5-1-2015

Negotiations to Globalize, Privatize Service Industry Upset Uruguayans

Andrés Gaudán

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation

https://digitalrepository.unm.edu/notisur/14330

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Negotiations to Globalize, Privatize Service Industry Upset Uruguayans

by Andrés Gaudín
Category/Department: Region
Published: 2015-05-01

Early this year, through a disclosure by Public Services International (PSI)—a global federation of public employee unions—it was learned that, along with the US, the European Union (EU), and 22 other countries from different regions, Uruguay was participating in conversations that could lead to the signing of an agreement on the global services trade.

This professional organization says that the Trade in Services Agreement (TISA) being negotiated in Geneva in strict confidentiality is promoted by some of the major US and European service-industry corporations and their lobbyists such as the Associated Insurance Agencies; general insurance companies such as AIG and Prudential; health and disability insurance firms Liberty and Metlife; and consulting firms Tata Consultancy Services, Concentrix, KPMG, Deloitte, and Adecco. Reforms being analyzed tend toward trade liberalization in sectors such as professional services, air and shipping transport, electronic trade, telecommunications, financial and postal services, public procurement, environment, energy, and health.

The news shouldn’t be surprising, since the Spanish news agency EFE on May 2, 2014, had summarized an EU document that indicated that the administration of President José Mujica (2010-2015) had expressed interest in participating in the negotiations. Nevertheless, this news was withheld from the public, the legislature, and even the leaders of the ruling Frente Amplio (FA), a progressive coalition of leftist parties.

Uruguayans oppose privatization

Communist Sen. Eduardo Lorier, a member of the governing coalition, said, "Our own government hid its participation in the TISA negotiations from us because 2014 was an election year and anything that could affect state property has an immediate negative impact on public opinion."

Both Lorier and the trade union federation PIT-CNT, which put the issue at the center of political debate, recalled that state ownership is an "untouchable" issue for Uruguayans who, in successive plebiscites since 1989, have rejected privatization of all state-owned enterprises, including those in the service industries (NotiSur, Aug. 7, 1990, Nov. 14, 1991, Jan. 21, 1992, and Jan. 7, 1993).

The problem critics of the agreement come up against in opening this issue up to public debate is that even the name of the agreement is unknown. Nor is it easy to explain that the goal would be to widen the reach and norms of the General Agreement on Trade in Services (GATS), another agreement that is not well-known to the general public.

These difficulties leave the PIT-CNT dependent on information from abroad to denounce the impact the agreement being negotiated in Geneva could have on health care services. The organization cites a phrase included in the "concept paper" drawn up by Turkey that indicates that there is "a huge untapped potential for globalization of health care services" because "health care services is funded and provided by the state or welfare organizations." The document adds, "Trade in health services
may create opportunities and have a number of benefits not only for business partners involved in trade, but for the population as a whole."

The PSI says the potential benefits from the eventual privatization of these services "are enormous for corporate interests."

**Large global health market**

A PSI source indicates that the total health spending of the 51 countries participating in the TISA negotiations (including the 28 EU countries) is more than US$6 trillion per year, equal to more than 90% of global investment in health services.

The debate promises to be difficult for the government and will inevitably implicate Mujica and Luis Almagro, Uruguay's former foreign minister and the secretary-general-elect of the Organization of American States (OAS), who kept Uruguayan participation in the negotiations secret.

Historically, the Uruguayan left and the FA have looked askance at anything that comes from the US. And in this case, in addition to the proposed agreement's origins in the US, there's an extra reason to be particularly leery of the TISA: those who will have to make the final decision are President Tabaré Vázquez and Economy Minister Danilo Astori, who like Mujica belong to the FA but who are more open to conservative ideas from the US. In 2005, a major popular reaction stopped Vázquez and Astori from signing free trade agreements with Washington that would have left Uruguay in the same situation as Mexico and Colombia.

**Politicians shy away from issue**

On March 27, the PIT-CNT executive board met with the president who told them that he was not up to date on the issue, and he promised that he would not sign "anything that was not supported by Uruguayan society through its social, labor, and political organizations."

On April 12, Astori told the right-wing Montevideo newspaper El País that he did not have in-depth knowledge about what was being negotiated in Geneva. However, when asked about an eventual signing of the accord, he said, "It is better to be in than not to be in."

Foreign Minister Rodolfo Nin Novoa used almost the same words.

TISA critics are concerned with another aspect of the proposal. Eight Latin American countries are among the 51 countries negotiating the treaty: Uruguay, Costa Rica, Panama, the four members of the Alianza del Pacifico (Chile, Peru, Colombia, and Mexico), and Paraguay, whose government already announced that it wants to join this alliance. Paraguay is a wayward member of the Southern Cone Common Market (MERCOSUR), of which Uruguay is a founding member, and the Alianza del Pacifico is seen in the region as the antithesis of MERCOSUR, a return to the failed neoliberal policies of the last decade of the last century.

In its campaign against TISA, Uruguay’s labor federation focuses its opposition on the intent to liberalize four of the country’s sensitive sectors: telecommunications (excluding basic telephone service), public procurement, public services, and the health sector.
Regarding the first sector, the PIT-CNT complained that a draft under discussion, drawn up by Chile, Colombia, and Japan (a friend of the Alianza del Pacífico), establishes that every country "must endeavor to allow total foreign participation in electronics and telecommunications services."

Another document, written by the US and Norway, indicates that no country can impose special requirements for joint ventures or limit foreign capital, by, for example, setting ceilings on the percentage of foreign capital in telecommunications service firms. In this draft, the proposal is for "nondiscriminatory access" of foreign companies in public purchases—in other words, domestic state-owned suppliers would lose their preferential treatment—and, in public services, more open market structures would be created (no more state ownership) and it would block the renationalization of sectors that have been previously privatized. The labor federation says the TISA also proposes that, if a country establishes a subsidiary in a country that has signed the accord, it could transfer its own personnel there.

Finally, the PSI indicated, and the PIT-CNT concurred, "The proposed TISA promotes the liberalization of so-called temporary movement of natural persons, who are actually migrant workers, without guaranteeing legal protections for their human and labor rights. PSI believes the movement of workers is outside the competence of trade agreements and must be dealt with as part of the normative tripartite framework of the International Labor Organization (ILO)."

The organization Stop TISA joins the whistle-blowers and says that the agreement could impose on the member states an "obligation of economic neutrality" between public and private providers of any service. In other words, all financial contributions to public service providers must be extended to private providers. If in a sector there are private services along with public services (hospitals, schools, universities), in the name of free competition both would have the right to the same subsidies, all charged to the taxpayers, opponents claim.

The government can do little to neutralize the campaign launched by the PIT-CNT because to go into details about the agreement would mean acknowledging it had carried on secret negotiations that put into play a large part of the political program of the governing coalition.

For now, the state Instituto de Promoción de Inversiones y Exportaciones de Bienes y Servicios (better known as Uruguay XXI), an entity attached to the Foreign Ministry working to internationalize the country’s economy, only highlights information on its Web site that the country offers arrangements and tax incentives favoring services included under free-port and free-zone regimes. The institute says that exports of nontraditional services—those that show greater dynamism—grew from 2% of the total shipments in 1990 to more than 13% last year. This could be strengthened with the signing of TISA since "Uruguay’s proposal is to position itself as an attractive point from which the best quality services can be offered."