

MULTISTAKEHOLDER CONSULTATION
CONSULTATIONS MULTISECTORIELLES

CANADA AND THE FREE TRADE AREA OF THE AMERICAS (FTAA)
LE CANADA ET LA ZONE DE LIBRE-ÉCHANGE DES AMÉRIQUES (ZLEA)

THURSDAY, FEBRUARY 27, 2003 / LE JEUDI 27 FÉVRIER 2003

Salle ♦ Capital Carleton ♦ Room
Hôtel ♦ Marriott ♦ Hotel
100, rue Kent Street, Ottawa

Workshop # 3: The FTAA and the Summit of the Americas

Chair

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Background

The Free Trade Area of the Americas (FTAA) was conceived in principle in December 1994 at the inaugural Summit of the Americas held in Miami. At the second Summit, held in Santiago, Chile, in April 1998, the leaders of the 34 democratic countries in the Americas launched negotiations aimed at creating a hemisphere-wide free trade area by 2005.

The proposed FTAA is an integral part of the larger Summit of the Americas process. The FTAA complements Summit objectives, such as strengthening democracy, promoting human rights, and finding ways to address a range of social and economic issues through hemispheric cooperation. The FTAA is perhaps the most visible element of the Summit process, but its principal objectives of growth and development through enhanced economic integration are ultimately intended to reinforce the Summit's wider objectives. Canada continues to play a significant role in the broader Summit process, most notably as host of the third Summit of the Americas held in Quebec City in April 2001.

Recent developments

The Seventh FTAA Ministerial Meeting was held in Quito, Ecuador, in November 2002. The FTAA Trade Ministers charted a course to complete talks by the January 2005 target date and agreed to release the second version of the consolidated draft negotiating texts of the FTAA agreement. Both the Preamble of the second draft FTAA agreement and the Quito Ministerial Declaration reiterate that the FTAA will continue to contribute to the broader Summit of the Americas process, including in such priority areas as the protection and conservation of the environment and the promotion of labour rights.

In these negotiations, Canada will ensure that our health, public education and social services are not on the table. In addition, Canada will secure an exemption to maintain our flexibility in pursuing cultural policies.

Questions

- Building on the Quito Declaration and on the Preamble of the draft FTAA Agreement, what initiatives might Canada consider at the national and regional levels to further strengthen the relationship between the FTAA and the Summit of the Americas process and to ensure that their objectives are mutually supportive?
- Canada has been a strong advocate for incorporating the promotion of Corporate Social Responsibility into the Summit of the Americas process. Are there specific initiatives that Canada should be promoting to increase awareness of the role of CSR in meeting the broader objectives of the FTAA? Generally, what should be the role of civil society, government and the private sector in supporting and facilitating corporate social responsibility?
- In addition to the successful conclusion of the FTAA negotiations, what other deliverables should Canada try to achieve by 2005 in order to maintain a balanced agenda within the Summit of the Americas process?

Reference documents

(See the Appendix)

- Preamble of the Second Draft FTAA Agreement (excerpts)
- Quito Ministerial Declaration (Para. 2, 7-12)
- Government Response to the Report of the Standing Committee on Foreign Affairs and International Trade Strengthening Canada's Economic Links with the Americas: http://www.dfait-maeci.gc.ca/tna-nac/FTAA_rep-en.asp
(Recommendations 20, 22, 23 on Income Inequality, Democracy, Labour and Environmental Standards, Culture) – October 2002 -

(Available on the web):

- Canada and the Americas
<http://www.americascanada.org/eventsummit/menua-e.asp>
- Summit of the Americas Information Network
<http://www.summit-americas.org/default.htm>
- Quito Ministerial Declaration (Nov. 2002)
http://www.zlea.org/ministerials/quito/minist_e.asp

APPENDIX

PREAMBLE TO THE FTAA AGREEMENT

(excerpts with emphasis added)

[The Governments of...(insert full names of the 34 countries of the FTAA), hereinafter “the Parties,”]

[COMMITTED to advancing towards economic prosperity, strengthening ties of friendship [and cooperation] and **democratic values and institutions**, [and] protecting fundamental **human rights** and the security of persons, and promoting **social development** among the Parties, within a framework of equity, [and][consistent with the underlying principles [of the Summit of the Americas] and overall objectives of the Summit of the Americas process;]]

[RECOGNIZING that the Parties must maintain the ability to preserve, develop and implement their cultural policies for the purpose of strengthening **cultural diversity**, given the essential role that cultural goods and services play in the identity and diversity of society and the lives of individuals;]

[DETERMINED to better protect the **environment** and promote **sustainable development** [by adopting trade and environmental policies that are mutually supportive];]

[COGNIZANT of the need to [secure further, in accordance with their respective laws and regulations, the observance and promotion of worker rights, consistent with their commitment to [the observance of] internationally recognized **core labor standards**, and to acknowledge that the International Labour Organization is the competent body to set and deal with those core labor standards,][ensure, in accordance with their respective laws and regulations, the observance and promotion of the labor rights, and recognizing the International Labour Organization as the competent body to deal with the fundamental labor laws and regulations;]]

[DETERMINED to **promote higher standards of living and improve working conditions** [in the Americas] through the creation of new and higher-paying employment opportunities, including, through increased economic integration and free trade, and the building of a democratic and just society based on solidarity;]

[RESOLVED to preserve their flexibility to **safeguard the public welfare**]

[UNDERTAKING the preceding in a manner consistent with **international human rights norms and principles**]

[Enter into this Free Trade Agreement of the Americas (hereinafter the “Agreement”):]



MINISTERIAL DECLARATION OF QUITO

Seventh Meeting of Ministers of Trade of the Hemisphere
Quito, Ecuador
1 November 2002

(Para. 2, 7-12)

2. We recognize the significant contribution that economic integration, principally through the FTAA, will make to the attainment of the objectives established in the **Summit of the Americas process**, including strengthening democracy, creating prosperity and realizing human potential. We reiterate that the negotiation of the FTAA will take into account the broad social and economic agenda contained in the Miami, Santiago and Quebec City Declarations and Plans of Action with a view to contributing to raising living standards, increasing employment, improving the working conditions of all people in the Americas, improving the levels of health and education and better protecting the environment.

7. We reiterate that one of our general objectives is to strive to make our trade liberalization and environmental policies mutually supportive, taking into account work undertaken by the World Trade Organization and other international organizations, and to **promote sustainable development in the Hemisphere**.

8. We further recognize the importance of strengthening throughout the Hemisphere, national actions and cooperation in order to ensure that the benefits of **trade liberalization, the protection of the environment, and human health are mutually supportive**.

9. We also propose to secure, in accordance with our respective laws and regulations, the observance and promotion of internationally-recognized **core labor standards**, renewing our commitment to observe the International Labour Organization (ILO) 1998 Declaration on Fundamental Principles and Rights at Work and its Follow-up, acknowledging that this organization is the competent body to promote, set and deal with these core labor standards.

10. We note that the Inter-American Conference of Ministers of Labor (IACML), acting on the Declaration and the Plan of Action of the Quebec City Summit, established at its Ottawa Conference (2001) a Working Group on the Labor Dimensions of the Summit of the Americas process, to examine *inter alia* questions of globalization related to employment and labor, and we would appreciate receiving a report on the results thereof.

11. We reject the use of labor or environmental standards for protectionist purposes. Most Ministers recognized that environmental and labor issues should not be utilized as conditionalities nor subject to disciplines, the non-compliance of which can be subject to trade restrictions or sanctions.

12. We consider that the establishment of the FTAA, through increased trade flows, trade liberalization and investment in the Hemisphere, shall contribute to growth, job creation, higher standards of living, greater opportunities, and poverty reduction in the Hemisphere. For this to be possible, the establishment of the FTAA shall promote the application of policies oriented to economic development, promoting the generation of employment and the effective operation of labor markets in the Hemisphere.



**Government Response to the Report of the Standing Committee on Foreign Affairs
and International Trade
“Strengthening Canada's Economic Links with the Americas”**

October 2002

(Recommendations 20, 22, 23 on Income Inequality, Democracy, Labour and Environmental Standards, and Culture)

INCOME INEQUALITY

Recommendation 20

"That the Government of Canada encourage the use by FTAA participants of the benefits of free trade agreements to address income inequality concerns."

The Government agrees with this recommendation and continues to encourage FTAA participants to promote a more equitable distribution of the benefits of free trade agreements and to ensure that combatting poverty and curbing income inequality remain front and centre on their domestic agendas. Attaining these objectives requires an integrated and focused approach, which is reflected in a number of elements of the Quebec City Summit.

The Summit Action Plan reflects a balanced agenda for the hemisphere, with the FTAA fitting into a broader framework of initiatives that have a direct impact on income inequality concerns. For example, in their efforts to make democracy work better, the governments of the region made a commitment in Quebec to promote transparency and good governance and to fight corruption. By promoting good governance and making governments more accountable, including promoting greater citizen participation in politics, implementation of the Action Plan will contribute to a stronger civil society and greater government responsiveness to the needs of the population at all levels.

Commitments in other areas such as education, health, labour, and gender equality will also contribute to addressing income disparities in the region. Ensuring generalized access to education, for example, will strengthen democratic institutions and promote the development of human potential, while sustaining economic growth and reducing poverty. Seeking a labour cooperation agreement at the hemispheric level could enable Canada to directly promote good governance, the rule of law and respect for fundamental workers' rights, in turn fostering social stability and economic growth that benefits all segments of society. The creation of the Institute for Connectivity in the Americas will also make an important contribution to increasing the information available to citizens, enabling their greater participation in decision-making processes and facilitating their economic activity and development.

DEMOCRACY, LABOUR AND ENVIRONMENT STANDARDS

Recommendation 22

"That Canada promote the injection of clauses within the FTAA Agreement that would tie countries' access to the benefits from FTAA membership to proven respect for democratic rights."

Canada is a consistently strong supporter and promoter of democracy. Heavily involved in supporting young and emerging democracies, Canada has gained a solid reputation and is increasingly called upon to assist in various aspects of the democratic process. Canada has participated widely in electoral observation missions mounted by such international organizations as the Organization of American States (OAS), the Commonwealth and La Francophonie. The Government believes that the focus of effort should be on the importance of implementing the human rights enshrined in existing instruments. In so doing, Canada is in fact promoting democracy and the rights and institutions that underpin a democratic society.

Since its inception in 1994, the Summit of the Americas process has been based on the tenets of democracy and economic integration, and on the recognition of a mutually reinforcing relationship between the promotion and protection of democracy and the liberalization of the economy. At Quebec City in April 2001, Summit Leaders took a further step to entrench this relationship in the hemispheric integration process by endorsing a democracy clause that establishes respect for the maintenance and strengthening of the rule of law, and strict respect for the democratic system, as essential conditions for participation in the Summit process. Leaders also invited the governors of the Inter-American Development Bank to take the clause into consideration in the activities of the Bank. Further, Summit Leaders endorsed the development of an Inter-American Democratic Charter to complement the democracy clause and "to reinforce OAS instruments for the active defence of representative democracy." Article 19 of the Charter reflects the language of the Quebec Summit initiative, which tied participation in the Summit process to respect for democracy. OAS foreign ministers adopted the Charter in Lima, Peru, on September 11, 2001. The Charter has already proven to be a necessary instrument, as it was invoked for the first time on April 13, 2002, following an attempted coup in Venezuela.

Canada understands that the Inter-American Democratic Charter is political in nature and that the "right to democracy," mentioned in Article 1 of the Charter, is the right of individuals to the elements of democracy as set out in relevant international instruments. Canada acknowledges that states have the obligation to promote and defend the individual human rights that constitute the elements of democracy. The term "democratic rights," as used in Recommendation 22, would refer to the elements of democracy such as the right to vote found in Article XX of the American Declaration on the Rights and Duties of Man and Article 25 of the International Covenant on Civil and Political Rights.

The Inter-American Democratic Charter should not be considered the definitive blueprint for the development of democracy in the Americas. Nonetheless, the Charter represents an unprecedented commitment that provides for consultation at the highest political level (i.e. Leaders or foreign ministers) among countries in the event of the disruption of the democratic system in any Summit country.

In terms of the FTAA itself, questions are being raised about the possible character of an operational relationship between the democracy clause, as reflected in Article 19 of the Charter, and the trade instrument. Discussion on this point is still in the early stages. Some Summit partners do not accept any linkage; others consider that invoking the clause and the Charter within the context of the FTAA would be an extreme measure, to be taken only at the level of Summit Leaders. The Government expects that consensus on an operational democracy clause in the FTAA will be difficult to achieve in the short term. Nonetheless, the Government has signalled its perspective that there is a relationship between the Charter and the FTAA agreement through the Quebec City Declaration and Article 19 of the Charter. The Government will initiate domestic consultations in the coming year to seek views and options to operationalize the relationship between the FTAA and the Charter.

In the context of the broader discussion in the report about labour and environmental issues, while Articles 10 and 15 of the Inter-American Democratic Charter refer specifically to core labour standards, workers' rights and the preservation of the environment, the Government notes that the report recognizes that the question of how to address these issues in the FTAA remains to be resolved.

CULTURE

Recommendation 23

"That the Government of Canada ensure its ability to preserve and promote cultural diversity by accelerating its efforts to achieve the desired New International Instrument on Cultural Diversity."

The Government has continuously promoted the development of a New International Instrument on Cultural Diversity (NIICD) since adopting its policy in support of an Instrument in 1999. Since then, the Government has engaged the international community in various forums, including within the Americas, on the challenges that globalization poses for cultural diversity. For instance, the 2001 Declaration of the Summit of the Americas, held in Quebec City, included a statement outlining the Leaders' perspectives on the importance of cultural diversity. As a result of the Summit's Action Plan, Canada hosted, in 2002, an experts seminar on cultural diversity under the aegis of the Organization of American States (OAS). Thereafter, OAS culture ministers or highest appropriate authorities met in July, in Cartagena, Colombia, the first ever such meeting at the hemispheric level, and adopted a Declaration and Plan of Action stressing the need for in-depth cooperation on cultural diversity within the Americas. In the Free Trade Area of the Americas negotiations, Canada's objective is to include preambular language recognizing the importance of countries maintaining the ability to develop and implement cultural policies for the purpose of strengthening cultural diversity. In addition, pending developments with respect to a NIICD, Canada will follow its established approach of not making any new commitment that would restrict its cultural policy objectives. In this context, Canada is seeking a cultural industries exemption in the FTAA agreement.

Canada has also promoted cultural diversity in the G8, where the Communiqué of the 2000 Okinawa Summit set out the Leaders' perspectives on the issue. In other forums, consideration of cultural diversity and globalization issues has led to specific references to work on the Instrument. For example, in 2001 the UNESCO General Conference passed the Universal Declaration on Cultural Diversity. Its Action Plan urged members to deepen "the international debate on questions relating to cultural diversity . . . taking forward notably consideration of the opportunity of an international legal instrument on cultural diversity." La Francophonie culture ministers, meeting in 2001, supported "the principle of a universal international regulatory instrument that supported the promotion of cultural diversity." The International Network on Cultural Policy (INCP), an informal grouping of culture ministers from over 45 countries, is another forum where work on the Instrument has progressed. An INCP Working Group, chaired by Canada, has produced a draft text of the Instrument, which was presented to ministers in Cape Town, South Africa, in October 2002. The International Network for Cultural Diversity, an NGO grouping that meets concurrently with the INCP, is expected to release its own draft Instrument in October 2002. Canada has also promoted development of an Instrument during informal meetings with important trading partners such as France, Sweden, Switzerland and Italy.

It is clear from the above that solid progress is being made toward the development of a New International Instrument on Cultural Diversity. The Government has been, and will continue to be, at the forefront of promoting such development in the context of the Americas and elsewhere.