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Trade and Education Top Commitments at Summit of the Americas

by LADB Staff

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The 34 leaders who gathered in Santiago, Chile, April 18- 19 for the second Summit of the Americas pledged support for a hemispheric free-trade area by 2005. The leaders also agreed to wide-ranging social programs, including cooperation to stop drug trafficking and improve human rights, and approved a three-year program to promote education. Delegates to an alternative summit questioned both the commitment and the ability of the governments to fulfill the pledges made in Santiago.

The summit's plans were spelled out in the Declaration of Santiago and the Plan of Action, both signed by the leaders at the concluding session. The leaders reaffirmed their determination "to conclude the negotiation of the Free Trade Area of the Americas (FTAA) no later than 2005," and to make "concrete progress by the end of the century." The FTAA agreement "will be balanced, comprehensive, WTO [World Trade Organization]-consistent, and constitute a single undertaking," the document said.

A trade-negotiations committee will convene by June 30, with actual talks to start by Sept. 30 in Miami. They will initially involve nine groups: market access, investment, services, government procurement, dispute settlement, agriculture, intellectual-property rights, subsidies, and dumping. The talks will then move to Panama and finish in Mexico City. Initially, Canada will chair the negotiations, followed by Argentina, then Ecuador, and finally by the US and Brazil jointly (see NotiSur, 03/27/98).

Leaders see education as key to overcoming inequality. While the FTAA was the dominant theme at the summit, better education was recognized as essential to combat poverty, human rights abuses, and social inequalities. Despite most countries' laws on universal compulsory education, World Bank figures indicate 86% of the population in Latin America and the Caribbean receive some primary schooling, but only 36% reach secondary levels. Almost 40% of the population, some 175 million people, live in poverty.

A key to the gap between the recognition of the importance of education and the dismal educational statistics is the low wages paid educators and the low status given the teaching profession in the region. The nine-point Hemispheric Plan of Action on Education aims to have 100% primary-school enrollment and completion, and 75% secondary-school enrollment and graduation by 2010. Other objectives include upgrading teaching standards, improving teacher training, and providing schools with the latest technology. The US committed US\$130 million for the education initiative, but the bulk of the money will come in loans from international lending agencies.

In a follow-up to the summit, the World Bank and the Inter-American Development Bank (IDB) pledged US\$8.3 billion for education in Latin America, mostly earmarked for technical education

and distance learning. Summit partners also agreed to create a Multilateral Counterdrug Alliance to coordinate the hemisphere's war on drugs. Many countries hoped the US would announce the end of its policy of unilateral certification of other countries' cooperation in stopping drug trafficking. Despite support for the multilateral anti-drug program through the Organization of American States (OAS), however, the US made it clear that its certification process will continue.

Canada will steer initiation of trade negotiations

Canada, which will host the next summit expected to take place in 2000, will play a leading role in the FTAA process. "The history of this century shows us the undeniable failure of isolationism and protectionism," Canadian Prime Minister Jean Chretien said at the close of the two-day meeting. "The new century that is dawning, the 'global century,' will be a time of building bridges. The free flow of products, know-how, and investment will be the engine of economic development and prosperity."

As the first chair of the trade talks, Canada must balance the US desire for quick negotiations and early rewards with a Brazil-led preference to go slow and give emerging markets more time to consolidate regional trade blocs (see NotiSur, 11/14/97 and 01/23/98). The Andean Community (Bolivia, Colombia, Ecuador, Peru, and Venezuela) negotiated as a bloc in Santiago, as did MERCOSUR (Argentina, Brazil, Paraguay and Uruguay), the Central American Common Market, and the English-speaking Caribbean Community.

As evidence of the importance of regional agreements, two days before the summit, representatives of MERCOSUR and the Andean Community signed a preliminary free-trade deal to strengthen internal South American ties. The groups aim to have their agreement finalized and operating by January 2000. "It is no coincidence," said Brazilian Trade and Industry Minister Jose Botafogo Goncalves. "We were always convinced hemispheric integration would happen through preliminary building blocks of subregional integration."

FTAA will proceed with or without fast track

Addressing the summit, US President Bill Clinton vowed to have fast-track negotiating authority before he leaves office. "The US may not yet have fast-track legislation, but we will," said Clinton. "And I assure you that our commitment to the Free Trade Area of the Americas will be in the fast lane of our concerns." Clinton will again ask Congress to approve fast-track negotiating authority, which lawmakers denied him last year.

Chilean trade negotiator Juan Gabriel Valdes said his government was confident Clinton would get fast-track authority in a year or two, but if not, Latin American countries would forge an accord without it. "The rest of the Americas would have a free-trade pact without the US," said Valdes. "That would be absurd, but that's what would happen." Concerns and reservations in US and Latin America Many analysts doubt the summit's sweeping commitments can be kept, including the pledge to implement the FTAA by 2005. Some Latin American leaders question US commitment to the FTAA, given opposition from labor and environmental groups. Labor leaders say freer trade could further depress stagnant US wages and entice more US companies to search elsewhere for a cheaper work force.

Environmental activists doubt any agreement will adequately protect forests, rivers, and oceans in nations where neglect of natural resources has been rampant. Moreover, while Latin Americans may embrace expected benefits of free trade with the US and Canada, they also acknowledge the risks in opening the doors completely to cheap, high-quality goods from the north. "The risks are enormous," said Jorge Campbell, Argentina's chief trade negotiator. "The smaller the country, the bigger the risk."

Raul Mendizabal, head of Ecuador's Chamber of Small Industries, was asked if some sectors will suffer if the FTAA goes through. "Clearly, all sectors are in danger," said Mendizabal. "Here we have lumber, construction, textile, food, footwear, and many other sectors, and we have no practical way of protecting them."

Trade experts caution that, while the largest countries and the biggest firms with strong market positions may benefit, smaller industries in the smaller countries are vulnerable, and some sectors could disappear altogether. Not only small countries fear opening their domestic markets. Brazil, with its highest unemployment rate in 14 years, fears the effects of unrestricted commerce with the highly competitive North American economies. "Free trade without any customs protection would destroy South American industry," said Brazilian political scientist Helio Jaguaribe. "The year 2005 is too soon. We'd be condemned to produce raw materials and semi-manufactured goods and lose our capacity to develop a high-technology industrial system."

Alternative Summit

Just before the summit, special-interest groups held a "People's Summit," where hundreds of delegates from grassroots and nongovernmental organizations held forums on topics that included unions, environment, indigenous questions, ethics, parliamentary matters, human rights, integration and development alternatives, gender and equality, campesinos, and education.

The alternative summit declaration said the FTAA is incompatible with sustainable development and called for continentwide social campaigns to resist and obstruct the negotiations for the agreement. Despite commitments to deepen democracy, eradicate poverty, conserve the environment, and guarantee sustainable development, the governments "have restricted themselves to preparing the negotiations for the FTAA with the single objective of facilitating investments and broadening markets," read the statement.

"Paradoxically, the preservation of food security, the protection of knowledge and the collective use of biodiversity, the sustainable use of the ecosystems and the existence of fair and equitable systems for the distribution of the benefits obtained from natural resources are today considered to be limitations on trade." [Sources: CNN, 04/16/98; Reuters, 04/15/98, 04/16/98, 04/19/98; Inter Press Service, 04/16/98, 04/19/98; Journal of Commerce, 04/19/98; Notimex, 04/15/98, 04/17/98, 04/20/98; Associated Press, 04/19/98, 04/20/98; Spanish news service EFE, 04/15/98, 04/21/98; The Miami Herald, Xinhua, 04/21/98]

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