

Trading up to hemispheric well being: Priorities for a Policy of Engagement in the Americas

A contribution by Common Frontiers to an integrated policy framework review process for the 2005 International Policy Statement launched on April 19, 2005 by the Government of Canada.*

Introduction

Through an International Policy Review (I.P.R.) process, Canada's federal government has a unique opportunity to break new ground in forging stronger relations with the other nations in the Americas. To do so however, Canada will have to re-frame current trade policy directions to take into account changing circumstances in Latin America and the Caribbean.

Context

For over two decades many debt-ridden nations in our hemisphere have been taking their World Bank, IMF and IDB prescribed structural adjustment medicine. By the mid-1990s all but one country in the Americas had entered into hemispheric negotiations to establish a "free trade" area running from Alaska to Tierra del Fuego – the FTAA. Five years into this new millennium most observers agree that the gap between rich and poor in our continent has continued to widen. From all the sectors that have been hardest hit by the prolonged period of belt tightening (which is also being promoted as a necessary step towards "free trade" readiness) comes an ever louder chorus of voices chanting 'ya basta'- enough is enough.

The Trade winds are shifting – will Canada respond by charting a new course?

From Puebla to Punta Arenas, citizens protesting neoliberal and "free trade" policies are a growing force that governments are paying attention to. Increasingly governments, whether elected or the product of a popular uprising, are questioning current economic orthodoxy, with officials demanding fair and equal treatment of the South by the North.

Canada has thus far been unable (or unwilling) to keep up with the changes happening south of the Rio Grande. The hard line taken by the Canadian negotiators in the FTAA Miami Ministerial in November 2003, and subsequently in the Puebla talks in February 2004 has raised eyebrows among other trade delegations from Latin America. By occupying an extreme position in the FTAA negotiations Canada risks the future of its commercial relations by alienating Latin American governments.

It is time for Canada to shift away from an obsession with ever-deeper integration with the US, towards stronger mutually beneficial relations with the rest of the Americas. Though often touted by "free trade" proponents as a positive result following 11 years of NAFTA, the fact that 87% of our exports now go to the U.S. means that Canada has more than doubled its dependency on a single market in the short space of a decade. This should be a cause for concern not only with respect to Canada's future ability to chart an independent course, but also because our trade with the rest of the world has fallen off. In particular, Canada appears to have been ignoring new strategic options that have appeared, as for example that being promoted by Brazil, which is helping to build a global, multi-polar network of regional powers. Canada also has an opportunity to provide a model for inclusive, democratic and transparent global governance in the context of Prime Minister Martin's proposed "Leaders G-20" forum. However, the forum's potential to revitalize the multilateral system may be lost if the scope of the initiative excludes the participation, needs and priorities of all developing nations, and of civil society.

A full I.P.R. would provide an opportunity for a fundamental change in Canada's approach to its trading relations with the rest of the Americas.

Common Frontiers questions the "free trade" model that Canada's negotiators have to push because it stresses corporate/private sector rights above all other rights. Although we agree that a greater degree of engagement and integration in the Americas is desirable, we insist that it come about as part of a completely different construct, one that has people's well being at its core.

Canada should opt for fair trade with a sovereign right to development

Common Frontiers and the other members of the Hemispheric Social Alliance (H.S.A. - one of the foremost civil society networks opposing "free trade") believe that trade should not be viewed as an end in itself, but rather as an instrument for achieving just and sustainable development. In so far as participation is central to the right to development, citizen engagement in the formulation, implementation and evaluation of hemispheric social and economic policies is crucial. Central to these policies should be the promotion of economic sovereignty, social welfare, and reduced inequalities at all levels.

The importance of addressing Canada's "democratic deficit" in arriving at trade agreements and in the approach used to review their societal impact

Common Frontiers believes that the content, credibility and usefulness of trade agreements would be served by there being open agreements, openly arrived at. We favour transparency of negotiating positions, the timely publication of negotiating texts and allowing civil society to observe negotiations.

Common Frontiers is deeply concerned by the impacts of existing trade, investment and intellectual property agreements on the democratic ability of Canadians and their parliamentary representatives to direct economic, social and cultural policy, as the Romanow Commission (Chapter 11), a number of leading academics and many of our member organizations have documented. We believe that these impacts should be a priority matter for parliamentary and public review, for example, by an independent public commission of investigation and enquiry to facilitate public debate.

Common Frontiers notes that Cabinet directs federal civil servants in the elaboration and application of regulations to take full account of Canada's obligations under the WTO, NAFTA and several other trade and maritime agreements. We note that equivalent or transcendent reference to our fundamental human rights treaty obligations (ICCPR, ICESCR, CEDAW, ICRC, etc.) and to essential global environmental agreements is absent from this level of directive. This is a matter of urgent concern as the conflict between WTO/TRIPS and the human right to health is only one example of the potential disastrous effects of an unbalanced approach.

Key trade-related considerations for an integrated policy framework**

1. **Human Rights:** A common human rights agenda should form the overall framework for any future hemispheric trade talks. Canada should consider full and complete participation in the inter-American system of protection of human rights by ratifying the whole family of inter-American human rights treaties, including the Inter-American Convention on Human Rights and its additional protocols. In this context, signatory governments should undertake trade policy reviews of current agreements, which would include a review of international and national legal and regulatory commitments regarding human rights.

Governments should enforce the broadest definition of human rights, covering civil, political, economic, social, cultural, and environmental rights, gender equity, and rights relating to indigenous peoples and communities. Trade (and investment) negotiating positions and proposed agreements should be evaluated (with civil society participation) in the light of human rights impacts prior to finalization, signing and ratification. Agreements signed and

ratified by Canada must be coherent with our established human rights commitments (ICCPR, ICESCR, CEDAW, ICRC, etc.).

2. **Sustainability:** A regional model for sustainable and democratic development requires the incorporation of the principle and objective of sustainability at all levels of discussion and negotiation. Any trade agreement would necessarily address our hemisphere's grave social problems, including inequality, unemployment and environmental degradation, and increasing poverty. Canada should establish a plan for its contribution to the achievement of the Millennium Declaration and Millennium Development Goals (MDGS) as a minimum for Canadian policy for the next ten years.
3. **Gender:** International conventions on women's rights should be central to all hemispheric policies. Governments should undertake gender and social assessments to determine gender and other socially-differentiated impacts as part of trade policy formulation. This ensures that gender analysis informs the content of proposed trade agreements. As the price of admission to future trade talks, governments should have in place national laws to ensure affordable child-care and to address workplace sexual harassment. While all MDGS should need to be viewed from a gender perspective when setting policy, Canada should establish a plan for the achievement of those MDGS related to the empowerment of women and maternal health that, for example, includes the UN 20/20 target of allocating at least 20 % of national budgets to social programs.
4. **Labour:** Future trade agreements in the Americas should guarantee the basic rights of working men and women, create a fund to provide compensation to workers and communities suffering job losses, and promote the improvement of working and living standards in each participating nation.
5. **Environment:** Governments should subordinate trade and investment to policies that prioritize environmental protection. They should also have the power to channel investment to environmentally sustainable activities, reject privatization of natural resources, eliminate policies that subsidize or encourage the use of fossil fuel energy, and use the precautionary principle in setting public policies. Water should be immediately removed from NAFTA and the FTAA talks and exempted from the GATS.
6. **Health and Education:** Canada should embody the principles of the Canada Health Act (universality, accessibility, etc.) in its international policies as they affect health. Health and education should be excluded from trade and investment agreements, particularly with reference to services, investment and insurance. These and other social services are not commodities to be bought and sold in the marketplace; they are universal and fundamental social rights to receive public funding and made the responsibility of the State.

Because of the urgency of dealing with the HIV/AIDS pandemic and neglected diseases affecting particularly the poor, all provisions restricting or retarding access to medicines should be removed from trade and related agreements.

7. **Agriculture:** As part of an overriding right to food sovereignty, governments should maintain the ability to protect staple foods from trade agreements. Canada should uphold the right of countries to protect domestic markets from dumping. Hemispheric governments should foster the democratization of decision-making on agricultural, fishery and environmental policies, and especially land reform policy, so as to fully involve small-scale farmers. No element of any international integration agreement should limit the ability of the nation state to promote and consolidate that process. Governments should recognize the urgent need to allow countries to restrict the introduction of genetically modified crops that could corrupt native varieties.
8. **Immigration:** Governments should adhere to international conventions on migrants' rights; ensure labour rights for all workers – regardless of immigration status – and severely penalize employers that violate these rights; grant amnesty to undocumented workers within their borders; demilitarize border zones; and support international subsidies for areas that are major exporters of labour. Canada's fundamental commitment to universal human rights should inform the protection of the mobility rights of citizens and newcomers alike, to the point that the easy movement of people across national borders complements the hitherto unrestrained movement of investment, goods and services.
9. **Investment:** Investment should generate high quality jobs, sustainable production, and economic stability. Governments should have the right to screen out investments that make no net contribution to development, especially speculative capital flows. Citizens groups and all levels of government should have the right to sue investors that violate investment rules. The NAFTA mechanism that allows investors to sue governments directly should be abolished and banned from other agreements.

10. **Finance:** 100% of all debts of low-income countries and the illegitimate debts of middle-income countries should be cancelled. Highly indebted countries should have their debts reduced in order to avoid crises in their balance of payments, and/or pressures to exploit natural resources unsustainably. World Bank and IMF structural adjustment programmes should be abandoned, and those institutions either fundamentally restructured or replaced. Countries should be allowed to impose controls on capital flows and a multilateral mechanism should be developed to regulate speculative activity.
11. **Intellectual Property:** Governments should have the power to establish intellectual property rules that reflect their specific social, cultural and economic contexts. Canada should promote the development of carve-out agreements for the protection of indigenous and traditional knowledge and living resources, and an alternative approach to research, production and availability of pharmaceuticals. I.P. should not be negotiated as part of any hemispheric trade agreement.
12. **Role of the State:** Hemispheric policies and trade agreements should not undermine the ability of the nation state to meet its citizens' social and economic needs. National regulation of the private sector should be seen as the exercise of a public right to ensure that economic activities promote fair and sustainable development. The state must maintain its role in regulating commercial activity to guard against potential infringements of public policy and/or the well being of citizens. Trade and investment agreements should not be used to justify or compel the privatization of public services, a trend that is detrimental to the welfare of communities across the country, and throughout the hemisphere.
13. **Security:** Governments should not risk the compromise of civil rights and national sovereignty by permitting an alignment of trade and security issues. Keeping in mind our distinct history, values and priorities, Canadian trade policy must not be allowed to underwrite the redefinition of Canadian defence in keeping with a U.S.-driven security agenda. The government should not advance the activities of Canadian corporations who foment or profit from military aggression and civil unrest abroad. Canada's "security" is inseparably tied to democracy, peace, and prosperity throughout the hemisphere, which can best be promoted if we uphold our historic role as a peacemaker.

Conclusion

Common Frontiers believes that parliament should undertake an annual international policy review, with adequate time for civil society participation. Such a review should include the implementation and impact of Canada's international obligations, including trade.

Narrow national self-interest will ultimately fail if the common welfare of nations is not respected.

The first obligation of sovereign states is to their own citizens. That is clear. But to do that properly in an interdependent world, states have to be engaged beyond their borders. Further all states today have as well a real and legitimate stake in the welfare of other countries, and that confers a special obligation on political leaders to make our international systems work for the welfare of all.

(Notes for an Address by Prime Minister Paul Martin at the World Economic Forum, January 23, 2004.)

***Common Frontiers** is a multi-sectoral organization involving churches, unions, international development NGOs, and social movements in Canada. Common Frontiers is the Canadian representative for the Hemispheric Social Alliance, a network representing more than 45 million people from throughout the Americas.

Visit Common Frontiers' web site at www.commonfrontiers.ca

For a more complete vision of policy alternatives to 'free trade' developed by civil society organizations throughout our hemisphere, see **Alternatives for the Americas, Hemispheric Social Alliance, December 2002 (4th version) available at www.asc-hsa.org
Version five of Alternatives for the Americas is currently under construction.

