

CONTENTS

Written by
Maude Barlow and Tony Clarke

Edited by
Brent Patterson

Cover design by
Flavio Rojas

Layout by
Laura Sewell

The Council of Canadians
502 – 151 Slater Street
Ottawa, Ontario
K1P 5H3

Phone
1 800 387-7177

Fax
613 233-6776

e-mail
inquiries@canadians.org

Web site
www.canadians.org

ISBN 0-9689719-5-4

This report was produced by the Council of
Canadians and the Polaris Institute, in
association with the International Forum on
Globalization.

ACKNOWLEDGEMENTS	2
INTRODUCTION	3
PART ONE - The World Trade Organization	5
What is the WTO?	5
How does the WTO work?	5
How do WTO rules affect our lives?	8
What happened in Seattle?	10
What happened in Doha?	10
What will be the critical issues in Cancun?	11
PART TWO - The Free Trade Area of the Americas	14
What is the FTAA?	14
What is in the FTAA?	15
How will the FTAA enforce its rules?	19
How will the FTAA rules affect our lives?	20
What will be the critical issues in Miami?	23
PART THREE - The Dangerous Combination	26
What impact will the WTO and the FTAA have on the peoples of the Americas and elsewhere?	26
How could the WTO and FTAA trade politics play out?	33
CONCLUSION	38
SOURCES AND FURTHER READING	40
WEB RESOURCES	41
ABOUT THE AUTHORS	42

ACKNOWLEDGEMENTS

We wish to thank the following individuals for their contributions to this paper: Ellen Gould, Scott Sinclair, Lori Wallach, Steven Shrybman, Vandana Shiva, Martin Khor, Shefali Sharma, Barry Coates, Sarah Larrain, Pablo Salon, Ken Traynor, Timi Gerson, Victor Menotti, Oliver Hoedeman, Aileen Kwa, Walden Bello, Mike Waghorn, Clare Joy, and Ronnie Hall. We also wish to extend our special appreciation to Alberto Villarreal for his comments and suggestions on this paper.

INTRODUCTION

From September 10-14, 2003, the 5th Ministerial meeting of the World Trade Organization (WTO) will take place in Cancun, Mexico. There, the 146 member countries of the WTO will intensify negotiations to complete the Doha Development Agenda, which was launched at the 4th Ministerial meeting of the WTO in Doha, Qatar, in November 2001.

Much rides on the success or failure of this meeting. The stakes are huge. Powerful governments and their business communities are seeking a major liberalization of services, agriculture and intellectual property rights as well as bold new initiatives on investment, competition and government procurement. WTO leaders – the European Union (EU) and the United States – have set the end of 2004 as the final deadline to conclude this “round” of negotiations. The pressure on smaller countries and reluctant governments in Cancun to sign the deal will be intense.

Two months after Cancun, from November 20-21, 2003, the 8th Trade Ministerial meeting of the Free Trade Area of the Americas (FTAA) will be held in Miami, Florida. There, the 34 member countries of the Western Hemisphere (except Cuba) will be putting what they hope will be the final touches on a far-reaching free trade and investment regime, dramatically extending both the scope and size of NAFTA (North American Free Trade Agreement). Like the Doha Round of the WTO, the FTAA is scheduled to be signed by the heads of state by the end of 2004, and then sent to each nation’s capital for ratification in 2005.

Between them, these two trade and investment treaties will further lock in a global regime of liberalization, privatization and deregulation, while giving more control than ever to transnational corporations. Governments will be increasingly limited in their ability to provide public services for their citizens, control or protect their natural resources, and set health, safety and environmental standards that displease big business interests.

For the peoples of the Western Hemisphere, the double impact of the new rules of the WTO and the newly minted FTAA will be profound. The FTAA will contain the worst of the WTO, including a wide-ranging services agreement based on the General Agreement on Trade in Services (GATS), as well as the investment provisions of NAFTA, which allow corporations to sue governments through legally binding trade tribunals. Combining these two powers into one agreement will give unequalled new rights to the transnational corporations of the hemisphere to compete for and even challenge every publicly-funded service of its governments, including health care, education, social security, culture and water. In addition, the inclusion of the WTO’s Agreement on Agriculture (AOA) and Trade Related Intellectual Property Rights (TRIPS) in the FTAA could have major consequences for rural and bio-diversity rich regions of Latin America.

Both deals contain new provisions on competition policy, government procurement, market access, and investment that could remove the ability of all the governments of the Americas to create or maintain laws, standards, and regulations to protect the health, safety, and well-being of their citizens and the environment they share. And as they are drafted now, neither agreement contains safeguards to protect workers, human rights, social security or health and environmental standards. It is crucial that the peoples of the Americas learn about the WTO, as well as the more familiar FTAA. To defeat the FTAA only to be governed by the WTO would be a Pyrrhic victory indeed.

The peoples who live in Asia, Africa and Europe will also feel the impact of the two deals. Whatever “advances” trade negotiators make in important regional agreements like NAFTA will eventually be found in the WTO. For instance, NAFTA’s investor-state provisions that allow corporations to sue governments were the model for the failed Multilateral Agreement on Investment (MAI). If the corporate lobbyists backing these investment rules are successful in getting them included in the FTAA in spite of deep resistance in Latin America, they will have new impetus to try again for a full MAI at the WTO. So it is crucial that peoples of other continents learn the inner workings of the most far-reaching hemispheric trade and investment agreement on the planet.

All of this is taking place at an important political moment. Under George W. Bush, the United States has rejected the international rule of law and unilaterally declared itself the arbiter of good and evil in the world. Nation-states, cultures and societies that do not meet the U.S. Administration's interpretation of a "free democracy" are by definition, potential enemies of the U.S. and its interests. Trade agreements, like the two being negotiated now, are an extension of U.S. foreign policy; any country that questions the basic precepts of these deals is suspect in other ways. During the last WTO Ministerial in Qatar, which occurred only months after the September 11, 2001 attacks, U.S. Trade Representative Robert Zoellick made it clear to member countries that his government would judge its friends on the anti-terrorism front by their loyalty on the trade front. More than ever, these trade talks will be dominated by the interests of the world's sole superpower.

As well, this U.S. Administration is likely to have a long memory of who was friend and who was foe in the Iraq war. While ever-practical American business leaders will not want to disrupt trade opportunities with countries that did not support the war, the Bush Administration is less likely to address the trade needs of partners like Canada, Germany and Mexico. American security interests as well as American trade interests will set the political tone of these negotiations.

But there is hope. There are deep divisions between Third World and First World countries on the contents of these deals. It is unlikely that poorer nations will allow themselves to be bullied as they were in Doha. As well, a significant shift has taken place in Latin American politics. Several countries have elected left-wing governments who are likely to reject significant elements of both the FTAA and the WTO, if their resolve and the public pressure remain strong. Devastated by years of neo-liberal policies, many countries of Central and South America are taking a hard line against the further privatization of their resources and social services.

Moreover, a robust international and hemispheric social justice movement has taken root, with networks such as Our World is Not For Sale, Third World Network, Focus on the Global South, and the Hemispheric Social Alliance posing critical analysis and far-reaching fair trade alternatives. Groups around the world are watching their governments closely; they will constitute a citizen's opposition in Cancun and Miami and will take their message to the world. We hope this trade primer will arm them with the vital information they need on the road to Cancun and Miami.

Latin America's 'Unholy Trinity'

For the peoples of Latin America, the WTO and the FTAA are certainly not the first agents of neo-liberalism.

Over the past 25 years, the World Bank and the International Monetary Fund (IMF) have been the prime agents for opening up markets in most Latin American countries. As conditions for the renewal of debt financing, governments have been compelled to adopt structural adjustment programs designed to open up markets to transnational corporations, reorient their economies for export, drastically cut social program spending, and pay down their debts with foreign currency. Moreover, this was also the period when much of Latin America was ruled by national security states. In other words, many of these neo-Liberal economic and social 'reforms' were imposed and enforced by military dictatorships.

Now the FTAA and WTO are about to complete this triangle. In addition to debt bondage and military dictatorships, neo-liberalism is being entrenched by the new trade regimes. Taken together, these three regimes – debt, militarism, and trade – constitute an 'unholy trinity' for the vast majority of Latin Americans. After all, these forces have brought untold human suffering, especially for the poor majority, let alone destruction of the environment itself, during the past quarter century. Today, this 'unholy trinity' hovers over the future of Latin America, posing a triple threat to both people and nature.

Our focus on the dual trade regimes of the WTO and the FTAA in this booklet must, therefore, be seen in the context of debt and militarism as dominant forces that have shaped much of contemporary life and society in Latin America.

PART ONE

The World Trade Organization

What is the WTO?

The World Trade Organization was created in 1995 at the completion of the “Uruguay Round” of GATT (General Agreement on Tariffs and Trade) negotiations. It did not cancel out the GATT; rather, the WTO began to enforce that agreement and others, using its status as a permanent institution with a huge secretariat. The WTO is a global trade institution with teeth. It is responsible for administering dozens of international trade agreements and declarations on a range of issues from agriculture to intellectual property rights. It also handles trade disputes, monitors national trade policies, and operates as the overarching forum for global trade negotiations, called “rounds.”

Since the creation of the GATT in 1948, there have been eight rounds of trade negotiations, each consisting of a series of meetings spread out over several years to negotiate a fixed agenda of issues. The first six rounds concentrated exclusively on tariff reductions on goods. But the seventh, the “Tokyo Round” (1973-1979), coincided with the emergence of a strong market-driven ideology in Washington and the rise of giant transnational corporations. Almost exclusively based in the industrialized countries of the North, these corporations wanted more access to unregulated labour and consumer markets and an expanded supply of natural resources.

So trade negotiations started to deal with “non-tariff barriers” – the rules, policies and practices of governments, other than those pertaining to tariffs, that can have an impact on trade. Since non-tariff barriers can potentially apply to everything governments do, including social services and protecting health and the environment, citizens’ groups, particularly in the Third World, began to monitor the GATT for the first time.

The Uruguay Round of negotiations (1986-1994) expanded the scope of the discussions dramatically, tabling issues concerning agriculture and services and covering areas not until that time associated with trade. It was during these years that Canada, the United States and Mexico negotiated NAFTA, which introduced many issues, such as services and investment, which would be taken up by the newly minted WTO.

Operating out of Geneva, Switzerland, with an administrative staff of five hundred, the WTO enforces more than twenty separate international agreements, using international trade tribunals that adjudicate disputes. Although all countries appear equal under the WTO on paper, in reality, the larger countries have the economic and political power and military clout to withstand or shun trade sanctions from smaller countries, whereas smaller countries are always at a disadvantage in any dispute.

How does the WTO Work?

The WTO is crafted like no other international agency. Unlike the GATT, which was effectively a business contract between nations, the WTO has a “legal personality” and the power to enforce its rulings. It has an international status equivalent to the United Nations, but unlike the UN, it carries the powers and tools of a global government. WTO rulings are so powerful, they take precedence over Multilateral Environment Agreements (MEAs) such as the Convention on Biological Diversity; human rights agreements like the UN’s Universal Declaration of Human Rights; and international labour codes, such as those of the International Labour Organization (ILO). WTO rulings also apply to laws at every level of domestic governance – federal, provincial, state and municipal.

Levers of Power

Under the WTO's dispute settlement mechanism, member countries, often acting on behalf of their business sector, can challenge the laws, policies and programs of any other country as being in violation of WTO rules. Panels of unelected experts have the power to adjudicate claims of alleged violations of these rules and to hand out punishments. The losing country has three choices: change its law to conform to the WTO ruling; face harsh, permanent economic sanctions; or pay permanent compensation to the winning country. Because their only task is to judge whether or not a country's policy is a "barrier to trade," the panels do not have to consider other factors such as public health, economic justice or democratic sovereignty. Non-governmental organizations (NGOs) and other non-commercial interests are entirely excluded from this process.

These powerful tribunals have the authority to strike down the domestic laws, policies, and programs of other countries and require them to establish new rules more favourable to business interests. The vast majority of WTO tribunal rulings to date have favoured the interests of corporations over the rights of nations and their social and environmental standards. Panel decisions can be appealed, but only a unanimous vote of all member nations can overturn a WTO ruling.

Although official WTO decisions are made by vote or by consensus of the 146-member General Council, real decision-making powers are now increasingly vested in what is known as "the QUAD" – the U.S., the European Union, Japan and Canada. The QUAD convenes several times a year, making key decisions on WTO priorities. These meetings take place behind closed doors without the participation of other countries, and although the QUAD is not formally structured as the WTO executive, it is by nature of its power, able, in fact, to exercise executive powers. If a smaller country balks at QUAD decisions or priorities, it can be threatened with investor boycotts and reduced access to World Bank and International Monetary Fund aid.

WTO Agreements

The major agreements administered by the WTO include the following:

- **The General Agreement on Tariffs and Trade (GATT)**, whose mandate is to eliminate all remaining tariff and non-tariff barriers to the movement of capital and goods across nation-state borders;
- **The General Agreement on Trade in Services (GATS)**, which is the first multilateral, legally enforceable agreement on trade in services. Negotiations are now underway to expand the scope of the GATS to potentially cover all services, including key public services which could be opened to competition with transnational corporations and privatization;
- **Trade Related Intellectual Property Rights (TRIPS)**, which sets enforceable global rules on patents, copyrights, and trademarks which restrict access to life-saving medicines, and permits the patenting of many plant and animal forms, as well as seeds, opening the door to bio-piracy and the commodification of bio-diversity;
- **Trade Related Investment Measures (TRIMS)**, which dictate what governments can and cannot do in regulating foreign investment;
- **The Agreement on the Application of Sanitary and Phytosanitary Standards (SPS)**, which sets constraints on government policies relating to food safety and animal and plant health, ranging from those governing pesticide use and biological contaminants to policies on food inspection, product labelling, and genetically engineered foods;

- **The Financial Services Agreement (FSA)**, which was established to remove obstacles to the free movement of financial services corporations, including banks and insurance companies. This opens the door to mega-mergers in the financial sector and the loss of local economic control;
- **The Agreement on Agriculture (AOA)**, which sets rules on the international food trade and restricts domestic agriculture policy, including protection against dumping, protection for small-scale farmers producing for their domestic market, government support for farmers and sustainable agricultural practices, maintaining emergency food stocks, and ensuring that citizens have an adequate food supply;
- **The Agreement on Subsidies and Countervailing Measures (ASCM)**, which sets limits on what governments may and may not subsidize and contains many loopholes favouring wealthy countries and agribusiness;
- **The Agreement on Technical Barriers to Trade (TBT)**, set up to limit national regulations (non-tariff barriers) that interfere with trade, such as eco-labelling regulations;
- **The Agreement on Government Procurement (AGP)**, which sets limits on government purchasing, including "domestic content" or community development requirements.

Corporate Influence

The WTO is set up to serve the interests of big business and promote economic globalization in a world increasingly dominated by transnational corporations. (Of the 100 largest economies in the world, 53 are now corporations.) What these corporations want is to operate across borders under common rules and with little interference. For this to happen, governments must lose their power to set rules and standards. The essential goal of WTO rules is to deregulate international trade. The WTO agreements provide extensive lists of things that governments can no longer do. So it is not surprising that transnational corporations and their domestic and international associations have had a direct voice in shaping the entire structure of the WTO from the beginning.

In the United States, more than five hundred corporations and business representatives have official credentials as "security-clear" trade advisors, including the U.S. Chamber of Commerce, numerous Fortune 500 companies, the Business Roundtable (BRT), and a host of industry-specific lobby groups. The BRT, which represents the two hundred largest corporations in the U.S., has just launched a multimillion-dollar campaign to ensure the success of the Cancun meeting and is co-ordinating its work with its QUAD counterparts, including in Canada. In addition, the U.S. Trade Representative works closely with the Coalition of Service Industries. Their members include the major energy, insurance, and financial giants, as well as major pharmaceutical companies and the newer players in the field, like HMOs (Health Maintenance Organizations), who were instrumental in creating the list of services the U.S. is seeking in the GATS.

The powerful U.S.-based Pharmaceutical Research and Manufacturers Association spent U.S. \$197 million to elect Republicans to office in the November 2000 elections in order to protect their patent monopolies. This was the most money ever spent by any corporate sector on elections in American history. In addition, Ambassador Allen Johnson, the Chief Agriculture Negotiator for the U.S. government in all international trade negotiations, was formerly the President of the National Oilseed Processors Association, whose members represent every major factory farm and biotechnology corporation in the world, including ConAgra, Cargill, Unilever and Procter & Gamble.

It is the same in the other QUAD countries. In Japan, it is the industry lobby group, the Keidanren. In Europe, the Commissioner of the European Union on WTO Policies and Administration maintains direct links with

the European Round Table of Industrialists (ERT), which is composed of representatives of the fifty largest European-based corporations. The European Services Forum has lobbied forcefully to remove exemptions for public services from the GATS. In fact, in a May 2002 letter to the CEOs of Europe's three largest water corporations – Vivendi, Suez and RWE/Thames - EU Director General of Trade, Ulrike Hauer, thanked them for their contribution in negotiations to reduce trade barriers in water services. In Canada, the Canadian Council of Chief Executives (CCCE), representing the 150 largest corporations in Canada, works closely with the Jean Chretien government to promote both the WTO and FTAA negotiations.

None of these privileges are given to not-for-profit non-governmental organizations. As a senior WTO official told the Financial Times, the WTO "is the place where governments collude in private against their domestic pressure groups."

How do WTO rules affect our lives?

Since its creation in 1995, the WTO has become a major influence in the lives of the world's citizens. Using both the fundamental rules of most WTO-enforced agreements combined with WTO enforcement mechanisms, the major power blocks and their big business sectors are forcing many countries to weaken their regulatory frameworks in several important areas.

Social Security

The WTO threat to the social security of the citizens of all member countries comes from the new services talks – the GATS. The aim of these negotiations is to radically restructure the role of government worldwide by subjecting an ever-greater degree of governmental decision making to the discipline of the WTO. The GATS applies to all levels of government, including domestic policy governing a huge array of services. These include: health care; hospital care; home care; dental care; child care; education – primary, secondary, and post-secondary; museums; libraries; law; social assistance; architecture; energy; water services; environmental protection services; tourism; postal services; publishing and broadcasting – among many others. The ultimate goal of the GATS is to "progressively liberalize" until all of these services are fully commercialized. This means that all these areas, once delivered by governments as fundamental rights on a not-for-profit basis, could eventually be offered by corporations to those who can afford them on a for-profit basis.

The potential fall-out on the social security of the world's citizens is enormous. Global annual expenditures on education now exceed U.S. \$2 trillion and on health care U.S. \$3.5 trillion. Predatory and powerful transnational corporations who want to use the WTO/ GATS process to dismantle domestic public systems have targeted public education, health care, welfare, and water services. The strategy is to subject governments who run these services to WTO rules – the same type of rules that have knocked down domestic standards in the areas of culture, the environment, and fair trade.

Technically, governments are allowed to exempt certain services from GATS discipline; however, these services have to be totally free from commercial competition to qualify. There are very few countries in the world that do not have some measure of private education, private health care or private water delivery services. Once private operations have been established in a sector, the exemption becomes essentially null and void. The current talks are putting heavy pressure on all governments to expand the type and number of services covered by the GATS and to get governments to agree to further constraints on their regulatory structures. They also want to add "National Treatment" to the services sector, which would allow foreign corporations to set up a "commercial presence" in other countries and apply for public subsidies now restricted to domestic, not-for-profit services, like schools and hospitals.

Massive privatization – which is both the goal and the logical outcome of the GATS – would marginalize vast sectors of society from basic services and have a devastating impact on public sector workers and working standards in general. The deregulation of government structures would affect labour standards. In order to compete in the global, WTO-ruled world, domestic companies would have to seek the same level playing field as transnationals by lowering working conditions and wages.

Environmental Security

Two key free trade provisions - “National Treatment” and “Most Favoured Nation” - both negatively affect the environment by preventing governments from setting standards to favour goods that have been produced or harvested in an environmentally sustainable way. These clauses stipulate that countries must treat “like” products from one country as favourably as those from another, that no distinction can be made between foreign and domestic “like” products, and that quotas or bans imposed for environmental reasons can be challenged as forms of undue protection. Objections to methods of production cannot be used to ban a product. This legalizes a whole host of terrible and inhumane environmental practices. (The same provisions can be used to challenge domestic standards that ban products from countries with poor human rights records or sub-standard labour practices.)

The Agreement on Technical Barriers to Trade forces nations to prove that their environmental laws are “necessary” and have been established in the “least trade restrictive” way. This means that a country bears the burden of proving a negative, rather than having the right to adopt the “precautionary principle,” acting in the case of doubt on the side of caution. The “least trade restrictive” test has created a “chill effect,” causing smaller countries to avoid enacting standards, such as eco-labelling, in the first place for fear they will be exposed to a WTO challenge.

The WTO also undermines progress in Multilateral Environmental Agreements by building “WTO Superiority Clauses” into them, so that in a case of conflict, WTO rules take precedence. Even when an MEA appears compatible with the WTO, other rules can interfere. For instance, the rules of the Convention on Biological Diversity are being undermined by the WTO with its enforceable rules promoting industrial agriculture and the patenting of Indigenous knowledge. (The U.S. didn’t sign the Convention and maintains the WTO’s supremacy over it.)

Food Security

The main goal of the WTO Agreement on Agriculture is to reduce or eliminate agricultural import tariffs and Quantitative Restrictions (QRs). While most of the South (and Canada) has already ended QRs, as well as farm export and domestic subsidies, the U.S. with its 2001 Farm Bill injected huge new funds into American food production, and the EU with its Common Agriculture Policy will expand funding until 2013. This has allowed cheap, subsidized products from the North to flood the Third World. Subsidized meat imports from Europe, for example, have helped to wipe out the pastoral economies and cultures of West Africa.

Family farms and small agricultural operations all over the world have been destroyed by free trade in agriculture. Even in the North, it is almost impossible to guarantee a fair return at the farm gate because of the global flood of cheap imported products produced under deteriorating conditions and declining standards. When small farm operations lose profits because of worldwide fluctuations in commodity prices, they can be wiped right off the map. Only huge operations, with investment support from mega-corporations, can survive.

AOA rules also mean that sovereign nations are now in the ludicrous position of not being able to maintain food stocks in anticipation of drought, crop failure, or war. They are forced to buy everything they need on the open market. “Food self-sufficiency” now means having the money to buy food, not the domestic ability to produce it. Food is grown, not by farmers for local consumers, but by corporations for global markets. The

WTO sets the backdrop for the spread of biotechnology in the form of genetically engineered foods, as well as the control of seeds by life sciences corporations who contractually force farmers to buy their seed every year through TRIPS provisions, or face sanctions and fines.

The WTO SPS agreement reduces the ability of governments to maintain safe food standards. Canada and the United States, for example, successfully used the SPS to strike down a European Union ban on North American beef containing harmful, possibly cancer-causing hormones. The WTO panel said that the EU did not have “scientific certainty” of the harm of these hormones.

What happened in Seattle?

The World Trade Organization has had four ministerial meetings since its founding: Singapore in December 1996; Geneva in May 1998; Seattle in December 1999; and Doha in November 2001. Most of the world’s citizens first heard about the WTO at the Seattle “Millennium Round” (popularly known as the “Battle of Seattle”), when talks ended in failure amid massive street demonstrations.

The agenda for Seattle was ambitious: agriculture, services, intellectual property rights, government procurement (contracts), and competition rules, to name a few. Seattle was chosen as the site because the meeting was to be fully funded by the private sector (for the first time) and the city is home to Bill Gates of Microsoft and Phil Condit of Boeing, who co-hosted the Ministerial and put together a “who’s who” of corporate sponsors. With over 3,000 journalists from all over the world attending, President Bill Clinton saw the meeting as an opportunity to showcase American economic strength. The U.S. Trade Representative, Charlene Barshefsky and co-chair, WTO Director General Michael Moore, ran the meeting with an iron fist.

Three factors caused the breakdown of this Ministerial. The first was the massive global coalition of influential labour, environmental, human rights, cultural diversity, Indigenous, farmer, consumer, and social justice organizations who came together both before and during the meeting to put enormous pressure on their governments not to sign on to the new round. The famous pitched street battles that accompanied this meeting all but prevented serious negotiations from taking place.

The second was the deep and unbridgeable schism between the United States and the European Union over the issue of food safety. The EU was adamant in its refusal to relinquish its right to ban or control imports of GE foods and hormones it considered dangerous to the health of its citizens. The United States (and several other countries, including Canada) was equally adamant that it would use the WTO talks to break down domestic rights to ban such imports.

Finally, delegates from the Third World, who almost unanimously believed that the WTO had failed to deliver on previous promises to the South, came together in an unprecedented show of solidarity against the might of the QUAD and its agenda of “new issues.” Each Ministerial meeting tables a working Declaration, which all nations have worked on for months preceding, which becomes the basis of negotiations. In Seattle, the 80-page text had been deeply controversial and was highly bracketed, showing a lack of consensus going into the meeting. Despite intensive browbeating from the U.S. and other QUAD countries, the delegates from developing countries stood firm. The Millennium round ended in complete failure.

What happened in Doha?

The QUAD countries and the WTO powers decided this would never happen again. For their next Ministerial meeting, the so-called “Development Round,” they chose the oil rich State of Qatar, located in the Persian Gulf, where free speech is forbidden, rendering any show of visible opposition by civil society impossible. As

well, Europe and the U.S. worked feverishly behind the scenes in advance to ensure solidarity, or at least the appearance of solidarity, on the issue of food safety.

Most important, the WTO powers decided not to table another bracketed text over which North and South would fight. Instead, in an arbitrary move, the WTO Secretariat tabled a short Declaration at the opening of the meeting which favoured the QUAD agenda of aggressively moving on a host of “new issues,” instead of the South’s agenda of implementing past development promises. This one-sided text became the blueprint of negotiations. Third World countries had been trumped before they even began negotiations and they were furious.

But the political moment worked against a united Southern front as much as these tricks. The Doha negotiations were held just two months after the terrorist attacks on the United States and the U.S. openly linked the fight against terrorism to a new round of world trade talks and an ambitious agenda of new items of interest to U.S. corporations. In this highly-charged political environment, it became very difficult for any country to say no to the U.S. which was putting intense pressure on smaller countries to sign on to a new round.

Six “friends of the Chair” – trade ministers from countries supportive of a new round – were sent out to promote the contentious issues, such as investment and market access, to reluctant Third World delegates. In intense all-night closed door sessions, and in calls back to their capitals, the QUAD exploited the vulnerability of poor countries. At the last minute (and a day late), a text was produced containing the complete QUAD agenda and weary Third World delegates signed on.

The Doha program is an ambitious agenda of at least 19 multilateral negotiations including: accelerated pressure in ongoing sectors such as agriculture and services; new pressure for Third World countries to open up the last of their industries to foreign take-overs; and now clear sailing for the so-called “new issues” – investment, government procurement, and competition policy. For good measure, the EU threw in a provision on the last day taking down tariff and non-tariff barriers to trade in environmental services such as water. Weary negotiators didn’t even notice it.

In a widely endorsed “Joint Statement,” civil society roundly condemned the Doha process and outcome as illegitimate, profoundly undemocratic and a “development disaster,” and committed itself to fighting to defeat it in Cancun.

What will be the critical issues in Cancun?

Over the months since Doha, the WTO Secretariat has worked feverishly to further negotiations on all these fronts so that as many of these deals can be locked down before the 5th WTO Ministerial. Although the new Director General, Thai economist Dr. Supachai Panitchpakdi, is the first WTO leader from the South, he will be expected to deliver the developing world when the delegates arrive in the Mexican resort town of Cancun.

Already the battle lines have been drawn up. Intensive pre-negotiations occur at the Trade Negotiations Committee (TNC), a powerful new body of the WTO co-ordinating the Doha work program in preparation for Cancun. There, Third World countries have already staked out their strong stand against the introduction of the QUAD’s “new issues” until the long-promised issues of development are dealt with. These countries tabled 85 measures for “special and differential treatment” recognizing their vulnerable status and set up an agenda for redress before the Doha meeting. These demands are central to their position in Cancun and there appears to be a renewal of the consensus and determination that characterized this block in Seattle.

The QUAD, on the other hand, is insisting on a “single undertaking” deal, which means that it won’t address development issues unless all countries agree to put everything on the table together, including issues meeting strong opposition in the South, such as investment.

There will be several major areas of contention:

Services

The GATS negotiations are done in secret. All governments have submitted their requests to other countries and have received requests made of them. As of March 31, 2003, some countries have given their “initial offers” and the hard negotiation is now on. While little is known about the requests of most nations, the entire European Union set of requests was leaked to civil society and put on the Internet. They are indeed ambitious. The European Union is demanding that many countries offer up water, energy, transport, postal, tourism, broadcasting, municipal, publishing and financial services among others to the discipline of the WTO. The EU is seeking the elimination across-the-board of rules and laws in every service sector. Particularly targeted are developing countries, which are already deeply vulnerable to the corporations of the North.

Agriculture

Agriculture is a potential deal breaker. Countries with totally different economies and food production systems have only months to come up with binding commitments. Many Third World countries are seeking protection from market fluctuations in commodity prices, what they call “security crops,” as well as rural development programs, while trying to get the EU and the U.S. to cut back on the heavy subsidization of their food exports. It is highly unlikely that the South will be successful in either case. Europe shows no signs of reducing its high subsidization of its food exports, and the EU and the U.S. are openly sparring again over GE foods, having lost some of the will to look like a united front in the aftermath of the Iraq war. In fact, in May 2003 the United States launched a challenge at the WTO of the European Union’s moratorium on the import of GE foods. Cancun appears to be destined, once again, to really only be about more market access by the North to the South.

TRIPS

In Doha, much was made of a “new” deal called the “TRIPS and Health Declaration,” which clarified that the TRIPS agreement does not prevent member countries from using their own generic drugs to protect public health (for catastrophic illnesses like AIDS) instead of the more expensive brand name drugs. As well, a committee was set up to find agreement on how to allow poor countries with little or no manufacturing capacity of their own to import generic drugs from other countries. A solution to this was to be found by the end of 2002. However, U.S. brand-name pharmaceutical companies strongly oppose these moves and have pressured the American negotiators to limit both the number and kinds of diseases that can be considered a public health crisis, as well as the conditions under which countries could import generic drugs. In the November 2002 Congressional elections, the industry lobby targeted key Republicans for re-election in order to have the U.S. remain firm in its opposition to any easing of the TRIPS deal.

Investment

At the heart of the QUAD demands for Cancun is the revival of the failed Multilateral Agreement on Investment, which was abandoned in the face of massive civil society resistance. Powerful corporations and investors are seeking binding protection for foreign direct investment around the world, and want WTO rules that would drastically limit the right of national governments to set any conditions whatsoever on this money. Developing countries have turned proposals on investment rights away before, calling them a form of “neo-colonialism.” They and many NGOs around the world fear that what the big countries really want is a NAFTA-like investment agreement which would give corporations the right to sue governments. The European Union dismisses such fears, promising to limit dispute resolution rights to nations. But the International Chamber of Commerce

(ICC), responsible for drafting the original MAI, has recently published a report calling for a full MAI at the WTO, including corporate investor-state rights.

Other Issues

The other “new issues” are government procurement and competition rules. “Government Procurement” in the WTO would prevent governments from fostering domestic economic development, such as favouring local or national suppliers, setting domestic content standards or implementing community investment rules. “Competition Rules” would end the right of national governments to protect domestic monopolies. The real goal is to give foreign transnationals access to domestic markets now in the hands of local companies. Taken together, these provisions will spell the demise of government control over natural resources and economic policy and give transnational corporations formidable new powers.

PART TWO

The Free Trade Area of the Americas

What is the FTAA?

Unlike the World Trade Organization, the Free Trade Area of the Americas is an entity still in the process of being created. Currently under negotiation, the new FTAA will be a hemispheric-wide free trade zone covering 34 countries in North America, Central America, South America and the Caribbean, minus Cuba. Touted to be the largest free trade zone in the world, the FTAA will encompass a population of over 800 million people and a combined annual gross national product of U.S. \$11 trillion. Just like the current round of WTO negotiations, the FTAA is due to be completed by January 2005.

The FTAA was born in the cradle of the first Summit of the Americas that took place in Miami, Florida, December 9-11, 1994. Convened by then U.S. President Bill Clinton, the Summit came at the threshold of free trade deal making in the 1990s: the official launch of the North American Free Trade Agreement between Canada, Mexico and the United States in January 1994; and the setting up of the World Trade Organization to replace the General Agreement on Trade and Tariffs beginning January 1, 1995. The FTAA was to be the fulfilment of former President George Bush's dream of a free trade zone linking the economies of the hemisphere from Anchorage, Alaska to Tierra del Fuego, Chile. The Miami Summit also envisioned greater social and political integration of the Americas along with a strengthening of democracy and sustainable development.

The euphoria that marked the launch of the FTAA negotiations at the first Summit of the Americas was short lived. The operating assumption was that the FTAA would unleash a boom in economic growth through trade liberalization. But immediately following the Miami Summit, the Mexican "peso crisis" erupted. The large capital inflows to Mexico accompanying the implementation of NAFTA in 1994 were suddenly reversed, as foreign speculators withdrew their capital investments, thereby destabilizing the Mexican economy. Throughout 1995, Mexico suffered its worst economic downturn since the Great Depression of the 1930s, bringing other Latin American countries along with them.

As a result, the FTAA negotiations were put on the back burner until the Mexican peso crisis subsided and memories faded away. Indeed, the official negotiations were not launched until the 2nd Summit of the Americas held in Santiago, Chile, in April 1998. By that time, it was clear that the real agenda of the Summit was creating a free market and trade zone throughout the Americas, primarily based on the model and experience of NAFTA. The other lofty social priorities and principles announced in Miami would be made subordinate to the prime objective of establishing the FTAA.

Although the NAFTA model was to provide the guiding framework for the FTAA negotiations, it is not the only trade regime in the Western Hemisphere. Among the other trade pacts, the most prominent is Mercosur - a common market of southern cone countries centred around Brazil, the region's largest economy, but also including Argentina, Paraguay and Uruguay. In addition, the Andean Pact, the Caricom agreement between Caribbean countries, plus several Bilateral Investment Treaties, notably those of the U.S. with countries like Chile, further complicate international trade relations in the Americas.

If anything, NAFTA's main competition comes from Mercosur. While both trade regimes differ in many details, they also share some basic similarities. Unlike NAFTA, for example, Mercosur is designed to provide a common market with shared labour standards and social programs for displaced workers. Yet, NAFTA and Mercosur are similar when it comes to the treatment of foreign investment. Both include measures to deregulate

foreign investment by granting “National Treatment” rights to foreign-based corporations and prohibit governments from applying “performance requirements” on the operations of these corporations. In effect, the provisions of Mercosur and NAFTA restrict what governments can do to ensure that foreign investment enhances their local economies by supporting local businesses and workers.

Although competition between NAFTA (dominated by the U.S.) and the Mercosur (dominated by Brazil) is playing itself out in the FTAA negotiations, there is little doubt that the NAFTA model will prevail. In the meantime, the pressures driving these negotiations are largely coming from outside the hemisphere, primarily from the European Union. In recent years, Europeans have intensified their presence in Latin America, thereby provoking the U.S. to reassert its role in the region. The EU has signed bilateral trade and investment agreements with countries like Chile, Mexico and Brazil, while European corporations have been increasing their investment in sectors like banking, automobiles, consumer products and telecommunications. To counter these trends, the U.S. needs to successfully complete negotiations for an FTAA regime that will ensure the dominance of U.S. corporations in the region is maintained.

What is in the FTAA?

When all is said and done, the FTAA is expected to be the most comprehensive trade and investment regime in the world. It is designed to be an aggressive expansion of NAFTA. On the one hand, it will expand the NAFTA regime to include all of the countries of the Americas (except Cuba). On the other hand, it will incorporate tough new rules from the WTO, thereby extending the reach of the FTAA into other sectors. As we shall see, the combination of new rules for cross border trade-in-services, protection of intellectual property rights, new rules designed to protect the rights of transnational corporations, and a dispute settlement mechanism that allows corporations to sue governments directly for alleged violation of these rules, promises to be both powerful and explosive in terms of its impacts on peoples' lives. The FTAA is, in short, NAFTA on steroids.

At the original 1994 Miami Summit, a declaration was issued outlining a series of “Objectives and Principles” that would form the basis of the FTAA negotiations. After the “tequila effect” of the Mexican peso crisis subsided, nine negotiating committees were established at the Santiago Summit in 1998. Each of these negotiating committees had a mandate that reflected the initial set of objectives and principles of the FTAA. Although these negotiating committees operated behind closed doors, civil society organizations from the 34 countries of the Americas organized to demand public disclosure of the draft texts of the FTAA negotiations. Finally, at the Quebec City Summit in 2001, it was agreed that a version of the draft texts would be made available to the public in four languages - French, Spanish, Portuguese and English.

The following is a chart outlining the main components and provisions of the FTAA that have taken shape and form so far. It is based on the work carried out by eight of the nine negotiating committees (the one exception being the dispute settlement mechanism which is taken up in How will the FTAA enforce its rules? section.) The information in this chart is based on the texts made public and analyzed as of June 2002.

Negotiating Committee	Mandate and Scope of Negotiations	Proposed Rules and Disciplines of the FTAA
Agriculture	<ul style="list-style-type: none"> • Mandate includes the progressive elimination of agricultural tariffs, non-tariff barriers and export subsidies; measures to ensure that food security policies and programs are not trade restrictions in disguise. • Agriculture seen in purely trade terms; social functions of agriculture (e.g., overcoming hunger, providing food security, protecting rural workers, etc.) not recognized. 	<p>The proposed FTAA rules for “agriculture” are modeled on the WTO and, in some cases, go further:</p> <ul style="list-style-type: none"> • National food security programs may be considered trade barriers that must be removed; • The necessity of land reform is not recognized and protected; • Achieve substantial reductions in subsidies for agricultural exports; • Elimination of tariff and non-tariff barriers on imports of agriculture and food products; • Rules on food aid programs, such as no use of genetically engineered products, not included.
Services	<ul style="list-style-type: none"> • “Universal coverage of all service sectors” ranging from banking, insurance, telecommunications, and tourism services to health care, education, water, postal, prison, and library services, as well as social assistance; • Develop a framework “incorporating fundamental rights and obligations in services” which allow foreign-based corporations access to service markets, including public services. 	<p>The proposed FTAA rules for “services” are modeled after the GATS rules in the WTO and, in some cases, go further:</p> <ul style="list-style-type: none"> • All foreign service companies from FTAA countries to be granted “market access” as “most favoured nations” and “national treatment” equal to local service providers; • Public services cannot be exempted if provided commercially or in competition with private providers; • Limits on establishment of private service companies (e.g., health, education, water) would be prohibited; • Smaller economies may be allowed to claim exemptions from these rules (under debate).
Market Access	<ul style="list-style-type: none"> • Official goal is to establish rules for the progressive elimination of tariffs, non-tariff barriers and other measures that restrict the trade of goods and services. • Underlying goal is to restrict the sovereign right of governments to implement their national development policies through public instruments. • Allow foreign investors to enter any market they desire, without adhering to national development priorities. 	<p>The proposed FTAA rules for “market access” include measures that would:</p> <ul style="list-style-type: none"> • Require all member countries to eliminate tariffs on all imports in a maximum of 10 years, despite needs; • Restrict the sovereign right of governments to limit exports, including in times of austerity or catastrophe; • Prohibit export taxes that discourage the sale of natural resources at prices less than substitution costs; • Permit foreign for-profit corporations to challenge government service “monopolies” by demanding “national treatment”; • Prohibit rules (e.g., environmental regulations) that are “more restrictive of trade than necessary.”

Negotiating Committee	Mandate and Scope of Negotiations	Proposed Rules and Disciplines of the FTAA
Investment	<ul style="list-style-type: none"> • Stated goal “to promote investment through the creation of a stable and predictable environment that protects the investor, his investment and related flows without creating obstacles to investment from outside the hemisphere.” • Investment provisions are designed to provide new powers to corporations of the hemisphere, allowing them to challenge all forms of government regulation and intervention. 	<p>The proposed FTAA rules for “investment” include measures that would:</p> <ul style="list-style-type: none"> • Allow foreign-based corporations to be protected under “most favoured nation” and “national treatment” clauses; • Prohibit governments from applying “performance requirements” on foreign corporations to ensure they meet social and environmental responsibilities; • Allow foreign corporations to demand financial compensation for government regulations that affect their profits; • Prohibit governments from exercising controls over the inflows and outflows of capital.
Intellectual Property Rights	<ul style="list-style-type: none"> • Official goal is “to promote and ensure adequate and effective protection to intellectual property rights” (i.e., rights of possession and legal protection of ideas, artistic creations, technological innovations and market tools). • The WTO’s rules on Trade Related Intellectual Property Rights provide the standard, but the FTAA negotiating committee may go beyond this to set new standards. 	<p>The proposed FTAA rules for “intellectual property rights” include measures that would:</p> <ul style="list-style-type: none"> • Adopt the TRIPS rules of the WTO as the basic minimum standard, including new TRIPS-plus rules that grant corporations the right to patents on organic material, including seeds, and monopolies on vital drugs; • Restrict the right of farmers to use seeds saved from previous harvests; • Allow governments to grant obligatory licenses to local companies to produce generic versions of patented medicines (though U.S. proposals would not permit this measure); • Compel generic drug companies to go through costly trials to demonstrate the safety of their products; • Support protection of Indigenous knowledge, but only to the extent that such protection and the benefits derived from it assist corporations to access resources and the associated traditional knowledge that will allow them to patent products which do not involve innovation.

Negotiating Committee	Mandate and Scope of Negotiations	Proposed Rules and Disciplines of the FTAA
Government Purchases	<ul style="list-style-type: none"> • Official goal is to ensure that foreign corporations have “access to the government procurement markets of the FTAA countries”; • This is to be achieved by providing a “normative framework that ensures openness and transparency of government procurement processes” and by ensuring “non-discrimination in government procurement”; • FTAA rules could go beyond WTO by using “national treatment” rules to enforce market access for foreign corporations regarding government purchases of goods and services. 	<p>The proposed FTAA rules for “government purchases” include measures that would:</p> <ul style="list-style-type: none"> • Prohibit governments from giving preference to local companies in awarding contracts for the purchase of goods and services; • Prohibit governments from evaluating suppliers using criteria other than price and quality, which could be challenged as an “unnecessary barrier to trade”; • Prohibit policies that discriminate against trade in goods and services of any country in the FTAA (e.g., repressive regimes that violate human rights). • Apply these government procurement rules to federal but provincial, state and municipal governments as well.
Competition Policies	<ul style="list-style-type: none"> • Official goal is to prevent anti-competitive business practices, such as oligopoly or monopoly control on markets and prices. • Although such measures would be useful in breaking up the excessive economic powers of giant corporations, the real target appears to be state monopolies that are seen as obstacles to the free market. 	<p>The proposed FTAA rules for “competition policy” include measures that would:</p> <ul style="list-style-type: none"> • Allow the existence of state enterprises provided they operate according to market criteria and promote competition at national and regional levels; • Create an autonomous authority with supra-national powers to investigate and impose sanctions on anti-competitive practices; • Permit foreign-base corporations or investors to sue governments for administering monopolies or state enterprises; • Prohibit the stocking of raw materials and intermediate and manufactured goods.
Subsidies, Anti-Dumping & Countervailing Duties	<ul style="list-style-type: none"> • Official goal is to “examine ways to deepen existing disciplines provided in the WTO Agreement on Subsidies and Countervailing Measures” and improve on the application of trade remedy laws. • Major issues include massive government subsidies for military and agribusiness. 	<ul style="list-style-type: none"> • It is not yet clear what has been accomplished to date by this negotiating group. Its stated goals are to somewhat ambiguous. • Northern industrialized governments do subsidize strategic sectors of their economies which gives them enormous competitive advantage over developing economies in the South.

In short, this is a compilation of the main proposals that have emerged from eight of the nine negotiating groups to form what is called a “composite bracketed text” of the FTAA.

How will the FTAA enforce its rules?

Like the WTO, the FTAA will have power levers to enforce its rules. These power levers are found in the proposed dispute resolution mechanisms of the FTAA for adjudicating complaints regarding conformity with the rules and the corresponding forms of economic punishment to be handed down for the violation of those rules. At this point, it appears that the FTAA will adopt a hybrid of dispute settlement mechanisms drawn from both the WTO and NAFTA. The state-to-state mechanism for dispute resolution will be largely based on the WTO model while the investor-to-state mechanism will be based on the NAFTA model.

In the state-to-state mechanism of the WTO, as we have seen, governments, often acting on behalf of the corporate interests in their own country, can challenge the actual laws, policies and programs of another government. A dispute panel of technical experts, meeting behind closed doors, decides whether a country's disputed trade practice constitutes a violation of the WTO rules and, if so, seeks to overturn the offending policy or practice. The losing country in a dispute resolution is faced with three choices: change the disputed law or program to conform with the WTO rules; pay permanent cash compensation to the winning country; or be slapped with ongoing, escalating trade sanctions from the winning country and its allies in the dispute.

To enforce its rules, therefore, the state-to-state mechanism of the WTO has the power to strike down the laws, policies and programs of another country. For WTO member countries, the WTO rules exist as a common set of laws, or more specifically, a constitution for global economic governance. In adjudicating disputes, the WTO rules are the supreme law, not the domestic laws of the countries involved. As a result, dozens of nation-state health, food safety and environmental laws have been struck down through this WTO process. It now appears that the FTAA will incorporate similar powers and mechanisms for the resolution of state-to-state disputes.

At the same time, the FTAA will also incorporate the investor-to-state mechanism found in NAFTA. Under the investment rules in Chapter 11 of NAFTA, corporations are granted the right to sue governments directly for alleged violations of the investment rules. The proposed FTAA investment rules contain similar provisions. Through the FTAA, foreign-based corporations will have special rights to by-pass their own governments and sue other governments directly in matters affecting their investments and profits. As with NAFTA, the disputes will be adjudicated by technical panels behind closed doors in the FTAA.

Under the proposed FTAA investment rules, expropriation is also defined in broad terms to include not only direct but indirect forms of "takings." Foreign corporations can sue governments not only for "physical takings," such as property or assets, but perhaps more importantly for "regulatory takings," such as public interest laws on health and environmental concerns that may affect a company's current or future profits. It does not matter what the purpose of the regulation is or its legality in domestic law, foreign corporations will have the right to sue governments and claim compensation for alleged "regulatory takings" through the FTAA.

The power levers of the investor-to-state mechanism are illustrated by dozens of cases launched to date by corporations under Chapter 11 of NAFTA. For example, the Ethyl corporation in the U.S. to force the Canadian government to reverse its legislation banning the cross-border sale of its product MMT, a gasoline additive that has been banned in many other countries for being a "dangerous neurotoxin." Similarly, an American PCB waste disposal company, S.D. Meyers, used NAFTA's Chapter 11 rules to compel the Canadian government to reverse its ban on PCB exports - a ban undertaken in compliance with the Basel Convention's restrictions on the transborder movement of hazardous waste - successfully suing the Canadian government for more than U.S. \$8 million in damages for lost business while the short-lived ban was in place.

The Mexican government has also been sued under NAFTA. In 1996, the Metalclad Corporation, a U.S. waste disposal company, accused the Mexican government of violating Chapter 11 rules when the state of San Luis Potosi refused to give the company permission to reopen a waste disposal plant. After a geological audit showed the plant would contaminate the local water supply, the state governor ordered the plant be closed and later declared the site part of an ecological zone. When Metalclad sued for expropriation and sought damages, a NAFTA tribunal ruled in favour of the U.S. company and ordered the Mexican government to pay U.S. \$16.7 million in compensation.

Indeed, the proliferation of investor-state suits under the FTAA could have a devastating effect on the economies of developing countries in the rest of the Americas, which are already saddled with heavy debt burdens. Take the case of Bolivia, one of the poorest countries in Latin America. The giant U.S. engineering corporation, Bechtel, is currently using the NAFTA-like provisions in a bilateral investment treaty to sue the Bolivian government for U.S. \$25 million in future-lost profits. The suit was filed after a subsidiary of Bechtel lost control of its one million-dollar investment in the water services of Cochabamba, and was compelled to leave the city when the population rose up against the corporate take over of its water.

How will the FTAA rules affect our lives?

At first glance, the FTAA rules outlined above may seem abstract, having little to do with peoples' daily lives. But, judging from the track record of the WTO and NAFTA to date, these kinds of trade regimes directly affect the daily lives of workers, communities and the environment. The litmus test is whether trade regimes like the FTAA will serve to improve or impair the living conditions of peoples in the Americas. For the moment, however, let's take a look at how the FTAA rules could affect such basic benchmarks as social security, environmental security, food security, and economic security.

Social Security

There is little evidence that the FTAA rules are designed to provide conditions of social security. Generally speaking, governments have traditionally been responsible for providing social security through public programs for health care, education and social assistance. In some countries, the provision of water, electricity, postal, child care, and transportation services is understood to be part of the social security package. While these provisions vary from country to country, the structural adjustment programs imposed by the World Bank and the IMF on governments in the South since the 1980s have certainly weakened what social programs and public services exist for peoples in the Americas outside Canada and the U.S. The FTAA will more than likely reinforce this erosion of social security throughout the hemisphere.

In particular, the proposed FTAA rules on cross border trade-in-services pose a threat. The call for "universal coverage in all service sectors" means that social programs and public services could become targets for deregulation and privatization. The adoption by the FTAA of the GATS regime in the WTO means that for-profit health care and education corporations in the U.S. will be able to claim rights of establishment in other countries, and demand access to their public service "markets." As well, domestic laws and programs protecting these public services could be challenged under the domestic regulation regime of the GATS, including the possibility of being subjected to a "necessity test." And, if such measures were not successful in achieving market access to these service sectors, these corporations could always invoke their right to sue the government under the FTAA's investment rules for compensation regarding loss of future profits.

A prime example here is the move by United Parcel Service (UPS) to sue Canada Post under Chapter 11 of NAFTA. In this case, UPS is charging that the NAFTA rules on public monopolies are being violated with regard to parcel and courier services. While the case is focused on postal services, the ruling itself is bound to

have widespread ramifications for the application of the GATS rules and related trade rules on a wide range of public services. Furthermore, the FTAA's service rules are designed to lock-in privatization. Once a government has decided to deregulate and privatize public services like health care, education, social assistance, water, electricity or postal services, it would be virtually impossible for another government to reverse the decision. The demands for compensation payments under the FTAA would be too costly for most governments.

Environmental Security

As it stands now, the draft FTAA contains no provisions or safeguards for environmental security. In 1994, the original mandate for negotiating the FTAA contained a promise "to guarantee sustainable development while protecting the environment." In Bolivia, two years later, a major summit on sustainable development was held in which agreement was reached on 65 initiatives known as the Santa Cruz Action Plan. Although environmental groups were noticeably absent from the Bolivia Summit, the Santa Cruz Plan called for the creation of a new body, the OAS (Organization of American States) Inter-American Committee on Sustainable Development. But, by the time of the Santiago Summit of the Americas in 1998, the goal and program for sustainable development was dropped from the new negotiating mandate for the FTAA.

As a result, there are many parts of the draft FTAA that have serious environmental implications. To be sure, there is a clause in the "Investment Chapter" which calls on member countries to "make efforts to guarantee" that environmental standards are not lowered to attract foreign investment. On its own, however, this clause is meaningless. Worse still, the draft FTAA fails to account for the environmental costs associated with the goals of the proposed treaty to increase the production and export of forest, mineral, energy, and fish products. Indeed, the draft FTAA prohibits governments from making use of policy instruments such as export taxes for the purpose of conserving natural resources.

As with the WTO and NAFTA, the FTAA puts handcuffs on the ability of governments to exercise the "precautionary principle," namely taking the more cautious path of action when in doubt. When it comes to the import of genetically engineered products, for example, the proposed FTAA rules require governments to provide scientific proof that establishes patterns and demonstrates that their domestic laws and regulations restricting these imports are, in fact, necessary. The burden of proof, in other words, falls on governments trying to protect the public interest, rather than on the corporations promoting the sale of the product. Moreover, the rich bio-diversity of Latin America is also in danger of being threatened by the FTAA rules, directly or indirectly. In so far as WTO rules like the Technical Barriers to Trade, Sanitary and Phytosanitary Standards, and Trade Related Intellectual Property Rights are incorporated in the FTAA as expected, these rules reinforced by the investor-state mechanism, could be used to strike down environmental laws or programs designed to protect bio-diversity in Latin American countries.

Food Security

Nor can it be said that the FTAA rules are designed to enhance food security for peoples within its member countries. The agricultural rules in these trade regimes have little to do with overcoming hunger, improving a country's food security or enhancing the livelihoods of small farmers. On the contrary, these rules are meant to serve the interests of agribusiness. In the new global food system, agriculture, where farmers grow food to feed people and communities, has been replaced by a system of agribusiness, where transnational food corporations produce food for profit while food safety and the rights of family farmers go by the wayside.

Since the WTO's Agreement on Agriculture, which is to be incorporated in the FTAA, is largely designed to promote the production of crops for export, more valuable food producing land in Latin American countries will be used for export-oriented production rather than producing food to serve the needs of their own peoples. Take, for example, the case of Argentina, which now uses most of its agricultural lands for cash crop exports. Today, Argentina is the world's largest exporter of sunflower oil, soya oil, flour, and pears; the second

largest exporter of corn, honey, and sorghum; the fourth largest exporter of meat, cotton and wine; and the fifth largest exporter of wheat. As a result, food insecurity and hunger have become rampant in this agriculturally rich country.

By prohibiting import and export controls on food products, only the big agribusiness companies will be able to survive, protected by “National Treatment” and “Most Favoured Nation” rules. Without ensuring land reforms, peasant farmers will be forced to migrate to overcrowded cities where unemployment is already rampant. Since similar agricultural rules were adopted in NAFTA, it is estimated that up to 15 million people (peasants and their family members) have been forced out of their livelihood. Also, since Canada’s first free trade deal with the U.S., over 60,000 small and medium-sized farmers have given up their way of life. With these rules in place, farmers will no longer be able to collectively negotiate product prices with domestic and foreign buyers. Without domestic price control or regulation to protect local farmers, they are left to the mercy of international prices. Moreover, countries will no longer be able to maintain emergency food stocks to offset periods of drought and crop failure. Instead, they must buy what they need on the open market.

By adopting the technical standards (SPS and TBT rules) of the WTO Agreement on Agriculture, the FTAA will also likely be used to further curtail the rights of traditional farmers and downgrade food safety laws. As noted above, the U.S. and Canada were already successful in using these tools in the WTO to challenge a European ban on beef hormones that harboured cancer-causing potential. There is no reason why these power tools will not be used by agro-biotech corporations in their attempt to override food safety standards and open up markets for their genetically engineered products in the rest of the Americas.

Economic Security

The FTAA rules themselves are not primarily designed to provide economic security for workers and communities. On the contrary, the liberalization of trade and investment allows transnational corporations to move their production centres, capital, and products from one country to another, unfettered by government regulation and intervention, in order to take advantage of cheap labour conditions. While the FTAA’s investment rules establish and secure the “rights” of corporations, there are no labour clauses to ensure or guarantee the rights of workers. Although governments are encouraged in the draft text not to relax their labour standards in order to attract foreign investment, there is nothing to prevent governments in poorer countries from lowering their minimum wage laws for these purposes.

The experience of NAFTA in Mexico, Canada and the U.S. shows how free trade regimes serve to weaken peoples’ economic security. As companies relocated their production in Mexico to take advantage of U.S. \$5 per day wages for Mexican workers, the U.S. lost over a million manufacturing jobs. While these laid-off U.S. workers often find new jobs, they come with much less security and lower wages. Meanwhile, without enforceable labour rights in NAFTA, Mexican workers have been unable to organize effectively to increase their wages. Despite the NAFTA promise of increased economic development throughout Mexico, only the maquiladora factories along the border region have seen significant increases in industrial activity. Yet, even here, over a million more Mexican workers are now compelled to work for less than the minimum wage than was the case before NAFTA.

Since NAFTA came into effect in 1994, it is estimated that eight million Mexicans have fallen from the middle class into poverty. What’s more, there is nothing to prevent the FTAA from breeding similar economic insecurities. Protected by FTAA power tools like “Most Favoured Nation” and “National Treatment,” corporations based in the U.S. and Canada can move into the rest of the Americas, not only taking advantage of cheap working conditions, but also undercutting local industries and businesses as they demand equal treatment. For many developing countries, the demands for the elimination of tariff barriers could result in a

flood of consumer imports, thereby making their economies even more vulnerable. And, economic security conditions could be further weakened because governments no longer will have the ability to curb speculative investment on their currencies by controlling the inflows and outflows of capital.

What will be the critical issues in Miami?

Following the Quebec City Summit of the Americas in April 2001, it became clear that the FTAA negotiators had a lot of work to do if they were to meet the January 1, 2005 deadline set for the completion of the treaty. But by the time the trade ministers met in Quito, Ecuador, 19 months later, the climate for negotiations had become more intense. After the Doha Summit of the WTO, the U.S. under the Bush Administration introduced a series of protectionist trade measures, including its massive farm subsidy bill, its hike on steel tariffs, and new protections for Florida citrus fruit growers. While the first two moves provoked conflict with Washington's major trading partners around the world, especially after the commitments to further trade liberalization made at Doha, all three posed a particular threat to the future of the FTAA negotiations mainly because Brazil, the chief adversary of the U.S. in the Americas, was directly affected by these measures. Just as these tensions were coming to a head in the Quito Ministerial meeting in November 2002, they were being reinforced by more formal expressions of growing public opposition to the FTAA. In Brazil, for example, more than 10 million people had already cast ballots in opposition to the FTAA through a plebiscite conducted by civil society organizations.

At Quito, the trade ministers tried but failed to put a positive spin on the progress of the FTAA negotiations. When the ministers issued their Quito Declaration promising that the FTAA would "raise living standards, increase employment, improve peoples' labour conditions, improve peoples' health and education and better protect the environment," the Hemispheric Social Alliance (HSA), a network of civil society groups tracking the FTAA negotiations, blasted them for making contradictory assertions and promises that defy peoples' experiences which are backed-up by eight years of statistical evidence on the impacts of NAFTA. As the HSA put it: "We are incensed that the (Ministerial) Declaration speaks of objectives oriented to improving the population's living standards when the proposals in the FTAA would serve to convert public goods and services linked to such social rights as water, health, and education into private goods, making access to them conditional on the ability to pay." Moreover, the parallel Parliamentary Forum in Quito, involving MPs and legislators from countries throughout the Americas and the Caribbean, also publicly released their own strong statement of opposition to the FTAA and the negotiation process.

Meanwhile, when Chief U.S. Trade Negotiator Robert Zoellick tried to declare total victory in Quito by emphasizing several procedural developments that had taken place in the FTAA negotiating process, more critical observers pointed out that the U.S. had failed to make any real progress in convincing its counterparts in the rest of Latin America to move on some of the more controversial issues dealing with agriculture, investment, and services. Indeed, the U.S. faced stiff opposition from Latin American governments in Quito, who have already seen their economies spiral downward as a result of free trade along with a corresponding backlash from their populations. One of the more telling moments occurred when, after the trade ministers repeatedly refused to meet with civil society groups in Quito, the Ecuadorian security forces took the side of the tens of thousands of protestors who were threatening to shut down the city if their demands to meet were not fulfilled. Reluctantly, Zoellick and the other trade ministers agreed to meet the representatives of the social movements.

In the lead-up to the Miami Trade Ministerial meeting, the FTAA negotiations are entering their final stretch. For this last phase, the FTAA negotiations are being co-chaired by the U.S. and Brazil. This move was originally based on the assumption that any roadblocks or logjams that might arise in the final stretch could best be broken if the negotiating process was being steered by the two major North-South economies of the

hemisphere. Meeting in Puebla, Mexico, the FTAA's Trade Negotiations Committee, which is composed of the deputy trade ministers of the 34 participating countries, announced on April 11, 2003, that a series of steps would be taken to tighten-up the negotiating procedures and time-table in order to meet the deadline. In the meantime, the success of the negotiations and the future of the FTAA itself appear to hang on several critical issues:

Agriculture

If the FTAA rules calling for the modernization of agricultural production and trade without land reforms are enacted, millions of peasants in Latin America will likely be forced to give up their livelihood. Since NAFTA came into effect, Mexico has been flooded by massive imports of corn and beans, causing hundreds of thousands of peasant farmers to leave the land because they can no longer compete with subsidized goods from the U.S. The recent Bush Administration's Farm Bill, which enhances export subsidies for U.S. farmers, has put enormous pressures on Brazil and other food producing countries in Latin America.

Services

Not only in industrialized countries like Canada and the U.S., but also increasingly in the developing countries of Latin America, there are deepening concerns and uncertainties about what the FTAA's new rules on services will do to the ability of governments to provide basic public services like health care, education, water, electricity, and other social rights. Government-provided services have already been severely weakened by decades of structural adjustment demands of the World Bank and the International Monetary Fund. Now, U.S. corporations are making moves to take advantage of conditions for privatized health care markets in Latin America.

Market Access

The FTAA's promise of increasing access to U.S. markets to exports from developing countries in the Americas has been thwarted by the new U.S. protectionism. As noted above, the recent U.S. tariffs that have been slapped on imports of steel and citrus fruits have hit countries like Brazil very hard while sending a signal to other countries that the grand promise of market access for Latin American products is limited at best. Without significant increases in market access for developing countries in Latin America, there is little else to be hoped for in continuing these negotiations.

Intellectual Property

The critical issue here is the ability of governments to provide medicines and pharmaceutical drugs to their people for free, or well below market prices, to combat AIDS and other public health emergencies. Under the FTAA's proposed rules, which are designed in large part to protect the profits of the pharmaceutical industry based in the U.S. and Canada by granting them patent protection, governments responding to public health emergencies by providing free or low cost medicines would be in violation of these rules. This could become a sticky issue for countries like Brazil, which produce a large amount of generic drugs, during the final stages of the FTAA negotiations.

Investment

While most Latin American countries want more foreign investment, the price for the FTAA may prove to be too high to pay. As we have seen, the proposed FTAA rules for investment grant foreign-based corporations sovereign rights and sweeping powers. But past experience with colonialism has made some countries of the Americas wary of the costs involved when transnational corporations are given a free reign. For the U.S., it appears that the bar must be set at NAFTA-plus when it comes to the inclusion of investment rules and provisions in the FTAA. For Brazil and several other Latin American countries, however, this may be too much.

Each of these controversial issues has the potential to become a deal-breaker for the FTAA. Under any circumstances, the key factor will be Brazil. Even before the recent election, which brought Luis Inacio Lula da Silva of the Brazilian Workers Party to the presidency of Latin America's largest country, politicians of all stripes were wary of the FTAA negotiations. Their biggest fear has been that the FTAA will make it possible for the U.S. and its corporations to gain more direct access to Latin America's largest market, while Brazil and its export-dependent neighbours find themselves locked out of the U.S. market.

"Lula," as the new Brazilian president is known to his people, has been a staunch critic of U.S. foreign policy in Latin America and particularly of the FTAA. Before he became president, Lula repeatedly denounced the FTAA as a plan for "annexation" rather than hemispheric "integration." Lula has also promoted the participation of Cuba in regional trade negotiations, including the FTAA, which the U.S. firmly rejects. As Lula and the Brazilian Workers' Party came closer to taking power in Brazil, they softened their critique of the U.S. and the FTAA. Still, as noted earlier, over 10 million people cast ballots expressing strong opposition to the FTAA in a plebiscite organized by civil society groups in Brazil in 2002.

In the past, Lula has maintained that his first trade priority is to fortify the Mercosur Pact, composed of Brazil, Argentina, Uruguay and Paraguay. Making Mercosur a stronger trade bloc, argued Lula, would give countries a better chance to win concessions on the FTAA. Shortly after the Lula government took office, it announced that it would seek to establish a bilateral trade agreement between Mercosur and the U.S., before moving on with the FTAA.

On the other hand, the U.S. has completed, or is in the process of completing, bilateral trade agreements with the different regions of Latin America, except for the Mercosur countries. Lately, this has been the U.S. strategy of containment with regard to the FTAA negotiations. Behind the scenes, for example, the U.S. has been busy negotiating bilateral trade deals with Chile and now the Central American countries. From what we know of their content so far, each of these bilateral agreements are NAFTA-plus deals. In other words, they are designed to lock-in all the main components of NAFTA, but also add new rules and disciplines for economic liberalization, such as the removal of policies and legislation allowing governments to regulate or control the inflows and outflows of capital. For the U.S., it is not only easier and more convenient to negotiate a bilateral rather than a multilateral trade agreement, but these bilateral deals function as an insurance policy for the FTAA negotiations, ensuring that NAFTA-plus components are supported and promoted by other countries involved in the talks.

PART THREE

The Dangerous Combination

What impact will the WTO and the FTAA have on the peoples of the Americas and elsewhere?

The peoples of the Americas, as well as peoples everywhere, have real cause for concern as they face the double threat of the new WTO agreement with the expansion of NAFTA-plus to the hemisphere. The FTAA is intended by its architects to be the most far-reaching trade agreement in history, going well beyond NAFTA in its scope and power. At the same time, the new WTO deal is intended to make huge new inroads into areas formerly under domestic control, such as public services, financial services and government contracts. Essentially, trade negotiators have taken the most ambitious elements of existing WTO agreements and NAFTA to weave into two powerful new corporate charters. Now, the U.S. and Canada and their business interests have two weapons of choice with which to control the countries of Latin America and impose market discipline and private services.

The FTAA would combine all the disciplines of the GATS agreement with the powers of the failed MAI, giving unequalled new rights to the transnational corporations of the hemisphere to compete for and even challenge every publicly funded service of its governments, including health care, education, social security, culture and environmental protection. Any country that would dare deny these rights would be open to punishing compensation regime. People outside of the Americas should not think that they are exempt from this threat as powerful First World corporations and governments clearly intend to use the WTO to introduce similar corporate investment rights globally. The extension of NAFTA investment rules to the FTAA will be taken as a sign of compliance by poorer countries to an MAI-type deal.

Social Security

The expanded services negotiations proposed for both the WTO and the FTAA, in combination with Chapter 11 of NAFTA, pose a grave threat to social programs and social security. Universal health care, public education, child care, pensions, social assistance and many other social services are still delivered by governments on a not-for-profit basis in some countries of the hemisphere and around the world. Even in countries that have been forced under structural adjustment programs to abandon their public services, there remains a strong belief that social security is a fundamental right of citizenship.

Until now, our governments have argued that they can exempt these areas from trade agreements, albeit with strict conditions that they not be delivered by the private sector. The growth of the private sector in most of these areas has already placed any negotiated exemptions under threat. However, with intense services negotiations underway on both the WTO and FTAA fronts, all governments are exposing the social services provided by all levels of government in a dangerous new way.

Governments have also argued that they have not placed social programs on the GATS negotiating table. This is simply not true. In the original GATS commitment, many countries left public services exposed. Canada, Mexico, Venezuela, Brazil, Chile, Colombia, and Argentina - among others in the Western Hemisphere - listed health insurance. (So did the European Union, which also listed medical and dental services, nurses, hospital services, all social services and primary, secondary and higher education.) Ecuador offered hospital services, as did Bolivia, Costa Rica, Jamaica, and Saint Lucia. In any case, the current GATS applies to all services, even "exempted" or unlisted ones, if they are in competition with private sector suppliers. For instance, countries could use the GATS to challenge government funding for public hospitals in countries now promoting private hospitals.

Moreover, in the current GATS negotiations, there is a committee working on across-the-board rules on "Domestic Regulation" that would set serious restraints on governments, even in sectors not listed. This committee is promoting a set of "necessary disciplines" on any domestic measures in services that are "unnecessarily burdensome" or constitute "barriers to trade." They would use a "test of necessity" to compel governments to prove that their domestic regulations, standards, and laws regarding social services are not unfriendly to the competition rules of the WTO. All social services could be affected by these "Domestic Regulation" rules, whether or not they have been offered up by their governments.

Another way to skirt an exemption is to come at it under another file. For instance, the U.S. is on record in seeking "distribution services" and "supply chains" in the GATS; this could force governments to grant foreign competitors access to the supply of public services even if the public service in question has not been listed.

The FTAA, as a "top-down" agreement is even more directly dangerous, as everything is now "on the table." Under the GATS, for instance, "Market Access" rules and "National Treatment" rules only apply to listed services; in the "top-down" FTAA, they would apply to all services, unless specifically taken off. As well, the draft FTAA text would extend "National Treatment" to subsidies, meaning that governments could no longer subsidize public schools and hospitals, for instance, without offering similar subsidies to private American for-profit chains. The FTAA also contains "Domestic Regulation" rules, which again would apply on an across-the-board basis.

Combined with the right of service corporations to sue governments, who do not comply with these new rules, the stage has been set for an all-out assault on social security systems. Under the proposed new rules, foreign for-profit health, education and other social service corporations will have the right to establish a "commercial presence" anywhere in the hemisphere. They will have the right to compete for public dollars with public institutions like hospitals, schools and day care centres. Standards for health, education, child care and social work professionals will be subject to trade rules and reviews to ensure they are not an impediment to trade. And if any government at any level attempts to resist these developments and tries to maintain these services as a public right, for-profit service corporations will have the legal right to sue for financial compensation.

Environmental Security

The dangerous combination of the new WTO rules and the proposed FTAA would also pose great threats to the ability of nation-states to protect their natural resources or maintain regulations and standards to protect the environment and the health of their citizens. Neither agreement contains language in the body of the text to protect the environment and in the WTO Doha text the supremacy of trade rules over Multilateral Environment Agreements is spelled out. In addition, tools to restrict government rules and standards are now contained by SPS and TBT provisions in both agreements.

There are serious environmental implications to the services agreements of both the WTO and FTAA that could be used to curb sustainability rules. Many commonly used safeguards are listed as "Environmental Services," including areas of public interest such as pesticide spraying, construction of logging roads, toxic waste disposal, water purification, pipeline construction, parks and protected areas, and services related to mining and agriculture. Processes that appear "restrictive to trade," such as lengthy authoritative procedures, environmental assessments, or domestic enhancement rules, could be challenged under proposed services rules. And it is important to remember that the GATS allows no exception for governments who violate the agreement in order to protect their natural resources.

The most dangerous threat to the environment, however, comes from the extension of NAFTA Chapter 11 investment rules to the FTAA and the move to include investment in the WTO. Countries living under the NAFTA regime have already been impacted by the investor-state rules of NAFTA. Not only have a number

of health and environmental regulations in Canada, the United States and Mexico already been successfully challenged by the corporations of the continent, Chapter 11 is also used to create a “chill effect” whereby governments are warned to not even contemplate certain new regulatory measures for fear of running afoul of the investment provisions of NAFTA.

Any new regulations introduced by any level of government can be challenged by corporations with interests in the sector in question. In essence, under the investment rules of the WTO and the FTAA, all governments have to be prepared to pay dearly for the right to protect the ecological, human and animal health concerns within their mandate.

Energy Security

The FTAA is likely to mirror the controversial energy provisions that were integral to NAFTA and the peoples of the hemisphere should know what happened to the one NAFTA country – Canada – that opened up this sector.

Since signing NAFTA, and its predecessor the Canada-U.S. Free Trade Agreement on January 1, 1988, Canada has been deeply committed to an anti-environment, anti-conservation, deregulated continental energy policy based on short-term, high cost, high profit exports, controlled by transnational energy corporations. In both of these deals, Canada signed a “Proportional Sharing” agreement that guarantees its energy supplies in perpetuity to the U.S. Canada cannot refuse to issue a license for export; maintain its own “vital supply safeguard”; demand export impact assessments; levy export taxes; or charge higher prices for exports. This has left Canadian consumers to compete for their own energy resources against an economy 10 times bigger, with rapidly dwindling reserves and accelerating demand. These deals have led to a spectacular increase in the sale of Canadian natural gas to U.S. markets. As a result, Canada is now exporting over 60 per cent of its natural gas to the U.S., up from 25 per cent less than two decades ago. The story is mirrored in the oil sector.

Beyond this, as discovered through a leaked U.S. energy request obtained by activists in Canada, it is clear that the Bush Administration is seeking the deregulation of Canada’s energy services through the GATS. In essence, the request is that American companies be given the green light to take over every aspect of Canada’s energy industry, as well as the restructuring of Canada’s electricity sector so that the infrastructure is forcibly opened up to all who want in on it. This is the same model that wreaked havoc in California. It would spell the end of Canadian control over any aspect of its energy policy, including provincial authority over electricity.

And if the U.S. GATS request and the “Proportional Sharing” provisions of NAFTA are extended to the other countries of the Americas by way of the FTAA, many other nation-states are likely to find themselves in the same boat as Canada, losing sovereign control over their energy resources and hydro-electricity.

Water Security

Water is another highly contentious issue. Water is already listed as a “good” in both NAFTA and the GATT and as an “investment” in NAFTA, and will be a “service” in the GATS and the FTAA if proponents get their way.

When NAFTA was being negotiated, opponents urged that water be clearly exempted. The governments argued that no water was being traded commercially at that time in any of the NAFTA countries; therefore, water in its “natural” state was safe. Critics argued that any such protection was temporary at best and that the moment that any jurisdiction started selling its water for commercial purposes, key provisions of NAFTA (now being replicated in the FTAA) would become applicable, putting public water in jeopardy.

There are three key provisions of NAFTA – to be extended to the FTAA – that place water at risk. The first is “National Treatment,” whereby no country can discriminate in favour of its own private sector in the commercial use of its water resources. Once a permit is granted to a domestic company to export water, the “investors” – i.e., corporations – of the other NAFTA countries have the same “right of establishment” to the commercial use of this water as domestic companies.

The second provision is Chapter 11, the investor-state clause. It applies to water in two ways. First, if any NAFTA country, state or province allows only domestic companies to export water, corporations in the other NAFTA countries would have the right to sue for financial compensation. Second, if any NAFTA government introduced legislation to ban bulk water exports, by that act water would automatically become a commercial “good.” The Chapter 11 rights of foreign investors would be triggered by the very law that excludes them, and they could demand financial compensation for lost opportunities.

The third provision is Article 3:15, “Proportional Sharing,” the same provision that created a continental market for energy. Once the trade in water between countries becomes established, exports would be guaranteed to the level they had acquired over the preceding 36 months. The more water exported, the more water required to be exported, even if evidence showed that mass movements of water were harmful to the environment. Countries like Bolivia that are about to start selling bulk water to Chile should take note. And all the countries of the hemisphere should be aware that President Bush is on record saying he sees Canada’s water as part of America’s energy grid. He would be unlikely to see Brazil’s water any differently.

And now, the services provisions of the new WTO and FTAA agreements pose a whole new threat to another aspect of water – municipal water delivery and wastewater services. The European community, on behalf of its big water companies, is demanding full “Market Access” and “National Treatment” rights in the water services of 72 countries around the world. Any country that lists water services under these conditions would have to irrevocably abandon any domestic control, opening them up to take over and privatization by water transnationals. To reverse a local privatization, a country would have to get the unanimous permission of all WTO members – a virtual impossibility. In addition, the EU is seeking “regulatory disciplines” in this area, meaning that, even if a country resists listing water services directly, it would lose a great deal of control to set standards for water delivery. In fact, even such core principles as universality and public delivery could be judged by the WTO as “trade restrictive” and banned.

Including water in these two agreements poses a threat to countries of the North, as the big three water companies - Vivendi, Suez and Thames/RWE – have targeted North America and Europe in recent months. They intend to control 70 per cent of the “First World’s” water services in a decade. But the forced privatization of water services in the Third World already poses a grave danger. These companies are now operating in many poor countries around the world and Latin America, including Chile, Uruguay, Argentina and Brazil, introduced there by the World Bank and the IMF as part of their conditions for debt restructuring. Now, these companies will have the added protection of powerful trade and investment agreements and their enforcement mechanisms. Already, millions of people are dying from a lack of clean water; by paying outrageous profits to these corporations, even more will be at risk.

A closer look at the EU requests for market access to water services under the GATS shows that well-run public water systems in many Latin American cities are being targeted for take over by the European water giants. A major target for market expansion by the EU, for example, is Brazil where 3,800 of the 5,517 communities are served by state-owned water companies while the rest are served by municipally owned utilities and cooperatives. According to the Public Services International Research Unit, the EU requests have targeted some of the best examples of public water systems in Latin America, such as: the community-based water utility in Porto Alegre, Brazil, and throughout the State of Rio Grande do Sul; the cooperative model of water supply and sanitation in Santa Cruz, Bolivia; and the successfully restructured, state-owned

water company in Tegucigalpa, Honduras, which has dramatically improved efficiency and management. What's more, the EU requests for market access to water services are aimed at countries where people have already democratically expressed their opposition to water privatization such as Bolivia, Panama, and Paraguay.

Food Security

The farmers of the Americas have already felt the full blast of global competition under the onerous dictates of World Bank and IMF structural adjustment, as well as the agriculture provisions of the WTO. "Culture" has been removed from agriculture and replaced by "business." And now the FTAA will weigh in with its destructive powers. The peoples of Latin America would do well to look at the record of Canada and Mexico under NAFTA.

In many ways, the people of the three NAFTA countries have already paid a great price with the current trade agreements in terms of food safety and the security of farm communities. The Canadian and Mexican governments have slashed farm subsidies and farm income support far more and far faster than have their major QUAD trading partners. European wheat farmers, for example, receive three times the amount of subsidies that Canadian wheat farmers receive; American farmers receive two times the amount. As a result, there are 60,000 fewer farmers in Canada today than when Canada signed the first trade deal in 1988. While agricultural exports have more than doubled in that time, the average Canadian farmer is earning 22 per cent less. In Mexico, the first four years of NAFTA pushed an estimated 15 million people off their land. And between 1994 and 2001, while the prices for food staples increased in Mexico, the price paid to Mexican corn farmers dropped 48 per cent.

No longer working to produce food for people, farmers are being sent on a mission to gather profits for food corporations. The food on the average North American plate travels over 2,400 kilometres to get to the dinner table. The notion of local producers feeding local communities in exchange for the support of those communities is rapidly fading. The hollowing out of rural North America is the inevitable and tragic result.

Because the WTO prohibits import and export controls, only the big (big farms, big countries, big corporations) can survive. North America has allowed transnational agrifood corporations to operate on their own terms, displacing hundreds of thousands of family farms and totally dominating many sectors. In the United States alone, 33,000 family farms with an annual income under U.S. \$100,000 disappeared in the seven year period after the implementation of NAFTA. Still, the U.S. government has repeatedly challenged at the WTO the food supply management and marketing board systems of Canada and Mexico – the very systems that guarantee a fair return at the farm gate - as unfair trade practices. The U.S. intends to use the new talks to put increased pressure on what remains of Canada's marketing boards, especially dairy and egg.

Meanwhile, factory farms are moving into North America in a big way. These farms are stocking animals in intensive livestock operations based on an industrial model of agriculture. A reported 2 per cent of all hog operations in the U.S. now control nearly half of that country's entire hog inventory. The environmental and health consequences of this type of farming include fouled waters and air, toxic vapours, and an increased risk to humans and animals from the abusive use of antibiotics and hormones. The new proposed restrictions on "Domestic Regulation" in both the WTO and FTAA would render it far harder for governments to introduce the kind of legislation needed to control factory farming.

As well, trade agreements have encouraged governments to promote the production of genetically engineered foods and to support the transnational agrifood companies that produce them, while discouraging governments from introducing legislation to control this technology. For instance, even though polls show that 95 per cent of Canadians want to have GE foods labelled, the Canadian government has consistently refused to do so. The numbers are similar in the U.S., with ABC News reporting "near unanimity in public opinion" with 93 per cent of Americans favouring mandatory GE labelling.

Cultural Security

The services agreements of both the WTO and the FTAA are likely to target government policies around the world that seek to protect domestic cultural industries and enhance cultural diversity. Culture is considered a service in both the GATS and the services agreement of the FTAA. This is because the U.S. views culture as a big business that must be subjected to the rules of the market. In fact, according to recent UN Human Development reports, mass-produced products of American popular culture now constitute the biggest export from the U.S.

The U.S. wants to use these trade deals to open closed markets to its entertainment industry and to prevent other governments from pursuing policies that protect local culture and tradition. A huge, well-organized coalition has formed that links the U.S. entertainment, media, and information technology sectors together in a kind of common front to oppose cultural protections in other nations. Companies such as Time-Warner and Disney have powerful friends on Capitol Hill and work closely with the U.S. Trade Representative's office. For years, the U.S. State Department has used a variety of trade remedies to consistently strike down nation-state and local rules aimed at protecting local and national cultural producers.

For example, the U.S. used a WTO challenge to strike down the last of Canada's protections for its diminishing magazine sector. (American magazines account for over 90 per cent of newsstand sales in Canada.) Now, the U.S. (and the EU, surprisingly, who have listed publishing and broadcasting in their GATS demands of many countries) wants to enhance its powers to curtail cultural protectionism by extending "National Treatment" to cultural subsidies. This would effectively force governments who fund domestic culture to provide equal funding to foreign entertainment conglomerates; this in turn would threaten local cultures and traditions of many countries.

In Latin America, Asia and Africa, the power of corporate-led globalization has already led young people to demand all the consumer goods and entertainment products of the world's dominant economic power. Hollywood movies, the global music industry, television, and mass-marketed books and computer games spread a homogenous culture around the globe. Western corporate culture is destroying local traditions, knowledge, skills, artisans, and values.

But there is a backlash. In many parts of the world, there is a growing sentiment that culture is not just another product like steel or computer parts. Through funding programs, content regulations, and other public policy mechanisms, many countries are encouraging their own artists, writers and musicians in order to protect ancient traditions. A growing number of people view culture as their richest heritage without which they have no roots or soul. For many, the value of culture is not monetary; to commodify it is to destroy it.

This is particularly true for Indigenous peoples and cultures all over the world, whose traditions and lands are under constant assault. Indigenous languages are being lost at a breathtaking rate and the natural resource heritages of First Nations peoples are being plundered in the name of competition and economic growth. It is not surprising that Indigenous peoples have been on the front line in providing leadership against the brutal policies of economic globalization.

When NAFTA took effect on January 1, 1994, the Mexican constitutional right to land was abolished. An uprising led by the Indigenous Zapatista movement put the world on notice that First Nations peoples would not cede their traditional rights in the name of competition. In the Philippines, Indigenous peoples stood up to that country's scandalous 1995 mining act, which gave foreign mining corporations the right to overturn historic treaties and land rights claims. In Bolivia, the opposition to privatized water was led by Indigenous people. In India, Indigenous people have been on the front line of the anti-dam movement, often putting their

very lives at risk to stop the projects. All over Latin America, Indigenous peoples are fighting the theft of their seeds and other genetic heritages, often embodied in the TRIPS agreement of the WTO.

For many Indigenous groups worldwide feeling the deadening and homogenizing impacts of economic globalization, cultural diversity and the right to protect it have become as important a fight as protecting biodiversity.

Common Security

The dangerous combination of the WTO and the FTAA, as presently designed, will almost certainly accelerate the re-militarization of Latin America. Historically speaking, the U.S. has consistently exercised military force in Latin America when its economic and corporate interests have been threatened. This policy is based on the Monroe Doctrine of 1823, when then President James Monroe declared that Latin America was off-limits to all other colonial powers. Since then succeeding U.S. administrations have invoked the Monroe Doctrine to justify military intervention in Latin American countries to protect U.S. corporate interests such as the United Fruit Co. in Guatemala in the 1920's and ITT in Chile during the early 1970s, or to prop-up U.S. friendly dictators and set-up proxy armies like the Contras in Nicaragua.

Today, neo-liberal trade regimes like the WTO and the FTAA are designed to promote and protect militarism and the global arms race. Built into all these modern trade regimes is the so-called "security exemption" clause which allows any government to take actions deemed necessary to protect their national security interests. According to the standard wording used from Article XXI of the General Agreement on Trade and Tariffs, this covers "traffic in arms, ammunition and implements of war and such traffic in other goods and materials as is carried on directly for the purpose of supplying a military establishment [or] taken in time of war or other emergency in international relations." In other words, the security exemption clause in the WTO and FTAA provides military powers like the U.S. with all the tools they need to fuel the arms industry and military build-up in Latin America through trade itself.

In 1994, after considerable pressure from U.S. arms manufacturers, then president Bill Clinton lifted a moratorium on the export of advanced weaponry to Latin America, which had been in place since 1977. By the mid-1990s, the U.S. was already the largest supplier of military armaments in Latin America, controlling more than 25 per cent of arms trade to the region, three times that of any other country. Yet, the U.S. arms industry wanted to further expand their market in the Americas, arguing they had to beat out their competitors in supplying arms to the region. In this post-Cold War era, the main competitor to the U.S. arms industry was not Russia but the European Union. In effect, the global arms race was now between the EU and the U.S., with Latin America becoming an important new market to conquer. Annual military spending for the region was on the rise with Brazil, Chile, Peru and Mexico being among the largest arms buyers.

Today, the prime example of a U.S.-led military build-up in Latin America is Plan Colombia. Here, the U.S. has been supplying Colombia with a military aid package to assist the government in its drug war and its struggle against leftist guerilla movements in the country. The U.S. military aid package includes new military helicopters and funds for private military corporations to provide training to the Colombian armed forces. For the U.S., however, the main strategic priority is to protect the interests of their oil corporations in Colombia. In Washington, the chief advocate for Plan Colombia was Occidental Petroleum which, along with other companies like Enron, BP Amoco and Colgate Palmolive, lobbied for the U.S. military aid package. Meanwhile, U.S. arms manufacturers like United Technologies and Bell Helicopter, which have close political ties on Capitol Hill, benefit directly from the arms sales. Indeed, Bell Helicopter, which is now providing helicopters as part of Plan Colombia, originally hired the former U.S. ambassador to Colombia as its main lobbyist in Washington.

For many Latin Americans, Plan Colombia symbolizes the fears people have about the re-militarization of the region. After all, it has taken decades of popular struggle and resistance to get rid of the military and national security states that dominated Latin America for most of the 20th century. Yet, these trends towards re-militarization are, more than likely, to be consolidated under the combined impact of the FTAA and WTO. For not only will the use of the arms trade to promote and protect corporate interests be assured by these two trade regimes, but the right to do so will be encoded in international law. Moreover, any attempts to challenge the fueling of the arms race or the military build-up in Latin America would be faced with the full weight of the binding enforcement mechanisms of the FTAA and WTO and their forms of economic punishment.

How could the WTO and FTAA trade politics play out?

In Latin American countries, people have begun to talk about the FTAA and the WTO as the 'two-headed monster' of liberalized trade in the global economy. The impact of NAFTA on Mexico alone over the past 9 years, based on official government data, demonstrates that free trade regimes like this can be especially devastating for poorer countries. During the NAFTA period, Mexico experienced its lowest rate of annual growth in its GDP when compared with other economic strategies carried out in the past century. Most of the 6.2 million new jobs created in the first seven years of NAFTA in Mexico were 'bad jobs' with high levels of job insecurity, long work days, temporary contracts, and less benefits than what is mandated by law. In the agriculture sector, more than a million peasants or small farmers have been displaced, losing both their land and their livelihoods, largely because they can no longer compete with the flood of heavily subsidized agricultural imports from the U.S.

Two-Headed Monster

Of course, this is only the tip of the iceberg. Under the 'two-headed monster' of the FTAA and the WTO, NAFTA's "race to the bottom" would be expanded as exploited workers and farmers in Mexico are pitted against even more desperate workers and peasants in Haiti, Guatemala or Brazil. Indeed, if NAFTA is any indication, the combined impact of the proposed trade rules of the FTAA and the WTO on the developing countries of the Americas could be even more devastating than the NAFTA experience in terms of economic, social, food, environmental and common security. What's more, there are signs that governments and their negotiators have begun to worry about these potential threats. That's why, for example, greater priority was suddenly given to the serious gap between rich and poor countries under these free trade regimes when the FTAA's Trade Negotiating Committee met in April 2003. But we can expect many more manoeuvres as the politics of trade negotiations play themselves out in both the WTO and the FTAA venues.

At this point, a major problem for the prime movers behind the WTO and FTAA agendas is the loss of momentum in the negotiations. On the WTO scene, the split between several key European countries and the U.S. over the invasion of Iraq and the post-war reconstruction has caused serious political strains with spill over effects on negotiations leading up to Cancun. On the FTAA scene, the toughening of Brazil's stance toward the U.S. with the election of the Lula government could at least result in a slowdown and perhaps even a break-up of the FTAA negotiations. Moreover, the deteriorating state of the U.S. economy, coupled with various protectionist actions taken by Washington (e.g., the Farm Bill, steel tariff hikes), have served to intensify divisions that contribute to the erosion of momentum in the negotiations. All of this could change as vigorous efforts are made to rekindle the momentum leading up to both Cancun and Miami; but it is still important to probe the strategies that could unfold between these two trade venues.

Indeed, the WTO only allows its member countries to participate in regional trade regimes if those regional pacts have substantial sectoral coverage and if they liberalize further than the WTO rules. In effect, this means that the FTAA must be WTO-plus or, at the very least, it must meet all the WTO benchmarks for liberalization. With these game rules in mind, the U.S., the EU and other big economic powers are able to use

gains made in one venue to leverage gains in another as part of the bargaining process. If, for example, the U.S. is able to achieve stronger rules for the protection of intellectual property through the FTAA, then this can be seen as a new benchmark to leverage further gains in this direction at the WTO. In this way, the U.S. and other economic powers are able to play various bilateral, regional and multilateral venues off one another in an effort to leverage and maximize their gains.

As the FTAA and WTO negotiations play themselves out toward their 2005 deadline, we can expect these kinds of bargaining tactics to be used to deal with the major controversial issues on the negotiating table in both venues. Take, for example, agriculture. The U.S. has been using the FTAA negotiations to lay the groundwork for challenging and compelling the EU to substantially reduce and eventually dismantle its export subsidy program for its farmers. However, the negative agricultural impacts of NAFTA for Mexican peasants, coupled with the negative impacts of the new U.S. Farm Bill for Brazilian peasants and farmers, have ignited conflicts within the FTAA negotiations on agriculture. Now it appears that a position has been taken by the countries of the Americas to link their willingness to make agricultural concessions in the FTAA to success at the WTO in cutting agricultural subsidies. Unless progress is made at the WTO, which means getting the EU to slash its export subsidies, liberalizing agriculture through the FTAA will stagnate.

Hemispheric Power Plays

Brazil, the United States' main counterpoint in the FTAA negotiations, will also be using the WTO negotiations as a venue in which to gain leverage. At present, Brazil's strongest partners in Latin America, Venezuela and Argentina, are encountering their own economic difficulties. Brazil needs allies and may, some argue, have a better chance of finding them in the larger arena of the WTO. Meanwhile, Brazil could well play a pivotal role in stalling the FTAA negotiations by insisting that a bilateral trade agreement be negotiated and completed first between the U.S. and Mercosur. Officials in the Lula Administration have stated that the new government wants to establish a U.S. \$100 billion trade arrangement between Brazil and the U.S. within the next eight years. Brazilian officials say they too want an FTAA that will be able to address the issue of farm subsidies, but U.S. officials insist this must first be settled through the WTO because of the EU's position and how this affects the U.S. globally. All of this has led to an impasse. Now some Brazilian officials maintain it would be better to scrap the FTAA altogether in favour of a larger, stronger Mercosur that could more effectively achieve free trade by taking complaints against the U.S. to the WTO.

What's more, the Lula government has recently launched a full diplomatic offensive to rebuild Mercosur as the principal South American trading bloc. After ten years in existence, Mercosur appeared at the time of the last Summit of the Americas in 2001 to be weak and fatally divided, due to regional currency collapses and trade disputes. But now, thanks to Lula's energetic diplomacy, Mercosur could be on the verge of a full-blown revival. After meeting with Lula in late April 2003, President Hugo Chavez of Venezuela confirmed his country's intention to join Mercosur. In Argentina, the recent inauguration of the government of President Nestor Kirchner provides further opportunities to strengthen sub-regional trade relations. More recently, Lula's talks with President Vincente Fox indicate that Mexico may also be looking for options other than being locked into the U.S. orbit through NAFTA alone. For the new Lula government in Brazil, however, the strengthening of Mercosur is not simply a reaction to the recent unilateralism of the Bush Administration in Washington. On the contrary, it is part of what has been a larger dream of creating greater economic, social and political integration among the nations and peoples of Latin America. A more viable Mercosur would allow its member countries to present a more united front on negotiations with Washington.

In any case, putting more energy into strengthening Mercosur and finding new allies in the WTO allows Brazil to buy time and better position itself to deal with the U.S. at a later date. Yet, this too poses another dilemma. While public opposition to the FTAA is very strong in Brazil, the WTO does not necessarily provide a suitable substitute. Take, for example, the whole issue of the corporate take over or privatization of public services like water. The big-3 water corporations - Suez, Vivendi, and RWE/Thames - the GM, Ford and Chrysler of the

global water business, are all based in Europe. These water barons certainly plan to make use of the new GATS rules in the WTO to pry open public water services in countries like Brazil. In their effort they will have the full backing of the EU itself, which, as we saw in the previous section, has been very active in ensuring that water services are covered by the new and expanded GATS rules. The same could be said of the telecom industry and several other sectors of the global economy where other trading blocs like Europe and Japan have strong economic interests. So it is important to keep the image of the 'two-headed monster' in mind by making distinctions between the powers at play in both the FTAA and the WTO.

Even so, the power plays between the U.S. and Brazil are bound to heat up through a series of skirmishes prior to Cancun and Miami. To breathe new life into the FTAA negotiations, the U.S. dispatched senior White House officials, including Treasury Secretary John Snow and Trade Representative Robert Zoellick, to Brazil for high-level talks in April and May 2003. So far it appears that the Lula government is remaining firm in its conviction that no progress will be made on the FTAA until the thorny issue of U.S. agricultural subsidies is satisfactorily resolved. In turn, the U.S. continues to insist that this issue will only be resolved through the WTO, which means, of course, breaking the EU's own system of heavily subsidized agriculture. Meanwhile, Washington is intensifying its game of hard ball with Mexico City by demanding that Mexico live up to its NAFTA commitments to further reduce tariffs on U.S. agricultural imports, despite the damage this is doing to the livelihood of peasants in the countryside. These, along with other contentious issues, are clear signals that the January 1, 2005 deadline for both the WTO and FTAA negotiations may not be met.

Meanwhile, the Lula government in Brazil has been establishing new benchmarks and conditions for the FTAA negotiations. At the G-8 meetings in Evian, France in June 2003, Lula called for the creation of a new multilateral fund to provide needed investment in Latin America. He also hinted that U.S. support for this fund would be a necessary quid pro quo for Brazil to move forward with the FTAA negotiations. Brazil has also proposed that a "new calendar" be developed for the completion of the FTAA negotiations, indicating that the 2005 deadline needs to be replaced by a more protracted schedule of talks which take into consideration developments at the WTO. But, it should also be clearly kept in mind that the groundwork for the FTAA is already being laid through other powerful institutions and agencies. Quietly, behind the scenes, transnational corporations from the North are being granted unrestricted access to resources and markets in Latin America through conditions imposed by the export credit agencies of Northern governments, the World Bank and IMF, multilateral development banks (MDBs), and the privatization of public services in the form of 'public private partnerships'. Through these and related processes, much of the FTAA infrastructure is being put in place before the agreement has been negotiated, approved and ratified.

The U.S., of course, has other power levers it could use to force Brazil and other countries into line, including the World Bank and the IMF. Another power tool, however, is the Millennium Challenge Account (MCA), which President Bush first announced at the United Nations' Conference on Financing for Development in Monterey, Mexico. The objective of the MCA here would be to provide funds for poor countries to "increase their capacity" to participate in trade talks. The program is based on the assumption that those developing countries which continue to reject the free trade model have, in fact, misunderstood its true benefits. The MCA would be used to help correct this supposed misunderstanding. At the FTAA meetings in Quito, the U.S. launched a complementary program for developing countries in the Americas called the Hemispheric Cooperation Program (HCP). Both the MCA and the HCP would be headed-up by the U.S. National Security Council and could play a determinative role in shaping the outcome of global trade talks on the WTO and FTAA.

Yet, the big power levers of the U.S. these days are found in the new Bush Doctrine of unilateralism and a national security agenda that links the promotion of trade and the war against terrorism. With the invasion of Iraq, the U.S. has managed to both anoint itself as the policeman of the world and deal a deathblow to multilateralism in foreign policy. As with the war on terrorism, so with the advancement of the global trade

agenda - countries are either for or against the U.S. Leading up to and during the last Ministerial meeting of the WTO in Doha, Washington did not hesitate to link trade and the fight against terrorism while applying pressure on the capitals of those countries who were wavering on critical issues. More recently, those countries that did not support the U.S. and the UK in their invasion of Iraq might expect some form of retaliation through trade. Certainly Mexico and Chile, after taking their stance against the unilateral U.S. military action on Iraq, were vulnerable on the trade front. In part this explains the delay in the U.S. ratification of its bilateral agreement with Chile. In the end, however, the Bush Administration finally ratified the deal, recognizing that failure to do so would only serve to strengthen the hand of Brazil in consolidating a sub-regional bloc around Mercosur.

Waiting for Democracy

Meanwhile, the corporate lobby machinery will be gearing up for both Cancun and Miami determined to see that their agenda for the new WTO and FTAA rules are ready to be implemented in 2005. The big American corporate lobby machine, the U.S. Business Round Table continues to play a pivotal role in advising U.S. trade negotiators. Another U.S. corporate lobby, the Council of the Americas, has been established to play an influential role in shaping the U.S. position for the FTAA negotiations. In Canada, the main corporate lobby continues to be the Canadian Council of Chief Executives, which is composed of the country's 150 largest transnational corporations. In Europe, the European Round Table of Industrialists, made up of the largest corporations based on the continent, has played an ongoing role in determining the EU's positions in the WTO and the proposed Trans Atlantic Economic Partnership between the EU and the U.S. And Japan, the other major player in the QUAD, has its own corporate political machine known as the Keidanren. At the same time, numerous big business coalitions have been established to design the agendas and influence the outcomes of particular sets of WTO negotiations such as the U.S. Coalition of Service Industries and the European Services Forum in regard to the current GATS negotiations.

At the same time, civil society organizations and mass popular movements are systematically excluded from the negotiating process in both the WTO and the FTAA. At each ministerial meeting of the WTO, non-governmental organizations are given a chance to register and hold their own discussions, but they are deliberately kept at bay, removed from the government delegations and from the negotiating process itself. The WTO maintains that it is up to governments to decide on whether and how to work with civil society groups within their own respective countries. Although trade officials in both the U.S. and Canada, for example, do hold periodic briefing sessions with non-governmental organizations on WTO and FTAA issues; this is a long way from establishing a formal process for effective consultation with civil society distinct from, yet on par with, what is in place for the business community. At the FTAA, when proposals initially made for effective consultation with non-governmental organizations and popular movements were rejected, a Committee of Government Representatives on Civil Society was set up to convey the views of civil society to the Trade Negotiating Committee. But this committee has no mandate from civil society movements, let alone the mechanisms required to effectively present issues and proposals for action to the TNC.

Looking beyond Cancun and Miami, it is important to not lose sight of the negotiating process of both the WTO and the FTAA leading to points of final decision and ratification in 2005. Now that President Bush has fast track authority in the U.S., he can ram these trade deals through Congress without having them picked apart or voted on piece by piece. All that is required is an 'up' or 'down' vote on the entire package. It will be much the same for other countries as well. Both the WTO and the FTAA are considered to be "single undertakings" which means that countries must either accept or reject the final package in its entirety, rather than being able to sign onto some parts of the deal but not others. Latin Americans, as well as citizens in other countries, will be faced with a 'take-it-or-leave-it' proposition. And, if past experience with NAFTA and the WTO is a guide, elected Members of Parliament will have little or no meaningful role in making these decisions.

Little wonder that a growing number of citizen's organizations, labour unions, environmental groups and mass movements of peasants want to abolish the WTO and the FTAA altogether. For many of these groups, the most dangerous threat of this 'two-headed monster' is the assault on democracy itself. Under these free trade regimes, the 'rights' and 'freedoms' of corporations are enshrined while the rights and freedoms of peoples are largely trampled on. They are designed to provide security for corporations and investors, not security for people and their communities. Together, the WTO and the FTAA, along with the World Bank, IMF, and multilateral development banks, would constitute the major cornerstones in the new architecture of global economic governance. Simply put, this is government of, by and for transnational corporations. As such, it threatens to become a form of tyranny against people and their democratic rights.

CONCLUSION

For social movement activists throughout the Americas, 2003 is certainly shaping up to be a demanding and challenging year. After all, the two most pivotal events on this year's calendar for the global economic order will be held in the Americas - the 5th Ministerial of the World Trade Organization in Cancun, Mexico, September 10-14 and the 8th Trade Ministerial of the Free Trade Area of the Americas in Miami, U.S.A., November 20-21. Over the past number of months, international alliances of peasants, labour and social movements have been developing campaign plans for both Cancun and Miami.

Yet campaign planning for Cancun and Miami is complicated by the current political moment. The invasion of Iraq may be over and the period of post-war construction begun, but it is not at all clear that the U.S. military will withdraw from the Middle East. On the contrary, the U.S. war machine may well move on to tackle other "rogue states" on President Bush's hit list. For the peoples of the Americas, these times are further complicated by deepening political tensions over integration with the U.S. The recent illustrations of the Bush Doctrine of U.S. unilateralism in global affairs, coupled with the resurgence of the American Empire through U.S. military action, pose serious questions about what this means for other countries in the Americas. Added to these two factors is another complication, namely the call for the establishment of a "common security perimeter" around North America itself, to be directed by Washington through the new U.S. Homeland Security Agency. As 'trade' becomes synonymous with 'security', we can expect NAFTA to be retooled as an instrument to govern cross-border exchanges in regard to the movement of peoples, as well as the movement of goods, services and capital. Taken together, these moves will no doubt serve to accelerate the criminalization of dissent by targeting and cracking down on people active in various social movements who openly resist the corporate model of globalization.

In developing campaign plans for both Cancun and Miami, we need to keep these three dimensions of this political moment very much in mind. At the same time, we need to keep our focus firmly on the 'two-headed monster' of the WTO and the FTAA. At this point, the negotiations taking place in both venues are on similar critical paths heading for a common deadline of January 1, 2005. As we have argued, it is strategically important to develop education and action plans that "make the links" between the WTO and the FTAA. After all, in Mexico and throughout the rest of Latin America, there is much greater awareness and concern about the FTAA than the WTO. Conversely, in Canada and the U.S. there seems to be greater awareness of the WTO and NAFTA than the FTAA. In organizing for Cancun and Miami, therefore, we need to vividly portray the linkages between the WTO and FTAA in terms of this 'two-headed monster' of the global economy.

During the past year or so, a common international plan of action has begun to emerge for Cancun and Miami. Commonly referred to as the "Havana Action Plan" (because it came to focus in a meeting of social movements that took place in Havana in November 2002), the strategy calls for concerted action by civil society organizations and popular social movements against the WTO and the FTAA. The plan highlights the importance of campaigns making the links between specific trade issues and other critical development concerns like debt and militarization, plus the identification of key corporate targets. In the build-up for Cancun, September 8-14 has been designated as a common week of action, with September 9 as an international day of action, while November 17-21 has been set as the week of action for Miami. For both events, a two-track strategy has been identified: an 'inside' track involving groups engaged in policy struggles around the WTO in Cancun and the FTAA in Miami; and an 'outside' track involving groups engaged in mobilizing popular resistance around specific issues and struggles.

The inside policy struggles around the WTO and the FTAA negotiations will differ somewhat between Cancun and Miami. Yet, as we have seen, given the nature of the negotiations taking place in both venues, there are several major sets of hot-button issues around which common battles are likely to emerge. These hot-button

issues include the negotiations on agriculture, services and investment taking place in both the WTO and the FTAA, plus other conflicts like TRIPS vs. public health, and unilateral hikes in industrial tariffs on products, like steel and softwood lumber, that put a damper on the neo-liberal promise of market access. At any point, serious tensions around these or related issues could emerge in the negotiations, thereby striking a blow against the 'two-headed monster'. Given the critical stage that these negotiations are now entering, plus the strategic connections between negotiations going on in both venues, these policy struggles will need to be closely monitored by civil society organizations.

At the same time, various forms of popular resistance to the WTO and the FTAA - including caravans, rallies, marches and demonstrations - are being organized in the lead up to Cancun and Miami. Since the 'two-headed monster' is viewed as an assault on peoples' fundamental democratic rights, much of the resistance that is being mobilized is focused on these rights: farmer or peasant rights and food rights; workers' rights and Indigenous peoples' rights; health care, education and social rights; water, environmental and energy rights; or cultural, human and gene rights. For many parts of the Americas, the major struggles being waged for these basic democratic rights are taking place in the mass movements of peasants and workers, supported by networks of civil society groups. In one way or another, all of these forms of popular resistance relate to one or more of the major issues under negotiation in the WTO and the FTAA. At the same time, the campaigns being mounted for the road to Cancun and Miami will highlight the financial debt burdens that undermine most of the economies of Latin America and the role played by transnational corporations in causing human suffering.

At the heart of these campaigns for Cancun and Miami is the building of community-based resistance and alternatives to the WTO and the FTAA. After all, the real impact of these global trade regimes is felt most directly in our local communities. Whatever the hot button issues affecting the conditions of life in our cities, towns and rural communities are - unemployment, hunger, poverty, land reform, health care, clean water, public education, affordable electricity, safe food, traditional livelihoods, social assistance, international development - they will all be directly affected by the governing rules of the WTO and the FTAA. In organizing community-based education on any of these issues, it is crucial that steps be taken to show how the rules of the WTO and FTAA regimes could determine what governments can and cannot do about these vital concerns in the future. At the same time, we can join with our allies in the Americas by demonstrating our resistance to these trade regimes and their corporate pushers by organizing community-based rallies and blockades in our own cities and towns during the weeks of action in both September and November.

Yet, building momentum for Cancun and Miami must be seen as a beginning, not the end. It is the road after the fall events of 2003 leading up to New Years 2005, that will be the tough period of hard bargaining. This will be the 'make' or 'break' period for scuttling the FTAA negotiations and for pruning back the powers of the WTO. What's more, this could be a winnable campaign. As our report tries to show, these negotiations are plagued by deep internal conflicts that spell trouble for the FTAA and WTO expansion. Like the campaign against the Multilateral Agreement on Investment a few years ago, the ingredients are there for a possible victory if we develop creative and effective forms of resistance. Whether or not we are able to rise up to meet this challenge depends, to a large extent, on whether we are able to build the beachheads of resistance needed in our local communities. This is why we need to work together, community by community across the Americas, to build a resistance to this 'two-headed monster' that can be sustained after Cancun and Miami.

Finally, this is a moment in which we, the peoples' of the Americas, can redefine our relationship with each other. The time has come for all of us who are committed to building just, sustainable and democratic societies to join hands in a common struggle for a new trading partnership designed to improve the economic, social and environmental living conditions for all the peoples of the Americas. In the spirit of the World Social Forums organized for the past three years in Porto Alegre, Brazil, we maintain that "Another World Is Possible!" Let us use the road to Cancun and Miami to start making these links and build a better future for our children and our grandchildren.

SOURCES AND FURTHER READING

Navigating NAFTA: A Concise User's Guide to the North American Free Trade Agreement, Barry Appleton, Carswell, Toronto, Canada, 1994

The Multilateral Agreement on Investment and the Threat to Canadian Sovereignty, Tony Clarke and Maude Barlow, Stoddart, Toronto, Canada, 1997

Whose Trade Organization? Corporate Globalization and the Erosion of Democracy, Lori Wallach and Michelle Sforza, Public Citizen, Washington, USA, 1999

GATS: How the World Trade Organization's New Services' Negotiations Threaten Democracy, Scott Sinclair, Canadian Centre for Policy Alternatives, Ottawa, Canada, 2000

The World Trade Organization: A Citizen's Guide, Steven Shrybman, Canadian Centre for Policy Alternatives, Ottawa, Canada, 1999

Invisible Government, The World Trade Organization: Global Government for the New Millennium?, Debi Barker and Jerry Mander, International Forum on Globalization, San Francisco, USA, 2000

The Multilateral Trading System: A Development Perspective, Third World Network, United Nations Development Program, 2001

GATS: A Disservice to the Poor, World Development Movement, London, England, 2002

The WTO, the Post-Doha Agenda and the Future of the Trade System: A Development Perspective, Martin Khor, Third World Network, Penang, Malaysia, 2002

Water and the Current Round of WTO Negotiations on Services, Ellen Gould, Canadian Centre for Policy Alternatives Briefing Paper Series, Ottawa, Canada, 2003

Inside the Fortress: What's Going on at the FTAA Negotiations, Marc Lee, Canadian Centre for Policy Alternatives, Ottawa, Canada, 2001

Power Politics in the WTO, Aileen Kwa, Focus on the Global South, Bangkok, Thailand, 2002

Stolen Harvest: The Hijacking of the Global Food Supply, Vandana Shiva, South End Press, Cambridge, USA, 2000

Another Integration Is Possible: Sovereignty Yes, FTAA No, Sarah Anderson, Institute for Policy Studies, Washington, DC, and Marcos Arruda, Institute Policy Alternatives for the Southern Cone of Latin America, Rio de Janeiro, Brazil, June 2002

Statement by the Hemispheric Social Alliance on the Declaration by Trade Ministers Meeting in Quito on the FTAA Negotiations, The Hemispheric Social Alliance, November 2002

From Deep Integration to Reclaiming Sovereignty: Managing Canada-U.S. Economic Relations Under NAFTA, Bruce Campbell, Canadian Centre for Policy Alternatives, Ottawa, Canada, May 2003

Crossroads at Cancun: What Direction for Development?, Canadian Council for International Co-operation, Ottawa, Canada, May 2003

NAFTA at Nine, John W. Foster and John Dillon, North-South Institute/ KAIROS, Ottawa, Canada, 2003

WEB RESOURCES

Hemispheric Social Alliance
www.asc-hsa.org

Friends of the Earth International
www.foei.org

Jobs With Justice
www.jwj.org

Third World Network
www.twinside.org.sg

Focus on the Global South
www.focusweb.org

Citizens Trade Campaign
www.citizenstrade.org/ftaa

Hemispheric Campaign Against the FTAA
www.movimientos.org/noalca

Stop FTAA
www.stopftaa.org

World Development Movement
www.wdm.org.uk

The Council of Canadians
www.canadians.org

Polaris Institute
www.polarisinstitute.org

Public Citizen
www.citizen.org

Global Exchange
www.globalexchange.org

Our World Is Not For Sale Network
www.ourworldisnotforsale.org

Global Issues
www.globalissues.org

Global Information Center on Trade and Sustainable Development
www.wtwatch.org

Common Frontiers
www.web.net/comfront

Canadian Centre for Policy Alternatives
www.policyalternatives.ca

ABOUT THE AUTHORS



Maude Barlow is the national chairperson of the Council of Canadians, and the bestselling author of fourteen books. She is a director of the International Forum on Globalization and co-founder of the Blue Planet Project, a global citizens' movement to protect water.

Tony Clarke is the director of the Polaris Institute of Canada, and chairs the committee on corporations for the International Forum on Globalization. He is the author of several books, including *Silent Coup: Confronting the Big Business Takeover of Canada*.

Together, Barlow and Clarke have co-authored three books on the Multilateral Agreement on Investment, and were the Canadian leaders in the successful struggle to scuttle that deal.