

## **IMF Statement to the FTAA Summit of the Americas, Quebec, Canada**

On 20-21 April, 2001, the Heads of State and Government from 34 nations in the Americas will meet in Quebec City, Canada, to step up the negotiation of a Free Trade Area for the Americas (FTAA), with a view to concluding an agreement by 2005. The Summit will take place a few days after the meeting of the trade ministers in Buenos Aires, Argentina.

Trade unions are deeply concerned about the intensive police and para-military mobilisation in and around Quebec City. We denounce the repression of the right to freedom of expression, of assembly and political protest and the intimidation campaign of which the population is the victim.

We add the trade union voice to the many being raised in the Americas in order to draw attention to the real objectives of these negotiations, which are to expand corporate rights and constrain the powers of governments. Experience has shown that unfettered competition leads to a race to the bottom and free trade agreements deepen poverty and income inequalities within and between countries.

There is ample evidence that workers in the Americas have not benefited from neo-liberal economic policies. The negative impact has been most pronounced on workers in the countries of the South that have been subjected to structural adjustment programmes. These policies have resulted in more precarious forms of working, more unemployment, more poverty and more economic inequalities. Purchasing power has fallen, the environment deteriorated, the downward pressure on workplace protection intensified, and the public sector has been eroded. There have been massive cuts in health care services and education programmes. Inversely, transnational corporations have gained new rights and leverage to undermine or overrule government regulations.

The IMF and its affiliates in the Americas categorically reject an integration model that would protect and widen corporate rights and power and reduce existing already inadequate labour standards, working conditions and workers' and trade union rights to the lowest common denominator. Integration should be aimed at achieving the highest possible living and working conditions for all and ensuring that the benefits of trade are shared equitably.

Despite the firm commitments for transparency of the process, there is insufficient information on the FTAA talks. Negotiations are carried out behind closed doors and little is known about the specific issues being discussed. Just as in the case of the North American Free Trade Agreement (NAFTA) and the

Multilateral Agreement on Investment (MAI), the FTAA process is characterised by its lack of openness, which raises strong doubts as to its legitimacy.

If the FTAA is to improve the working conditions of people in the Americas and better protect the environment, as clearly spelled out in the Miami Declaration and Plan of Action (1994), it is our strong belief that negotiators must squarely address labour and social issues which are an inherent part of trade and investment policies. Political commitment on the necessary social dimension to trade has to be translated into meaningful actions. Trade agreements which ignore workers' economic and social rights cannot and will not work. They will exacerbate inequality within and between countries and regions and fail to create the sustainable economic progress that workers demand.

Moreover, recent financial crises have demonstrated the devastating effects of the blind pursuit of financial liberalisation and unregulated capital flows on economic development strategy. The cost in terms of lost livelihoods, unemployment and poverty has been borne by working people. These crises clearly point to the need for international regulation of financial markets that is designed to restrict financial speculation.

Any FTAA agreement must have sustainable and balanced economic and social development for all countries in the region as its goal.

The 6 million metalworkers in the Americas, united in the International Metalworkers' Federation, call for:

- The democratisation, transparency and re-orientation of the negotiating process. As legitimate representatives of the working people, unions must be involved in the discussion and have their views fully reflected in any future FTAA agreement.
- The creation of a labour forum in any FTAA institutional structure.
- The incorporation of internationally recognised workers' rights and environmental protection into the negotiating process and their inclusion in the body of any future hemispheric trade agreement. All the governments of the Americas must adopt and enforce the ILO core labour standards and ratify the ILO Declaration on Fundamental Principles and Rights at Work. These core standards are based on the following ILO Conventions:
  - ✓ freedom of association and the right to organise (convention n°87);
  - ✓ collective bargaining (convention n°98);
  - ✓ elimination of all forms of forced or compulsory labour (conventions n°29 &105);
  - ✓ abolition of child labour (conventions n°138 & 182), and
  - ✓ non-discrimination in respect of employment and occupation (convention n°100 & 111).

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Workers' rights are fundamental human rights. Their observance is a fundamental prerequisite for stability, equity and, above all, a true expression of democracy which the Heads of States and Governments of the Americas have committed to strengthen and promote in the Miami Declaration of Principles and Plan of Action.

- The establishment of appropriate enforcement mechanisms to ensure that labour and environmental standards are effectively adhered to.
- The rejection of any investor-to-state dispute resolution mechanism in any FTAA agreement and any expanded definition of expropriation as currently exists in NAFTA chapter 11.
- The acknowledgement of the huge inequalities which exist between the countries involved, in terms of economic, social and technological development, and responsible policies to deal with these asymmetries. In this context, external debt owed by developing countries to the developed countries in the region must be cancelled.
- Effective rules which tax foreign exchange transactions and curb reckless speculation. International financial regulation is critical to stable, sustainable economic development, internationally and in the region.
- Finance and investment regulations to benefit the people of the Americas, not just the narrow interests of investors. A model has to be developed which includes clear corporate accountability rules to balance any rights granted to investors.

We believe that international trade can contribute to improving workers' living standards and promoting equitable development only if workers' rights, the environment and other critical issues are made central elements in international negotiations and incorporated into the core of any future FTAA.

Unions will continue to fight. We will continue to mobilise and make our voices heard until labour and social issues are adequately addressed. International trade can no longer be the exclusive preserve of a political elite and big business. It is time for a new international trading system based on democracy, sustainability and balanced development.

Metalworkers will continue to push for trading rules which are fair to workers and help foster equitable economic and social development for all.