

# North America's Foul Trade Agreement (NAFTA)

Wednesday, September 24 2003 @ 09:24 AM MDT

Contributed by: harrisp

North America's Foul Trade Agreement  
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What a pleasure to see the World Trade Organization (WTO) talks crumble in Cancun!

People all round the world are very confused about what is meant by the trade agreements proffered by the WTO. We all see that member nations still have tariffs and restrictions on some products or some countries but we are assured this is part of the 'globalization' movement that is going to bring Nirvana to us all. In fact, it is far more likely to bring us Armageddon so let's have a look at just what this is all about.

I am going to use the North American Free Trade Agreement (NAFTA) as an illustration because, in many ways, NAFTA is the template for a series of trade agreements signed internationally whose main goal has been the neutering of democratic government and the marginalization of all but the elite of the world. And it represents something that corporatists dreamed about for decades. As they succumb to the international forces touting these trade deals, world governments are systematically giving away the rights and protection of their populations, and getting nothing in return.

It must be presumed that as the largest member of the NAFTA triumvirate, and the motivating force behind its development despite its assertions that the idea arose in Canada, the United States believes that it controls the agenda. In reality, it is as much at the mercy of NAFTA as Canada and Mexico although that is a circumstance that pleases the corporate types who presently lead the U.S. government.

Ostensibly a trade deal, NAFTA is considerably more than that. In fact, and despite its name, it is not designed to be an agreement about free trade at all. It is, rather, an agreement to allow corporations to supersede the rights and powers of government. The governments North Americans elect to represent their interests are now effectively hamstrung by NAFTA. The agreement subordinates the rights of the public and local government to transnational corporations.

Consider a few examples of how this works and the power of NAFTA.

Metalclad Corp is a Delaware-based company who had decided they wanted to build a dump in Mexico, near Guadalcazar, in 1999. They had determined this was the ideal location for the construction of a landfill site for toxic waste but, to their annoyance, the town of Guadalcazar refused to grant them a permit to do so. Metalclad's response was to go after Guadalcazar and Mexico under the terms of NAFTA; remember, this is much more than just a trade deal. NAFTA enshrines a bevy of legal rights

for corporations and corporate investors far beyond the rights of mere citizens or even nations. And those rights include an entitlement to compensation if the actions of a foreign government interfere with a corporation's ability to realize profits. In the end, Guadalupe's efforts to protect the health and well-being of its citizens resulted in Metalclad receiving \$16.7 million (U.S.) as compensation, awarded by a NAFTA tribunal.

A Canadian company called Methanex is suing the United States for \$1.3 billion. Methanex produces a substance which is a component of another product known as MTBE, an additive to gasoline. The state of California considers that MTBE entering the water supply is a health hazard; the jury is still out on whether MTBE is lethal but it does, at least, cause water to smell foul and to taste similar to turpentine. Naturally, most Californians are unwilling to drink it so the state government banned its use, as did more than a dozen other states. But rather than the people of California and those other states being considered the victims of this toxic brew, it is the manufacturers of MTBE and its components, including Methanex, who can claim to be the victims under the protections guaranteed by NAFTA. Their lost profit entitles them to an award by a NAFTA tribunal.

Interestingly, neither Canadian nor American law allows for compensation to corporations when government regulations aimed at protecting people result in reduced profits for said corporations. But NAFTA does. And NAFTA takes precedence.

Similarly, Canada had planned to ban another fuel additive known as MMT when its U.S. manufacturer, Ethyl Corporation, filed a \$350 million lawsuit against Canada. Although Canada's scientific community is concerned about health and environmental risks from this additive, the government is more concerned about the \$350 million because they know they will lose at a NAFTA hearing. They have decided to retain the money, cross their fingers, and hope that the health and environmental losses are minimal.

The government of Canada had recognized the inherent dangers demonstrated in such examples and had approached the other partners about shoring up the agreement since it seemed obvious this is not what was intended. However, they quickly retreated in early 2001 when the incoming Bush administration mounted heavy resistance to any such clarification or amendment. Any illusions about the Bush administration having some focus other than corporate control of America, and the world if possible, were quickly and soundly dissipated.

Canada Post Corporation is the national postal service in Canada. In the delivery of basic mail service, it enjoys a monopoly. Originally an adjunct of government, it became an independent corporation several years ago and is self-funding. It also provides a courier service for parcels and express post which puts it into direct competition with organizations such as Federal Express and United Parcel Services (UPS). Because Canada Post is the sole service provider for domestic and business mail in Canada, it can operate its parcel service at lower cost than its competitors since it does not need to maintain separate facilities, address databases, and so on. UPS thinks that isn't fair and has launched suit. Under the rules of NAFTA, they can sue Canada Post for loss of potential profits because they can make the argument that Canada supports a monopolistic service which unfairly prevents UPS from successfully competing in the Canadian market.

This time, the NAFTA law suit is \$230 million.

The fear for all three signatories to the agreement ought to be that they will be unable to administer social programs or even such things as municipal services on behalf of their populations without fear of litigation by some aggrieved party. The Canada Post-UPS case in particular raises the question of whether public programs will be seen as interference in the profit-making efforts of foreign corporations. For instance, will American healthcare providers choose to sue Canada because its hospitals are publicly owned and, therefore, unfairly stacked against corporations who want to earn a profit? Will prisons operated by Mexico be sued because some private enterprise claims they unfairly restrict trade in housing offenders? Will the Toronto Transit Commission or Chicago's 'El' find itself in court over their monopoly control of public transportation? The possibilities are legion.

An examination of the reality wrought by NAFTA in just one economic sector is illustrative of the dangers.

In general, most Canadians and Americans would likely agree there is a need for family farms in our economies. In Mexico, it isn't even reasonable to consider the question because Mexico's economy cannot function effectively without the family farm. It is a millennia-old system of dirt farming that has been the backbone of the Mesoamerican economy.

Since the advent of NAFTA, Mexican cash crops and peasant farmers have been devastated. They no longer make profit, many of them have been forced off fertile land, which was previously guaranteed to them by the Mexican government (under the ejido, or common land, system), because of privatization pressures. Corn is the staple of the Mexican diet, it is the crop most campesinos grow, and never before has Mexico been unable to produce enough for itself. Currently, Mexico imports about six million tons of corn every year.

During the public debate that was part of the selling of this deal to North American citizens, farmers were assured that NAFTA was going to bring them higher prices; the opposite is the reality. In Mexico, at least, commodities are under-priced and farm income is below the cost of production. There are government subsidies but these benefit large industrial producers rather than cash croppers. And with the elimination of most agricultural tariffs, U.S. products have flooded Mexican markets and further degraded the prices paid to native farmers. Recent estimates show that Mexican farmers earn an average of 35 cents a day.

The mechanism for changing NAFTA is contained in Chapter 22 and seems relatively benign in that all it takes is for one party to signal to the other two that they'd like to have another look at it and then the three of them get together to reach a new consensus. The problem lies in the fact that NAFTA is not a tool of government, it is a tool of industry and industry has no interest in reopening this agreement unless it is to allow themselves to strip even more power and authority from government and the people; none of the parties can alter this agreement without the concurrence of major industrial players. The best they can do is walk away from it entirely with six-months notice, an option many are seeing as increasingly attractive.

NAFTA is all about free and open trade but the reasonable questions have to be: open for whom? and open for what? The answers are perhaps best provided by U.S. Secretary of State Colin Powell. While speaking of the agreement that is currently gleaming in the eyes of the corporatists, he said: "Our objective with FTAA is to guaranteed North American companies the control of a territory that goes from the Arctic Pole all the way to Antarctica, free access to the whole hemisphere without difficulties or obstacles for our products, services, technology, and capital." Although he was specifically addressing the proposed Free Trade Area of the Americas, NAFTA is just that on a more modest scale.

To use Mexico as an example again, under NAFTA rules Mexicans must permit the import of produce from Canada and the U.S. where they are grown at substantially lower cost than can be achieved in Mexico. There is no way for campesinos to compete and it is presently estimated that about 600 of them are leaving the farm every day. Now it can certainly be said that Mexican farming is inefficient and that perhaps updating it is a positive move. But at what cost? The Mexican peasants will lose their livelihood, drift into larger centres where they might find low paying factory work, or welfare, and large transnational agribusinesses will buy up their land at fire sale prices.

That is what NAFTA has achieved; this is what NAFTA was intended to achieve. NAFTA is the realization of the dream of the corporatists that free-market capitalism should rule the world. Although there was a time when it was considered indecent to earn more than a reasonable profit, today mega-profits are an absolute requirement of business. With scarcity as the primary need for capitalism's functionality, business has set about ensuring that scarcity exists, largely in the Third World; agreements such as NAFTA help business ensure that government stays out of the way of those plans. And this will result in the reduction and eventual elimination of government as the voice and representative of the people.

With NAFTA as the template for similar trade agreements world-wide, it is no wonder there is sizable opposition whenever the WTO meets publicly. The anti-globalization movement may be full of rabble-rousers but whatever reasons have drawn them to this issue, they have correctly understood the world-redefining changes being wrought by these various trade agreements.

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