

## **OPEN LETTER TO TRADE MINISTERS OF THE FREE TRADE AREA OF THE AMERICAS**

November 3, 1999

### **To the Trade Ministers of the Free Trade Area of the Americas:**

These papers, on "Social Exclusion, Jobs, Poverty and the Proposed Free Trade Area of the Americas" and "Investment, Finance and Debt," were prepared by the Hemispheric Social Alliance (HSA), representing civil society organizations engaged in the promotion of a peoples' agenda for economic integration in the Americas. The two papers are an expression of our concerns and ideas about the liberalization of trade and investment in our hemisphere. We are directing both papers to our Ministers of Trade, and through them, to the Heads of Government of all nations of the hemisphere.

The potential economic, social, political, gender and environmental impacts of the proposed Free Trade Area of the Americas (FTAA) and the next Round of the World Trade Organization (WTO) are far-reaching and dramatic. We refuse to be mere spectators of decisions that are so influential and broad in scope. The foundations of any agreement on economic integration affecting our hemisphere must be anchored in transparency, participation and information available to the general public, as the basis of cooperation amongst our peoples.

We have already lived through nearly a quarter century of "liberalization" of our economies \_ privatization, deregulation, and the elimination of tariffs and subsidies \_ only to find that we are no better off than we were before. Amidst both threats and promises, we have experienced wrenching changes brought about by the General Agreement on Tariffs and Trade (GATT) and the WTO; by the International Monetary Fund (IMF) and the World Bank; and by sub-regional trade agreements such as the North American Free Trade Agreement (NAFTA), the Common Market of the Southern Cone (MERCOSUR), the Caribbean Common Market (CARICOM), the Central American Common Market (CACM) and the Andean Pact.

Despite the promises that these changes are good for all of us, the gap between rich and poor has become wider. In Latin America, 36% of the region's population \_ 204 million \_ live in poverty, the same proportion as in 1980. Poverty also has a stubborn presence in the Caribbean and even in the United States and Canada. "Liberalization" and "free" trade has meant liberal treatment and freedom only for investors and transnational corporations. For the rest of us, it has meant more social, economic, and political exclusion.

Many countries of our region are currently in economic crisis and environmental degradation is acute. Millions of small farmers have lost their livelihoods, and food security has worsened. Unemployment is growing in several countries, and there has been a decline in job security throughout the region. Our social welfare, health

care, and environmental protection systems have been under attack by the proponents of privatization and liberalization. Investors have already used NAFTA's Chapter 11 several times in order to force North American governments to strike down laws or withdraw regulations originally designed to protect the environment or human health.

Recent "trade" agreements, such as NAFTA, have provisions on investment and finance that are in some ways more significant than their terms regarding access to markets. These provisions increase the advantages of international capital over productive, national investment.

We call on our governments to be accountable to all citizens, not just to those few who already have the means to profit from the increased flow of goods, services, and capital. We call on them to analyze carefully under which conditions increased trade and investment is good, and under which conditions it is harmful, rather than simply assuming it is always beneficial.

We call on our governments to end the contradiction between the official language of support for education, poverty eradication, democracy, and sustainable development used in the *Summit of the Americas* process, and the actual practice of articulating trade agreements driven by the interests of investors and transnational corporations.

We, in the Hemispheric Social Alliance, or HSA, are united by an alternative vision of an integrated hemisphere -- one based on respect for human rights, cultural diversity, the environment, and reinforcement of national social development projects which raise standards and skills for all rather than dragging them down to the lowest common denominator.

We are not opposed to the establishment of rules for regional or international trade and investment. Nor does our criticism of the dominant neo-liberal policy framework for integration imply a desire to return to the past. But the current rules have not helped our nations overcome, or even reduce our social and economic problems. We have proposed an alternative framework, which we continue to develop and improve upon. It is summarized in the booklet *Alternatives for the Americas; Building a People's Hemispheric Agreement*, which includes specific proposals for areas addressed in the FTAA talks as well as for areas that are not addressed but should be (such as human rights, labour rights, and environmental concerns).

At their meeting in San José, Costa Rica, in March of 1998, our Trade Ministers responsible for the negotiation of the Free Trade Area of the Americas encouraged civil society representatives to present our views on hemispheric integration. In spite of the fact that we believe this mechanism to be insufficient, the HSA submitted our document, *Alternatives for the Americas*, to the Civil Society committee. The two papers we are presenting on the occasion of the Fifth Trade

Ministers' Meeting in Toronto, Canada in November 1999, are further responses to the invitation issued by Trade Ministers in San José.

The two papers address issues that we consider essential for the discussion of any trade agreement in the hemisphere. The issues of investment and finance are already at the heart of official debates on the FTAA, due to their importance to the business community. But we believe that hemispheric policies on these issues must have a careful, comprehensive, and open review by our Congresses and Parliaments, governments and civil society organizations. In this way, governments of the Americas can honour commitments made at the Trade Ministerial Meeting in Costa Rica that "the negotiations will be transparent," and that "negotiation of the FTAA shall take into account the broad social and economic agenda contained in the Miami Declaration of Principles and Plan of Action."

### ***The Hemispheric Social Alliance***