



# 2001 SUMMIT

A JOINT NEWSLETTER ON THE QUEBEC CITY HEMISPHERIC SUMMIT • No. 7 • JUNE 2001

## Affirmation and Consensus in Quebec

A month ago in Quebec City, Canada hosted the third Summit of the Americas. Twenty-one new leaders met with a dwindling group of Summit veterans, each putting forth their vision and priorities for hemispheric integration. Civil society groups from all sectors also met, inside and outside the Summit perimeter, to outline and advocate their particular interests. As the media frenzy has died down, and the anti-trade activists have switched the focus of their attacks to the next international gathering, dedicated hemispheric watchers may well ask themselves, what was all the fuss about? After all, there are no dramatic setbacks or advances to report. Instead, the business of building a community of the Americas continues, issue by issue, sector by sector, sub-region by sub-region.

The Political Declaration contains the high point of the Summit. The democracy clause sets the standard for membership in the club of 34 countries, asserting that "any unconstitutional alteration or interruption of the democratic order in a state of the Hemisphere constitutes an insurmountable obstacle to the participation of that state's government in the Summit of the Americas process." As we anticipated in our September 2000 newsletter, Canada's principal contribution to summitry was to build the necessary consensus for adoption of the democracy clause. In its sponsors' view, recent threats to democracy required that such an explicit statement be included in the inter-American system.

In closed sessions, leaders discussed how this clause might apply to the

Summit's trade initiative, the Free Trade Area of the Americas (FTAA). The creation of the Inter-American Democratic Charter to reinforce existing OAS instruments for the active defense of democracy is also well underway, and an early draft will emerge at the June 2001 OAS General Assembly in Costa Rica.

The leadership of countries such as Mexico and Peru (whose previous governments opposed outside intervention) in drafting and supporting the democracy clause is remarkable. Of course, many details are still unclear. How will democracy be defined? Which hemispheric institution will have the authority to decide that the democratic order has been broken? What would be the sequence of sanctions or deterrents? President Hugo Chávez of Venezuela underscored the importance of these questions with his muted endorsement of the democracy clause and his reservations about representative democracy, which promise to complicate future discussions. The immediate association of the democracy clause with the present situation in Haiti was clear, but recent worries over a "self-coup" in Venezuela should cause Summit leaders to wonder what specific steps will be required to apply it.

An equally significant outcome of the Summit was the confirmation of the need to continue negotiations toward an FTAA and set a final date for its implementation. Leaders demonstrated a broad consensus on intra-regional trade and open markets as the principal means to generate economic growth. All eyes

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# Will Excess Baggage Stall the FTAA?

While the declaration of a new democracy clause and the design of its implementation criteria will fuel a flurry of diplomatic negotiations before the XXXI OAS General Assembly in early June, the substantive centerpiece of the post-Quebec City Summit process remains the FTAA. At the Summit, the 34 leaders ratified their trade ministers' recommendation, expressed in the April 7 Buenos Aires Ministerial Declaration, to "ensure" completion of FTAA negotiations by January 2005 and "entry into force" by December 2005. But at the end, Venezuela derailed the smoothly scripted events, "reserving" its position on the democracy clause and on the FTAA effective date. And now, moving on parallel tracks, the US is openly seeking bilateral trade agreements with several countries scrambling to join Chile in the negotiating queue.

Is the FTAA Express finally leaving the station, as President Bush vowed in Quebec? If so, some baggage is still left on the platform. At the Summit, heads of state ducked crucial questions of how labor and environmental standards should relate to an FTAA agreement. While they "acknowledged" the environmental management challenge and stated a "goal" of sustainable development, they took no explicit notice of the relationship to trade. They pledged to promote ILO core labor standards, but failed to mention the trade linkage that some observers now believe is key, not only to eventual ratification, but also to any serious near-term negotiating advances by the US and Canada. Most other governments in the hemisphere still refuse even a tangential linkage between these issues and trade agreements. Brazilian President Fernando Henrique Cardoso is typical in this regard, arguing that inclusion of labor and environmental standards in the FTAA would be "a serious mistake." Brazil leads the FTAA foot-draggers.

Most Latin American and Caribbean leaders openly oppose any labor and environmental restrictions in the FTAA, but at home, the Bush administration

faces a special challenge in its quest to win unrestricted Trade Promotion Authority (TPA, formerly "fast track") from Congress. Unless it accepts significant conditionality on labor standards, the administration's ability to achieve TPA is doubtful. US organized labor opposes TPA legislation absent provisions binding the United States Trade Representative to seek labor protections and guarantees within the four corners of the FTAA agreement. Indeed, the union movement now views the NAFTA labor side agreements as doubly ineffectual, neither protecting US workers' rights nor improving Mexican working conditions.

Thus, while FTAA negotiations have resumed in Panama, intense US domestic legislative skirmishing during the last half of 2001 will distract from the hard bargaining needed to produce another draft text before the next Trade Ministerial in

October 2002. If President Bush does get TPA, he must have it by the end of the year; 2002 is a Congressional election year, and many members running for re-election will shy away from a pro-free trade vote. Tacitly recognizing its TPA problems, the US has also signaled that it will pursue a more active two-tiered policy on trade agreements, negotiating bilaterally—with Chile, for example—while still pushing for an eventual FTAA. This ploy may create more interest and activity around intra-hemispheric trade, but the only thing likely to convince Brazil and other doubters that the US is serious about a hemisphere-wide trade agreement is Congressional approval of TPA. Then they'll climb aboard; meanwhile, the FTAA train will puff steam in the station.

Carl A. Cira, Director, SOAC

## Leaders' Words at Quebec

The last six issues of our joint newsletter focused on Summit developments and process issues, with particular emphasis on the negotiation of a declaration and plan of action for Quebec City. The most important outcome of the Summit, however, was the chance to hear the perspective of the hemisphere's leaders directly. Virtually all of the speeches and statements made at the Summit inauguration and plenary sessions exuded vision and insight, as well as a remarkable consistency in thought.

Quebec City was the Democracy Summit. The assembled leaders took pride in their agreement on a democracy clause, designed to exclude non-democratic countries from future Summits and hemispheric trade arrangements. With the notable exception of Venezuela's Hugo Chávez, they agreed on the need to strengthen representative democracy in the hemisphere. Some leaders went so far as to warn against the dangers of

resorting to collective democracy (communism) and populism. President Francisco Flores of El Salvador warned of the threat of collective democracy if no economic progress occurs in the region. Colombia's Andrés Pastrana, using more emotive language, cautioned that "when some offer this world and heaven too immediately, they are sacrificing a future of prosperity for their people. And nothing is more dangerous for democracy than this irresponsible populism. The return to this radical populism has proven, in the course of history, to be fateful for Latin American democracies."

Of equal importance was the consensus on trade as a means to eradicate poverty and bring prosperity to the countries of the region, and not as an end in itself. More than one leader drew positive linkages between trade, economic growth and poverty alleviation. On this

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# Forward Motion on Anti-Corruption

With all eyes focused on the inclusion of a democracy clause in the Quebec City Summit text, other initiatives designed to strengthen democracy did not attract as much public attention. The fight against corruption in the hemisphere is one area in which the Plan of Action calls for tangible progress.

The Quebec City Plan of Action outlines the establishment of a follow-up mechanism for the implementation of the 1996 Inter-American Convention against Corruption. The convention promotes cooperation among state parties to prevent, detect, punish and eradicate corruption. The 17 states that have ratified the convention agreed to the follow-up mechanism in early May, and its formal creation is expected at the OAS General Assembly in Costa Rica in June. Periodic meetings to review countries' progress in implementing the convention should commence in the fall. The follow-up mechanism is expected to strengthen the convention and lend added credibility and impetus to inter-American efforts to combat corruption.

The mechanism will be based on the principle of peer review. Decisions will be made by consensus without entailing the adoption of sanctions. While the chief activity will be the elaboration of country reports, other objectives include facilitating technical cooperation activities and the exchange of information, experience and best practices, as well as the harmonization of legislation of state parties (on extradition, for example).

The Quebec City Plan of Action also underscores the role of the private sector in containing corruption and increasing transparency in the hemisphere, under the rubric of corporate social responsibility. Broadening the focus of the hemisphere's strategy to deter corruption, which has so far centered exclusively on the public sector, is clearly a welcome step. Abstaining from corrupt practices is only part of being a responsible corporate citizen, however. Corporate social responsibility, as recognized in the Plan of Action, refers to the central role businesses can play in the creation of prosperity,

sustainable development, preservation of the environment, respect for human rights, and the well-being of the communities in which they operate.

At Quebec City, the participating governments agreed to convene a meeting in 2002 to deepen dialogue on corporate social responsibility in the hemisphere and discuss ways to promote the development, adoption and implementation of principles of good conduct by the

business community. The Canadian government, which has been a key force behind the inclusion of corporate social responsibility in the Summit agenda, is expected to seek agreement on a specific date and place for the 2002 meeting at the June OAS General Assembly.

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## The Road to Argentina

At Quebec City, Argentina's offer to host the fourth Summit of the Americas at a yet undetermined date was ratified. Argentina must work to diminish its current economic woes prior to the arduous process of organizing and hosting the next gathering of heads of state. The 2003 elections in both Argentina and Brazil will affect the finalization of a Summit date, and a number of issues at the hemispheric level should be worked out before the next encounter takes place.

Visible progress will have to be made toward completing negotiations for a hemisphere-wide free trade area before the next Summit, since regional cooperation on trade plainly is the foundation for broader regional cooperation on other pressing issues. Implementing some of the existing Summit mandates before scheduling the next meeting could also diminish Summit scepticism and fatigue. Well-defined timetables, quantifiable targets and monitoring mechanisms should also be developed as soon as possible to assist in the fulfilment of commitments in education, health and poverty reduction, and to strengthen such important initiatives as the Multilateral Evaluation Mechanism (MEM) and the Inter-American Anti-Corruption Convention.

But the collective will to tackle implementation is not yet manifest. The next pressure point will be the June 2001 ses-

sion of the Summit Implementation Review Group (SIRG), which is expected to focus on implementation. The emergence of a credible implementation plan from the first SIRG led by the Argentines would be a hopeful sign.

As Summit hosts, the Argentines could well look to the Canadians for advice and lessons learned. On the issue of civil society access, for example, Canada set a precedent by inviting civil society representatives to enter the Summit perimeter and participate in a meeting with government ministers from the region. The three or four years leading to the Argentina Summit will allow the Argentines and the OAS ample time to bring consolidation and consistency to the existing mechanisms for civil society-government dialogue. At a minimum, these mechanisms—including the OAS Guidelines for Civil Society Participation, the FTAA "Mailbox," the OAS Special Committee for Inter-American Summits Management, and national consultations—must be continued and strengthened. A formal role for civil society at the next Summit should now be beyond question. At Quebec City, Argentine President Fernando de la Rúa assured fellow heads of state that there "would be no need for fences in Argentina," presumably signalling the current govern-

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## Affirmation continued from page 1

were focused on US President George W. Bush, whose campaign for fast track authority will give renewed momentum to the negotiations. Another advance was the invitation to civil society groups to be present inside the famous Summit fence, affording them a chance to meet with government ministers. The encounter with ministers was short, with little chance for engaged dialogue, but it consolidated the valuable contribution of ideas and initiatives that civil society organizations made toward the Summit agenda. Canada set the standard for civil society inclusion, and we hope that Argentina, the next Summit host, will build on this important opening.

Of course, a day and a half of high-pitched encounters inside and outside the Summit could not cover all hemispheric priorities. Some important issues that did not capture the public attention include the multilateral evaluation mechanism for anti-drug strategies, specific social action items relating to the advancement of women, and joint work in important areas such as labor, energy, transportation, telecommunications and the environment. The lengthy Plan of Action (we had hoped that it would be more focused and action-oriented, and include funding provisions) is largely a confirmation of the existing hemispheric and OAS agenda. While the leaders all mentioned poverty, income inequality and social exclusion in their speeches, poverty reduction strategies for the Americas were largely absent.

Implementation of Summit commitments is now the primary challenge of inter-American summitry. This will require time, money and energy. The key ingredient is political will, especially on the part of those governments that view the Summit as the region's principal political forum. Funding for Summit initiatives from the Inter-American Development Bank and the World Bank needs to be explicitly and readily available, and national governments must follow through with their own funding for Summit implementation. Targets and deadlines for each Summit initiative are also mandatory, and we presume that the next meetings of Summit negotiators will be dedicated to such practical matters. National bureaucracies must now embrace the Summit Plan of Action as a road map approved by their leaders and generate implementation strategies which make sense for their particular countries.

The goal of this series of newsletters, produced jointly by FOCAL and the FIU Summit of the Americas Center, has been to improve awareness of the complex issues underpinning the Canadian Summit of the Americas. With this our final issue, each group's focus will shift to specific Summit action items which require further impetus and promotion, while continuing to track overall Summit developments. We hope that our readers will continue to seek us out for information, ideas and critical analysis. Information is also available at [www.americascanada.org](http://www.americascanada.org) and [www.summit-americas.org](http://www.summit-americas.org).

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issue, Mexico's Vicente Fox stood out for his forcefulness and clarity. While hailing the expansion of democracy in the region and the economic possibilities of free trade, Fox stressed the importance of addressing poverty and inequality. "We know that poverty, especially extreme poverty, is an implacable, unforgiving, exclusionary mechanism in democracy because it separates people physically, psychologically and culturally from the rest of society," he asserted. "You cannot have genuine democracy in a society where there is so much inequality and poverty...." The Mexican president proposed that the countries participating in the Summit establish a development fund within the future FTAA.

Brazilian President Fernando Henrique Cardoso insisted that the benefits of trade be shared equally, while Chile's Ricardo Lagos argued that "if we do not add social justice to the goals of democracy, respect for human rights and trade, then we will never reach the levels of development we strive for." In accordance with other CARICOM leaders, Prime Minister Kenny Anthony of St. Lucia made this poignant affirmation on the issue: "Until the hemisphere as a whole can enjoy the fruits of trade liberalization, we cannot proclaim its glory; until all peoples of the Americas are free from hunger and fear of unemployment, we cannot celebrate the benefits of trade liberalization."

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ment's commitment to broad civil society consultation.

An important lesson learned in Quebec was the usefulness of a proactive, multifaceted host government communications strategy far in advance of the event. For the past 18 months this joint SOAC-FOCAL Summit 2001 newsletter has informed readers about the Summit process. However, misinformation prevailed in the months and weeks leading up to Quebec City, causing more opposition to the Summit than originally anticipated. Argentina's challenge may not be contending with misinformation, but rather moving beyond domestic tribulations to raise public interest at home and abroad as the fourth Summit nears.

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