

FTAA.soc/w/56 14 April 1999

Executive Summary of the Comments of the
American Federation of Labor and Congress of Industrial Organizations
to the
Committee of Government Representatives on the
Participation of Civil Society
in the Free Trade Area of the Americas

The AFL-CIO takes a keen interest in the hemispheric negotiations toward the FTAA, as rules governing international trade and investment affect the living standards and communities of working people all over the hemisphere. As the San Jose Ministerial Declaration states, "the negotiation of the FTAA shall take into account the broad social and economic agenda contained in the Miami Declaration of Principles and Plan of Action *with a view to contributing to raising living standards, to improving the working condition of all people in the Americas and better protecting the environment*" (emphasis added). This goal should be at the center of the FTAA negotiations.

The AFL-CIO would like to emphasize that the issues we raise here are central to the success of any hemispheric integration and must be addressed, not just by the CGR, but also by each of the nine negotiating groups now developing a framework for the eventual FTAA. In order for the CGR to serve a useful role, it must thus ensure that the input of civil society is given full and thoughtful consideration by the Trade Negotiating Committee and the trade ministers.

In coordination with our labor colleagues in the other western hemisphere countries, the AFL-CIO has offered suggestions to the trade ministers of the hemisphere every year since the 1994 Miami Summit as to the necessary components of an equitable, sustainable, democratic process of regional integration.

In particular, the AFL-CIO has called for the FTAA to incorporate:

- enforceable worker rights and environmental standards in the core of the FTAA;
- measures to ensure that countries retain the ability to regulate the flow of speculative capital in order to protect their economies from excessive volatility;
- equitable and transparent market access rules that allow for effective protection against import surges;
- investment rules that do not undermine governments' ability to regulate corporate behavior to protect the economic interests and public health of their citizens;
- government procurement rules that preserve state and local preferences for domestic purchases;
- debt relief measures that will improve the ability of the developing countries to fund education, health care, and infrastructure needs, thereby contributing to closing the gap between rich and poor nations, as well as reducing inequality within nations;
- a transparent, inclusive, and democratic process, both for the negotiation of the FTAA and for its eventual implementation.

The internationally recognized core labor rights include the freedom of association, right to organize and bargain collectively, a minimum age for the employment of children, and prohibitions on forced labor and employment discrimination. Commitment to observing these core labor rights, in addition to adequate enforcement of each

country's own labor laws, should be a condition of entry into the FTAA. As all the potential FTAA members have already committed themselves to the observance and promotion of these worker rights under the San Jose Ministerial Declaration, as well as under the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Social Summit in Copenhagen, this should not be an obstacle.

Appropriate enforcement mechanisms, including effective financial penalties, must also be established to ensure that countries adhere to core labor standards and effectively enforce their own labor laws. This is crucial to ensure that the lowering of trade barriers and enhanced mobility of capital in a regional trade agreement will not create additional incentives for governments or corporations to compete by repressing independent labor unions or otherwise denying workers rights that have been accepted by the international community.

It should be clear that the systematic violation of internationally recognized core labor rights is integrally connected to the rules and rewards of the international trading system. Therefore, it is not only appropriate, but essential, that the FTAA address these important issues in its negotiating groups. In order to give adequate consideration to the issues involved, an FTAA, negotiating group on workers' rights should be established.

From a broader perspective, and perhaps even more important, a trading system that rewards and encourages the abuse of labor rights and the repression of independent labor unions is ultimately economically unstable and politically unviable. Keeping wages artificially low, depleting natural resources at an unsustainable rate, neglecting to enforce appropriate public health regulations, and relying on fickle export markets to fuel growth is simply not the basis for successful development policy.

In conclusion, we hope that the CGR and the FTAA negotiating, process will give due weight to the issues raised here. In our view, the success or failure of the FTAA will hinge on its willingness and ability to craft an economic integration agreement that adequately addresses the social dimension of trade and investment, as well as their commercial elements. We look forward to a productive and constructive dialogue.