

Proposal from the President Evo Morales concerning:

## **A People's Trade Agreement**

*To achieve a true integration among peoples that transcends the commercial and economic arenas, recognizing the differences of each country, and at the same time prioritizing the protection of internal production and national companies. A treaty which holds, above all, the well being of the people and a respect for their history and cultures.*

Another integration is possible

### **A PEOPLES TRADE AGREEMENT**

In response to the FTAs, being promoted by the US: The first alternative proposal from President Morales to promote fair trade and integration based on solidarity among the Peoples of Latin American.

**THE PEOPLE'S TRADE AGREEMENT** proposed by President Evo Morales is a response to the collapse of the neo-liberal model which is based on the core principles of deregulation, privatization and the indiscriminate opening of markets.

It is no longer acceptable for a small group of powerful countries to deny poor nations the right to design their own development models based on internal necessities and to dictate 'global' economic models which don't provide adequate solutions to our development problems, as even the World Bank admits in its documents.

During the decade of the 90s, we were told that the 'Washington Consensus' policies would help the poor countries 'catch up' to the rich countries. Today we recognize that the exact opposite has happened. The rich countries are richer and the poor ones are poorer. For this reason, in Latin America the people have started to act as architects of their own destiny, and are punishing in the voting booths the policy makers who have been handing over our destinies to the rich countries for the last 20 years.

### **FTAs- The Death of Rural Farming**

The reality in the countries which have signed FTAs with the United States is far from the 'beacon of hope' which was promised by the neo-liberal economists. Mexico is the most relevant country for evaluating the effects of 'free trade,' since they signed the North American Free Trade Agreement (NAFTA) with the United States and Canada in 1994, and provides the opportunity to assess 12 years of impacts.

Behind the increase in exports, studies demonstrate that FTAs have wiped out the major part of small and medium size industry, which is the sector that generated formal jobs. It also destroyed the existing production chains without creating others and pushed forward the de-nationalization of large industries linked to the export sector.

But perhaps the most egregious impact of this ‘commercial liberalization’ policy has occurred in the countryside. Some writers speak clearly and straightforwardly about the ‘destruction of the Mexican countryside.’

From being self sufficient in basic foods, Mexico began to import 40% of the grains and oilseeds it consumes: between 1994 and 2000, rice imports increased 242%, corn 112%, wheat 84%, soy 75%, sorghum 48%, and beef 247%. As a result, in the last eight years, 1.8 million jobs have been lost in the agriculture sector. This has produced a huge spike in rural migration not only to temporary jobs in irrigated fields, but also a massive migration to cities, and principally to the United States. This mass exodus is estimated at 5 million Mexicans and the United States ‘resolves’ the problem by building a wall on the border.

Recently a newspaper article warned: “The option of living in the countryside for the grand majority of the thousands of rural producers is now in doubt. The winners in this scene are no more than a thousand people, as compared to millions of losers”.

As an example: in May of 2002, the US approved the Food Security and Rural Investment Law, which raises by almost 80% the direct aid to agriculture, with a package of more than \$180 million over 10 years. In Peru, where they have just signed an FTA with the US, it is calculated that 97% of the communities, collectives and cooperatives will be wiped out by the agreement, because it will permit the free entry of wheat, cotton, soy, and other agricultural products, including oils and beef.

### **What does the PTA present?**

Unlike capitalist ideology, the PTA introduces the following concepts into the commercial integration debate: complementarity, cooperation, solidarity, reciprocity, prosperity and the respect for the sovereignty of each country. In this way, it incorporates objectives which are absent from the commercial integration programs advanced by the North, such as effective poverty reduction, preservation of indigenous communities and respect for the environment.

PTA considers trade and investment not just as ends in themselves but rather as potential paths to development; therefore absolute liberalization of markets and the ‘shrinking’ of the State are not the primary objectives, rather the well being of the people is the primary goal.

In other words, the objectives are to strengthen small producers, micro-businesses, cooperatives and communitarian enterprises and to facilitate the interchange of goods with external markets.

The purpose of the PTA is to be at the service of more than just a small exporting group. The PTA is proposed as part of a new economic model, with the purpose of improving the living conditions of the population (income levels, health, education, access to water and culture) and promoting sustainable development which is equitable, egalitarian and democratic, and which permits conscious participation of citizens in making collective decisions. If the FTAs are negotiated in secret, the PTA needs the active participation and discussion of social movements, who through using our new political instrument, have begun to govern Bolivia for Bolivians.

## **PTA exists to re-build the State, not to destroy it**

The commercial integration promoted by the rich countries, privileges the 'free market' over the regulatory functions of the State, and denies the weakest countries the right to protect their productive sectors. The FTAs are like a 'straightjacket' which impedes us from escaping neo-liberalism and instituting sovereign measures such as the nationalizing of hydrocarbons. One of the clauses in the FTAA and the FTAs establishes that controversies between States and companies must be resolved by arbitration tribunals which have authority over the State.

Prioritizing national interests, the PTA promotes a model of commercial integration among peoples which regulates and limits the rights of foreign investors and trans-national companies so that investment serves to promote productive development in our countries. Partners, not owners is how our president, Evo Morales has categorized the relationship. Therefore, the proposal also includes incentives for agreements among public companies in different countries to promote their mutual development.

PTA does not prohibit the use of mechanisms to promote industrialization, nor does it prevent the protection of internal markets to preserve the most vulnerable sectors. The FTAs lead to the death of rural production, because rural producers are unable to compete with subsidized products from the North. The PTA promotes the defense of the small farmer economy and the food sovereignty of our nations. The PTA recognizes the right of the people to; define their own food and farm policy, protect and regulate national agricultural production to prevent an inundation of excess food from ruining domestic markets; and give priority to collective well-being over the rights of agrobusiness by controlling the offer and regulation of imports.

At the same time, the PTA insists that services remain in the hands of public companies as the exclusive providers, with State regulation. The negotiation of any integration agreements must assure that basic services remain in public hands and cannot be turned over to the market. For this reason in the 4<sup>th</sup> Forum on Water, held recently in Mexico, the Bolivian delegation defended access to water as a human right, not as a mere commodity.

## **PTA promotes an Indigenous vision of development**

The commercial treaties designed in the North facilitate the development and expansion of the capitalist system on a global stage which is based on unlimited exploitation of natural resources and people in the constant search for individual wealth accumulation. This vision inevitably leads to a degradation of the environment. The contamination and degradation which occurs as a result of this pursuit of riches places at risk the life of the people who live most closely connected to nature, the indigenous communities.

The FTAs produce the fracturing and subsequent disappearing of indigenous communities, not only through destruction of habitat, but also by forcing them into an unequal competition and conditions in comparison to the huge corporations of the north. The PTA questions the sustainability of the 'economic growth' theory, and the western culture of waste, which measures the development of a country based on the consumption capacity of its citizens. We want to suggest a different 'logic' for human relationships; in

other words, a way of living together which is not based on competition and zeal to accumulate that exploits labor and natural resources to the maximum.

Recovering the essence of indigenous culture, the PTA postulates complementarity rather than competition, living in harmony with nature rather than irrational resource exploitation; defense of social property versus extreme privatization; the promotion of cultural diversity rather than mono-culture and uniformity of markets and consumption patterns.

### **The PTA defends national production**

In neo-liberal rhetoric, the most important thing is the savings the state receives from competition among the providers of goods and services. This argument in no way compensates for the impact which liberalization of state procurement has on national production, much less the multiplying effect of injecting resources into the internal economy. Opting to prioritize efficiency in state purchasing, and in that way save a few million does not make up for the loss which occurs from failing to promote the national economy. The industrialized countries have all protected internal markets as a primary element of their development strategies.

For this reason, the PTA urges the countries participating in this process of integration based on solidarity to give priority to national companies as the exclusive providers to public entities. It must not be forgotten that in the majority of countries in the world, despite having been dismantled in recent years, national governments are the principal purchasers of goods and services. The Bolivian proposal establishes lists of priority suppliers, especially ethnic groups, cooperatives, and community companies, to avoid the destructive and impossible competition with transnational companies.

With this proposal of a Peoples Trade Agreement, Bolivia can achieve a true integration which transcends merely commercial and economic spheres- its philosophy is to achieve a development which is profoundly just and substantiated in communitarian principals which take into account national differences in relation to population, area, production, access to infrastructure, resources and history. This proposal has been developed out of the framework provided by the two most advanced proposals for integration with a different purpose, the ‘Alternatives for the Americas Document’ produced by the Hemispheric Social Alliance (HSA) and the Bolivarian Alternative for the Americas, better known as ALBA.

### **Ten Principles Of The PTA**

1. The Peoples Trade Agreement- proposed by president **Evo Morales**- is a response to the non-viability of the neo-liberal model, founded on deregulation, privatization and the indiscriminate opening of markets.
2. The PTA understands commerce and investment not merely as ends in themselves, but rather as means of development. For this reason, the principal objective is not the absolute liberalization of markets and a “shrinking” of the State, but rather development for the benefit of the people.

3. The PTA promotes a model for commercial integration among peoples, and regulates the rights of foreign investors and trans-national corporations, so that they promote national development and production.
4. The PTA does not prohibit the use of mechanisms which foment industrialization, nor does it impede the protection of internal markets necessary to protect the most vulnerable sectors.
5. The PTA recognizes the right of the people to define their own agriculture and food security policies; to protect and regulate national agricultural production, assuring that the internal market is not inundated by surpluses from other countries.
6. The PTA considers that vital services must be owned exclusively by public companies, and regulated by the State. The negotiation of any integration agreement must support the notion that the majority of basic services are public goods and cannot be turned over to the market.
7. The PTA promotes complementary relationships rather than competitive ones; living in harmony with the environment instead of irrational resource exploitation; defending social property against extreme privatization.
8. The PTA guides the participating countries toward a process of integration based on solidarity which gives priority to national companies as exclusive providers to public entities.
9. With this Peoples Trade Agreement (PTA), Bolivia proposes to achieve a true integration which transcends commercial and economic spheres- whose philosophy is ‘to achieve a development which is based on communitarian principals and is profoundly just - taking into account national differences.’
10. The PTA proposes a different logic for relationship between human beings, a different model of life together, not based on competition and a zeal for consumption, which does not take advantage of or exploit to the maximum labor and natural resources.

## **Reasons To Oppose The FTA**

**THE FREE TRADE AGREEMENT (FTA)** which the United States wants to impose on Bolivia is nothing more than the continuation of the annexation project which is called the Free Trade Area of the Americas (FTAA). Because Latin American people were opposed to the FTAA, the country from the north has attempted to divide us by trying to sign FTAs with each of the neo-liberal governments in power in Latin America. But the consciousness of the people is advancing and beginning to understand the perverse

commercial plans which the United States has for our region. A detailed study of the FTA should lead us to conclude that it must not be permitted. Here are five reasons why:

### **1. The FTA is born from a non-democratic process**

The majority of the Bolivian population does not know the content of the FTA, even though their lives will be profoundly affected by this plan. The reason for this is that the FTAs have been negotiated in secret, with secret documents between authorities in the U. S. Government and people from neo-liberal Latin American governments who are subordinate to the U. S. power. The negotiations in different Latin American countries began in 1994, (from this point on it was called FTAA) were carried out in secret, and the first draft was only published after six years of negotiations. When the FTAA fell apart, because of opposition from social movements, principally from Brazil and the Andean Countries, the United States decided to sign FTAs with each country. In essence the FTAs maintain the same spirit as the FTAA.

### **2. The opening of markets will destroy small producers**

With the FTAs, ‘barriers’ to commerce will be eliminated; for example, the taxes on imported products. In this way, the promoters of FTAs plan to have free competition among all products. The elimination of trade barriers means that the large producers will have significant advantages, reducing the possibility of small producers to sell their products.

### **3. The poor countries will loose their food sovereignty**

What will happen if Bolivian farmers stop producing potatoes, migrate to the cities or out of the country to look for work, or if they start producing products for export, such as in Ecuador, where many farmers have begun planting flowers to export to the United States. As a result, in Ecuador they have stopped growing the things they eat, and are now dependent on importing a portion of their food. Now they are in a treacherous position relative to food sovereignty. If the price of, or demand for the flowers goes down, or if the price of imported products goes up, the population will not be able to buy what they need to eat. With an FTA, we will loose food sovereignty and security.

### **4. Subordination to the trans-nationals**

The FTAs are designed to foment and protect private investment. If a trans-national company claims that because of labor laws, or due to measures in Bolivia to protect the environment its profits are ‘impacted,’ it is possible to take the Bolivian government to a tribunal and demand compensation. The government in all likelihood would be obligated to pay. The FTAs, to protect private investment and the profits of trans-national companies, want to do away with laws which protect workers and the environment. The FTAs have jurisdiction above our national laws. In the case of Cochabamba, the mobilizations of the people in the so called “war of water” managed to reverse the sale of the water system to the trans-national company Bechtel, and that was followed by a

demand by Bechtel against the Bolivian state for \$25 million. According to the FTAs, the government is obligated to pay this sum.

## **5. Intellectual Property**

According to the FTAs, patents may be granted on plants, micro-organisms or drawings. If seeds or traditional medicines are patented, everyone will be required to pay a 'user fee' for the seeds or the medicine to the 'owner' of the patent. In this way we will lose the right to use seeds and traditional knowledge, as has happened with certain varieties of quinine.

The FTAs are in conflict with the relationships in the Andean Community of Nations referring to patent monopolies from the entire Hemisphere. This means that countries with patents in one country will have exclusive rights to sell their products in the entire hemisphere with the exception of Cuba. Rules about intellectual property are especially important for the pharmaceutical industry, which uses these regulations to prevent other countries from producing generic versions of medicines at a lower cost. But the majority of the poorest people in the world are not able to purchase medicines made by United States companies because of their high prices. The FTAs will aggravate the crises of epidemics like AIDS and tuberculosis.