

**JOINT DECLARATION BY THE AFL-CIO AND THE CEOSL CONCERNING
THE FREE TRADE AGREEMENT - UNITED STATES/ECUADOR
Quito, June 4, 2004**

The Ecuadorian Confederation of Free Trade Unions (CEOSL) and the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) share a vision of economic integration based on justice, democracy, development, equitable distribution and the common good.

Given these crucial requirements, any agreement about increasing economic integration, trade, and investment, such as the present US-Ecuador Free Trade Agreement should benefit the entire society. Corporations seeking supremacy in regional and global markets should not increase their competitiveness at the expense of workers' individual and collective rights. On the contrary, economic development and the intensification of trade in Ecuador and other Andean countries, should contribute to raising the living standards of all people, and should strengthen respect for fundamental human and environmental rights through a better distribution of income between the developed and the underdeveloped countries and within each national society, thereby making the process of integration an instrument for the promotion of social development and the strengthening of democracy.

Any integration agreement among our countries should serve the workers as well as all other social sectors and not just the big corporations. Consequently, an agreement among our countries must include these points among others:

- a) **Core Labor Standards of the International Labor Organization (ILO):**
At present there are problems with the protection of basic worker rights both in Ecuador and the United States. In Ecuador, freedom of association and collective bargaining, as defined by ILO standards, are constantly violated. Notwithstanding Ecuador's commitments to respect the ILO Declaration on Fundamental Principles and Rights at Work, the right of association is denied to large numbers of Ecuadorian workers. In Ecuador, as in the US, employers are able to act with impunity to dismiss workers who attempt to exercise their legal rights to join unions, and to delay and obstruct the collective bargaining process. In Ecuador, abusive use of third party contractors and the lack of labor regulations governing the same, impede the exercise of freedom of association and obstruct union development and collective bargaining. Additionally, the institutions responsible for the protection of worker rights do not exercise their functions in accordance with the labor code nor do they comply with the basic standards established in the Declaration on Fundamental Principles and Rights at Work and the ILO Conventions ratified by Ecuador due to a high rate of corruption and the lack of knowledge among Labor Ministry officials. Despite the existence of an Ecuadorian labor code with clear regulations protecting the health and safety of workers, the monitoring of these is non-existent. Consequently, serious injuries among workers and the surrounding communities such as spontaneous abortions, congenital mal-formation, respiratory problems, neurological disorders,

chromosomatic disorders, among others, are not considered risks nor being registered as such. The existence of efficient institutions empowered to resolve political conflicts in a democratic and equitable manner would contribute to the achievement of greater productivity, stability, and sustainable growth.

Consequently, an economic integration agreement must require the participating countries to commit themselves to the effective application of their Constitutional norms and their own labor laws, and to comply with the basic standards established in the Declaration on Fundamental Principles and Rights at Work and the ILO Conventions ratified by the member countries. To encourage and promote effective compliance with these standards, these commitments must be included in the core text of any trade agreement. Likewise, it is necessary to include mechanisms to sanction violations of these core standards in order to insure that the basic rights of workers are respected. To attain this, it would be desirable to subject compliance with these rights to the same dispute resolution mechanism that applies to the rest of the agreement.

b) Compensatory Measures:

Economic integration agreements must include compensatory measures for displacements of production and labor resulting from the restructuring of production linked to market opening. The objective of such measures is to encourage the creation of decent jobs that are also productive, and the training and placement of workers who lost their jobs as a result of economic restructuring. They also should improve the observance of labor rights through cooperation and technical and financial assistance. This policy should be designed on the basis of technical assessments of the impact of integration on different economic sectors.

c) Investment:

The CEOSL and the AFL-CIO recognize the importance and the necessity of capital investments for the purposes of developing foreign and national markets, fomenting new industries, increasing services and creating new jobs in the national economies, not to enable multinational companies to take over enterprises that states have created to produce and offer services. Economic integration treaties must not grant transnational firms privileges that exceed national laws, including the power to challenge national laws that protect the public interest in secret tribunals, as has been established in the North American Free Trade Agreement (NAFTA). Our governments must protect their own ability to regulate investors, thereby obtaining their cooperation in economic development and inducing them to comply with national fiscal, social and environmental goals. Additionally, the affected citizens must have the right to participate in all dispute resolution procedures between their governments and foreign investors.

d) Public Services:

Public Services have been among those sectors most affected by commercialization. No economic integration agreement should restrict the right of a government to produce and invest in quality public services for the entire population, nor should it ban the use of government procurement policies to pursue legitimate social goals. No trade agreement ought to restrict the right of governments to legitimately regulate private services to protect the people's interests – for example, against unjustified rate increases. The results of neo-liberal policies have shown an increase in the inequality of incomes and wealth that has been accelerated by the reforms of the public sector. The policies of the neo-liberal governments and their privatizing monopolies have hindered efforts to reduce social inequality.

e) Agriculture:

Economic integration agreements should protect the rights of small farmers and landless rural workers and should respect the traditional rights of indigenous peoples to live and produce collectively on their lands. Subsidies of farm products should be limited and designed for the protection of small and medium producers and not for the benefit of large agricultural exporters. Sanitary and phytosanitary standards in agriculture must be developed through public consultation to guarantee quality and safety without putting the small producers out of business by imposing regulations that unfairly favor large corporations or intensive application of agrochemicals. The countries participating in these agreements must retain the right of food security, interpreted as the right to protect their small producers against unexpected market fluctuations especially where failure to intervene would result in social unrest.

f) Migration:

Labor migration results from a number of factors, including the inequities generated by the neo-liberal model and the search for better quality of life. Migrant workers contribute positively to the economic and social development of the receiving countries. A feature of the vulnerable Ecuadorian economy is its export of cheap labor within the region and other nations. In some cases the migrant workers undergo hardships and dangers in their attempts to enter better-paying labor markets in the US and other countries. Any economic integration agreement must include provisions to encourage the creation of decent jobs, and to discourage competition based on low wages and deplorable working conditions. In consideration of the contributions of immigrant workers and their families to the economy of the receiving country, and to their communities and workplaces, they should receive the benefit of legal permanent status in the country. For this reason, the AFL-CIO supports a new program of legalization for immigrant workers in the United States. In the same manner, the immigrant workers should enjoy all of the rights and legal protections that apply generally in their workplaces. The CEOSL and the AFL-CIO reject discriminatory treatment of undocumented immigrant workers, who are repressed whenever they attempt to

exercise their labor rights in the workplace. Additionally, we reject any type of guest worker program in the United States because those programs serve to create an easily exploited class of workers and contribute to the curtailment of the basic labor rights of workers who are temporarily in the country. Finally, there will not be a solution to the problem of labor migration until there is an effective effort to encourage real and equitable development, with more and better jobs, in Ecuador and all of the Americas.

g) Debt:

Ecuador assigns 47% of its national budget to debt payments thereby making the possibility that their economies will reach an acceptable level of development more remote. For this reason, any economic integration agreement among our countries must include measures designed to relieve the Ecuadorian debt, establish an international arbitration mechanisms for debt reduction, and allow governments to establish controls on capital flows designed to avoid or alleviate situations of financial crisis. A trade agreement must recognize that international creditors have as much responsibility for unsustainable indebtedness as do the debtors, and the creditors should play a more effective role in crisis resolution. The developed countries also have the responsibility of contributing to development by providing increased technical and financial assistance.

h) Transparency, Public Awareness, and Participation:

The process leading to an integration agreement must be widely publicized and must incorporate the real and effective participation of social actors during the negotiations, approval, and subsequent evaluation and follow-up. For example, by following recommendations of the ICFTU/ORIT, the Global Union Federations, the Hemispheric Social Alliance, our governments ought to release the draft texts at regular intervals, enable the public to participate in the congressional debates on the agreement, and convoke referenda or popular consultations on the agreement. They must consult with their citizens before initiating a dispute over the application of the agreement, making public the relevant documents and decisions; and they must accept petitions from all parties interested in a dispute and open the deliberations of dispute resolution panels to the public in general.

Therefore:

The CEOSL and the AFL-CIO are united in calling on our governments to implement an alternative model of economic and social integration in our region. Our governments should not simply reproduce the model of free trade now evident in NAFTA, FTA, Chile/US and CAFTA, that increases the power of the big corporations and the free flow of capital and goods while reducing the power of workers, communities, and the democratic structures of our countries. We believe that a more just and humane integration – a system designed to eliminate the enormous social and economic inequities at both national and international levels – is possible and desirable if it incorporates the requirements discussed above, including: strong and effective mechanisms to protect labor and social

rights; compensation policies to correct inequities resulting from restructuring; mechanisms for transparency and participation; clear policies against corruption; fair rules for investment, services, agriculture, and the environment; a more humane migration regime; and debt relief policies. Our organizations will work together, supporting broad social and producer alliances, to advance our vision of integration for the Americas. We will fight against any trade agreement that does not achieve this vision of equitable, sustainable and democratic development.

Signed in Quito, Ecuador on April 1, 2004.

United States of America John J. Sweeney
President, AFL-CIO

Ecuador Jaime Arciniegas
President, CEOSL