

**CIVIL SOCIETY PARTICIPATION
IN REGIONAL INTEGRATION PROCESSES**

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I. Introduction

The objective of this paper is to analyze the participation of the non-governmental actors in trade integration processes within the Americas. Rather than focus on the distribution among the different actors of the costs and benefits associated with trade integration policies, the participation of the social and economic actors in the decision making process will be of particular interest. What types of actors participate in these processes? What positions do they adopt in front of this type of trade negotiations? And what impact do their strategies of action have on the trade negotiations?

This analysis parts from two basic premises. The first indicates that social and economic actors do not participate directly in the decision-making process but rather do so indirectly through pressures they exert on their respective governments. The national governments are the only actors to occupy a seat in the intergovernmental negotiation table (Moravcsik, 1993). The second premise sustains that citizen participation in these processes is not channeled through the individual action of civil society but through the organizations that represent it.

The evidence set out in these pages, beginning with the comparison among three main trade integration processes of the region, the North American Free Trade Agreement (NAFTA/TLCAN), the Southern Common Market (MERCOSUR), and the negotiations towards a Free Trade Area of the Americas (FTAA/ALCA), shows that:

1. there does not exist a unique pattern of mobilization of non-governmental actors; and patterns of mobilization - characterized by the type of actor and of the governmental liaison - are mutually exclusive
2. actors use all of the resources at their disposition to exert pressure, and operate at different levels, national as well as intergovernmental.
3. there is an ever larger presence of collective actors (cross-sector and international networks – both from the business sector and civil society at large which precipitates a diversification away from the traditional channels of participation associated with national governments.

The paper is divided in four parts. The first three are dedicated to characterizing the forms of influence of the non-governmental actors or civil society organizations (CSOs) on trade negotiations underway in the region, NAFTA, MERCOSUR and the FTAA. In each of these sections the collective actors are mapped out – basically grouped in businesses, unions, and the third sector - identifying their positions on the integration project, their plans of action, and finally the impact of this action on the intergovernmental agenda.

II. NAFTA

The negotiations between the United States and Mexico for Mexico's inclusion in the trade block previously formed by the United States and Canada (Canada-United States Free Trade Agreement (CUSFTA)) began in 1991, concluding in 1993. The initial idea was to extend the terms of the original agreement with a progressive and automatic tariff reductions that would culminate in the liberalization of substantially all trade in the year 2008. Of specific interest are the three new issues the negotiations added to the initial agenda: investment protection, intellectual property rights, and environmental and labor standards¹

- *The business sector*

Of all the organized actors of civil society, businesses have always played an important role in the definition of national trade policy. Characteristically participation is greatest among the sectors with the most concentrated capital (Giacalone, 1999). They are considered to be the foothold of the regional trade agreements of the last decade, basically for two reasons. First, governments need support to legitimize their trade policies. Second, the businesses linked to foreign trade are not the only, but more importantly the main, beneficiaries of the market access possibilities offered by these processes.

In the case of NAFTA the support from the private sector was guaranteed from the beginning which allowed sectoral consensus across the three countries. This sector consensus accounted

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for the financial and trade interdependence that existed between the Mexico and the US and Canada and the US. It was therefore not an entirely new initiative, but rather that the governments conceded to formalizing the de facto integration. The complementariness of the US, Canadian and Mexican economies acted as a fundamental incentive for the realization of the regional project, a situation that was not repeated in the case of MERCOSUR.

For some Mexican industries, incorporation to the regional block meant the possibility of attracting investments and acquiring new technologies from the transnational companies of the countries of the North. Especially for the car, textile and electronics, Mexico was an opportunity to acquire new markets for their products and services, as well as to redeploy their operations to lower costs in Mexican market.

Nevertheless, as the integration process would not benefit everyone equally, the support of the private sector was not homogenous within each society. From the traditional division between multinational corporations (MNCs), major national companies, and small and medium enterprises (SMEs) – only the first two sectors had effective capacity to influence the negotiations of their governments (Bizzozero and Grandi, 1997). This influence would not only be related to company size and competitiveness, access to information, and technical capacity, but also to the not insignificant threat of big firms redeploying their investments out of the US.

In the case of the United States, this support and impulse in favor of Mexico's incorporation into the block was initiated by the *Business Round Table*, formed by leading US MNCs. This group

pressured the government through formal channels especially Congress and the Office of the US Trade Representative (USTR) and other less formal channels so that the agreement would be successfully completed. Their main concern was to include a clause that would assure national treatment to North American investments established in a neighboring country. To pressure in favor of this demand they presented a document backed by 436 corporations and 20 US business associations.

In the case of Mexico, the industrial sectors that would benefit from the agreement were fewer and less coordinated. In order to guarantee support capable of neutralizing the opposition that this agreement would generate in large sections of the population, the Partido Revolucionario Institucional (Institutional Revolutionary Party –PRI) government felt obliged to take control of the situation. To articulate the position of the small and fragmented associations and businesses linked to foreign trade, an *ad hoc* structure was created - the Foreign Trade Business Organizations Coordinating Council (COECE)– that advised the government on different issues in order to define negotiating positions. In some cases, some of their representatives even integrated the official negotiation teams. In order to silence the voice of the small industries and producers, the PRI resorted to the formal authorities of the corporate structure, thus taking away their opportunity to be heard (Ortiz Mena, 2000).

The pressure of MNCs in favor of the protection of intellectual property rights and foreign investments, compounded with the implicit threat that the agreement would not be possible without these protections, led to the immediate approval of the clause sought by the business sector. The clause agreed upon by all governments promoted free circulation of capital flows,

through the creation of new private property rights for the investors of Mexico, Canada and the US, reduced stock margins of the states on the corporations (in terms of exportation without compensation and against the nullification), and finally establishment of the transference of the dividends and earnings across national borders and the national treatment to foreign capital (Bensusan, 2000). The US government also heard the complaints of domestic farmers and responded with unilateral measures such as prohibiting the entrance of agricultural products by non tariff barriers (Hufbauer and Schott, 1993).

- *Unions*

Unlike the role of the business sector, labor unions have had a secondary role in regional trade negotiations. Except in the case of the official Mexican union association – Central de Trabajadores Mexicana (Association of Mexican Workers, CTM) – union participation has not responded to a government invitation in a single of the regional experiences analyzed in this paper. Rather it has always been the result of an active mobilization of the sector in order to not remain excluded from the process.

In the case of NAFTA, the majority of the unions, except in the case of the CTM as already mentioned, was against the trade negotiations. The organizations leading the opposition to the agreement were the two Canadian unions (Canadian Labor Congress, CLC, on the national scale and the CNS, of Quebec), the US union association (American Federation of Labor, Confederation of Industrial Organization (AFL-CIO)) and a Mexican union association (Frente Auténtico de Trabajadores - FAT). Nevertheless, a deeper analysis of their reasons of opposition to the negotiations and their subsequent plans of action reduces the similarities and a clear

division arises between the union federations of the developed countries and those of the developing countries.

In the case of the AFL-CIO, their criticism of NAFTA would not manifest itself as an ideological opposition to the trade integration project, evidenced by the lack of any such resistance by the federation to the signing of a similar agreement with Canada (CUSFTA). The objection of the AFL-CIO, the CLC and the CNS to Mexico's inclusion in the trade block responded to the threat that the possible reallocation of MNCs down South the Rio Grande presented, in terms of loss of jobs and a consequent reduction in the rate of unionization. However, this situation was not entirely a novelty for the industrial unions in the US. Though union leaders supported trade opening during the years of trade surplus and widespread anti-socialism (1930-1960), the support began to fade as North American unionized industries appeared incapable of competing with products imported from countries with less expensive manual labor. The Kennedy administration managed to maintain labor's support in exchange for special benefits for workers who lose their jobs; but at the beginning of 1980 union opposition became unyielding.

The experience of struggle over the last twenty years has taught US union leaders that it is easier to influence policies in an indirect manner – that is to say, partially modifying the initiatives that are not entirely stoppable – than assuming a rigid stance against liberalization and in favor of protection. Thus, the AFL-CIO and its Canadian counterparts presented demands in this indirect manner when faced with opposing NAFTA's negotiations. Though the three federations opposed the inclusion of Mexico in the regional block, from the beginning they only fought for

the inclusion of a social clause in the agreement text that would assure the maintenance of their own labor standards.

Two principal factors are associated with the transformations that the main US labor union associations underwent - the election of John Sweeney to head up the AFL-CIO and the context and challenges posed by globalization and low unionization indexes - which led to various changes within the labor movement. First, a search began for new followers in new sections of the population including minorities, youths, women and immigrants. Second, direct union action in those communities sought to mobilize segments of low income, mainly the service sector. Third, aggressive media campaigns sought collection of funds, direct action in the communities, non-governmental organizations (NGOs), and human rights and consumer defense associations. Fourth, society was exposed to the sense of reinforcing a new, strong and progressive voice of the workers, by traditional US labor union tactics such as boycotting products manufactured by child labor. Fifth, transnational businesses were more closely monitored and codes of conduct were formed. Sixth, the multilateral policies formulated by the International Monetary Fund, the World Bank, and the Interamerican Development Bank were followed. And finally, campaigns in defense of the minimum rights of the workers – basic standards – and the unyielding defense of the relation between international trade and employment became the issues and initiatives of the authorities of the international labor unions (Candia Vega, 2000: 179).

In the case of the Mexican union opposition, the rejection of the agreement was represented by a minority sector of the labor force characterized by a high ideological purity. In its proposal of action, labor union issues, like the fight for better domestic work standards, were mixed with

ideological issues like the need to end corporate practices of the CTM, which, despite the promised legal representation of the sector by the government, supported the negotiations in an unconditional and uncritical manner (Bensusan, 2000).

The initial strategy followed by the unions was to grab at the traditional resources of pressure – campaigns, legislative lobby, etc. But faced with the possibility that the proposed demands were stigmatized by public opinion as a corporative complaint from a small sect of workers – blue collar workers– contrary to the majority interest of the consumer population, Northern unions opted to extend their agendas to other social concerns like child labor, illegal immigrants, and social dumping. To this change of agenda was also added a strategy of alliances with other national and regional civil society organizations, which like the laborers considered themselves excluded from the process.

Unions, especially in North America, showed a divide in the traditional conception of the struggle, characterized by a tense and competitive relationship with environmental NGOs and by an implicit defense of the North American foreign policy that avoided all solidarity with trans-border organizations (Brunelle: 2000). The main counterpart to unions in the free trade opposition were the environmental organizations, that contributed to the new alliance with a fundamental resource: the environment, which was perceived as general public interest rather than a sectoral one.

In each of the three countries, these networks had distinct characteristics (Brunelle, 1999). In the US, for example, two networks were formed with distinct objectives. The first, called *Citizen*

Trade Campaign (CTC), sought to monitor and press Congressmen in order to avoid the concession of the fast-track. The second, called *Alliance for Responsible Trade* (ART), elaborated an alternative proposal to the FTAA and generated connections with similar coalitions in the other two countries. The Red Mexicana de Acción frente al Libre Comercio (Mexican Network of Action Against Free Trade -RMALC) had an additional obstacle: general public supported trade liberalization as an opportunity to break with the state corporatism and democratize the regime. Within this context then, the Alliance mainly demanded that negotiations be public and that their participation in them be expanded.

Finally, in Canada, the agreement's opposition not only debated the survival of the country's welfare state, but also went through the regional/national "cleavage", to introduce itself in concerns over which, like tariff reductions, provinces have autonomous control. Two networks were subsequently constructed to respond to the issues NAFTA raised: one of provincial scope, the Quebec Coalition of Opposition to Free Trade (COL) and the other at the national level, Action Canada Network. After the triumph of the conservative party, these networks suffered tough hardships and decided to work in a more coordinated manner and changed its name to the Quebec Network of Continental Integration (RQIC) and Common Frontiers.

In terms of initial demands from the union federations, this strategy achieved a considerable impact. Governments accepted the inclusion of a side-agreement, that though it didn't form a part of the principal trade agreement, did commit the states to maintaining their own standards as well as force the others to comply with their own labor standards, thereby guaranteeing at the regional level the validity of three basic rights: a minimum wage, health and safety regulation

compliance, and the prohibition of child labor. In spite of the inclusion of the complementary agreement, sufficient mechanisms of control and punishment were not included in the agreement, leaving violation of the compromise a viable option for the states. The denouncements made by the social organizations must have passed through the sieve of the government agency created for that purpose, so that after successive inspection panels and after confirming the incompleteness of that which was agreed upon, the states would receive a puncture less than 0.007 of the trade of both countries (Lengyel, 2000). In the United States in particular, the Democratic government promised to implement a series of unilateral measures to reinforce the unqualified workers' training and to increase the immigration border control in order to avoid foreign strikebreakers (Hufbauer and Schott, 1993).

- *The third sector*

The incorporation of NGOs or as it is called sometimes the "third sector" into trade negotiations has been the main change in the 90s. Its inclusion has meant not only an increase in the number of non-governmental actors seeking to influence the trade agenda, but more importantly has precipitated a change in the traditional rules of the debate. In effect, while the participation of the uncompetitive business and labor actors hoped to obtain sector-specific protection measures from their governments without impeding the advance of trade liberalization (a policy of noninterference), the demands of the NGOs were characterized by opposition to the objectives of free trade.

Environmental and consumer organizations do not favor protectionist policies, in the strict sense of the term. However they do seek to maintain and reinforce the degree of market regulation and assure that trade regulations do not interfere with the governments' logical role of protecting consumers, job opportunities, and the environment against market excesses. In that sense it is difficult, if not impossible, to make concessions to these groups that would at the same time be acceptable to the economic groups that have always supported trade liberalization.

Consumer protection associations offer a paradigmatic example. Though liberal economists have singled consumers out as the principal beneficiaries and defenders of liberalization as a result of the lowering of prices and of a larger number of options from which to select, in fact these organizations have constituted the main critics of the process. Consumer NGOs are against free trade and struggle to impede the costs associated with free trade in the compliance with and control of health and safety regulations. Nevertheless, in trade negotiations, environmental organizations are the traditional leaders of the third sector¹.

NAFTA is not an exception to the rule. In this case, the cross-sector networks that were constructed at the national level against the commercial integration were led by the environmental movement. However, at the heart of the environmental movement there did not exist an unanimous opinion on the demands, proposals and plans of action. Therefore negotiations advanced identifying three distinct positions: the movement of advocacy for monitored trade; the movement of advocacy of fair trade; and the movement in support of green trade.

The first position promoted trade and environmental protection over the basis of null or very limited growth. They demanded the establishment of standards and *ad hoc* safeguards, and operated through stable and formal alliances. The movement for fair trade, on the other hand, posed itself in favor of regulated trade that was compatible with sustainable development. It fought for the incorporation of increased environmental and social standards and operated, like the first group, through formal alliances and coalitions. Finally, the environmental movement in favor of green trade, acting through loose alliances, sought to guarantee a “green economic growth”, asking for a harmonization of the environmental standards and safeguards in the region. The three groups coincided only in their demands for transparent negotiations and free access for social organizations to the negotiations (Gallardo, 1999).

These divisions of the environmental movement were reflected in all countries and contributed to a new phenomenon of transnationalization of free trade opposition. This initiative had been promoted by the Canadian counterparts in the negotiations of CUSFTA but had not encountered similar interests on behalf of their US colleagues who at that time did not believe the agreement at hand would have any social or environmental dangers associated with it. The transnationalization of these practices was manifested in the organization of tri-national meetings parallel to those of the ministries, which had as a main goal fortifying the national organizations’ activities in their respective countries and in the face of the public where, like Mexico, they lack a voice and presence in the public agenda.

Nevertheless, the plan of action of the actors excluded from the NAFTA governmental negotiations was focused on activating cross-sector networks at the national level. One of the

main explanations for the strategy choice is the strengthening or weakening of the social framework. In this direction, many authors emphasize the large differences in terms of the structure of the sector between the three countries involved. US environmental NGOs dating from the 60s constituted an important number of pluralistic and autonomous organizations with the capacity of influencing national policies thanks to their own abundant financing and the existence of institutional channels in the political system. In Canada, the situation was very different though it had arisen at the same time: its organizations were medium-sized, provincial, lacked their own resources, and tended to be co-opted by the state, thereby lessening their ability to influence governmental policies. Unarguably, the situation in Mexico was the most critical, where the environmental movement was extremely new and had a marginal presence in society and even less in government, as occurred with all the actors not incorporated in the corporate structure.

The plan of action selected by the economic and social actors excluded from the benefits of the NAFTA trade integration arose not only from the capacity of articulating their voice (“voix”), but also with the existence of institutional mechanisms capable of channeling the protest and delivering it to policy-makers (“exit”) (Hirschman, 1970). In this sense the logic was marked by the US institutional dynamic, where the system of checks and balances obliges the executive branch to obtain formal “fast track” authorization from the legislative branch, in order to successfully conclude trade negotiations. Therefore, the environmental and social organizations found in the Democrat congressmen the desired ability to place fast track approval contingent upon the incorporation of social and environmental issues into the negotiation’s agenda.

The concessions were of two types: the first were contained within the US, with the promotion of environmental defense campaigns and safeguards on certain agricultural products. The second were at the regional level and were concentrated in the inclusion of another side-agreement of regional cooperation in environmental issues. In this agreement the states agreed to comply with their own environmental standards and, to that end, created an intergovernmental commission in which governments and CSOs would be able to monitor its compliance: presenting complaints through the Public Consulting Committee, for their examination by inspection panels.

III. MERCOSUR

In 1991 the presidents of Argentina, Brazil, Uruguay and Paraguay signed the Treaty of Asuncion, which created the mechanisms for the implementation of a free trade zone among the four countries, reaching the formation of a custom union in 1995 with perspectives of constituting a common market in the future.

- *The business sector*

As in NAFTA, the participation of the business sector in MERCOSUR's intergovernmental negotiations is selective, so that the groups which influence the negotiations are those with the most concentrated domestic and transnational capital, a greater lobby capacity, and a more fluid and continuous dialog with the government (Tussie, Casaburi y Quiliconi: 2000). Nevertheless,

and unlike the negotiation process in the North America, the support of the private sector varied over time and within different countries.

At first, in 1991-95, while the two largest economies of the region grew at more or less similar rates and didn't suffer economic crises, business sectors of both countries equally supported the integration project. There existed, nonetheless, national differences in terms of perceptions. Initially, Argentine business sector actively participated in the intergovernmental negotiations, while their Brazilian counterparts maintained a passive support, believing that it could not assume the regional leadership role (Vigevani and Pasqueriello, 1999). The results of the period 1991-94 demonstrated the error of this diagnosis and obliged Brazilian business sector to review its position and to assume a larger presence and protagonist position in the intergovernmental negotiations during the period of 1995-1998.

This more or less consensus of the private sector at the national level was definitively eroded toward the end of 1998 by the effect of the Brazilian economic crisis and their unilateral currency devaluation in January 1999. This devaluation would propagate the preexisting asymmetries in the heart of the block, favoring greater Brazilian economic competitiveness to the detriment of the other countries. In this context of strong competition to attract foreign direct investment (FDI) and maintaining their competitive advantages, the business sector's positions and strategies divided at the national level.

The main cleavage within the sector has occurred between the group of internationally competitive businesses that consider MERCOSUR as an initial platform from which to accede

and conquer new markets, and those businesses less competitive in the regional arena that see themselves as losing out to Brazilian production by the greater integration. These sectors of less competitive businesses pressure the domestic governments to adopt trade relief measures that definitively delay if not debilitate the consolidation of MERCOSUR.

Beyond their unequal positions with respect to MERCOSUR, these sectors resort to different, though not mutually exclusive, plans of action to influence the trade negotiations. The more competitive sector, led by multinational companies, tends to have a more aggressive approach and rely on the creation of informal networks to pressure not only national governments but also at the intergovernmental level. This is the case in domestic sector-specific networks: the María Group, the Cordillera Group, the Brazilian Group, and the Argentine Group – (Hirst, 1995) as well as in the sector-specific networks between companies of distinct origin (Sanchez Bajo, 1999). The transnationalization of these methods allows them, in many cases, to advance intra-sector agreements that governments are not capable of formalizing, and, in others, to consolidate its participation in the decision-making process through its technical resources².

The sector losing out to Brazilian competition, on the other hand, acted individually and directed its pressures exclusively towards national agencies, though the target of these pressures still differed based upon distinct interests (Cedro, 1986). In defending the interests of the sector as a whole, they turn to their collective representatives, pressuring the executive agencies or Congress through informal lobbying.³ In seeking individual benefits for their own business, the companies act on the margin of Congress and through personal contacts with decision-makers, officials, and government technicians.

The lobbying strategy carried forth by these sectors has had a significant influence on the formation of many national trade policy positions and has successfully obtained protectionist measures from the governments that impede compliance with the initial liberalization timetables. In fact, ten years after the establishment of MERCOSUR, governments have only achieved liberalization of 75% of total commercial exchange. Moreover, the rest of the trade that has not been liberalized constitutes sensible sectors – sugar, milk, textiles, footwear, iron and steel, paper, automobiles – over which governments continue to maintain the same disagreements that have characterized the negotiations since the beginning (special regimes). In terms of the custom union, the results are even less promising. The common external tariff, with an average of 18%, is continuously “eroded” by unilateral initiatives. The horizon is even more distant on the harmonization of fiscal, labor, and sector policies.

- *Unions*

Analyzing the behavior of the unions in MERCOSUR negotiations, the contrasts with their Northern equals and with their domestic counterparts are evident. In the first place, the idea of constructing a common market in the region brought more homogeneity to the positions of the union associations. Even when criticisms were made with respect to the macroeconomic policies that their governments were applying at the national level, all unions explicitly supported the intergovernmental negotiations in favor of MERCOSUR.

In the second place, this support did not vary over time. Despite not having been summoned to participate in the negotiations by their respective governments⁴, labor union conquered their own place in the intergovernmental agenda. In doing so, they innovated in two different senses: a change in actors and a change in demands. For the first time in the history of the region, national union associations agreed on the necessity of acting in a coordinated manner.

At first, this sector alliance was promoted by the International Confederation of Free Unions (CIOSL/ORIT) in the Coordinadora de Centrales Sindicales del Cono Sur (Coordinator of Union Organizations of the Southern Cone-CSSCS). The CSSCS grouped together the three Brazilian labor associations, Central Unica de Trabajadores (*CUT*), Confederacao Geral de Trabajadores (*CGT*), and Forza Ssindical do Brasil; the only official labor union association recognized in Argentina, Central General de Trabajadores (*CGT*); the Uruguyan Plenario Intersindical de Trabajadores – Convención Nacional de Trabajadores (*PIT-CNT*); and the Paraguayan Central Unica de Trabajadores (*CUT*); as well as other associations of Chile and Bolivia.

Subsequently, and given that new union associations were formed in each of the countries, the labor union network of MERCOSUR increased in number and ideological diversity, in addition to federations of non-unionized workers and federations that adhered to other international confederations⁵. Without leaving out the traditional liaison, national states and especially Labor Ministries, the CCSCS privileged their communication at the intergovernmental level (Working Groups and the Common Market Group, *CMG*)⁶.

The second innovation in the plan of action pursued by the region's unions refers to the constructive vision that characterized each of its interventions. Unlike what occurred in NAFTA, the labor sectors did not consider the commercial integration as a challenge to their own national standards and job opportunities. This is explained by various reasons. First, unlike NAFTA, MERCOSUR in general has not implied positive consequences for one country at the sake of another. Except from sensitive sectors, there did not exist major differences in the production costs between the main economies. In the second place, and despite the serious difficulties that the governments encountered in advancing the process, labor sector continues supporting the construction of a common market that would permit harmonization of the labor standards in the region.

It is interesting to emphasize that the plans of the CCSCS have gone beyond the limits of labor demands. It proposed, for example, the coordination of macroeconomic and fiscal policies and the adoption of a dispute settlement mechanism. They have asked as well for larger involvement by national parliaments through the national sections and the MERCOSUR Parliamentary Commission⁷, etc. (SELA: 2000).

The creation of the Foro Consultivo Económico y Social (Socio-Economic Consulting Forum-FCES) stands out among the more successful proposals. The FCES would permit the participation of non-governmental actors in MERCOSUR negotiations; elaboration of a socio-labor declaration that would establish a minimum common floor for the region in collective negotiation issues; and creation of a Job Market Observatory to share and collect information over employment, labor migrations, professional training, etc.

Of the proposals pointed out, the most important one, and at the time the most controversial, was the Socio-labor Declaration, which set mandatory minimum labor conditions. This Declaration clearly illustrates the characteristic relationship between the governments and the unions in MERCOSUR. Far from taking a position on controversial issues like this, the Common Market Group – the highest executive authority in the block – pacified the conflicts and postponed the controversial decisions through the creation of trilateral institutions in sectors where the three actors of the civil society were present (business, unions, and NGOs).

In the particular case of the proposal to raise the labor standards in the region, the CSSCS proposed two initiatives to the Working Group on Legislation (WG 10): the Social Letter of MERCOSUR and the Socio-labor Declaration. Only the second proposal was considered and generated a strong reaction among the businesses that refused to accept a binding regulation on the issue. After several years of discussion and faced with an insurmountable stalemate, the WG10 sent the proposal to the Common Market Group to define. The CMG supported the business position but, seeking to decrease the political costs, asked the FCES to decide on the issue. Still, the tripartite composition of the FCES and the consensus needed for all resolutions led to further stagnation of the procedure. Faced with this new gridlock, the CSSCS threatened to pull its support of the MERCOSUR negotiations at which point the WG10 decided to take charge of the situation. It was proposed by Brazilian officials to, on the one hand, endorse a minimum standard basis that would end the unions' aspirations for a minimum regional collective agreement; and on the other hand, create a socio-labor commission that would be in charge of promoting a joint proposal in a period of two years. This commission, like the

majority of the *ad-hoc* authorities created by MERCOSUR, would have representatives from the governmental, labor, and business sectors.

To judge by letter the Socio-labor Declaration of MERCOSUR, the results obtained by the labor union action in MERCOSUR appear to be more comprehensive than those in NAFTA. While the ad hoc cooperation agreement of NAFTA provides for the coverage of three basic rights and limits the instruments of their application to national government, MERCOSUR provides for wider coverage of basic rights and allows sectors to actively require compliance with them. Nevertheless, its main accomplishment was to have created formal spaces to amplify its voice, and, to a lesser extent, to have guaranteed the effectiveness of its letter. Actually, this would greatly depend on the capacity of the labor force to effectively carry it through at the business level, as much as at the level of their own governments. Given the fragile situation in Latin America and the crisis of legitimacy for the more traditional labor unions, their ability to do so is not rendered very likely.

- *The Third Sector*

Despite the plurality and range of the organizations that comprise the third sector: (environmental, of women, of consumers, academics, churches, etc.), it has not achieved public notoriety nor effective presence in the MERCOSUR negotiations. Even in the FCES, which the region's governments created in order to give voice to and assure representation of the distinct civil society sectors, businesses and unions have dominated from the beginning. The respective national delegations of each member country have the power of deciding on the incorporation of

new members, so that they may autonomously decide which social and economic groups will be granted representatives in the forum's meetings, thereby marginalizing the third sector and granting ample representation to the business and labor organizations⁸.

This difficulty of influencing the decision-making process is not limited to the intergovernmental level, but reflects a similar situation at national level. Except for particular cases, in societies with a strong statist tradition like Europe and Latin America the third sector is characterized by a lack of autonomous resources, significant institutional weakness, and a low level of civil society mobilization⁹.

Unlike the strategy carried forth by this sector in North America, NGOs of MERCOSUR remain in an initial phase of the regional articulation process. Their objectives, up to the present, are to fortify their bonds and links with similar organizations within the country as well as in other countries of the region, in hopes of achieving greater recognition regarding intergovernmental discussions and decisions. Despite this common pattern for their pressure, it is possible to identify differences between the countries and the sectors.

In differentiating countries, Uruguay and Brazil lead the development of an associative thread; while Argentina and Paraguay follow them. Traditionally, Uruguay has been characterized by significant social and political mobilization of its citizens, channeled through the participation in corporations, universities, professional associations, etc. In more recent times and by specific groupings, such as the Amazonian problem, Brazil has seen a significant increase in the population's environmental consciousness that has been translated into a growing number of

ecological organizations, initially concerned with conservation and now with environmental problems linked to the economy (free trade, clean energy, biodiversity, etc) (Leis and Viola, 1999).

In terms of sectors, not all of the NGOs show the same level of public presence and exposition. Environmental, gender, academic and consumer organizations occupy the protagonist place, each of which has held conferences and coordinated actions with counterparts in other countries through the so called “parallel spaces,” as well as sent initiatives and proposals to the Working Groups.

In this direction environmental NGOs have been working, and have proposed to the Working Group No.6 a Protocol on the Environment for the region. Despite relying on the support of Brazilian, Paraguayan, and Uruguayan governments, the protocol still has not been approved by the Argentine government, whose opposition remains in tune with the interests of the manufacturing sector of the country¹⁰. The university sector is progressively incorporating Mercosur as an important issue in its regional agenda; but its strategy is distinct and it more actively lobbies with the more traditional sectors of the FCES to achieve its own space in the forum¹¹. The initiative is being led by Brazilian universities, who, since 1993, have held conferences and fora in which they attempt to consolidate the transnational connections between distinct areas of study, researchers and students.

IV. FTAA

Beginning in 1994 by US initiative, the presidents of the 34 liberal democracies of the region have periodically met under the context of the Summit of the Americas to come to consensus on an agenda of common action for the entire continent. This agenda includes a wide range of issues: initiatives tending to strengthen democracy and the respect of human rights, the initiation of a new hemispheric security system, and many of the so called “second generation reforms” as promoted by multilateral institutions – reform of the justice system, education, etc. Nevertheless, the most important initiative was that of completing a Free Trade Agreement of the Americas in the year 2005.

One of the most important achievements made in the new hemispheric agenda has been the explicit interest by the governments in including civil society not only as a subject of the decisions, but more importantly showing they will promote “their full participation in the political, economic, and social activities, conformant to the legislation of each country”¹². It is worth emphasizing that in the original design of the agreement it only announced measures to strengthen the participation of the civil society in the socio-political agenda, omitting all mention to the negotiations of the FTAA¹³.

Since 1995 trade and economy ministers from the entire hemisphere have met annually to negotiate the rules and timetables for regional trade liberalization. During the first two years, officials dedicated themselves to establishing the basic rules of negotiation. The discussion, led by the governments of the United States and Brazil, showed significant equilibrium in the positions conceded upon – the possibility of negotiating in block, under the form of single

undertaking and WTO-compatible. In 1998 negotiations were officially launched, on an agenda of specific issues and a minimal institutional structure. Despite the advances achieved, there remain many issues to resolve between the governments and within them – such as the authorization of fast track by the US Congress – to conclude the agreement.

- *Businesses*

The businesses that participate in the discussion of these processes have generally arisen or grown stronger from the formation of the most dynamic blocks of the region – NAFTA, MERCOSUR, G3, etc. Included in this group of active businesses are firms resulted from joint ventures, associations of national businesses of the member countries and/or economic groups that have an important presence in the regional market. While the transnational businesses do not have any nationality, many times they are involved in the politics of expansion of their country of origin and exercise a relevant role within the blocks.

In order to influence trade negotiations these businesses resort to all possible policy making levels and avenues of pressure: from lobbying and consulting at national level to the formation of a block-wide sector positions capable of presenting more significant and consensual criticisms in the hemispheric negotiations. Within MERCOSUR, this tendency to form sector positions at the regional level is exemplified by agricultural societies of Argentina, Brazil, Uruguay, and Paraguay, as also in the strive to reach consensus among the Confederation of National Industry of Brazil (CNI) and the Argentina Industrial Union (UIA).

The advance introduced by these FTAA negotiations in regards to the business sector's strategy has been the self-directed announcements by the business associations through the parallel forum to the ministerial meetings. Since the first trade ministerial meeting (Denver, 1995) as proposed by North American corporations, the main hemispheric associations and businesses have met to discuss their positions and visions on certain issues of the negotiations in order to agree upon those recommendations that would later be sent to the ministries. Not only the transnational businesses, but also business associations, consider this arena for debate and socialization as an unrivaled opportunity to obtain public visibility (a photo opportunity) and to follow-up national officials.

With the launch of the official negotiations (Costa Rica, 1998), the American Business Forum was formally recognized by governments, since which time its legitimacy has been consolidated. The event's host government even finances and logistically contributes to its organization. Nevertheless, the business leaders struggle to obtain a space in the negotiation table.

- *Unions*

Since the beginning of the negotiations, first the ORIT, and then the Union Movement of the Americas, sought to participate in the decision-making process. Not all unions of the region were effectively mobilized around these negotiations, and in fact only the associations affiliated with CIOSL/ORIT did so. The rest of the associations stayed at the margins, be it for the existence of more immediate problems or because from a more radical ideological position they assumed that their participation, considering the delicate situation in the work force, would only be resolved in favor of the labor unions of the North.

Within the wide group of labor union associations that mobilized their resources to influence the trade negotiation agenda there nevertheless did not exist a consensus among their interests. The main conflict was established between the organizations of the North (led by the ALF-CIO) and those of the South (led by the CUT). In terms of labor standards, Northern labor leaders denounced practices of social dumping and demanded the inclusion of a social clause that would assure the defense and extension of their labor standards (Zoninsen: 2000).

Southern labor unions considered that a similar clause, more than assuring labor union solidarity, is a safeguard for the protection of industries and domestic employment opportunities, to the detriment of the South's relative advantages. In terms of the participation channels in the negotiations, labor unions of the North proposed the creation of a working group on labor issues, while on the other hand labor unions of the South proposed the creation of FTAA Labor Union Forum similar to that of the Business Forum (Portella de Castro, 1999).

Nevertheless, hemispheric labor unions agreed upon two demands of minimum references to the negotiation process methods: giving more transparency to the negotiations in order to guarantee the equal access to information; and including the labor and environmental issues in the trade agenda although, as was indicated earlier, their proposals are vague, such as calling for a larger recognition and promotion of the workers' rights¹⁴.

In order to achieve these objectives, unions resorted to various strategies. The first recovered the experiences and lessons accumulated in previous experiences. Like in NAFTA negotiations,

labor unions generated alliances with other sectors (environmental, women, consumers, etc.) in order to strengthen their voice vis-à-vis national governments. Like in MERCOSUR negotiations, they worked by way of the Forum and promoted financial and training exchanges from the North to the South.

The second strategy, on the other hand, was maintained at the margin of the states' intervention and was characterized by the normal practices between labor unions of the same sector that work for the same company with subsidiaries in distinct countries of the continent. This is the case in the iron and steel company GERAU or in the automobile company Volkswagen, whose workers in the CLC (Canada) and in the CUT (Brazil) elaborate plans for fighting against the anti-labor union policies of the company and in defense of better working conditions and wages (non-basic standards).

To conclude, it is worth indicating that the difference between the participation of the labor unions and business associations in the particular case of the FTAA has not been the mobilization capacity of one or the other. Instead, their participation in the FTAA negotiations is differentiated by the amount of recognition the governments pay to the fora. While the American Business Forum receives active support from the governments, the Workers Forum is limited to the autonomous actions of labor unions with support from the ORIT, and moreover does not enjoy recognition at the intergovernmental level. On the other hand, each country's response to the fora are distinguishable. While the US, Canadian, and Brazilian governments accept the idea of institutionalizing this participation in the negotiation process, others like

Mexico, Costa Rica, Colombia and Peru are adverse to the idea (Vigevani and Pasquariello, 1999).

- *The Third Sector*

Beginning in 1997, labor unions quit acting autonomously and together with many other organizations from civil society – organizations protecting consumers, the environment, human rights, women, and children - formalized the constitution of the Hemispheric Social Alliance (ASH). With this amalgam of organizations perceiving themselves excluded from trade negotiations, labor union strategy characterizes the defensive and protectionist position; it expands its coverage and becomes more constructive. The organizations would no longer be able to limit their demands to the defense of their own labor standards, but rather would have to include citizens' rights to access information, defense of fair trade, and sustainable development, etc.

Nevertheless, labor union organizations maintained the leading role of the ASH. This status as the privileged reference of civil society was derived in great part from its homogenous presence in all the region's countries, while in the case of NGOs the composition varied between the countries of Anglo-Saxon and Latin American tradition. In the cases of the US and Canada, networks against free trade had a widespread and plural composition although the environmental NGOs predominated. In Latin American countries, on the other hand, the number of NGOs was infinitely less and in the anti-trade networks human rights and academic organizations dominated.

The main, unique demand that unified the differences in the heart of the ASH is the search for greater transparency in the negotiation process and more widespread and equal access to information. To this end, the ASH has made its presence be known in the trade ministerial meetings or in the Summit of the Americas since 1998. In the Santiago Summit of 1998, 1000 citizens from all over the continent came together in the so-called “People of the Americas Summit”. Moreover, besides labor union forum, there were nine other forums in which the scientific and academic communities were represented with the initiative of creating a continental alliance (Chaloult, 1999).

The response to this demand has up to now been insufficient. The channels opened at the intergovernmental level to include the non-governmental actors in the negotiations are extremely gradual and, over all, are not entirely accepted by the governments. In response to the Peoples Summit, governments decided to create a mailbox on the FTAA web page so that civil society organizations and citizens interested in the issue could submit their suggestions. The project was carried forth during 1998 and 1999, but was a complete failure. Not only did the organizations of the ASH reject the initiative, but the national governments, especially on the part of Mexico and Peru, opposed it as well. Responsible for implementing the initiative at the domestic level, both national governments did not launch the project and intended, once the opinions had been systematized, to quiet the dissident voices by avoiding passage of the information to the secretary of the FTAA for study and consideration¹⁵.

V. Conclusions

Before fully entering in the conclusions, the distinct agreements should be characterized, as their differences and similarities hold great bearing on the non-governmental actors' actions making the comparison difficult. However, it is worthy to make the effort. In this first place, CSOs deal with distinct projects. The objectives of the FTAA and of NAFTA are to liberalize trade between partners. Originally, the objective of MERCOSUR was more ambitious given that it was not limited to the formation of a customs union, but also aspired to construct a common market within the member countries, with free circulation of all production factors (capital, services, labor) and policy harmonisation.

In the second place, each of these projects is in a distinct phase of development. The FTAA discussions are focusing on the rules and timetables that the integration process will follow upon the countries' approval of the agreement (elaboration stage). MERCOSUR has achieved an imperfect free trade zone but decisions have not been made by the countries to advance in the creation of supranational institutions vital to the consolidation of the customs union underway and the formation of a common market (decision stage). In NAFTA the process of integration continues without major setbacks, and solutions to unforeseen events are being offered by the agreements previously agreed upon by the governments and by new intergovernmental negotiation authorities.

Despite these differences there exist important points of similarity in the ways the social and economic actors have participated in the process in order to influence negotiations. These similarities may be grouped according to the questions posed in the introduction of this paper.

- In terms of **actors**, the pattern of participation is repeated in the three processes under consideration. The actors involved in this type of decisions are basically the businesses and associations linked to major capital, the national industry and services labor organizations, and the nongovernmental organizations concerned with the environment and development. Despite this, a clear difference can be established between the composition and density of the NGOs in North and South America. In the countries with Anglo-Saxon political traditions, the associative thread is dense, plural and articulated; while in Latin American societies, where a tradition of a strongly central state dominates, the third sector is embryonic, reduced in size and disjointed. In Northern countries, the third sector's leadership was exemplified by the environmental movement, while in the South the development and citizen NGOs had better external connections.
- There is also a basic pattern in terms of **strategies** pursued by the sectors. In the three negotiation processes, the two traditional actors in economic processes – capital and labor – have sought to foster their presence in the negotiation table and in the domestic arena through the creation of networks. However, the composition and level of the networks promoted by the labor unions are different in each of the cases. In NAFTA, networks were formed between organizations from distinct sectors that consider themselves excluded from the agenda of official negotiations. Despite maintaining connections with their trans-border

equals, their activities maintained a national scope. In MERCOSUR, on the other hand, the collective action of social actors was characterized by a sector-specific strategy – exemplified by the labor union forum, environmental forum, women’s forum, university forum, consumers’ forum, etc. – that unlike the audiences in NAFTA, directed their activity towards the intergovernmental level. Of these transnational, sector-specific networks, the only one that achieved greater formalization was the most traditional of all actors, labor unions. Finally, in the FTAA, we find a perfect combination of the characteristics from the two previous experiences. The actors that perceive themselves excluded or affected by the process – labor unions, NGOs – are structured in networks that, beyond spanning various sectors, are fundamentally transnational in their membership and focus their activities towards the intergovernmental instance (ministerial and presidential meetings).

- Before beginning with the third and final dimension of analysis, that of comparing the impact of these strategies over the integration agenda, it should be clarified that the transnationalization of the collective action does not in-and-of-itself represent a significant innovation. There have existed similar antecedents in the past: the internationalization of the workers movement at the beginning of the 20th century or the transnationalization of businesses from which arose dependency theory in the 70s. The novelty of importance concerns its composition. Vast coalitions have been formed with other social actors, changing the tempo and reserving major formality to pressuring at the domestic and intergovernmental levels to achieve concrete objectives. In this sense, the impact of the networks incorporating various sectors appears to be more successful than traditional strategies.

Endnotes

¹The links between environment and trade were organized in an almost accidental way in the 70s, at the root of a demand by Mexico at the GATT to prohibit the US from importing tuna that was not caught in accordance with national laws protecting sea mammals. The GATT decided in favor of Mexico, voicing a strong rejection of the environmentalist groups that opted to extend their tactics, until then restricted to the protection of environmental laws, to more complex issues like trade that contained a wide range of intertwined interests. (SELA, 2000)

² This occurred, for example, with the steel and petrochemical sectors, from whose strategic unions came the recommendations and technical studies that made up for the lack of their own state equipment (Sánchez Bajo, 1999).

³ There are very few instances in which the businesses go to Congress. This instance was put before Congress, as occurred with the medical patent laws, when the pressures on the executive branch encountered an impassable limit given their counterpart's pressure and when public opinion favored the demands of the sector.

⁴The initial creation of the Industrial Council of MERCOSUR through the Treaty of Asuncion evidences this, as the exclusive institution for participation of industrial business organizations.

⁵ The new associations are the Central Autónoma de Trabajadores de Brasil (CAT) and the Central Nacional de Trabajadores (CNT), affiliate of the Confederación Mundial de Trabajo (CMT) of Christian affiliation. More recently, the Confederación Paraguaya de Trabajadores (CPT) and the Central de Trabajadores Argentinos have been included, which offer two innovations to the previous associations: they lack affiliation and they include in their structure non-unionized workers such as the unemployed, housewives, etc.

⁶ Since 1991, when the presidential summits began, the Coordinator has held parallel Union Summits to evaluate the proposed documents and thereby present them to the presidents and the WTO. This strategy was extended to the institutionalization of the FCES.

⁷ The Joint Parliamentary Commission is involved in consulting, debating, and formulation of proposals. It serves as a liaison to the national parliaments and the CMG.

⁸ The presence of the NGOs is minimal: of the nine seats that correspond to each country, as little as one has been reserved for the third sector and the remaining eight are divided in equal parts between the union and business organizations.

⁹The main contrast between the Latin American political systems and that of the United States resides in the role of the civil society vis-à-vis the state. The role of the civil society in the US is more important than in any other country, while the role of the state is much less significant in the domestic political economy.

¹⁰In general terms, the national dispute divides the countries of the region into two camps: Brazil and Uruguay emphasize the environmental protection based on the universal regulation to avoid the competitive disadvantages of their higher environmental standards, and countries like Argentina and Paraguay try to avoid any serious internationalization of environmental protection at the level of Mercosur.

¹¹ The Brazilian section of the FCES supported the incorporation of the “Brazilian Society in the Progress of Science (SBPC)” as the representative of the academic sector in the second quarter of 1998, but its participation was seen as weakened by the absence of counterparts in the rest of the countries.

¹² Declaration of the Miami Summit (1995) www.summit-americas.org.

¹³ Mandate N4 of the plan of action of the Miami and Santiago Summits. (Rosemberg and Stein, 1994; and Feinberg and Rosenberg, 1999).

¹⁴The declaration of the labor union movement in the parallel meeting of Cartagena (1996) exemplifies this. It put forward their concerns in relation to the project of exclusively economic integration and indicated “the importance of guaranteeing a greater recognition and promotion of the rights of workers, just as the necessity of providing **adequate measures** on the matter together with their **respective governments**” (1996: p. 164), our added highlighting.

¹⁵The majority of the CSOs that participated were business and academic organizations.

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