we can extrapolate that the final text will have several provisions from the defeated Multilateral Agreement on Investment (MAI), including the following:

*Broader definition of investment – I didn't like that forest anyway...*

The MAI sought to expand the definition of investment to include all types of assets, including: real estate (even publicly owned land) and natural resources (such as forests, minerals and oil); intellectual property (patents and trademarks); as well as more conventional types of investment such as stock options and direct foreign investment in services and manufacturing.<sup>4</sup> With this broader definition, the FTAA would ensure that everything in the hemisphere with a market value would be available on the hemispheric free market. From national forests to oil reserves to the administration of hospitals and prisons, everything

could be purchased and/or administered by the highest bidder for the sole benefit of corporate bank accounts.

*National Treatment – We're all the same here at WalMart*

Under the MAI, foreign investors were to be guaranteed treatment better or equal to domestic investors. This would require the elimination of any laws, regulations, or practices that give preferential treatment to locally produced goods or national businesses. This would give wealthy multinational corporations an unprecedented advantage in establishing monopolies in poorer countries by removing the only advantage that smaller businesses have: that they are local. In many instances, giving such treatment to foreign investors amounts to discriminating against local or national investors since there are no laws written to say

that domestic investors must be given better or equal treatment to foreign investors. By "leveling of the playing field" the FTAA offers no protection for smaller domestic firms against the giant corporate players. A level playing field does not create a fair game if one team consists of elephants while the other of ants.

*Regulatory Takings – I'll pollute what's mine*

This provision would allow corporations to demand compensation for any government's policies or actions that actually or potentially results in a loss of profits. For example, if a government passes a law requiring strict pollution controls, a multinational corporation that owns a polluting factory can sue the government for compensation if the costs of cleaning up cuts into their profits. The Metalclad case against Mexico is a good case of regulatory takings (see page 14). By including a provision on regulatory takings, the FTAA would give rights to corpo-

## Free Flowing Capital

In the wake of the Asian financial crisis, which was largely brought on by the deregulation of international financial flows (such as currency speculation and trading in stock futures) in the region, even economists who strongly support deregulation of trade flows in goods have become sharply skeptical of efforts to remove government restrictions on international financial flows. Such economists include Jagdish Bhagwati, former adviser to the General Agreement on Tariffs and Trade (GATT) and Joseph Stiglitz, former Chief Economist at the World Bank. Stiglitz has pointed out that there is no evidence that developing countries benefit from deregulating financial flows, and considerable reason to think that deregulating finance leads to increased economic instability.

Both the North American Free Trade Agreement (NAFTA) and the draft Multilateral Agreement on Investment (MAI) contained provisions barring any government policy which could have the effect of discriminating against foreign investors. Such provisions would have the effect

of preventing governments from acting to discourage speculative financial flows. Yet it is widely understood that NAFTA and the MAI are "templates" for the investment provisions of the still-secret FTAA.

Chile, for example, is widely believed to have largely escaped the effects of international financial volatility since 1991 as a result of restrictions that Chile has put in place to discourage short-term inflows of foreign capital. These restrictions include a "reserve requirement" that foreign investors make a non-interest bearing deposit equal to a certain percentage of each investment for a year. This raises the cost of short-term investments. This sensible policy could be made illegal by the FTAA.

In the wake of recent international financial crises, the idea of imposing small taxes on international financial transactions to discourage speculation – "Tobin taxes" – has gained many adherents. But the FTAA is likely to prohibit such measures.

*Bob Naiman,*

*Center for Economic and Policy Research*

rations that are not possessed by any individual and would harm governments' abilities to pass regulations to protect public health, labor rights, or the environment.

#### *Phase out Performance Requirements – Phase out accountability*

Performance requirements are conditions imposed on investors to benefit local economic development. Some examples of performance requirements are: governments requiring multinational corporations (MNCs) to hire a certain percentage of managers from a local population; using domestic suppliers for goods and services within a factory; certain environmental regulations; and requiring the exportation of products manufactured in foreign owned factories (which would prevent competition with goods produced by locally owned factories). While NAFTA and the WTO have already placed some restrictions on performance requirements, the FTAA would seek to eliminate them altogether over a period of time. The elimination of performance requirements would mean that MNCs would have no obligations whatsoever to the local communities in which they operate.

#### *Free Flow of Capital – Wheel of Foreign Currency!*

About 90% of international financial transactions are speculative, meaning that 90% of transactions involving purchases or trading in foreign currency have no physical manifestations: no factories are being built, no goods are being bought or sold, nor is any new investment being made in any enterprise public or private. Traditionally, countries have been able to impose some controls on this flow of money, for example by imposing limits on who can change currency by requiring licenses or imposing a minimum time commitment on investors who purchase currency. These controls prevent a country's economy from becoming too dependent on foreign investment and protect domestic economies from collapse if foreign investors suddenly withdraw their money. NAFTA, the WTO, the International Monetary Fund (IMF) and the World Bank have all contributed to the loosening of restrictions on foreign investment in the past few years. (See Free Flowing

Capital, page 8)

#### **Take it to a Committee**

The three working committees are non-negotiating bodies established to address specific issues within the FTAA. They make recommendations to the negotiating groups who either follow or ignore them as they see fit: the negotiating groups are in no way accountable to the committees.

#### *Joint Committee on Civil Society Participation – Sorry, We Can't Hear You*

This committee was set up to demonstrate that the FTAA negotiators are committed to democracy and the

participation of civil society. Unfortunately (but not surprisingly), the Joint Committee is little more than window dressing. Civil society was invited to submit comments to the committee, however, not only was the submission process cumbersome, there are no guarantees that any civil society concerns would be accounted for in the deliberations. Unlike the American Business Forum which is present at every negotiating meeting, civil society has not been invited to any meetings. This Joint Committee has done nothing to ensure that civil society concerns are addressed or even heard.

### What About Free Flow of People?

The FTAA is likely to have a serious adverse impact on immigrants and their political rights in the hemisphere. The observed effects of NAFTA on immigration and immigrants' rights provide a basis to guess at the potential impact of FTAA. NAFTA has created the conditions in Mexico conducive to massive migration.

The maquiladora, or export processing zone, is the only sector of the Mexican economy that has shown significant growth since NAFTA, expanding from a workforce of 546,433 the day NAFTA went into effect, to a workforce of 983,272 in April 1998.<sup>1</sup> Meanwhile, small businesses have suffered - 28,000 small businesses in Mexico have closed between 1994 and 1997 because of competition from multinationals and their domestic partners.<sup>2</sup> Another attack on small farmers has been the trade liberalization policy, under which Mexico has opened up to imports of cheap, often genetically modified U.S. corn grown with subsidies. Mexican corn farmers are unable to compete and are driven off their land.<sup>3</sup> Mexican livelihoods are being destroyed, particularly in the agricultural and small business sectors, and people are being driven into unemployment and poverty. The export-oriented economy is failing to create a sufficient number of jobs to replace the ones eliminated, inevitably resulting in pressure to migrate.

The U.S. political response to the potential for increased post-NAFTA immigration has been an assault on immigrants' rights, starting with the increased militarization of the border since January 1994. This was followed by Proposition 187 in California in November 1994, which denied education and health services to undocumented immigrants and their children. In 1996, Congress passed the Immigration Reform and Immigrant Responsibility Act, which made it much harder for people to immigrate, and easy for the INS to deport immigrants (including legal permanent residents) on almost any pretext.

These policies reflect corporate interests - to drive a wedge between American-born workers and immigrant workers and prevent the formation of solidarity. In addition, suppressing immigrants further makes them more easily exploitable by employers. It is reasonable to speculate that these policies were adopted at an accelerated pace since 1994 in anticipation of a rapid growth in immigrant population resulting from NAFTA (as well as WTO, IMF, and World Bank policies worldwide). By extrapolation, it is very likely that the enactment of FTAA will lead to further erosion of the rights of immigrants, in anticipation of another large increase in immigration.

*Basav Sen,  
Boston Global Action Network and  
Bankbusters*

(see *Threat to Democracy*, page 16)

*Consultative Group on Smaller Economies – Soon You’ll Be Just Like US*

This group was established to help smaller countries fully participate in the negotiations and in the implementation of FTAA rules. To this end, the committee administered a survey of countries with smaller economies entitled, “Technical Cooperation Needs Assessment for Smaller Economies.” The 15 countries that responded to the survey stressed the need for training and technical assistance for trade negotiators, institutional reform, and implementing WTO commitments. In

other words, the focus of this committee is to facilitate the implementation of WTO rules now and FTAA rules in the future. There is no discussion of how the FTAA will have different impacts on countries with smaller economies nor are any special provisions being made that favor developing countries in the drafting of the FTAA. Instead, the FTAA rules present a “one size fits all” formula for international trade. The Group on Smaller Economies is dedicated to providing “technical assistance” to help countries fit into the FTAA shirt.

*Joint Government-Private Sector*

*Committee of Experts on Electronic Commerce – Building the Virtual Mall*

This is a non-negotiating body that makes recommendations on how to increase and broaden the benefits of e-commerce and how to deal with the issues of expanding electronic commerce in the context of the FTAA. Any committee that is made up of self-proclaimed experts should automatically generate suspicion. Indeed, their primary objective appears to be to turn the internet into a virtual hemispheric mall and promote hyper-consumerism.

## Militarism and Globalization in the Americas

A 1997 Pentagon document stated that the purpose of the U.S. military is “to protect U.S. interests and investments.” In describing future threats to these interests and investments, the study says, “Although unlikely to be challenged by a global peer competitor, the United States will continue to be challenged regionally. The globalization of the world economy will also continue, with a widening between ‘haves’ and ‘have nots.’”<sup>1</sup> All of this seems to indicate that the U.S. military sees itself having to respond to movements and rebellions spurred by the growing gap between rich and poor caused by the globalization of the economy.

*New York Times* columnist Thomas Friedman, a friend and supporter of former Secretary of State Madeline Albright, echoes these ideas writing that “because we are the biggest beneficiaries of globalization, we are unwittingly putting enormous pressure on the rest of the world,” and that globalization is “producing a powerful backlash from all those brutalized or left behind.” He goes on to say that “the hidden hand of the market will never work without a hidden fist – McDonald’s cannot flourish without McDonnell Douglas, the builder of the F-15. And the hidden fist that keeps the world safe for Silicon Valley’s technologies is called the United States Army, Air Force Navy and Marine Corps.”<sup>2</sup> Sometimes the “hidden fist” is applied directly, but more often it comes in the form of arms sales and military aid allowing foreign militaries and security forces to do the dirty work of making their countries safe for multinational corporations by destroying anything that threatens foreign investments.

Mexico is a case in point. The North American Free Trade Agreement (NAFTA) threatened to destroy the economy and culture of indigenous communities in the southern Mexican state of Chiapas. In response, in January 1994 a revolutionary movement — the Zapatistas — rose up to challenge the political and economic policies that were threatening the people of Chiapas. In 1995 activists uncovered a secret memo from the Emerging Markets Group at Chase-Manhattan Bank, one of the chief banks funding governments and multinational corporations, that concluded that “While Chiapas, in our opinion, does not pose a

fundamental threat to Mexican political stability, it is perceived to be by many in the investment community. The government will need to eliminate the Zapatistas to demonstrate their effective control of the national territory and of security policy.”<sup>3</sup>

The United States provided the Mexican government with the weapons and military training to carry out this mission, giving Mexico \$362 million worth of weapons and training between 1993 and 1997.<sup>4</sup> Mexico continues to receive substantial military aid from the U.S.. Just like under NAFTA in Mexico, military force will be necessary to force the economic policies dictated by the FTAA on desperately poor people throughout Latin America, and the U.S. will provide the weapons and military training necessary to make the hemisphere safe for multinational corporations. The new \$1.3 billion military aid package the U.S. is sending to Colombia indicates the shape of things to come.

The Colombian military and right-wing paramilitary groups connected to the government and to wealthy landowners have waged a brutal but unsuccessful war against the guerillas as well as anyone suspected of being sympathetic with their goals. The U.S. is providing the Colombian government with weapons, training, and military advisors under the guise of fighting a war on drugs despite the fact that the military and the paramilitaries are involved in most of the heroin and cocaine trafficking in Colombia.<sup>5</sup> The real motive behind U.S. military aid to Colombia seems to be guaranteeing U.S. access to Colombian oil. Colombia may have up to 2.6 billion barrels of oil and 260 billion barrels in oil reserves. The U.S. is eager to gain access to this oil in order to decrease dependence on Middle Eastern oil, but the guerillas frequently attack Colombia’s oil pipelines.<sup>6</sup> The U.S. appears to be getting involved in Colombia’s civil war to guarantee our corporations’ access to the country’s resources. We can expect to see similar stories played out throughout Latin America in the years to come.

*Sean Donahue,*

*New Hampshire Peace Action*

# Making the FTAA a Reality

## Structuralize This!

The idea of the FTAA coalesced at the first Summit of the Americas in 1994 in Miami, which was sponsored and organized by the Organization of American States (OAS). According to the OAS website, "One of the most important initiatives to emerge from the Miami Summit was the agreement to work towards creating a Free Trade Area of the Americas. The FTAA is designed to provide free market access for goods and services to the entire continent. It was decided that negotiations for an FTAA should conclude no later than the year 2005."<sup>6</sup> The Tripartite Committee was also created at the Miami Summit and consists of the OAS, the Inter-American Development Bank and the United Nations Economic Commission for Latin America and the Caribbean. The Tripartite Committee is responsible for providing technical assistance to the FTAA and member countries, helping to fund the FTAA, and developing a data base on trade policy issues and trade agreements that already exist in the hemisphere.

The OAS created the Trade Unit and the Special Committee on Trade, specifically to assist free trade negotiations. The Special Committee on Trade was established at the Summit of Americas in 1994, "to begin to construct a Free Trade Area of the Americas in which barriers to trade and investment will be progressively eliminated."<sup>7</sup> In April 1995, the OAS Trade Unit started with a mission to "strengthen trade information systems (and) analyze various aspects of trade relations in the Hemisphere."<sup>8</sup>

The Inter-American Development Bank (IDB), which is helping to fund the FTAA negotiating process, recently approved a project loan of U.S. \$4,300,000 to be directed to the FTAA. This loan will help transfer the FTAA Administrative Secretariat from Miami to Panama City and will help fund the actual operation of the Secretariat from March 2001 to February 2003. The purpose of the IDB is "to encourage private investment contributing to economic development and to supple-

ment private investment whenever necessary... and to use its own capital to mobilize funds for high priority economic and social projects."<sup>9</sup>

It is obvious that the IDB and OAS, despite their claims to be working to enhance the lives of people from the Western Hemisphere, are really working to ensure that corporations and the private sector can move capital across borders without restriction. The OAS and IDB have stated that they have human rights and sustainable development on their agenda in addition to free trade. However, time and again we have seen that free trade is contradictory to human rights and sustainable development. Free trade does not provide protection for human rights and the environment; it kills them.

The OAS will host the next Summit of the Americas in Quebec City in April 2001. While the agenda of the Summit of the Americas includes issues like capital markets, tourism and sustainable development, the

FTAA is at the forefront of debate and discussion.

## Americas Business Forum: Making the FTAA What the Corporations Ordered

While FTAA negotiations are ostensibly between governments, a look at the relationship between the FTAA and the Americas Business Forum (ABF) reveals the huge influence of the corporate private sector. The ABF was formed in 1996 by over 1,000 of the hemisphere's business leaders to provide a mechanism for multinational corporations throughout the Americas to exert influence on the FTAA process. It would be wonderful if the voice that shouted the loudest had the most influence in the FTAA negotiations, because the ABF would be a pin drop next to the roar of millions of people protesting. But in fact, as in all high-level negotiations, the voice of big business has muted the roar of the people.

## Corporate Globalization in the Americas Courtesy of the IMF, World Bank and IADB

The FTAA process is not happening in a vacuum. Many of the policies which would be locked in by an FTAA agreement are already in place in many Latin American countries. These policies have been put in place by a history of foreign interventions which empowered elites friendly to the interests of multinational corporations. If Salvador Allende were still President of Chile, if a Sandanista government led Nicaragua, if Jacobo Arbenz were President of Guatemala, if an FMLN government led El Salvador, if Maurice Bishop were President of Grenada, it is not likely that these governments would be championing a hemispheric "free trade agreement" along the lines of NAFTA.

Moreover, if the International Monetary Fund (IMF), the World Bank, and the Inter-American Development Bank (IADB) had not promoted and imposed "structural

adjustment" policies in Latin America for the last twenty years, many of the policies of export-orientation, privatization, and openness to multinational corporations which would be codified by the FTAA, would not be in place.

Although pro-corporate policies are in place in many countries, there is tremendous opposition to them, and the signing of an FTAA would reduce the space for that opposition. For example, an uprising in Bolivia has been able, at least for the moment, to reverse the effects of a World Bank-sponsored privatization of a water utility to the Bechtel corporation. Under an FTAA, Bechtel could sue the Bolivian government to recover profits "lost" as a result of not being able to charge impoverished people more money for water.

Bob Naiman,  
Center for Economic and Policy Research

The ABF has a monopoly on the ears of FTAA Trade Ministers, negotiators and governmental representatives to ensure that their demands are heard. At a 1995 Trade Ministerial in Denver, former U.S. Secretary of Commerce Ron Brown told a meeting of over 500 trade and business leaders that they were the leaders of the FTAA process and that role of governments was to take whatever policy steps were necessary to best suit business interests in the hemisphere.<sup>10</sup>

It is no coincidence that the jargon the ABF uses to hide its power-and-profit agenda is the same language infecting the FTAA: national treatment, restrictions on performance requirements, free flow of capital, and investor-state disputes. As explained in this booklet all these policies really mean more money and power for the multinational corporations at the expense of poor and working people.

The ABF has had exclusive access to the negotiations at all levels, and this is no secret. Since its formation in 1996, the ABF has been invited to present proposals at every meeting of the FTAA Trade Ministers.<sup>11</sup> According to the ABF, "Input from the ABF's private sector has become part of the FTAA process...this formal integration of private sector concerns is unique in international trade policy negotiations."<sup>12</sup> In contrast, in 1997 when the Inter-American Regional Organization of Workers (ORIT) proposed the establishment of an Americas Labor Forum to have a similar voice in the FTAA process, it was vetoed.

### Fast Track Authority: The Fast Lane to Corporate Rule

Fast Track authority transfers trade and investment agreement negotiating power from the legislative to the executive branch. By implementing Fast Track, Congress agrees to vote on a pact (and any U.S. laws that will need to be changed as a result) before having an opportunity to fully review the text of an agreement. Absolutely no amendments may be added to the agreement once it is presented to Congress. If Fast Track is implemented before the FTAA is presented to Congress, they will have to vote it up or down, with no space for additions

or removals of any provisions. Many U.S. environmental, labor and food safety laws may need to be tailored to comply with the FTAA. Under Fast Track, Congress will have to vote yes or no to the complete package of the FTAA, including all the modifications to U.S. laws to ensure that the U.S. is in compliance with the FTAA.

In its previous life, Fast Track limited the debate on the floor of both the House and the Senate to 20 hours each. This does not permit sufficient time for public interest groups to argue about the negative effects that trade agreements will have on the environment, labor, agriculture, education, etc. After viewing the document, Congress

was given only 60 days to vote yes or no to the entire proposed agreement. Fast Track, which was in place for five years the last time if was passed, applies to any trade and investment agreements brought up during its tenure. This means it would apply to the FTAA and, potentially, another attempt at the MAI.

Many countries in the South have stated that they do not want to negotiate the FTAA seriously (meaning the very last details) until Fast Track is passed in the U.S.<sup>13</sup> These countries do not want to invest time and energy into negotiations for the FTAA unless U.S. passage is guaranteed.

### Free Trade Says: Rewrite the

## Dry Canal Megaprojects and the FTAA

Global capital, in desperate need of an alternative to the aging Panama Canal, has proposed dry canal megaprojects to move goods from coast to coast. These dry canals are proposed for Mexico's Isthmus of Tehuantepec,



Langelle/ACERCA

Nicaragua, Colombia and other areas and will devastate the land and people for hundreds of kilometers in all directions. The Central American region has become a linchpin to the expansion of global trade.

Road being bulldozed through Lacandon rainforest in Chiapas, Mexico —destruction of wilderness corridors is just one of the few devastating effects of the corporate greed promoted by free trade agreements.

Using high speed rail to transport containers of capital goods from one coast to the other, these dry canals are highly valued for a variety of reasons. The aging Panama Canal, besides filling up with silt due to deforestation, also has both ports controlled by a Chinese multinational corporation. This control of a critical trade route by "communists" worries some capitalists. Meanwhile, the canal is no longer able to manage the increased pressure of a rapidly growing number of ships moving global goods. An alternative is desperately needed.

the construction of massive deep water ports on each coast, capable of hosting the largest ocean freighters. These ports will be connected by high speed rail lines. Such a massive transportation corridor will lead to further exploitation of forests and minerals and attract sweatshops, industrial shrimp farms, oil refineries and vast industrial development, leading to wholesale destruction to the environmental and cultural integrity of the region. The FTAA and these megaprojects are part of the ongoing colonization of Central and South America to further the expansion of trade and the exploitation of resources for the benefit of the North.

Anne Petermann,  
ACERCA Development Advisor

These megaprojects will involve

## Constitution

Before Mexico could enter NAFTA, they had to re-write part of the Mexican Constitution. Article 27, which granted indigenous people and other landless peasants communal land ownership (*ejidos*). This was the most important gain for the indigenous people from the Mexican Revolution in 1917. In 1992, before Mexico could join NAFTA, Article 27 was re-written to enable the privatization of the *ejido* lands in order to standardize Mexico's property laws and have them more closely resemble U.S. and Canadian property laws. *Ejido* lands could now be bought, sold, and rented on the open market by domestic and multinational corporations. Also in 1992, Mexico passed a Forestry Law, which sanctioned commercial tree plantations, basically legitimizing and encouraging their existence. Together, these laws have completely undermined indigenous sovereignty throughout Mexico.

Currently, the FTAA is compiling databases of laws from throughout the Americas to determine which laws will need modification to be in accordance to the FTAA. It is likely that many countries will have to rewrite environmental, agrarian, and labor laws in order to comply with FTAA regulations. The FTAA claims that it is a democratic entity, but rewriting national laws not only undermines national sovereignty, but it is also completely undemocratic to have international bodies composed of trade bureaucrats and corporate representatives deciding if environmental and labor laws are legal or not. These modifications to national laws invariably effect the indigenous and low-income people most drastically, as they are displaced from their land and their markets are flooded with imported products.



Zapatista Comandante, 1996

**“In my view it was the reform of Article 27 that most radicalized the *compañeros*. That reform closed the door on the Indigenous people’s strategies for surviving legally and peacefully. That’s why they rose up in arms, so that they would be heard. They were tired of paying such a price in blood....What the *compañeros* say is that land is life, that if you don’t have land you are living dead, and so why live? It’s better to fight and die fighting.”**  
**-Subcomandante Marcos, spokesperson for the Zapatistas<sup>14</sup>**

## Mexican Workers and Free Trade

Organized labor in Mexico is a complex jumble of business, government, and civil society organizations and the differences between them can be stark indeed. A key aspect to highlight in is the connection between “official” union federations and independent union federations:

Union federations allied with the PRI (Institutional Revolutionary Party) acted in full support of the North American Free Trade Agreement. And in the six years that have passed since NAFTA’s signing these unions have continued to support the free trade agreement. The Mexican government, the multinational and Mexican companies, and the “official” labor unions such as the Confederation of Mexican Workers (CTM), the Revolutionary Confederation of Workers and Peasants (CROC), and the Regional Confederation of Mexican Workers (CROM) have colluded to prevent independent union organization. Workers interested in organizing independent unions have been fired and sometimes beaten up or arrested by the authorities in order to discourage them.<sup>1</sup>

As a result of this link, *maquiladoras* on the U.S./Mexican border have remained in large part unorganized. Since NAFTA, the *maquila* industry has flourished and the sudden appearance of government and business supported unions regularly appear in factories seeking an independent union. With passage of the FTAA, we can only anticipate a similar dynamic - increased *maquila* labor and increased resistance to independent unionization.

In contrast, the Authentic Labor Front (*Frente Auténtico del Trabajo* - FAT), an independent union federation, organized against NAFTA. Although modest in size, the FAT has an influence, which greatly exceeds its size due to its principled determination to create independent, democratic unions under extremely adverse conditions. For example, FAT was a key founder and active participant in RMALC (the Mexican Action Network Against Free Trade), the coalition of more than 100 Mexican organizations which opposed NAFTA and is now working to oppose the FTAA.<sup>2</sup>

*Emily LaBarbera-Twarog,  
Campaign for Labor Rights.*

# The FTAA and the Future of the Hemisphere

## Dispute Settlement Body: Long Live Corporate Rule

The Investor-to-State Dispute Resolution, expected to be included in the FTAA investment package, would basically grant corporations judiciary power. Under the WTO's Dispute Settlement Body, the judicial body of the WTO, any member nation may challenge another member nation if a law, program, or ban is not WTO compliant. Gerber Products Company enlisted the United States government

to challenge a Guatemalan law that did not conform to the WTO's Agreement on Trade-Related Intellectual Property Rights (TRIPS). Under the guidance of the World Health Organization (WHO), Guatemala outlawed advertising and packaging techniques that displayed chubby, healthy babies on infant formula. The Guatemalan government and WHO believed these marketing practices encouraged women to use infant formula, which is more expen-

sive and less nutritious, than breast milk.<sup>15</sup> After the implementation of the law, the Guatemalan infant mortality rate decreased substantially.<sup>16</sup> However, a WTO tribunal made up of trade officials and lawyers overturned it, because the law violated Gerber's trademark (an intellectual property right) and impeded their right to investment.

Chapter 11 of NAFTA enables corporations to sue member countries

## Protecting Corporate Profits

### Hazardous Waste for Mexico

In January 1997, California-based Metalclad sued the Mexican government because the governor of the state of San Luis Potosí ruled that a hazardous waste dump could not be constructed. Metalclad bought the facility from another corporation that left the county's groundwater contaminated due to improper storage techniques.<sup>19</sup> Upon purchase of the facility, Metalclad guaranteed they would clean up the contaminated land, instead they decided to expand the dump area without the promised cleanup.

An environmental impact assessment determined that the site was an "ecological[ly] sensitive underground alluvial stream". This finding caused the Governor of San Luis Potosí to declare the area a 600,000-acre ecological zone. This area became protected and Metalclad was forbidden to build their hazardous waste dump.<sup>20</sup>

This decision did not sit well with Metalclad and they sued the state of San Luis Potosí for \$90 million. The company claimed that the zoning law was a seizure of the company's property and impeded their right to their investment. Under NAFTA, if property rights are seized the restricting government must pay compensation fees to the company.

A NAFTA tribunal decided that San Luis Potosí would have to pay Metalclad \$16.7 million (U.S.) in compensation fees.<sup>21</sup> Grant Kesler, Metalclad's CEO, expressed disappointment in this settlement because he only received money for the loss of property, not the company's potential profit losses.<sup>22</sup>

### MMT and Canada

Another case that went before the NAFTA tribunal, which ruled in favor of corporations and against the environment, dealt with the gasoline additive MMT. Methylcyclopentadienyl Manganese Tricarbonyl (MMT) is a gasoline additive that U.S.-based Ethyl Corporation uses as a substitute to lead and to lower knocking sounds in engines. Manganese is suspected to cause brain damage in children.<sup>23</sup> MMT is also known to inhibit the function of pollution control devices, like catalytic converters.<sup>24</sup>

In April 1997, the Canadian Parliament banned importation and trade between provinces of MMT.<sup>25</sup> The state of California also banned the use of MMT and the state of Michigan strongly urged producers not to use MMT until further research was conducted on the health side effects.<sup>26</sup> MMT is rarely used in U.S.,<sup>27</sup> but the U.S.-based Ethyl Corporation sued Canada for \$250 million because of their ban on the additive. Ethyl claimed that the ban was "indirectly expropriating their anticipated profits" (lowering their potential profits) and damaging their reputation, which would have further consequences for the company.<sup>28</sup> The NAFTA tribunal ruled that Canada would have to pay Ethyl Corporation \$13 million in compensation fees and overturn the ban.



Langelle/ACERCA

According to the Environmental Protection Agency (EPA), since 1991, only 751 of the 2,900 Mexican *maquiladoras* have filed that they have disposed of their hazardous waste properly.

directly, at the municipal, state and national level, if laws impede trade or a corporation's potential for investment. Since the actual draft of the FTAA has yet to be released, it is not certain that the FTAA will include an investor-to-state dispute settlement provision like that of NAFTA, but it seems quite likely. This would allow corporations to by-pass the bureaucracy involved in the WTO dispute settlement process and directly challenge government rules and regulations that obstruct their profits.

Under the WTO, corporations must appeal to their governments to present their case to the WTO tribunal. While it is still a closed process, having to ask governments for assistance leaves a small space for public opposition and an opportunity for people to apply pressure on their governments. In the Guatemalan case cited above, Gerber Products Company could not have proceeded without receiving U.S. government support. However, under the FTAA, Gerber would likely be able to challenge Guatemala (or any other country) directly. Providing corporations with this kind of power will result in the nullification of environmental, human rights, and labor laws throughout the entire Western Hemisphere. As seen with NAFTA rulings under Chapter 11, the risk of investment is placed on municipal, state and national governments not the money-hungry, polluting corporations, even though they are the actual investors.

Investor-to-state dispute settlement is apparently quite controversial. Former USTR Charlene Barshefsky has stated that the FTAA dispute settlement body will most likely include investor-to-state suits, not just state-to-state suits.<sup>17</sup> However, Canadian Trade Minister, Pierre Pettigrew, has said that Canada will not sign the FTAA, if it contains dispute settlement provisions like NAFTA's Chapter 11.<sup>18</sup> We will have to wait and see who has the louder voice and larger boxing gloves at the FTAA table, the U.S. or the Canadian Trade Minister (or the voice of the people, which would terminate the entire FTAA).



The mudslides of Hurricane Mitch, which buried the top half of this tree near Posoltega, Nicaragua were caused by serious deforestation in Central America; a harbinger of what is to come if forest protections are removed by the FTAA.

## FTAA Attacks the Forests

Global Free Logging is back, this time posing as the Advanced Tariff Liberalization initiative (ATL) – one of the planks of the FTAA.<sup>1</sup> The ATL was an agenda item for the ill-fated Seattle ministerial of the WTO in November of 1999. The proposed ATL would effectively eliminate most tariffs and non-tariff trade barriers for forest products.<sup>2</sup>

Tariff elimination on forest products, according to global forestry industry consultant Jaako Poyry, could increase the consumption of forest products by 3 to 4 % worldwide.<sup>3</sup> This increase in consumption would undoubtedly be carried out through unsustainable logging practices.<sup>4</sup> For example, multi-national timber companies which operate in countries with forests with large tracts of land stand to make enormous profits from tariff elimination through exports to Europe, Japan, and developing countries. In short, the huge profits stemming from the elimination of tariffs would lead to the total destruction of these forests.<sup>5</sup>

If U.S. tariffs were eliminated from imports of Canadian softwood products, consumption of these wood products in the U.S. would inevitably increase. The result would be dramatic increases in intensive logging in Canada's virgin Northern Forest.<sup>6</sup>

Non-tariff "trade barriers," comprise a host of measures designed, in theory, to protect native forests.

Examples of these barriers to trade would include forest product labeling, timber and wood products certification programs, and local and national regulations designed to curb the negative impacts of domestic consumption of imported timber products. Another type of non-tariff trade barrier is phytosanitary standards, which are designed to regulate and inspect timber product imports and exports to prevent alien species from invading native forests.<sup>7</sup> Eliminating these important regulatory requirements would further degrade the world's remaining native forests, and increase deforestation and the loss of biodiversity in favor of not "restricting" trade.<sup>8</sup>

NAFTA provides a strong example of how environmentally unsound, pro-"free trade" agreements, like the FTAA, not only lead to severe deforestation in both developing and developed nations, but also contribute to a loss in the global timber labor force. Since NAFTA was enacted in 1994, at least 15 U.S. forest product companies have set up new operations in Mexico.<sup>9</sup> Boise Cascade has threatened to move more of its U.S. labor force south into Mexico if logging in U.S. National Forest doesn't increase.<sup>10</sup>

*Jason Ford,  
Northern Forest Campaigner,  
Native Forest Network  
Eastern North American Resource Center*

## Is THIS What Democracy Looks Like? The FTAA's Threat to Democracy

Within the proposed FTAA's Declaration of Principles, a clear effort is made to pay lip service to the demands of civil society worldwide to have a voice not only in the negotiation process, but also in the direction of the global economy. In addition to ideals like prosperity and poverty reduction, the FTAA claims to promote transparency and democracy. However, not only have the negotiations been conducted in complete secrecy since 1994, the very structure of the FTAA obstructs democratic process throughout the Hemisphere. The FTAA's most prominent policy makers have made it clear that what is valued in the FTAA process is obedience, homogenization and assimilation NOT democracy and diversity.

Former USTR Charlene Barshefsky has said that the main obstacles to a Hemispheric Trade Agreement in the past were "conflicts of perceptions and ideas."<sup>29</sup> The erosion of these ideologi-

cal barriers over the past 50 years has not occurred because people are convinced of the merits of neoliberalism (the ideology of free trade). Rather, the people of the Western Hemisphere have been forced to enact free trade policies by the International Monetary Fund and the World Bank, and have faced U.S. militarism whenever they stood in opposition to neoliberal policies. This allows Barshefsky and the other Trade Ministers to proclaim, as Margaret Thatcher is often quoted, "There Is No Alternative."

Many alternatives do exist, but the FTAA is not interested in them. Many non-governmental organizations (NGOs) have tried to work within the FTAA's structure to achieve transparency and participation in the negotiations, but they've been slamming their heads against a wall of secrecy. None of the full texts of the FTAA negotiations have been made available to the public, so any talk of trans-

parency on the part of the FTAA negotiators rings hollow. In relegating the role of civil society to simply "making recommendations" to the FTAA's unaccountable "Committee on Civil Society," trade negotiators have succeeded in the rhetoric of transparency but not the substance.

As the groups who have actually submitted proposals have seen, the Committee is a completely inadequate mechanism. To date there has been no indication that the Committee is anything more than a symbolic "mail carrier." NGOs can offer their suggestions and criticisms until they are blue in the face while the FTAA moves forward with its free-trade-at-all-costs agenda. Despite the obvious ineffectiveness of the Committee on Civil Society, the FTAA doesn't mind patting itself on the back for its generosity. Regarding the formation of the Committee, the FTAA's website announces, "The FTAA is the first

### "North American First Nations: Going Corporate?"

Economic globalization, NAFTA, MAI, and the FTAA are just another attempt at undermining the traditional aboriginal concepts of communal ownership, stewardship of lands in the U.S. and Canada as well as elsewhere in the world. Little by little the unique legal domain of Indian Country is being assimilated into the bank system. Already large separations between traditional indigenous self government and the Federal recognized Band Council system is used to enforce National law by promoting "Band Councils" to achieve any or most monied programs.

Traditional concepts continue to exist, although native reserve band councils have had difficulty accessing finance capital for local community development because the common property concept of aboriginal communities made it difficult for banks to seize the assets if the borrower failed to pay up the loan. With the encouragement of the Canadian, U.S. governments and the development of business opportunities in resource-rich First Nation territories, financial institutions have started to support indigenous corporate projects. Will the banks replace missionary Church and the Federal departments of Indian Affairs as the dominating factors in the lives of First Peoples, North and South? Private banks, WTO, and the IMF have a history of imposing the agenda of monied interests on indigenous peoples at the expense of sovereignty and the right to self-determination.

Washington and Ottawa continue trying to assimilate native peoples into a European-style culture using an apartheid system that robs native peoples of their sovereignty and their access to resources. The belief systems of First Nations have always been in conflict with the colonizer. Many great orators of our past have inspired countless generations of First Peoples to resist full assimilation and to continue the sacred mission of our beliefs, peoples and cultures. Perhaps it is the concept and role of money that has provided the greatest contrast between us, Canada and the U.S., as evidenced by this statement of Chief Crowfoot of the Blackfoot Nation:

"Our land is more valuable than your money. It will last forever. It will not even perish by the flames of fire. As long as the sun shines and the water flows, this land will be here to give life to men and animals. It was put here by the Great Spirit and we cannot sell it because it does not belong to us."<sup>1</sup> Yes, First Nation Peoples are still fighting to retain our lands and we continue to resist governments and international organizations that entice First Peoples to surrender their Aboriginal title. Now we are faced with another weapon of money investing. That gives contemporary significance to the words spoken on our behalf: "Our land is more valuable than your money."

*Sosar Easlo,  
Wabanaki Indian, D'Nakinna*



Langella/ACERCA

Francisco Gomez is one of many Zapatista indigenous autonomous communities in Chiapas, Mexico. Between 1984 and 1994 and through several currency devaluations the Mexican poverty rate remained constant at 34% of the population. As of 1997, 50% of the Mexican labor force live below the poverty line.

major trade negotiation where such a group has been established at the outset of the negotiations, and this is therefore a unique feature of the process.”<sup>30</sup>

Over 300 NGOs from around the Hemisphere aren't impressed. In November 2000, the Hemispheric Social Alliance sent a letter to the Trade Negotiations Chair, Dr. Adalberto Rodriguez Giavarini, expressing their frustrations at the Committee's ineffectiveness and the continued secrecy of the negotiations. He called for increased participation and for the

Global Trade Watch launched a “Campaign of Inquiry,” to petition the FTAA to release the text and educate the mostly unaware Congress on the FTAA and its lack of transparency.

Regardless of whether the text is released, it would only be available in the four official languages of the FTAA (Spanish, French, Portuguese, and English). The FTAA negotiators have, therefore, excluded many indigenous people throughout the Americas, who do not speak one of these languages, even though they will be the most

FTAA to “liberate the text” of the negotiations: “It is impossible for us to engage in a serious dialogue on the FTAA when we do not know the actual content of the negotiations.”<sup>31</sup> In addition, groups like **P u b l i c C i t i z e n ' s**

affected by the FTAA. FTAA negotiators have no intention on establishing a dialogue with indigenous people throughout the hemisphere. Just as the Zapatistas, have stated that NAFTA is the death sentence for indigenous people in Mexico, the FTAA is likely to be a death sentence for native people throughout the Western Hemisphere.

Additionally, releasing the text does not change the fact that the FTAA is fundamentally undemocratic. Allowing corporations to annul food safety and labor laws, undermine human and indigenous rights, and destroy the environment are not part of any democratic processes. When the FTAA text is released, they will use it as a public relations campaign to try to convince the public that they are a transparent organization. We will not be fooled.

Since 1994, the only voice the FTAA has heard is the call of the dollar, not the cries of the people. It is the most anti-democratic endeavor yet to appear on the international trade scene. FTAA negotiators who refuse to release the text of their negotiations and who deliberately exclude the voices and concerns of indigenous communities and civil society have no place talking of democracy. Democracy is about people, not profits.

## Free Trade and the Proliferation of Sweatshops

Supporters of the FTAA claim that it will provide much-needed jobs to countries in Latin America and the Caribbean by promoting foreign investment. It is argued that the FTAA will give foreign investors certain guarantees and this will make them more likely to invest. The model of promoting development by extending further guarantees to multinational investors is not new to the Americas; in the last two decades, it has been pursued aggressively through the creation of “Free Trade Zones.” But the jobs created in Free Trade Zones often deny workers a living wage, humane working conditions, and the right to organize a union. The FTAA, by extending the guarantees to investors while giving no guarantees to workers, will spread the abuses of “Free Trade Zones” to all of the Americas.

Nicaragua's experience shows how “free trade” permits and encourages sweatshop abuses. In the last year and a half, factory owners and managers in the Las Mercedes Free Trade Zone outside of Managua have been engaged in a vigorous anti-union offensive. The Chentex factory, owned by Taiwan's Nien Hsing business group, employs 1,800 Nicaraguan workers who produce 25,000 pairs of jeans each day. Eighty percent of the workers are women, and half of them are single mothers.

In 1998, Chentex workers formed a union. The average pay for Chentex workers is twenty cents per pair of jeans. The jeans are sold in the U.S. for thirty dollars. The union's demands for a wage increase amount to eight cents per pair of jeans. After a year-

long campaign to negotiate the wage increase, the workers held a one hour work stoppage in the plant, and later a two-day strike. Chentex management retaliated by firing over 700 union workers and leaders.

Under the FTAA, the Nien Hsing consortium would be given even more power to bust the union in Nicaragua. FTAA rules would allow Nien Hsing to register a subsidiary in an FTAA country and sue the Nicaraguan government for profits lost due to the workers' campaign. This would tighten the pressure on the Nicaraguan government to permit foreign companies to violate Nicaraguan workers' rights.

*Daisy Pitkin,  
Campaign for Labor Rights*

## THIS is What Democracy Looks Like

The opposition to the FTAA began as soon as the agreement was proposed in 1994 and has grown tremendously in the past few years. Unions, community groups, environmentalists, indigenous people, and anti-capitalists are all working to stop the FTAA. However, the FTAA is not an isolated incident, and as the architects of other free trade agreements, the international financial institutions, multinational corporations, and governments have all felt the resistance from people, and so will the negotiators of the FTAA. Below are some of the organizations that are in the forefront of the effort to stop the FTAA. This list is far from complete and grows longer every day.

**Action for the Community and Ecology in the Regions of Central America (ACERCA)**—has been campaigning against the FTAA and educating people about its potential impact for two years. Taking direction from community groups throughout Central America, ACERCA recognizes that the FTAA cannot be reformed.

**Alliance for Global Justice (AGJ)**— is committed to social change and economic justice. The AGJ supports strong grassroots organizing through shared political analysis, mobilizing direct actions, expanded communication, and skill sharing.

**Alliance for Responsible Trade (ART)**— is a US coalition of religious, human rights, labor, environmental, and other civil society groups, was to strategize viable and democratic alternatives to the FTAA. ART is active in the Hemispheric Social Alliance (HSA) which has drafted a working document entitled *Alternatives for the Americas*, to offer a model for a more human and sustainable hemispheric agreement.

**The Anti-capitalist Convergence (CLAC)**— is organizing a Carnival Against Capitalism to take place in Quebec City this April during the Summit of the Americas. Coordinating with groups throughout the Hemisphere, CLAC aims to build a long term movement with people from the North and South to defeat the capitalist globalization agenda and to create alternatives that promote peace, justice, and democracy for all people.

**Common Frontiers**—a multi-sector working group engaged in research, analysis, and action. They provide a forum to discuss issues and coordinate campaigns with the goal of constructing alternatives to the economic integration of the Americas, as proposed by the FTAA.

**Inter-American Regional Organization of Workers (ORIT)**—proposed a Labor Forum for the FTAA negotiating process, and is also mobilizing to educate workers about the need for alternatives to the neoliberal development model. ORIT was one of the conveners of the first People's Summit in Santiago, Chile and represents the major labor contingent in the HSA.

**Public Citizen's Global Trade Watch**— was formed to promote government and corporate accountability during the formation of international trade agreements. They conduct research, publish educational materials, and promote policy changes through public education programs and relationships with policy makers.

**La Red Mexicana de Acción Frente al Libre Comercio (RMALC)**—has been educating the Mexican public about the effects of free trade since the start of NAFTA negotiations in 1991. They are working with civil society groups throughout Mexico, the US, and Canada to create the space necessary to discuss alternatives to free trade.

**SalAMI**— is a direct action network that grew out of the struggle to defeat the MAI. Currently, SalAMI is organizing a direct action campaign to release the text of the FTAA and working with unions, student groups, and other NGOs to coordinate a Convergence Table during the Summit of the Americas meeting in Quebec City.

**United for a Fair Economy (UFE)**— provides training in media work, economic literacy education and resources to individuals and groups who work to reduce the wealth gap. UFE promotes education and creative tactics in the economic justice movement.

### Working Together to Create Alternatives<sup>1</sup>

Since 1989, the Union of Indigenous Communities of the Northern Zone of the Isthmus (UCIZONI) has been trying to create a space for discussion and campaigning at the continental level. We talk a lot about the convergence of problems like national debt and structural adjustment policies. We also advanced the discussion of a possible social agenda that considered the points of view of women, workers, indigenous people, peasants, and other social sectors.

In 1997, we organized a meeting in Belo Horizonte that was a "parallel summit" to the Commerce Ministers meeting on the FTAA. At this meeting, we discussed the necessity of defining a social agenda for our own countries — but in a newly coordinated way. There were also very powerful protests organized by Brazilian unions, peasant farmer groups, and non-governmental organizations. These groups demonstrated because this free trade agreement was happening without any concern for labor or

environmental rights, and was only an effort to liberalize one aspect of the economy.

It is important to seek — in the face of this savage integration by the large corporations — an alternative integration North-South and South-South, where civil society can defend the environment, defend its cultures and its regional economies. But this requires a huge effort of coordination, a lot of resources, and a clarity of vision that still does not exist in many of the organizations of Latin America's social movement. Every day, there are organizations that are paying more attention to the process of globalization. Still, there are a lot of groups offering very local responses to truly global problems. This will lead only to failure and defeat. I really believe we have to act locally while thinking globally. It's a cliché, but there is no other way out.

Carlos Beas Torres,  
*Union of Indigenous Communities of the Northern Zone of the Isthmus.*

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### Working Together to Create Alternatives

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Protesting the IMF and World Bank in Washington, DC, April, 2000

Langelle/ACERCA

## What You Can Do

1) Call the U.S. Trade Representative Robert Zoellick at (888) 473-USTR and tell him that he does not have permission from Congress or the citizens of the United States to negotiate the FTAA and that you would like the negotiations halted immediately, now and forever.

Also call the negotiator assigned to the FTAA at (202) 395-6135. (Peter Allgeyer held this position under the Clinton Administration and a new negotiator may be assigned under Bush).

2) Educate yourself and your community about the FTAA. Hold a teach-in in your area. Publicize it well with posters, press releases, and public service announcements. Talk to people

on the streets and people from other sectors of society that you do not normally speak with and engage them in conversation about the FTAA.

ACERCA has put together an action packet for community groups to organize against the FTAA. The packet includes a sample letter to the editor, a sample letter to Congress, a two-sided factsheet, a sample flyer and poster, a sample press release, public service announcements that can be used on community and college radio stations, a list of soundbytes that can be used when interviewed by the media, a list of information sources for further research, and contact information of organizations working against the FTAA from throughout the hemisphere.

3) Start talking to and educating your senators and representatives and tell them not to pass Fast Track or the FTAA. Most people in Congress have no idea about the actual effects of the FTAA and need a good educational experience. The Congress is ultimately responsible for the passage of the

FTAA and this is good opportunity to let them know that people are not going to sit still while businessmen and bureaucrats sign our rights away.

4) Go to Quebec City for April 20-22 to protest the Summit of the Americas, where the FTAA will be on the agenda. Also organize demonstrations and teach-ins in your own community for the International Day of Action, so that people who can not travel to Quebec will have an opportunity to participate and be educated. This is an excellent opportunity to get the local mainstream media involved, which will inform many people about the FTAA.

5) Most importantly, construct alternatives to free trade and corporate control in your communities. Some suggestions are community supported agriculture, city or community gardens to feed low income folk, holding town or district meetings to discuss issues that are important to your neighborhood, creating alternative local currencies, starting independent media facilities in your area, etc.

### Become a Member of ACERCA

Action for Community & Ecology in the Regions of Central America

YES! I want to support ACERCA's work to protect the ecosystems and people of SE Mexico, Central America & Colombia

\$15-25 Low Income  \$35 Regular

\$50 Supporter  \$100+ Sustainer

\$20 for NFN/ACERCA 26 minute award winning video, *Lacandona: The Zapatistas and Rainforest of Chiapas, Mexico*

\$3 for ACERCA's Green Paper #1 on Chiapas, Mexico

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Please make tax-deductible check payable:

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Banner hanging from Toronto Convention Center during meeting of the FTAA Trade Ministers, November, 1999

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