

Presbyterian Church (U.S.A.):

Item 11-08 – Overture 03-33 On Opposing the Free Trade Area of the Americas in its current form

Assembly Action

The Assembly voted to adopt the Committee recommendation to approve this item, with amendment. (362/92/23)

Committee Action

The Committee voted to approve this item, with amendment (37/11/2):
Recommendations 1.-4. remain the same.

“5. Call on presbyteries, churches, and church members to do the following:

a. Become educated about the FTAA, NAFTA, [the South American Trade Market (MERCOSUL)] and other trade agreements, and the role of the International Monetary Fund (IMF), World Bank, World Trade Organization (WTO), and other multinational organizations in creating and enforcing globalization policies that are unsustainable and unjust, in part, by drawing on the resources of the Presbyterian Hunger Program, Joining Hands Against Hunger.”
Sections b. and c. remain the same.

Text

Overture 03-33. On Opposing the Free Trade Area of the Americas in Its Current Form—From the Presbytery of San Francisco.

Concurrence to *Overture 03-33* from the Presbytery of Giddings-Lovejoy.

The Presbytery of San Francisco overtures the 215th General Assembly (2003) of the PC (USA) to take the following actions:

- 1. Support efforts to strive toward international cooperation based on fair trade, respect for diversity, and common concerns for a peaceful, just, and sustainable world.**
- 2. Oppose multinational actions and trade agreements that elevate rights of corporations over the right of governments and indigenous peoples to pass and enforce laws that preserve the public good and protect their citizens, economies, and environments.**
- 3. Oppose the Free Trade Area of the Americas (FTAA) in its current form.**
- 4. Direct the Stated Clerk of the General Assembly, as well as representatives of PC(USA) programs dealing with economic justice, hunger, and advocacy, to promptly communicate the General Assembly position to the U.S. trade representative, U.S. senators and representatives, congressional committees with trade jurisdiction, and state legislators.**
 - a. Call on the U. S. trade representative to withdraw from any further negotiations on the proposed FTAA until there has been full public disclosure of its proposed text, open public debate, and a place at the negotiating table for representatives of the diverse sectors of civil society who would be affected by this agreement.**
 - b. Petition the federal government to refuse to sign any new trade and investment agreements, such as the proposed FTAA, that include investor-state provisions, where corporations can directly sue governments for lost profits (“regulatory takings”).**

c. Demand that all trade agreements incorporate workers rights, human rights, food safety, and environmental standards, and that they allow governments and sovereign indigenous peoples to regulate corporations to protect the common good.

d. Oppose any extension of “Fast Track” Presidential Trade Negotiating Authority, which limits the role of Congress in negotiating or amending the terms of the FTAA and other proposed trade agreements.

5. Call on presbyteries, churches, and church members to do the following:

a. Become educated about the FTAA, NAFTA, and other trade agreements, and the role of the International Monetary Fund (IMF), World Bank, World Trade Organization (WTO), and other multinational organizations in creating and enforcing globalization policies that are unsustainable and unjust, in part, by drawing on the resources of the Presbyterian Hunger Program, *Joining Hands Against Hunger*.

b. Advocate with state legislators and U.S. senators and representatives, urging them to oppose extending Fast Track and oppose the FTAA.

c. Join in coalitions with community groups, including other Christian denominations, who are organizing opposition to the FTAA and trade agreements with similar provisions, and to make meeting space available to such groups.

Rationale

A. Background Information on the Proposed Free Trade Area of the Americas (FTAA)

The theological rationale for this overture is based on the following:

1. It is based on the Christian rationale for responsible social action expressed in 2 Corinthians 9:13, Jerusalem Bible, “By offering this service, you show them what you are, and that makes them give glory to God for the way you accept and profess the gospel of Christ, for your sympathetic generosity to them and to all.”

2. It is based on the following Social Witness Policy statements of the Presbyterian church calling for economic justice and protection of the environment:

a. From *Restoring Creation for Ecology and Justice*:

—The Creator-Redeemer calls faithful people to become engaged with God in keeping and healing the creation, human and nonhuman. . . .

—Justice today requires participation, the inclusion of all members of the human family in obtaining and enjoying the Creator’s gifts for sustenance.

—Justice also means sufficiency, a standard upholding the claim of all to have enough—to be met through equitable sharing and organized efforts to achieve that end. (*Restoring Creation for Ecology and Justice*, pp. 1–2, adopted by the 202nd General Assembly (1990); also *Minutes*, 1990, Part I, p. 647)

b. From *Hope for a Global Future: Toward Just and Sustainable Human Development*:

Regarding just and sustainable international trade, the General Assembly . . . holds that the international trading system must incorporate the basic norms of social justice and environmental sustainability, rather than depend solely on the norms and outcomes of free trade. . . .

Regarding more and better development assistance, . . . urges all agencies of development assistance to give high priority to . . . essential needs, broad-based local ownership, and control of productive resources. (*Hope for a Global Future: Toward Just and Sustainable Human Development*, pp. 6–7, approved by the 208th General Assembly (1996); also *Minutes*, 1996, Part I, p. 546)

c. From *Church & Society* magazine:

... authorizing development of a policy statement on [regulatory] takings, the concept that any government action that decreases private property rights requires compensation (under the US Constitution, Fifth Amendment), including zoning, historic preservation and environmental laws and regulations. (*Church & Society*: "The Social Justice Actions of the 214th General Assembly," July/August 2002, p. 51)

B. The Free Trade Area of the Americas

The U.S. is involved in negotiations on the Free Trade Area of the Americas (FTAA), a free-trade agreement intended to expand the North American Free Trade Agreement (NAFTA) throughout Central and South America and the Caribbean (excluding Cuba). In addition, FTAA will extend the scope of trade regulation into new sectors of the economies of all participating countries (including the U.S.), creating the most comprehensive, binding trade agreement that the world has ever seen.

The NAFTA has failed to deliver on promises of economic benefits to the majority of people in Canada, the United States, and Mexico. In the U.S., it has led to the loss of tens of thousands of manufacturing jobs. In Mexico, results include reduction of social services, lower wages, higher unemployment, greater inequity, greater poverty, loss of many small farms and indigenous communal lands, increasing environmental destruction, inhumane working conditions in many maquiladoras, increasing child labor, and greater social unrest. The conditions of life for millions of people in the U.S. and Mexico have deteriorated since NAFTA was adopted.

As in other "free trade" agreements, the FTAA would expand the rights of corporations and limit the rights of member governments to regulate trade and domestic policies, based on the rules of NAFTA, the World Trade Organization (WTO), and the defeated Multilateral Agreement on Investments (MAI). The FTAA would not limit the damage caused by speculative capital flows nor reduce the external debt of poor countries. Like these other trade agreements, the FTAA has no safeguards for the environment, workers, human rights, indigenous people's rights, health, public safety, or social services.

The most dangerous provision of FTAA is the investor-state dispute resolution rules, which would give investors (that is, corporations) the right to directly sue federal, state, or local governments for having laws that get in the way of corporate profits (such as environmental, food safety, labor, or human rights standards). When corporations win such suits, "defendant" governments must pay "plaintiff" corporations for lost profits the corporations could have made in the past, present, and/or future without these laws. Under a similar rule in NAFTA (Chapter 11), corporations have sued Canada, Mexico, or the United States, more than fifteen suits claiming \$13 billion (US). Such suits discourage democratically elected governments from making or enforcing laws to protect public safety, the environment, or vulnerable economic sectors.

The FTAA trade in services and government procurement rules would give corporations from any signing country the right to bid competitively on all government contracts, services, and goods in any signing country. Services that are now provided or regulated by governments would be privatized, deregulated, and open to being taken over by foreign corporations, including education, health care, libraries, museums, transportation, power, water, prisons, social services, etc. Many Latin America governments have already privatized such services as part of their Structural Adjustment Programs under pressure from the IMF and the World Bank, and these changes would be locked in by the FTAA.

The FTAA national treatment rules would give foreign corporations the same rights as domestic companies, and would prohibit governments from giving preferential treatment to local businesses, farmers, or service providers. The FTAA elimination of performance requirements would prohibit governments from putting conditions on corporations to benefit local communities or workers; for instance, governments could not require corporations to use local labor or purchase goods from local suppliers.

The FTAA technical barriers to trade provisions prohibit technical regulations that are "more trade-restrictive than necessary" and mandate the identification and elimination of any "unnecessary" non-tariff barriers to trade, such as labor rules, human rights, environmental, and public safety standards that could affect trade, inviting investor-state challenges to environmental and other public interest regulations. "Harmonizing" regulations affecting corporate behavior in line with the WTO will create a ceiling above which protective regulations could not be raised, but no floor to limit how far they can fall, thus triggering a "race to the bottom."

The FTAA Agreement on Agriculture sanitary and phytosanitary provisions would force governments to use the least trade-restrictive regulations available (modeled on Codex Alimentarius minimum standards for food products from third-world countries). To justify higher food safety standards, for example, nations would be required to provide scientific proof of harm, rather than taking precautionary actions based on risk of harm.

The FTAA intellectual property rights provisions are not yet clear. Conflicting proposals do not ban patents on plants and animals, do restrict the right of farmers to use seeds saved from plants, and would extend exclusive patent rights for life-saving medications to all participating countries.

The U.S. Congress passed “Fast Track” Presidential Trade Negotiating Authority for future trade agreements (2002), circumventing the authority and sole responsibility of Congress for regulating trade under Article Seven of the U.S. Constitution. Fast Track requires Congress to limit debate and to vote yes or no on the entirety of trade legislation without amendments, thus also limiting public input into the process. The current inability of Congress to modify trade agreements forces us to call on Congress to vote down the FTAA, and all other trade agreements containing provisions similar in form or intent to those described above.

C. Sources/Resources

There are many paths to enlightenment, many voices throughout the Americas raising some or all of the concerns noted in the rationale above. These sources informed our awakening:

Alternatives for the Americas (Discussion Draft #3): An Expanded and Revised Edition Prepared for the 2nd Peoples Summit of the Americas, (April 2001, Hemispheric Social Alliance, Quebec City, Canada) (<http://www.asc-has.org/>)

Competing Visions for the Hemisphere: The Official FTAA Draft versus the Alternatives for the Americas, Sarah Anderson, ed. (2002, Institute for Policy Studies and Alliance for Responsible Trade)

Hope for a Global Future: Toward Just and Sustainable Human Development, Advisory Committee on Social Witness Policy (1996, Office of the General Assembly of the Presbyterian Church (U.S.A.), Louisville, Kentucky)

Joining Hands Against Hunger Bible Study series (PDS# 74360-99-330-A to -G), Joining Hands Against Hunger (1999?, Presbyterian Hunger Program, Louisville, Kentucky)

NAFTA Chapter 11 Investor-to-State Cases: Bankrupting Democracy: Lesson for Fast Track and Free Trade Area of the Americas (2001, Public Citizen’s Global Trade Watch, Washington, DC) (www.citizen.org, access January 20, 2003)

“On Developing a Social Witness Policy on ‘Takings’,” in *Church & Society: The Social Justice Actions of the 214th General Assembly*, July/August 2002, p. 51.

Personal notes and observations by Brad Hestir, Del Olsen, and Jean Norris, who capped off a period of study with ten days in Bolivia guided by Joining Hands Against Hunger Companionship Facilitator, Susan Ellison.

Resolution on the Proposed Free-Trade Area of the Americas (FTAA), Adopted June 2001, by the California-Nevada Annual Conference of the United Methodist Church.

Restoring Creation for Ecology and Justice (1996, Committee on Social Witness Policy [Office of the General Assembly of the Presbyterian Church (USA)], Louisville, Kentucky)

Structural Adjustment and the Spreading Crisis in Latin America (1995, The Development Group for Alternative Policies [Development GAP], Inc.)

The Free Trade Area of the Americas: The Threat to Social Programs, Environmental Sustainability and Social Justice, MaudeBarlow (2001, International Forum on Globalization, San Francisco)

Trading Democracy: The Other Chapter 11, (transcript of Bill Moyers’ PBS television program, http://www.pbs.org/now/transcript/transcript_tdfull.html, access Jan. 28, 2003).

D. Addendum

The detrimental effects of previous multinational actions promoting free trade and privatization of resources and services have resulted in growing resistance to the proposed FTAA in South America, including in Bolivia. Bolivia, the Joining Hands Against Hunger partner of the Presbytery of San Francisco, is currently the poorest nation in the Western Hemisphere. In Bolivia, where 80 percent of the population is indigenous, markets were opened to “free trade” by structural adjustment requirements of the World Bank, which also required reduced spending on education

and other social services. Indigenous farmers, unable to compete with cheap food imports subsidized by wealthier producer governments, are being forced off their lands to seek employment.

Manufacturing jobs, for example in the clothing industry, have largely disappeared due to competition from Northern goods dumped below cost. The informal sector, composed primarily of street vendors, is now regarded as the largest sector of the economy. Even in the cities, children are not assured a place in the under-funded school system, and admission fees are a burden on families. Under investor-state provisions similar to those proposed for FTAA, the Bolivian government is currently being sued in a World Bank tribunal by a paper subsidiary of Bechtel Corporation for lost profits from a poorly planned (failed) business venture to take over and consolidate the Cochabamba water system.

Our Joining Hands partner network in Bolivia, UMAVIDA (Joining Hands for Life), is asking for help from the Presbytery of San Francisco in opposing trade agreements and other multinational actions that deepen their poverty and negate their ability for self-determination. In heeding their call for solidarity and accompaniment, we may also be defending our own right to democratic government.

ACSWP ADVICE AND COUNSEL ON ITEM 11-08 (*OVERTURE 03-33*)

Advice and Counsel on Overture 03-33—From the Advisory Committee on Social Witness Policy (ACSWP). *Overture 03-33* urges the General Assembly of the Presbyterian Church (U.S.A.) to oppose the Free Trade Area of the Americas (FTAA) in its current form and to support efforts to strive toward international cooperation based on fair trade, respect for diversity, and common concerns for a peaceful, just and sustainable world.

The Advisory Committee on Social Witness Policy advises *Overture 03-33* be approved.

Rationale: The 204th General Assembly (1992) approved Commissioners' Resolution 92-1. On the Free Trade Agreement (Minutes, 1992, Part I, pp. 104, 110, 911). That assembly "urge[d] Congress to support only those trade agreements that assure in Canada, Mexico, and the U.S. that protection will be made for workers' rights (including fair and adequate wages), and will include the health, and safety of workers and the integrity of the environment and which gives local communities the funds and authority necessary to monitor those conditions" (Minutes, 1992, Part I, pp.110, 911).

The Free Trade Area of the Americas (FTAA) is the latest generation of international trade agreements designed to foster faster expansion of trade in the Americas within the framework of the globalization of the economy. It is scheduled to be voted on by Congress in 2005. The FTAA is designed to expand the North Atlantic Free Trade Agreement (NAFTA) and the current provisions of the World Trade Organization (WTO) to all of Latin America, except Cuba. *Overture 03-33* raises issues of grave concern regarding FTAA that have been raised by previous reports approved by earlier General Assemblies regarding NAFTA, WTO, and the globalization of the economy. Besides the sources quoted by the overture, the Advisory Committee on Social Witness Policy has produced and published other documents equally relevant to the issues listed in *Overture 03-33*, especially two study papers on the globalization of the economy, *The Globalization of Economic Life, Challenges for the Church* (2001) and *The Employment Effects of Free Trade and Globalization* (2001), and a report on the impact of the industrialization of agribusiness on family farmers approved by the 214th General Assembly (2002), *We Are What We Eat*. The call for the rejection of FTAA in its current form is, therefore, consistent with current PC(USA) policy on economic justice and the call for engagement of the church in reflection on these matters is a reaffirmation of the work of previous General Assemblies.