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## THE FTAA AND THE THREAT TO DEMOCRACY

On April 20, the leaders from 34 countries of the Western Hemisphere will meet in Quebec City to negotiate the most far-reaching trade agreement in history – the Free Trade Area of the Americas (FTAA).

Although based on the North American Free Trade Agreement (NAFTA), the FTAA would, according to reports from its nine Negotiating Groups, far surpass NAFTA in its scope and power. It would encompass a population of 800 million and a combined GDP of \$11 trillion (U.S.). It would incorporate the powers of the proposed services agreement at the World Trade Organization (WTO) – the General Agreement on Trade in Services (GATS) – as well as those of the failed Multilateral Agreement on Investment (MAI). In short, it would combine the most ambitious elements of every global trade and investment agreement – existing and proposed – into one hemispheric pact, with sweeping authority over every aspect of life in Canada and the Americas.

The proposed FTAA would give transnational corporations unequalled new “rights” to challenge and compete for every publicly funded service now provided by governments – from health care and education to social security, culture and environmental protection. If adopted, it could remove the ability of every government to create or maintain laws and regulations protecting the health, safety and well-being of their citizens and the environment they share.

Worse, the FTAA would become the model for future world trade agreements, eventually rendering health, environmental and other laws around the world subservient to those of international trade.

In fact, far from being about trade, the FTAA is about placing democracy under corporate control – it is about weakening health and environmental protections, privatizing public services, commercializing education, and, in general, hindering governments from ever again directly serving the public interest.

The stakes for the people of the Americas have never been higher; a confrontation appears inevitable.

### BUYING POWER: The FTAA Agenda

The mandate of the FTAA is massive. Not only do negotiators plan to adopt and expand existing NAFTA and WTO provisions on “agriculture,” “investment,” “market access,” “intellectual property rights,” “subsidies,” “competition policy,” “government procurement” and “dispute settlement,” but they also seek to introduce new provisions related to “services” such as health care, education, energy, water, broadcasting, publishing, postal services and the environment.

Although the Canadian government continues to deny that health care and education are on the table, the FTAA Negotiating Group responsible has declared the deal should include “universal coverage of all service sectors.” Certainly, if Canada takes a position at the FTAA similar to its position at the GATS, it will be promoting negotiations in which, as the government’s own WTO position paper states, “nothing is off the table, a priori, including the politically sensitive areas of health and education.”

And even if Trade Minister Pierre Pettigrew enters negotiations promising, as he now frequently does, that Canadians’ health care and education are off limits, U.S. negotiators, who dominate the talks, have already declared their resolve to grant transnational corporations important new powers and access to health care, education, and every other government service – federal, provincial and municipal.

No wonder corporations are urging an agreement be reached quickly. Although the FTAA is not scheduled to be completed until 2005, the United States and others are pushing to have the deal ratified as early as 2003. And at the Quebec City summit in April, negotiators expect to sign-off on several “early harvest” agreements in the environmentally sensitive areas of forestry, fisheries and energy.

Under NAFTA, Canada has already surrendered control of its energy resources to the United States – a fact that has led directly to massive exports,

lost conservation, higher oil and gas prices for Canadian consumers and increased pollution of the environment. Other areas are at equal risk under the FTAA:

### **Water**

As with energy, NAFTA has left Canada's freshwater lakes, rivers and aquifers vulnerable to future U.S. commercial exports that, under the FTAA, would extend to the entire hemisphere – with no control over the amount exported regardless of the impact on Canadians or the environment. What's more, with the inclusion of the proposed services chapter of the FTAA, public water services could be challenged under the agreement's "national treatment" provisions, forcing municipal water services to be privatized and contracted out to transnational corporations such as Suez Lyonnaise des Eaux and Vivendi. The public would shoulder the costs; corporations would reap the profits.

### **Social Security**

Under the proposed services chapter, foreign for-profit health, education and other social service corporations would have the right to establish a "commercial presence" anywhere in Canada – as well as the "right" to compete for public dollars with existing hospitals, schools and day care centres. It's a formula designed to ensure foreign for-profit corporations grow richer at the expense of shrinking public budgets, declining public institutions and, ultimately, the right of Canadians to universally available quality health care.

### **Culture**

Canada does refer to "the ability to preserve, develop and implement . . . cultural policies," but the language, which is contained only in the preamble to its position paper, is largely decorative. NAFTA exempted culture in one article only to leave it vulnerable to threats of retaliatory attack in other, unrelated sectors. The FTAA would add to these the threat of more direct attacks, under the proposed services chapter, challenging government subsi-

dies, including those to the CBC and Canadian book publishers, as well as Canadian content regulations and legislation limiting foreign investment in broadcasting, telecommunications and cable companies. The result? Canada's domination by the U.S. entertainment industry would be written into international law.

### **Environment**

Despite an early – and unsuccessful – attempt to "guarantee sustainable development while protecting the environment," the FTAA, as it now stands, contains– no safeguards for the environment. Nor is it likely to, given the agreement's overarching aim of securing "rights" for corporate investors rather responsible environmental stewardship. Of the NAFTA disputes involving corporations and the environment, none have so far been decided in favour of the environment. This situation will only worsen under the even larger FTAA.

### **Agriculture and Food Security**

Canada has already slashed farm subsidies and farm income support far more and far faster than any of its major trading partners – with the result that 1999 and 2000 were the worst years for Canadian farmers since 1926. FTAA negotiators are committed to making things even worse by adopting the WTO agreements on agriculture and food standards, which favour large corporations over small family farms and introduce new powers aimed at downgrading Canada's food safety laws. Under WTO rules, countries can no longer maintain emergency food stocks in anticipation of drought or crop failure, and "food self-sufficiency" means having enough money to buy food, not the domestic ability to produce it.

## **INVESTMENT CLOUT: The Impact of Chapter 11**

No section of NAFTA better demonstrates the dangers of the proposed FTAA than Chapter 11 – the investment chapter. Under Chapter 11, foreign corporations are given the power to

sue governments directly whenever they feel their “rights” have been violated by a particular government measure.

Trade Minister Pierre Pettigrew has declared that he will not sign a new agreement that includes such provisions, but his credibility is undermined by American negotiators who demand that “investor-state” rules be included in the FTAA. In any case, if Ottawa truly opposed Chapter 11, it would fight ferociously to remove the provisions from NAFTA, rather than continue to pay millions to corporations for lost profits arising from the introduction of laws that protect Canadians’ health and the environment.

This is what happened in 1998, when Virginia-based Ethyl Corporation threatened to sue Canada for banning MMT, a gasoline additive long suspected of being a neuro-toxin and which Canadian auto makers complained damaged catalytic converters designed to reduce polluting emissions from car exhausts. (MMT is banned in Europe, California and several other U.S. states.) When tribunal hearings indicated Canada was about to lose the case, the federal government settled out of court by paying Ethyl \$20 million, removing the ban and issuing a public apology to Ethyl for implying its product was hazardous.

Since then, Canada has been subjected to a slew of similar lawsuits. Although no one outside the federal government knows how many Chapter 11 challenges have actually been launched, the ones that have been made public, usually by the company making the claim, number fifteen – a trend destined to grow in number (and cost) under the much larger FTAA.

Adding the proposed services chapter to the FTAA poses even greater threats. Since services account for two-thirds of Canada’s GDP, a Chapter 11-style clause in the FTAA could make the future creation of public services – national child care, pharmacare and home care programs – virtually impossible since they would almost certainly violate the terms of the agreement.

For the first time in any international trade agreement, transnational service corporations will

gain competitive rights to the full range of government services and will have the right to sue for financial compensation any government that resists. Canada’s elected officials will be reduced to onlookers as decisions about our environment, health, education and food safety are made by unelected trade panels – and the price for exercising democracy becomes permanent restitution to foreign corporations.

## **DEMOCRACY BEFORE TRADE: A Citizen’s Agenda**

In spite of government claims that they have consulted widely with citizens on trade negotiations, the proposed FTAA reflects none of the concerns voiced by civil society. In fact, it contains all of the provisions considered most egregious by environmentalists, human rights and social justice groups, farmers, indigenous peoples, artists, workers and many others. Every single social program, environmental regulation and natural resource is at risk under the proposed FTAA. As it appears to stand now, there is no possible collaboration to make this trade pact acceptable.

That is not to say that the citizens of the Americas are opposed to rules governing the trade and economic links between our countries. However, it cannot start with the assumptions and goals of this FTAA. Rather, it must begin by revisiting international trade agreements like the WTO and NAFTA. It is time for a new international trading system based on the foundations of democracy, sustainability, diversity and development. As a beginning, Chapter 11 must be removed from NAFTA; water must be exempted; the energy provisions rewritten with an emphasis on conservation; and culture must be truly exempted. If not, the deal should be torn up.

Most important, the world of international trade can no longer be the exclusive domain of sheltered elites, trade bureaucrats and corporate power brokers. When they understand what is at stake in this hemispheric negotiation, the peoples of the Americas will mobilize to defeat it. That is the fate it deserves. 🍁