

# Rachel's Environment & Health News

## #304 - Free Trade -- Part 2: Needed: A New Grass-Roots Strategy

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Ongoing "free trade" talks between the U.S. and many other countries will force a shift in strategy by grass-roots activists fighting toxics. If Congress adopts President Bush's free trade proposals, much of today's grass-roots strategy will become illegal or irrelevant.

All areas of environmental activism will be affected by free trade, including sustainable forestry; wilderness preservation; endangered species preservation; marine fisheries; pesticides; toxic substances; sustainable agriculture; food safety; biotechnology; energy conservation; global warming; hazardous waste; recycling and source reduction; and air and water pollution.[1]

There are four major efforts underway now to promote international free trade (see RHWN #303), all of them basically similar:

\*\* the U.S.-Canada Free Trade Agreement (FTA), passed in 1989 and in force now;

\*\* the North American Free Trade Agreement (NAFTA), which Congress is discussing now;

\*\* President Bush's Enterprise for the Americas Initiative (EAI), announced in 1990;

\*\* GATT [the General Agreement on Tariffs and Trade], which 103 countries, including the U.S., have been abiding by since 1948 but have been trying to change drastically since 1986;

Of these, only the Canada-U.S. Free Trade Agreement is real--the other three are proposals in various stages of discussion. The Canada-U.S. FTA has been in effect since 1989, so it offers a real example of what free trade means.

The North American Free Trade Agreement (NAFTA) will link Canada, Mexico and the U.S. into one free trade zone, if Congress approves the agreement that President Bush has presented for approval.

The Enterprise for the Americas Initiative (EAI) is President Bush's plan to create a free trade zone from Anchorage to Tierra del Fuego, from the northernmost city of North America to the southernmost tip of South America. The EAI is a standing offer from the U.S. to sign a free trade compact with any nation in Latin America. Many EAI negotiations are under way now.

The GATT is the biggest free trade agreement, with 133 countries abiding by its rules. It was created in 1948 and has operated in a low-key manner ever since, aiming to reduce tariffs and non-tariff barriers to trade (NTBs). Tariffs are taxes that different countries charge on imported goods. Non-tariff barriers are things like subsidies that give one country's producers an advantage over another country's producers. (See RHWN #303.) But the latest round of GATT talks has much broader goals than reduction of tariffs and NTBs.

Today GATT covers only manufactured goods. But the current round is discussing ALL trade, including agriculture, textiles and services (such as construction, communications, and banking).

Furthermore the current GATT talks aim to reduce barriers to investment. For example, many countries now require that companies be owned 51% by a local partner. Free traders would abolish such restrictions.

Lastly, current GATT talks aim to protect intellectual property rights (trademarks, copyrights and patents) in all GATT-agreement countries.

In addition, the present round of GATT talks seeks a great expansion of GATT's enforcement powers. If the present talks succeed, GATT will be replaced by a new structure called the

Multilateral Trade Organization (MTO). The MTO will have the status of a major international organization like the the United Nations and the World Bank. The MTO will have expanded enforcement powers, including possibly the right to challenge U.S. environmental laws in U.S. courts, and certainly the authority to change international trade agreements affecting U.S. laws.

A key proposal in GATT and NAFTA is the concept of "harmonization." This means all free trade countries will be required to adopt uniform health and safety standards for pesticides, for food safety, and eventually for all chemical exposures.

As currently proposed in GATT talks, harmonization means uniform standards must be adopted as ceilings--no country (or state or province or county or town) will be allowed to adopt standards stricter than the "harmonized" world standards.

We have seen how this works in the Canada-U.S. FTA. Before signing the FTA, Canada tolerated many fewer pesticides than the U.S. Canada had registered 20 percent fewer active pesticide ingredients and seven times fewer pesticide products than the U.S. Furthermore, Canada regulated pesticides on the basis of health alone, not taking into consideration any cost-benefit analysis. Under free trade concepts, Canada has been required to weaken its pesticide controls, to "harmonize" them with more lax U.S. standards.

Both GATT and NAFTA will require further weakening of U.S. and Canadian pesticide controls. Both GATT and NAFTA require adoption of lax standards set by a United Nations organization, called Codex Alimentarius, located in Rome, Italy. Codex standards allow, for example, DDT residues on bananas and peaches 50 times higher than current U.S. standards. DDT is one of the chemicals now thought to mimic hormones and disrupt the human reproductive system, and has recently been linked to the epidemic of breast cancer in U.S. women. (See RHWN #263, #264, #279.) Relaxing pesticide residue standards will increase risks to consumers, and will encourage greater use of pesticides throughout the world, thus threatening farm workers.

Harmonization could be a good thing if the standards being promoted were strong and the process to establish those standards were democratic. Unfortunately, under GATT and NAFTA the determination is being give over to Codex, an organization heavily influenced by the largest chemical and food companies, and not accessible to citizens. "Scientific evidence" will be the sole criteria for determining standards. Risk assessment and cost-benefit analysis will become the only bases for deciding what controls are desirable. Controls based on social or ethical considerations will be outlawed.

Furthermore, because harmonized regulations will become the ceiling, not the floor, for all regulations, innovative environmental initiatives that propose tougher standards for chemical exposures or food safety (such as California's Prop 65) will be shot down as "non-tariff barriers to trade" (NTBs).

Thus harmonization, as proposed, promises to disrupt the way regulations are improved in the U.S. today. Today innovative regulations are usually initiated at the local level. California's auto exhaust standards, Rhode Island's ban on solid waste incinerators, New Jersey's recycling goals, or Suffolk County, New York's packaging laws offer evidence that tougher environmental controls are possible and practical. Once a local government passes an innovative law, it spreads. Under harmonized standards, such innovation will be stifled.

The big picture of free trade is that dirty industries will move south for cheap labor and lax pollution laws. The MAQUILADORA program on the U.S.-Mexico border is the prototype. During the 1980s, some 1800 U.S. firms, employing half a million people, relocated to Mexico in a strip 20 miles below the border. They pay

wages of a few dollars a day, and they dump their wastes wherever it's convenient. According to law they are supposed to ship their legally-hazardous wastes back to the U.S., but according to Mexican authorities, fewer than 30% comply with the law. Perhaps as few as 1% comply.

The goal of free trade is to spread MAQUILADORA-type programs throughout Latin America and the world.

As a side effect, blackmail will increase in the U.S. Faced with labor demands for better conditions or higher wages, or faced with environmental demands by local activists, companies will threaten to relocate where labor is cheap and environmental rules are lax. It is already happening.

As free trade zones expand and major polluters move out of the U.S., some of the steam may be taken out of the grass-roots movement for environmental justice because the immediate threat at home will seem to disappear.

The present grass-roots strategy of bans and phase-outs will be challenged as illegal. The present grass-roots strategy of initiating innovative controls at the local level will be ruled illegal. As we saw last week, U.S. EPA's attempt to ban asbestos has been challenged by Canada under the FTA. Without a worldwide scientific consensus--almost impossible to achieve--on the need for banning a substance, such a ban will be challenged. BANs on chlorine or lead will be disallowed by the logic of GATT's recent tuna-dolphin decision (see RHWN #303).

Thus free trade sets the stage for the widespread proliferation of environmental problems while governments, traditional environmental organizations, and grass-roots activists are simultaneously weakened in their ability to address them. What can we do?

First, inform ourselves. To maintain awareness of developments in the free trade debate, we can:

1) Get an account on the worldwide computer system, Econet. There are at least four "conferences," or ongoing discussions, on Econet where you will find useful materials on free trade; these are: trade.news; trade.strategy; trade.library; and EAI.news. For example, in trade.library you can find the entire text of the NAFTA agreement--all 2000 pages of it. An account on Econet costs: a one-time fee of \$15 to sign up; plus \$10 per month thereafter, whether you use the system or not; plus \$10 per hour for use during prime time (7 a.m. to 6 p.m., your local time) or \$5.00 per hour during non-prime time. To set up an Econet account, phone (415) 442-0220. Econet gives you one hour free use each month.

2) An important source of analysis and thought on these issues is Mark Ritchie at The Institute for Agriculture and Trade Policy, Suite 303, 1313 Fifth Street, S.E., Minneapolis, MN 55414-1546; phone (612) 379-5980; fax: (612) 379-5982. Ask for their three publications lists: "International Trade and the Environment," "U.S.-Mexico-Canada Free Trade Negotiations," and "Food and Agricultural Policy."

3) Subscribe to NAFTA THOUGHTS, the newsletter of the Development GAP (D-GAP): 1400 I Street, N.W., Suite 520, Washington, DC 20005; (202) 898-1566; fax: (202) 898-1612. \$5.00 per year.

--Peter Montague

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[1] Thomas A. Wathen, A GUIDE TO TRADE AND THE ENVIRONMENT (New York: Environmental Grantmakers

Association and the Consultative Group on Biological Diversity, July, 1992). Available from: Environmental Grantmakers Association, 1290 Avenue of the Americas, Suite 3450, New York, NY 10104; phone (212) 373-4260. 97 pages. \$7.50 for one copy; \$5.00 each for three or more copies. Highly recommended.

Descriptor terms: free trade; nafta; gatt; enterprise for the americas initiative; harmonization; maquiladoras; econet;