

**Statement of the
International Union, United Automobile, Aerospace and
Agricultural Implement Workers of America (UAW)
to the
Committee of Governmental Representatives
on Civil Society Participation
Free Trade Area of the Americas (FTAA)**

Public

FTAA.soc/w/68/add.1
14 April, 1999

Executive Summary

The International Union, UAW represents 1.3 million active and retired workers in the automobile, aerospace, agricultural implement and various other industries in the United States. Our headquarters is located at 8000 East Jefferson, Detroit, Michigan, USA 48214. We maintain an office at 1757 N Street, NW, Washington, DC 20036, for the UAW Governmental and International Affairs Department.

We believe this Committee is a thoroughly inadequate mechanism for incorporating the views of working people into the FTAA process or addressing the UAW's concerns regarding the FTAA model of trade liberalization and regional economic integration. We strongly believe that worker rights and standards must be incorporated into the negotiating process and included in any agreement reached. In each of the negotiating groups, workers' concerns must be directly addressed. None of this will occur if the Committee's activity consists of no more than transmitting a report to the Trade Negotiations Committee (TNC).

The close relationship that has existed between business forums and the trade ministers has resulted in special access to FTAA negotiators for corporations. Forums of worker representatives from across the Hemisphere have not been accorded the same status by, or involvement of, trade ministers. We expect that all of the groups included in the description of civil society by the Committee will receive the same treatment by the FTAA process.

The UAW approaches trade policy issues with the primary objective included in the San Jose Ministerial declaration, "to contribute to raising living standards, to improving the working conditions of all people in the Americas and to better protecting the environment." In Annex I to the Declaration, the first item under the General Objectives presents a related goal: to "promote prosperity through increased economic integration and free trade among the countries of our hemisphere . . ." Economic integration, increased trade and investment in the region are **not** ends in themselves; they are mechanisms to arrive at the desirable goals of greater prosperity, higher living standards, improved working conditions and better protecting the environment. It has been the experience of UAW members that "free trade" agreements that claim to promote prosperity have, in fact, resulted in the opposite -- significant job losses, reduced worker incomes, pressure to lower workplace standards. We, therefore, do not expect these negotiations, as they are currently structured, to produce the objectives outlined in the Ministerial Declaration.

The negotiating groups established by the San Jose Ministerial Declaration and the instructions given to them by the vice-ministers' meeting in Buenos Aires do not address many of the concerns the UAW has raised in connection with U.S. trade policy goals and our experience under the North American Free Trade Agreement (NAFTA). First, a negotiating group on the relationship between worker rights and trade in the region does not exist. The UAW and other unions throughout the Hemisphere have demanded that worker rights must be included in the text of any agreement, subject to the same dispute resolution mechanism as all other covered issues. Ignoring worker rights issues or relegating them to "side agreements" is simply unacceptable. The NAFTA side agreement on labor has not changed the variety or the severity of the problems facing workers who try to organize independent unions.

The Investment group must recognize the necessity of restrictions on the flow of capital, particularly short-term capital, that is de-stabilizing to economies. The UAW believes that governments have a fundamental obligation to their citizens to regulate their economies in the interest of satisfying social objectives. We place the need for regulation ahead of "free markets" in the context of the FTAA rules. It must be the right of democratically-elected governments to determine their necessary and appropriate role in economic activity. Investors should make a positive contribution to the living standards of their workers and to the economic and social life of the community. To achieve this, they must respect the rights of their workers to unionize and bargain collectively and other core labor standards. Binding and enforceable worker rights standards must be an essential component of investor responsibilities.

The UAW is concerned about safeguard measures. The economic integration process, unless fundamentally revised from the current structure, will lead to rapid shifts in production from one FTAA country to another, with serious dislocation for workers. In the developing countries of the region, especially the smaller economies, workers expect producers and industries in the most developed countries, such as the U.S., to drive smaller, geographically limited competitors out of business. However, NAFTA has demonstrated that U.S. workers can lose their jobs as a result of increased imports from Mexico or other developing countries due to decisions by multinational corporations to move their production or to arrange for contractors to supply them from other countries. The standard safeguard mechanisms of NAFTA and other trade agreements have been grossly inadequate to prevent economic damage. The FTAA negotiators must recognize the need for measures that can be put in place fast enough and are strong enough to prevent rapid and extensive dislocation due to increased imports.

In the negotiation process, exchange rate volatility and its impact on production, employment, trade and investment in the region must be included. It is not possible to promote prosperity and higher living standards for workers in the region without establishing a mechanism to address this ongoing problem.

The UAW supports providing debt relief to countries in the region in order to make funds available for stimulating domestic economic growth and for public investment in infrastructure and progress in education, health and social welfare. Continuing to drain funds to repay international financial institutions promotes poverty and economic hardship for workers in the indebted countries and adds to the already excessive income inequality that plagues the region.

To meet the San Jose Ministerial Declaration's objectives of better protecting the environment and promoting prosperity in the region, environmental standards must be incorporated into the negotiating groups and included in the terms of any agreement. Experience with the treatment of environmental standards as a "side" issue under NAFTA has reinforced our commitment to their inclusion in the text of any agreement in order to assure an effective dispute resolution process is in place and that environmentally sustainable policies are implemented in the region.

If the governments in the region and the FTAA negotiators fail to respond seriously to the views expressed in this statement and others submitted to the Committee, it will demonstrate that the primary objectives of the San Jose Ministerial declaration, to raise living standards and promote prosperity, were no more than empty rhetoric. If that is the case, the implementation of democratically-adopted trade and investment policies will not be advanced by the FTAA process and the results of that process will be overwhelmingly rejected by workers throughout the Americas.