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CAFTA AND ALCA

NAFTA, CAFTA, and ALCA (FTAA), are just three names for one and the same thing and for the same purpose, to make poorer countries members of the WTO.

Why is “the free trade agreement” bad for the common people here and the southern countries?

To answer that question is necessary to remember a little history about the Bretton Woods institutions, which include the IMF, the WB, and the GATT. The WTO is a new version of the GATT had been rejected for most of the southern countries because of the double standards rich countries use in trade. As an article of OXFAM –Make trade fair—explains: “When developing countries export to rich country markets, they face tariff barriers that are four time higher than those encountered by rich countries. Those barriers cost them \$100 billion a year... While rich countries keep their markets closed, poor countries have pressurized by the International Monetary Fund and World Bank to open their markets at breakneck speed, often with damaging consequences for the poorer communities.”

Free trade is not bad in itself, but the way it is designed provides huge advantages for powerful corporations only. It allows corporations to take away the rights of common local people to exert control over their own resources, including land, water, and natural resources such as oil, gold, and other products of mines.

NAFTA, CAFTA, and the FTAA, are organizations linked directly to the WTO and its predecessor, the GATT in all its stipulations and rules. The WTO is an organization designed by representatives of multinational corporations who have no allegiance to any nation and have no regards for the welfare of common local peoples. Their economic power and control of the main stream media allowed them to gain influence in the governments and law makers of the developed nations to gain support for the creation of the WTO in 1996. Its members have not been elected by the will of the people of any nation neither have their laws and regulations. When the laws of individual member nations come into conflict with the laws of the WTO, they have to submit to the WTO dictates, even against the will of the local people. One clear example is the consequences suffered by poor farmers of Mexico when NAFTA went into effect it required to end its tariffs on imported corn. As they could not compete with powerful agribusiness from the U.S., they abandoned farming and enlarged the lines of the unemployed. After sending the small farmers to bankruptcy, the imported corn’s price tripled between 1994 and 1999 and the consumers were this time affected.

The Ecuadorian newspapers “HOY,” section “Dinero” and “El Comercio” of July 22, 2004 published an article related to a trial presented by Occidental Petroleum and other oil companies against the SRI, the Ecuadorian Internal Revenue Service. Occidental Petroleum was demanding the devolution of \$77.6 million that they have paid in taxes since 1999. Such trials were based on an agreement that the U.S. government

had pressed the Ecuadorian government to sign, called “Agreement of mutual promotion and protection.”

According to the report, Occidental Petroleum accused the Ecuadorian government of discrimination to foreign investment and not as a tax problem as it really was. Although I believe it is just fair that these polluting oil companies should pay taxes for their operations and imports to Ecuador, the truth is that there is no discrimination in requiring investors to pay taxes, just as any other Ecuadorian person and small businesses have to pay. In fact Occidental petroleum and the other companies were looking for a preferential treatment. Under the agreement of mutual promotion and protection, the contracting parts would have to submit to the decisions of an international tribunal in London, which in fact made its final decision in favor of Occidental Petroleum.

Inspired by Occidental’s success, other companies which have operated in Ecuador in the past and have pending trials, although they no longer have investments there the 1990s, are still considering the possibility of selling their cases in the international financial market.

Under the free trade agreement, powerful corporations enter small countries, displace local peoples from their lands, change the course of rivers in order to use the water for their own industries, pollute the environment, and offer low paying jobs to the displaced people. Production for export is emphasized causing scarcity of food in the domestic market. Some local people who are able to continue to farm will be dealing with genetically modified species of plants which are introduced quietly now under the auspice of the World Bank. At the right time, giant agribusinesses will demand the poor farmers to sign a contract with them in order to allow them to continue to plant their crops.

Under the WTO system, free trade has no benefits for the local people anywhere in the world. Temporary benefits, such as low price products for the consumer will be coupled with more loses of good paying jobs in North America as the northern industries move their facilities to the south to take advantage of the cheap labor pool they have created.